Planning, preparation, and innovation helped Washington State University win the Pruitt-Schutte Student Business Plan Competition

By Chris Linville

In Las Vegas, fortunes can be gained or squandered in an instant. The difference between exhilaration and agony can be determined by the whims of rolling dice or a spinning wheel.
However, for one group of people, beating the odds in Vegas had nothing to do with the luck of the draw, but with tried and true methods such as innovation, creativity, preparation, planning, and execution. That was the winning formula for Washington State University in the third annual Pruitt-Schutte Student Business Plan Competition, held at NCPA’s 108th Annual Convention and Trade Exposition last October.

The competition was established to motivate pharmacy students to create the blueprint necessary for buying an existing independent pharmacy or to develop a new business. It was named in recognition of two giants of independent pharmacy, H. Joseph Schutte, and the late Neil Pruitt, Sr. The 2006 competition was supported by the Pruitt and Schutte families, the NCPA Foundation, and Mallinckrodt Pharmaceuticals.

Of 30 schools that submitted written business plans in the spring of 2006, the top three were given the opportunity to make presentations at the live competition. Team members from Washington State were Corinne Gavrun, Daniela Beilic, Jason Doss, and Joshua Fancher. Linda Garrelts-MacLean was the team’s advisor. WSU competed against teams from the University of Kentucky and the University of Houston. The three schools unveiled their business plans to a group of pharmacy experts who served as judges.

WSU presented a proposal to open Apple a Day Pharmacy in Pullman, Washington. As the winning school, WSU received $3,000 for its NCPA student chapter, and an additional $3,000 was contributed to the school in the dean’s name to promote independent pharmacy. The team members, team advisor, and the dean received complimentary registration, travel, and lodging to NCPA’s Multiple Locations Pharmacy Conference, held in February in Aruba.

Gavrun served as WSU’s group leader. Born and raised in Bayonne, New Jersey, the 37-year-old Gavrun had already earned a bachelor’s degree in biochemistry in 1992 from the University of Arizona, and a masters in business administration from Arizona State University in 2005. However, even while she pursued those academic objectives, Gavrun expressed an interest in pharmacy, and became a pharmacy student at WSU in 2005.

“While working on my MBA, I considered applying to pharmacy school and was lucky enough to have friends and family who really encouraged me to do so,” Gavrun says.

Gavrun is now in her second year, and plans to graduate with a PharmD in 2009. In the following interview, Gavrun discussed how WSU’s plan came together, and what she and her team learned about the business of pharmacy and what pharmacy ownership means to them.

**Why did you decide to enter the Pruitt-Schutte competition?**

I read about the competition on the NCPA Web site and thought that it would be a great way for me to apply my MBA knowledge, learn more about the junior partnership model and the issues that are faced in running a pharmacy business today, and challenge myself to develop creative, feasible solutions for improving profit margins. All of the team members were very interested in going through the process of developing a business plan, since we foresee ourselves as future business owners. Of course, we found the awards to be a great enticement as well.

**How did your team come together?**

Daniela and I were friends since pharmacy school orientation. By November of 2005 we decided that we wanted to put a business plan together. Then Daniela found out that Jason and Josh were interested in the competition too. We met to talk about the competition and learn more about each other, such as our experiences and education. We quickly realized that we would make a great team, because we were very motivated and seemed to complement each other so well. Then we had to find a faculty advisor.

The team decided to approach Linda Garrelts-MacLean, the interim chair of the Pharmacotherapy Department, as she had lectured to our class about entrepreneurial pharmacy. She agreed to help us and her enthusiasm further motivated us. Shortly thereafter we found out that a team from WSU placed second in the competition in 2004 and that Linda was their advisor, so we knew we were in good hands. Our only remaining concern was how to bridge the communication gap since WSU is a split campus. Linda was based in Spokane, whereas the team was based in Pullman (90 miles away). We were able to overcome this obstacle by using phone and video conferencing technology, and making occasional trips between campuses.

**When did you and the group start developing your business plan?**

We had a brief meeting after Thanksgiving break (2005) to document any preliminary ideas. Over the winter break of
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2005, we reviewed the NCPA-Pfizer Digest and the NCPA Pharmacy Management CD. In January of 2006, we visited with several independent pharmacists in Washington and Idaho, and had several meetings to discuss any new ideas. By mid-February of 2006, we had developed a clear vision for our proposed business and proceeded with writing the plan up until the last minute (May 1).

How was the plan formulated? Did one person come up with idea or was it a group idea?
Our business plan was truly a collaborative effort. We had many brainstorming sessions, and then many meetings to narrow down our ideas. We referenced the grading criteria to ensure that we included all of the necessary elements, and most importantly we ensured that our ideas were creative yet feasible.

Why did you choose the Apple a Day Pharmacy as your proposed business?
Based on our research and visits with independent pharmacists, we decided to propose the purchase of an existing pharmacy business through a junior partnership for several reasons. First, we wanted to write a business plan that we could potentially start as first year students, as opposed to making future assumptions.

Second, we met with Sid Pierson, pharmacist and owner of Sid’s Professional Pharmacy in Pullman, and we were immediately interested in working with him on this project. He is so enthusiastic about his business and the future of independent pharmacy. Sid is also considering retirement in the next five to 10 years, so we wanted to develop a business plan that Sid could adapt and show to potential junior partners, who may initially be afraid of the risks.

Third, we wanted a business name that conveyed our vision of prevention and wellness with the goal of keeping the community we serve healthy and active. Our business name blends a popular saying that stresses the importance of health and wellness prevention with the most recognized symbol of Washington State—the apple.

How did the plan evolve?
We did our research and brainstorming (buyout or startup, location, creative ideas, feasibility), and then narrowed down the ideas and created a vision and mission from which everything else flows. As we proposed a purchase of an existing pharmacy, we also determined what existing problems needed to be solved. Then we determined our goals for growth and success. We started the business plan document by creating a plan template with a table of contents and a list of potential attachments as well as financial document templates.

We also assigned executive titles and responsibilities early in the process. We assigned primary responsibility for each section of the business plan to a team member based on that person’s executive title, and then we assigned a second team member to assist, especially with the marketing and financial sections. The last sections we wrote were the introduction and executive summary. We tried to convey to the reader who we are and what our vision is, and to help them visualize the Pullman area and the people within the community. Finally, we had the plan critiqued. Linda guided us through this process perfectly.

What were the most important things to address early? What came later?
The most important things to address early on are research, brainstorming, job titles and responsibilities, vision, mission, and goals. It was also important to review the grading criteria, and creating templates and outlines. Later, you

Start Planning for the 2007 Pruitt-Schutte Student Business Plan Competition
The Fourth Annual NCPA Pruitt-Schutte Student Business Plan Competition will once again be held at NCPA’s Annual Convention and Trade Exposition, scheduled for Oct. 13-17 in Anaheim, Calif. The competition is named in honor of two champions of independent pharmacy, Neil Pruitt, Sr., and H. Joseph Schutte.

Criteria that the business plans will be judged on, along with a list of “Frequently Asked Questions” are available on NCPA’s Web site (www.ncpanet.org). Information can also be obtained by calling 703-683-8200. Deadline for the business plans is May 1. The three finalists will compete in the live competition at the convention.

www.americaspharmacist.net
can add layer upon layer of detail. Some sections are much easier to complete than others. The marketing and financial sections are of the utmost importance and difficulty, and thus require the most attention.

What would you consider to be the biggest hurdles or challenges you might face?
Although we tried to take our limitations into account when developing the plan, we realize that setting aside the time to implement the new products and services would be the biggest challenge. Additionally, the implementation of the new products and services are contingent on our projected cash flow, which, as with any business, could be negatively affected by external factors outside of our control.

What would you consider to be the biggest factors that would work in your favor?
It is an established business located in a growing community. It is also the only independent pharmacy business in Pullman, and provides the only compounding services in the area. Sid is well-known and respected in the community, and has a vested interest in ensuring a successful transition of his business.

From the time that you first started working on the plan to the time that you were ready to present it at the competition, were there any major things that surprised you?
I knew my teammates had great talent and that we were fortunate to have a great faculty advisor, so I knew we had the potential to put together a great business plan. What surprised me was how well we really did complement each other and how incredibly well we worked as a team, never losing our motivation to see the project through until the end.

After our business plan was selected as one of the top three, we returned to school to start the fall semester and went right back to work on the presentation portion of the project. We submitted our powerpoint and video early on as requested, and then we wrote and re-wrote our script until we were convinced that our business plan came to life within a 20-minute presentation. I was amazed at the support we received from faculty, students, and pharmacists, who generously gave their time to listen to our rehearsals and were very forthcoming with advice. The response from them showed us that they supported our efforts and wanted us to win.

In terms of finances, what factors and variables did you use to help calculate the numbers in terms of revenues, expenses, and other costs?
We discussed the financials with current and former pharmacy business owners, and we referred to the NCPA-Pfizer Digest, the Small Business Administration Web site, financial and managerial accounting textbooks, and financial and corporate investor Web sites for additional guidance. When we prepared and reviewed the financials, we mostly focused on common-sized data. So, we discussed the income statement line items as a percent of sales and the balance sheet line items as a percent of assets.

This approach makes it easier to understand the significance of a line item, compare to the NCPA-Pfizer Digest, determine areas for improvement to be addressed in the plan, and find errors in the template. We also put together financial ratios for the current year and projected years to ensure our plan was financially feasible.

Is this plan still active?
We are planning to develop and launch one of the prod-
ucts. We also expect to use our plan as a template for planning a future business. And hopefully Sid will find the plan useful in securing a junior partner.

What did you learn the most from this process? Did it change any of your thoughts about independent pharmacy and pharmacy ownership?
I learned about the important issues that independent pharmacy faces today, such as third party pressure, tightening margins, and insurance-mandated mail order pharmacy. I also learned how independent pharmacy thrives by finding niches and providing quality professional services to the community. All of the team members learned how to go about starting a business and the importance of networking as a business owner. This experience has increased our interest in independent pharmacy and ownership.

What advice would you give students who may be interested in entering the business plan competition?
Do it! Don’t let the financials or any other aspect of putting a plan together intimidate you. Approach it as a learning opportunity—maybe you can even get elective credit.

Form a team with other students that are motivated and that complement your strengths. You can also ask other students outside of the team to help with small tasks—you may be surprised at how many are willing to help. Find a faculty advisor who can guide you through the project and can put you in touch with key business people.

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