

# CASE STUDY

## Grow Your Family of Pharmacies With Medicine Shoppe International, Inc.

Smart independents achieve successful expansion through the power of co-branding with a respected name.



A MEMBER OF *The Medicine Shoppe*® FAMILY



**Jerry Barnette**  
Managing Partner  
~ Med-Save, A member of  
The Medicine Shoppe® Family



**David Ruth**  
Chief Operating Officer  
~ Med-Save, A member of  
The Medicine Shoppe® Family

### PRIMARY INTENDED OUTCOME

Despite an overall trend showing an increase in the number of independent pharmacies that close their doors every year, new standalone stores continue to appear in communities across the U.S. The challenges these independent shops face include the effect of reimbursements on revenue, the cost of managing inventory, as well as difficulty parsing and acting on crucial profit and loss metrics.

Owners looking to expand their footprint have several options with Medicine Shoppe International (MSI), whether they choose to convert an existing pharmacy, acquire a pharmacy, or open a new store or tele-pharmacy, they can utilize a proven franchise model with a full brand or co-branding plan that works for them. MSI Franchisees benefit from a variety of business solutions that maximize marketing, tap into advantages of scale, and ultimately improve patient engagement and care.

### THE CHALLENGE

There was a time when independent pharmacy owners found it fairly easy to be successful. Today, the environment is much more challenging, according to Jerry Barnette, managing partner of the Med-Save family of pharmacies and independent owner since 1994. "We've gone from competing against the chains to competing against the insurance companies and PBMs. We have to watch everything carefully to determine where we will be six months down the road regarding reimbursements and retroactive adjustments."

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## THE CO-BRANDING ADVANTAGE

### Co-branding with The Medicine Shoppe® provides partners with powerful tools and support, including:

- A flat \$599 monthly fee to join the network.
- Five-year licensing agreement with a 90-day out.
- Use of the franchise brand name alone or co-branded with your pharmacy name.
- Best-practice sharing from a recognized, high-performing franchise system.
- Ability to offer patient care services like immunizations and point-of-care testing.
- Business coaching from a dedicated pharmacy Franchise Business Consultant.
- Digital marketing tools that drive refills and patient engagement.

Despite the increasing industry hurdles, after starting out with one store, Barnette quickly acquired four more in five years. "I realized I was really an entrepreneur at heart," he said, "I enjoyed the growth more than being behind the counter."

His growing business, however, is guided by old-fashioned values. Barnette feels that the chain mentality puts profits over people and that customer service is ultimately neglected. Instead, he believes in the power of partnership. He now runs 17 independent pharmacies in Kentucky and Florida with the invaluable help of his partners David Ruth, chief operating officer, John McDaniel, chief executive officer, and David Kelly, who is in charge of expansion. Thirteen of those pharmacies are co-branded as Med-Save Pharmacies, A Member of The Medicine Shoppe® Family. An important part of their operating model is to hire a strong Pharmacist in Charge (PIC) at each location, "they are a critical team member and ensure we deliver the service and care consistent with our values," says Barnette.

### THE DECISION

Barnette had been a wholesale customer of Cardinal Health for many years. In 2014, a Franchise Business Consultant explained MSI's pharmacy co-branding option as the best of both worlds – combining the national recognition of The Medicine Shoppe® name with the local feel and touch of an independent store.

This unique opportunity appealed to Barnette. "I saw it as a strong advantage over other independent pharmacies, while still remaining separate from the chain mentality," he said. "Adding a new store as A Member of The Medicine Shoppe® Family brand means anyone driving by will know who and what we are."

Ruth agrees. "In our stores, 'chain' is a four-letter word, but this partnership gave us a cohesiveness and equity in branding and messaging across our stores."

Medicine Shoppe International's approach to partnering offers more than simple name recognition, however. Valuable built-in services include marketing support, business consulting, financial monitoring, and monthly reporting that would otherwise require time-consuming trials and tribulations.

### THE RESULTS

Co-branding as A Member of The Medicine Shoppe® Family has streamlined and expanded Barnette's marketing efforts. "As a group, we are seeing an ability to market ourselves better; we are now basically a family of stores," said Barnette. "The name enables us to market under one banner across Kentucky and as we expand in other areas."

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The operational expertise of Medicine Shoppe International's Franchise Business Consultants and Franchise Development team provides important structure and guidance for pharmacy transitioning. Barnette and Ruth concur that the services and support they receive are second to none. "I knew how to run a pharmacy, but not necessarily how to run a business," Ruth said. "They help in every direction, at every step of the way."

The MSI connection is also a boost for owners who are just starting out. "With MSI's help, you could grow your business from the beginning with the sense that someone is there looking over your shoulder," Barnette said. "Their Franchise Business Consultants provide security in helping you plan, forecast, and monitor your business." Their Franchise Development team also offers assistance in locating stores that are available for sale, saving pharmacists valuable time in shopping for new business opportunities.

## THE CONCLUSION

Choosing the right wholesale partner and franchise team is critical. "From the day I came on board, the Medicine Shoppe International Team treated us as partners, and we received great feedback and help through the co-branding agreement. They helped us develop a sense of community."

The positive experience has been encouraging. "It's been an evolution for us," Ruth said. "After we got our feet wet with a few co-branded stores, we saw that it was working well. We decided to increase the connection because of the comfort level we had already gained with The Medicine Shoppe® and Cardinal Health."

The information provided is not intended as an offer to sell or the solicitation of an offer to buy a franchise. The offer of a franchise can only be made through the delivery of our franchise disclosure document. Medicine Shoppe International, Inc. (MN Franchise Reg. #F-145) Medicap Pharmacies Incorporated (MN Franchise Reg. #F-884) 7000 Cardinal Place Dublin, OH 43017 New York: This advertisement is not an offering. An offering can only be made by a prospectus filed first with the Department of Law of the State of New York. Such filing does not constitute approval by the Department of Law.

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# Reach more patients through expansion.

Becoming a pharmacy franchise can help facilitate your path to multi-store ownership.



- **Flexibility** to use the franchise brand name alone or to co-brand with your pharmacy name
- **Flat \$599/month** franchise fee that includes core business services
- **Expert coaching** from Franchise Business Consultants
- **Expansion support:** Market evaluations, location scouting, operations and marketing

Learn more at [cardinalhealth.com/MSIfanchise](https://cardinalhealth.com/MSIfanchise)



Medicine Shoppe International, Inc., is celebrating 50 years of service helping independent pharmacy owners become the healthcare destination for personalized care for families in their communities.

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