



A Guide to Building Your Pharmacy Business Plan

Your dream to buy or build a pharmacy needs a plan to bring it to fruition—a business plan. We have been on both sides of the equation: as an independent pharmacist building a pharmacy business plan, and now, as someone who guides you through the lending process. Below are the elements, organized by section, to help you identify the information you'll need to collect, organize and document to sell your vision to your lender.

Summary

This executive-level summary allows your lender to understand what you are trying to do and why you will be successful in a more high level or “at-a-glance” way—and in the best, yet realistic light. For this section, you’ll want to include:

- A succinct description of the business, including whether you are buying an existing pharmacy or building a new one. For existing business, include licensing status.
- Do you have a mission statement? If so, include it in the summary.
- A brief introduction to your leadership team and their roles (this is summary level—you’ll give more in-depth details later).
- High-level demographics and market potential for this business and location.
- Financial summary with overarching growth plans.
- You’ll want to round out the summary with what amount you are looking for the lender to finance.

Having a strong, clear summary sets the stage for potentially positive responses to your pharmacy business plan.

To learn more, please call
(501) 672-5040
or email sflowers@ffb1.com

Detailed Business Description



This is where you are going to dig in and describe your pharmacy business in detail. You'll need to describe how your organization is going to be structured and how you plan to serve your market. You will want to include the following sub-sections and/or elements:

- More detailed biographies for your leadership team and their roles in the new business.
- Type of tax entity (single proprietor; LLC; etc.).
- How many employees, their roles and the planned costs you anticipate for each (salary and any benefits). If you are buying an existing business, delineate which staff you may be inheriting and whether you intend to keep—or not.
- Describe the types of products and services you are planning to offer. This includes both the prescription/pharmacy side of the house and the non-pharmaceutical sales (cosmetics, etc.).
- Who do you anticipate will be your customers? If you are buying an existing pharmacy, define who are the current customers and how the change in ownership may affect their buying patterns.

Paint a picture with details that can help the lender better see your vision realized.

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Market Potential and Location Analysis



Pharmacies serve specific markets both geographically, as well as demographically. You'll want to provide details about the depth and breadth of that local market and potential customer base. If you are looking to purchase an existing pharmacy, you'll want to include more detail about current customer demographics.

This is also your opportunity to answer questions about the competition. Be realistic, answering questions about the level and types of competition—and your plans for optimizing your opportunity to earn business. This is key to helping the lender see that you've thought through the issues—and have a potentially effective plan to address.

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Sales and Marketing Strategy



You outlined the competitive landscape in the prior section—now you'll need to lay out the details for attracting, retaining and growing the wallet share of customers. Lay out your marketing plans, including:

- Strategies, campaigns and tactics. This includes the full gamut of your plans, from referral approaches from partnering health care facilities to getting attention from drive-by/walk by traffic. Describe in detail your traditional and digital approaches to attract, engage and get people in the store to shop.
- Costs associated with potential ROI in number of customers and dollars. Define the specific value of each new customer and the cost to acquire.
- Timeline for your plan and when costs occur—and results begin.

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Funds Request and Financial Projections



Time to get down to the nitty-gritty of asking for exactly what you need to fund your dream, how you plan to use those funds, plus how the dollars you are requesting relates to earning potential and the capability to repay the loan. You'll want to provide:

- Initial or one-time investment requirements, including those for capital acquisitions, physical assets, and if an existing structure, any renovation costs.
- If you are acquiring an existing pharmacy, the costs/value of the assets you are acquiring—and any associated risks/liabilities and how you plan to mitigate.
- Operating expense estimates for the first five years. This includes costs for everything that you need to run the business: inventory; technology/system; employee salaries and benefits; merchandising and marketing; and facility maintenance, utilities, licensing and taxes. You'll want to breakdown the first year's expected operating expenses into more specific timeframes—months and/or quarters.
- Your short-term and longer-term revenue projections, broken out by months/quarters/years—and at what point revenue exceeds costs.
- The ask details: dollars you have, the collateral you have, the amount you need to borrow, how you want the loan structured and related terms.
- Include your strategic financial plans for the business, including future expansion, franchising and/or exit plan.

Additional Materials



Depending on your particular opportunity, there are additional appendices you'll want to include with copies of:

- Licenses
- Resumes, credit histories and references for principals
- Letters of reference
- Architectural plans and/or permits
- For acquisition of an existing pharmacy, including: any agreements with a Group Purchasing Organization (GPO), partners, vendors or property owner, and, financial documents for at least prior three years

Ultimately, you want to lay out the details and show how the money you are borrowing will be leveraged to create a successful business.

Have questions?

Call us at (501) 672-5040

or send us an email at:
sflowers@ffb1.com.

Our team has decades of pharmacy industry expertise to provide you with the insight and information you need to achieve your goals - and fund your dream.



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