

How to Write a Business Plan/Loan Package for a Community Pharmacy



Richard A. Jackson, Ph.D.
Community Pharmacy Consulting
Sarasota, Florida



Business Plan

A business plan is a written document that provides a detailed description of a business operation and documents past performance, current status, future goals and means of achieving those goals.



Major Categories of Information

- A description of the business, its owners and primary management personnel, the products or services provided and a description of the market to be affected (target market and potential market).



Major Categories of Information

- An analysis and plan of how the products or services will be marketed, produced or performed and sold.



Major Categories of Information

- What is needed to achieve the plan and anticipated results.



Components of the Business Plan

- Summary of Loan Request
(Unless an Existing Business)
- Mission Statement or Statement of Purpose
- Description of the Business
- Marketing Plan
- Physical Description of the Business
- Financial Data and Documents
- Supporting Documentation



Why Develop a Business Plan?

- Helps Owners Define Market Province
- Provides Owners with Clear Path to Follow
- Improves Efficiency and Effectiveness
- Services as an Educational Tool
- Assists in Decision Making
- Assists in Appraisal
- Essential in Obtaining Loans



Why Develop a Business Plan? Helps Owners Define Market Province

- “Marketing Myopia”
- Mission Statement
- Not Narrowly Defined



Why Develop a Business Plan? Provides Owner with Clear Path to Follow

- Cheshire Cat
- Rocky Road not Wrong Road



Why Develop a Business Plan?

Improves Efficiency and Effectiveness

- Goals Provide for Focus
- “Anything Measured Improves”
- With Set Goals – Evaluate
Effectiveness of Control Mechanisms



Why Develop a Business Plan? Serves as Educational Tool

- After Written and During
- Learn About Internal and External Factors
- Share With All in Enterprise



Why Develop a Business Plan?

Assists in Decision Making

- Best Time to Make Decision is Before Have To
- Evaluate Among Several Alternatives
- Make Decisions Consistent with Goals (Mission)



Why Develop a Business Plan? Assists in Appraisal

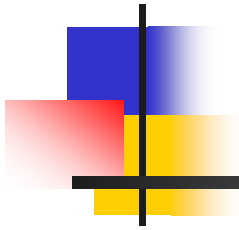
- Compare Performance Year to Year
- Compare Performance to Goals
- Appraisal of Business as Well as Departments and Individuals



Why Develop a Business Plan? Essential in Obtaining Loans

- Capital Limited – Loans Important
- Debt Financing Versus Equity Financing
- Difficult to Obtain Financing >80%
- Establishes Confidence for Success
- Increases Likelihood of Loan

Writing the Business Plan (Loan Package) for a Community Pharmacy





Major Sections of the Business Plan

- Cover sheet
- Summary of the Loan Request
(Unless an Existing Business)
- Table of Contents
- Mission Statement or Statement of Purpose



Major Sections of the Business Plan

- Description of the Business
- Marketing Plan
- Physical Description of the Business



Major Sections of the Business Plan

- Financial Data and Documents
 - Sales Forecast
 - Expense Projections
 - Cash Flow Projection
 - Financial Statements



Supporting Documentation

- Curriculum vitae
- Personal Financial Statements
- Lease



Cover Sheet

- Serves as Title Page
- Name of Company and Demographics
- Owner Names
- Preparer and Date



Summary of Loan Request

- Amount of Loan Requested
- Personal Guarantees
- Collateral and Market Value
- Debt to Equity Ratio
- Special Conditions



Table of Contents

- Complete Outline
- Pages Where Located



Mission Statement or Statement of Purpose

- Concise Description of Market Province
- Reflect Personal and Professional Philosophy
- Avoid “Marketing Myopia”
- Indication of How Business Will Accomplish

Basic Format of Mission Statement



- _____ (who) will do
- _____ (what) for
- _____ (whom) by
- _____ (doing what)



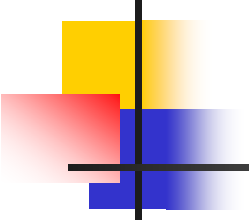
Description of Business

- Historical Evolution
- Legal Structure
- Product Mix
- Service Mix
- Location Analysis
- Organizational Structure
- Insurance
- Security



Description of the Historical Evolution of the Business

- History of Market
- Origins of Business
- Recent History of Business



Description of the Business' Legal Structure

- Sole Proprietorship, Partnership or Corporation
- Shareholders Listed with Interest
- Special Corporation Information



Description of Business' Product Mix

- Prescription Medication
- Compounded Specialty Products
- OTC Medicines
- Durable Medical Equipment
- Health and Beauty Products



Description of the Business' Service Mix

- Specialty Compounding
- Patient Medication Records
- Drug Utilization Review
- Counseling
- OTC Advice
- Triage
- Wellness Center (Smoking, Weight Loss, Nutrition)
- After Hours Rx Service
- Delivery and Overnight Shopping
- Disease State Management



Description of the Business' Location Analysis

- Wholesalers May Assist
- Determination of Market Potential
- Documentation that Site Will Support
- Not as critical



Description of the Business' Organizational Structure

- Most Independents Simple
- Names and Positions
- Duties and Responsibilities



Description of the Business' Insurance

- Types
- Coverages
- Companies Involved



Description of the Business' Security

- Theft
- Burglary
- Shoplifting
- Pilferage



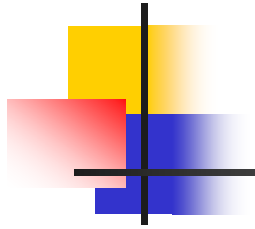
Marketing Plan

- Target Market
- Marketing Mix



Marketing Plan Target Market

- All Physicians
- Dentists
- Veterinarians
- Physical Therapists
- Podiatrists



Marketing Plan

Practitioners, Organizations and Institutions

- Geriatric Care Givers
- Inhalation Therapists
- Hospice Care Givers
- Zoos
- Homeopathic Physicians
- Animal Breeders



Marketing Mix

7 P's of Service Marketing

- Product
- Place
- Price
- Practice Site
- People
- Process
- Promotion



Product

- Good
- Service
- Idea



Place (Pharmacy Location)

- Physical Facility and Characteristics
- “Specialty” Goods



Price

- Generic programs
- Little price consideration on TP
- Inelastic demand for specialty products



Practice Site (Physical Evidence)

- Physical Environment
- Reflect Nature of Professional Services



People

- Employees and Patients/Customers
- Employees are the Business



Process

- Procedures Employed
- Affect How Customers Judge Quality



Promotion

- Brochures
- Newspaper Ads
- Direct Mail
- Radio and Television
- Detailing
- In-Pharmacy Promotions
- Presentations to Community Groups



Physical Description of the Business

- Blueprint
- Floor Plans
- Detailed Narrative
- Special Considerations



Financial Data and Documents

- Sales Forecasts
- Expense Projections
- Cash Flow Projection and Budget
- Financial Statements



Sales Forecasts

- Overestimate Expenses
- Underestimate Sales



Expense Forecasts

- NCPA Digest
- Lower initial salary for new owner



Cash Flow Projection

- In and Out of Business
- Lender Very Interested



Financial Data and Documents

Financial Statements

- Income Statements
- Balance Sheet



Supporting Documentation

- Curriculum Vitae
- Personal Financial Statements
- Lease



Summary

- Planning Document
- Essential in obtaining loans