

Expertise on Selling a Pharmacy

The economic environment for independent pharmacies is changing, giving pharmacy owners reasons to consider selling a pharmacy. A global pandemic exacerbated these changes, forcing pharmacies to develop new forms of revenue, close their business, or sell it.

[Pharmacy benefit managers \(PBMs\)](#) have increasingly squeezed the profits out of community pharmacies over the years. Also, the increased rise in the use of mail-order pharmacies has diverted sales from local independent pharmacies.

Interestingly, many independent pharmacies have found the influx of vaccinations and testing [beneficial for their revenue](#). Some are making more than before the pandemic started because they were able to adapt to serve their communities. An increase in revenue could also influence a decision to sell the pharmacy while its valuation is high.

Know When to Sell an Independent Pharmacy

No matter what the reason for selling your independent pharmacy, timing is essential. Some owners may consider selling their pharmacy when they begin to see sales decrease. Then, they likely wait another few years before finally making the decision.

However, this approach nearly ensures that they won't get a premium price for their business. The best time to sell an independent pharmacy is at the pinnacle of financial performance. The selling price of a pharmacy is determined by the revenue produced in the past few years.

If financial statements show a consistent decrease in sales and revenue, a potential buyer is not going to want to pay a premium price for it.

Anticipating potential changes to your sales can determine an appropriate time to sell as well. For instance, if a local doctor whose prescriptions have generated a large portion of your sales is retiring or a pharmacy contract is expiring, it may be a good time to sell your pharmacy.

Tools and Resources for the Selling Process

Having the right tools and resources throughout the selling process can help you get the best price for your pharmacy.

As mentioned, you will need to gather financial statements for the past few years to prepare for a sale like:

- Profit and loss statements
- Corporate tax returns
- Balance sheets
- Prescription sales log

The right consultant can guide you on how to collect and evaluate this information to get the best valuation of your company. They can also help you creatively cover expenses, taxes, and costs you have or may incur throughout the selling process.

In addition to combing through financial statements, consider improving the physical appearance of your pharmacy as well. Removing any clutter and organizing desks and inventory will appeal to potential buyers wanting to see the property in person.

Expert Support for Contract Negotiations

Contract negotiations for selling an independent pharmacy can be complex. You want to ensure every important aspect is covered and that both parties are getting a fair deal. There are many terms you should consider, including:

Building ownership: Whether you own or lease the building the pharmacy operates out of, you should include a clause that states what to the property happens after the business exchanges ownership.

Future pharmacy acquisitions: If you sell your pharmacy to a consolidator (someone who buys multiple independent pharmacies) you may want to include a clause that prevents them from buying another pharmacy before paying you back in full.

Employee contract: If you decide to continue to work at the pharmacy, have an employee contract included in the paperwork of the sale of the company. It should mention your salary, health benefits, PTO days, etc.

Transfer of pharmacy contracts and licenses: Whatever partnerships the pharmacy may have, ensure that the due diligence is done to make a smooth transfer to the new owner. This may require terms where the new owner remains under your contracts until they enter their own.

Contract negotiations are critical to achieving the desired outcome when selling a pharmacy. Having expert support can alleviate the stress and complexity of this transition.

Help to Navigate the Pharmacy Selling Process

It's never too soon to plan for selling your pharmacy. As a pharmacy owner, the eventual sale of your pharmacy is one of the most important transitions you will experience — for yourself, your employees and your customers.

However, the process of selling an independent pharmacy is extremely complex. Our unmatched expert ownership advisors are here to help. With [over 20 years](#) in the pharmacy industry and owning independent businesses, KTS Consulting will help guide you to a successful pharmacy transition.

[Contact us](#), confidentially, to learn more about how our expert services can support you in selling your pharmacy.