

Appendix A

Mission Statement Examples:

- **CVS Caremark** (source: www.cvsremark.com)

“Our Vision - We strive to improve the quality of human life.

Our Mission - Above all else ... our mission is to improve the lives of those we serve by making innovative and high-quality health and pharmacy services safe, affordable and easy to access.

Our Values -

Our Customers - We are passionate and relentless in our goal to continuously innovate and improve service to our customers ... every day, every way and every customer.

Our Colleagues - We work as a team. We are committed and act with integrity. We all deserve respect as well as a supportive work environment that recognizes and rewards our contributions ... we accept nothing less.

Our Contributions - In the end, it's all about results – achieving our financial goals as well as giving back to the communities we serve. We hold each other accountable for all aspects of our performance ... without exception.”

- **Walgreens** (source: www.walgreens.com)

“We will treat each other with respect and dignity and do the same for all we serve. We will offer employees of all backgrounds a place to build careers. We will provide the most convenient access to healthcare services and consumer goods in America. We will earn the trust of our customers and build shareholder value.”

- **Rite-Aid** (source: www.riteaid.com)

“To be a successful chain of friendly, neighborhood drugstores. Our knowledgeable, caring associates work together to provide a superior pharmacy experience, and offer everyday products and services that help our valued customers lead healthier, happier lives.”

Appendix B

LEGAL STRUCTURE OF A BUSINESS

Before you open a business, you must select the legal structure that will best suit your needs and those of your particular business. There are three principal types of business structure: the proprietorship, the partnership and the corporation. Each has its advantages and disadvantages, which will be reviewed.

Sole Proprietorship

The sole proprietorship is usually defined as a business owned and operated by one person. To establish this form of business, one need only obtain the required license or permit and begin operations. This is the most common form of small business organization.

Advantages

Ease of Formation. A sole proprietorship is the easiest and least expensive form of a small business to begin, as well the one with the fewest legal restrictions. No government approval is needed to begin operation. If the business is in your own name, just open the door and start. If you have employees, the business must be registered with the federal government on Form SS-4. State and local government registration may also be necessary.

Sole Ownership. The proprietor shares the profits with no one, and the decision making is vested in one person.

Control. The sole proprietor is in complete control of his or her business.

Flexibility. Management can quickly respond to the needs of the business and can make the day-to-day decisions so often critical to a new business's success.

Freedom from Government Control. There are no special taxes for this form of business, including no state or federal taxes. Profits become the owner's personal income and are taxed as such.

Disadvantages

Unlimited Liability. The sole proprietor is responsible for the full amount of business debts. These could exceed the proprietor's total investment. Be aware that this liability extends to all the proprietor's assets, including his or her home.

Less Available Capital. Capital is limited to the owner's personal assets and the funds the owner can borrow. Hence, this form of business ordinarily has less capital available than the other forms. Also, it is usually more difficult for a sole proprietor to borrow money for the business.

Unstable Business Life. The business may be crippled or terminated upon the illness or death of the owner.

Experience Limitation. Single owners operating with no or few employees are often limited in experience and viewpoint compared to those in the other forms of business.

Limited Business Deductions. Certain types of business deductions are not available to the sole proprietor. These include workers' compensation insurance and a portion of personal health and injury insurance.

Partnership

A partnership is an association of two or more people as co-owners of a business for profit. Although not required by law, written articles of partnership are customary and highly recommended. These articles of agreement state the financial, material and managerial contributions to the business by each owner. The articles should clearly spell out the role of each partner and the share of the profits each will receive. There should be provisions in the articles both for dissolving the partnership and for buying out one or more of the partners.

Partnerships may also be formed as limited partnerships, in which the limited partner risks only an agreed-upon investment in the business. The liability of limited partners is restricted as long as they do not participate in the management of the business.

The services of an attorney who specializes in drawing up articles of partnership is essential to start this form of business.

Advantages

Ease of Formation. While hardly as easy to form as a proprietorship, a partnership is easier and less costly to form than a corporation.

Flexibility. The partnership is more flexible than a corporation, but less flexible than a proprietorship.

Direct Rewards. The partnership pays no federal or state taxes. The rewards or profits from the business come directly to the partners.

Financing. Capital is easier to obtain for a partnership than for a proprietorship. There is more than one owner to draw upon for funds.

Freedom from Government Control. There are no special taxes on a partnership and, like a proprietorship, it pays no state or federal income taxes. The partners pay personal taxes on the profits.

Skills and Experience. The skills and experience of all partners are available to assist in decision making.

Disadvantages

Unlimited Liability. Each general partner is liable for the business debts incurred by the other(s) and by the business in general.

Unstable Business Life. Upon death of one partner, the partnership terminates. Rights of survival exist, so buy-out terms must be stated in a written agreement.

Long-Term Financing. Partnerships cannot obtain long-term or, for that matter, short-term financing as readily as can a corporation.

Disposal of Interest. It is often difficult to dispose of a partner's interest in the business. As indicated above, partnership articles should contain a buy-out agreement.

Corporation

A corporation is a legal entity distinct from the individuals who own it. It is the most complex of the three forms of business.

A corporation can only be formed by authority of a state government. Check with your attorney or your state's agency that supervises corporations for details of registering your business and information on the laws affecting corporations.

As soon as you are notified that your organization has been approved, you must file for a federal identification number using IRS Form SS-4. As noted earlier, check into licenses and permits before doing business.

Advantages

Separate Legal Existence. The corporation is distinct from the individuals who own it.

Limited Liability. Individual shareholders are not liable for debts of the corporation.

Ownership Readily Transferable. Owners invest in shares of the business, which can be bought and sold.

Stable and Relatively Permanent. Death of a shareholder does not end the business.

Relatively Easy to Secure Funds. The foundation of investors' stock purchases gives confidence to lenders of the corporation's stability.

Delegated Authority of Management. A board of directors and officers give structure to decision making.

Skills and Expertise Available from Many. Boards of directors usually are made up of members with a wide variety of perspectives, in addition to their interest in the specific corporation.

Disadvantages

Extensive Government Regulation. Corporations must be registered with state government and are subject to more extensive regulation by local and federal government than are solely owned businesses or partnerships.

Complicated Tax Reporting. Taxation of corporations is totally different from taxation of individuals. A corporation's dividends affect tax returns of individual shareholders.

Double Taxation. Profits are subject to corporate tax and, if distributed to the stockholders, are taxable as personal income.

Limited Incentive. If management does not share in the profits, there is usually less incentive.

Expensive to Form and Maintain. Forming a corporation usually requires professional help to draft Articles of Incorporation and other documents, and on tax and legal matters throughout the corporation's existence.

Excise Tax Paid Each Year. Various taxes are imposed on corporations by all levels of government that are not imposed on solely owned businesses or partnerships. Taxes, other than federal, vary by locality.

"Subchapter S" Corporations

One form of corporate structure, known as a "Subchapter S" corporation, allows small business corporations to have their income taxed to the shareholders as if the corporation were a partnership. Using this structure, the company can overcome the double taxation feature of the regular or "C" corporation, yet still retain the other benefits. An "S" corporation also permits business losses to be passed on to shareholders.

To form an "S" corporation, the company must have no more than 35 stockholders, all of whom are individuals or estates (no corporations or other entities), are residents of the United States, and must derive a specified amount of its income from active business. There is also a restriction on the amount of business an "S" corporation can do; at present, that figure is \$35 million.

To summarize, in choosing a legal structure for a business, one must consider the following:

- ! What is the risk and what is the amount of the investors' liability for debts and taxes?
- ! How will the continuity of the business be handled if something happens to one of the principals?
- ! What is the influence of applicable laws?
- ! Can you attract capital?
- ! What are the costs of starting and running the business under the different structures?
- ! Can you afford the extra record keeping and reporting required by some structures?
- ! What legal structure best serves the purpose and goals of the business?
- ! What legal structure ensures the maximum adaptability of administration?

Professional advice is often needed to select the legal structure for a business. However, one can always start a business as a sole proprietor and incorporate at a later date.

***Reference: U.S. Small Business Administration. "Handbook for Small Business."
Publication MP-31.***

Additional Resources for Completing a Business Plan:

Publications/Articles

1. Schumock GT. How to Develop a Business Plan for Pharmacy Services. Lenexa, KS: American College of Clinical Pharmacy, 2007.
2. "Handbook for Small Business." U.S. Small Business Administration. Document MP-31. Available at :
http://www.sba.gov/idc/groups/public/documents/sba_homepage/pub_mp31.pdf
3. Heitz RM, Van Dinter M. "Developing collaborative practice agreements." J Pediatr Health Care 2000;14:200-3.
4. Pharmacy Access Partnership. Collaborative Practice Agreements. Available at <http://www.go2ec.org/CollabPracticeAgreements.htm> .
5. Farris KB, Kumbara P, Halterman T, Fang G. "Outcomes-based pharmacist reimbursement: Reimbursing pharmacists for cognitive services part 1." J Manag Care Pharm 2002;8(5):383-93.
6. Snella KA, Trewyn RR, Hansen LB, Bradberry JC. "Pharmacist compensation for cognitive services: focus on the physician office and community pharmacy." Pharmacotherapy 2004;24:372-388.

Helpful websites

1. www.pharmacist.com/mtm
2. <http://business.uschamber.com/tools/tools.asp> (Great site for forms, examples, tools for financials, sample business plans, etc)
3. <http://www.business.gov/guides/business-data/> (Great site for business stats)
4. www.sba.gov (Small Business Administration – sample business plans)
5. www.entrepreneur.com/Formnet
6. www.fedstats.gov (government statistics)
7. www.census.gov (government statistics)
8. <http://quickfacts.census.gov/qfd/>
9. www.census.gov/econ/census02
10. <http://www.ors2.state.sc.us/> (South Carolina Office of Research & Stats)
11. <http://www.covertheuninsuredsc.org/results.asp> (South Carolina Insurance coverage data)
12. <http://www.sc.gov/> (South Carolina official site with links to data)
 - a. <http://www.handsonhealth-sc.org/page.php?id=909> (SC health concerns)
13. <http://www.sces.org/lmi/index.asp> (South Carolina labor market data by county, identifies top employers in each county).