

Independent Pharmacists Survive by Wits

To compete, local operations connect personally and use buying co-ops.

October 17, 2011 | By Tom Infield, Inquirer Staff Writer

When Chuck Kohlerman was growing up in the 1980s, his first after-school job was sweeping his father's drugstore in Malvern. Later, he worked behind the counter and delivered prescriptions. Eventually, he decided to become a pharmacist himself, as did his sister.

Now 42, Kohlerman owns and operates Kohlerman's Pharmacy, a business that has been in the family since 1966 and is in a small strip shopping center on King Street.

The challenges of running an independent pharmacy are different today. In the Johnson administration, there was no Rite Aid. No CVS. No Medco mail-order house to allow customers to bypass pharmacies altogether for their regular medicines.

But there are still many rewards, Kohlerman said. Besides making a quite-good living, he has gotten to know many of Malvern's 3,200 residents - parents, children, even grandchildren - on a first-name basis.

"People like it when you know who they are," he said. "They don't want to be a number. And that's constantly rewarding. There are very few customers who come in the door that you don't look forward to talking to."

Kohlerman has tried the two other main avenues for pharmacists. He has worked in a chain drugstore. He worked in a hospital.

A few years ago, he bought the business from his father, Charles, who still comes in a couple of days a week to help fill prescriptions.

He has 13 employees, full-time or part-time. His sister, Vickie Boyle, works at a drugstore in Morton.

Kohlerman's sits next to a Wawa store, a high-volume store that helps bring in foot traffic. A few

years ago, the elder Kohlerman bought the whole shopping center, which also includes a men's clothing store, a flower shop, and a butcher among its 10 businesses.

Kohlerman's isn't Gower Drugs (from the 1947 movie *It's a Wonderful Life*), but it's a bit of a throwback. It still has a comic book rack, and it still carries those little gift items you bought for Mom when you were a child.

"In the day, school supplies were a big deal," Charles Kohlerman said. "Now you have Staples stores and such. We still carry some, but it's just a convenience."

To compete with chain stores, most family-owned pharmacies have joined buying co-ops. Through a co-op, they can get bulk rates, not only on drugs, but also on toothpaste and deodorant.

John A. Giampolo, president of Independent Pharmacy Alliance of America, in Cranbury, N.J., said the biggest threat to independents is not the "megachains" by themselves. It is the alliances that have formed between the chains and the private benefit managers hired by major employers to hold down the cost of drug-benefit programs for employees.

These forces have combined to suppress insurance reimbursement rates on prescription sales, Giampolo said.

Years ago, "you had more people paying cash for their prescriptions," Charles Kohlerman said. "Nowadays, it's probably 90 percent insurance."

When the elder Kohlerman got into the business, the large majority of pharmacy-school graduates opened their own store or went into business with a relative.

Today, "there are maybe 2 or 3 percent who try," said Michael Borenstein, associate dean of Temple University School of Pharmacy.

The cost and risk of starting a business deter many graduates, he said. New pharmacists are also attracted by \$100,000 starting salaries offered by chains.

The question is not, will current independent drugstores survive? It is, who will take the place of today's independent pharmacists when they retire?

Two decades ago, Giampolo said, there were 53,000 independent pharmacists in the United States. Today, he said, there are about 21,000.

By contrast, chain pharmacies often sit across from one another on busy suburban highways.

Kohlerman's is lucky in its location. Malvern sits back from the main highway, Route 30. There was one other drugstore in town - an independent - but it closed. The Kohlerman family has its turf to itself.

For new independent pharmacists, the best opportunity might lie in inner-city areas, which until recent years were almost ignored by the chains.

Anthony Minniti, owner of Bell Pharmacy and Doganiero's Pharmacy in Camden, said he had been held up twice at gunpoint - a problem that deters some who might otherwise do business in the city.

But he said that pharmacists can take satisfaction from being on the front line of medical care for patients who cannot always see a physician.

"We're not a pure retail establishment; we have patients; we manage their health," he said. "We're here every day."

Even in Malvern, on the affluent upper Main Line, a drugstore is not immune from crime. A couple of months ago, a man was caught by police while trying to pry open the back door of Kohlerman's - a door that Charles Kohlerman's grandfather, a blacksmith, had made extra-strong.

Theft gangs or addicted individuals often try to present forged prescriptions for the painkiller

oxycodone or other in-demand drugs, Kohlerman said.

And shoplifting, as at any store, is a problem. Light-fingered shoppers go for the brand-name over-the-counter drugs - Tylenol and the like - which they often resell.

"Anytime you see brand-name products like that on eBay - nine times out of 10, it is stolen," Kohlerman said.

This fall, a major revenue generator is flu shots. The pharmaceutical manufacturers made plenty of vaccine.

Harold and Marie Bortner, both 79, dropped by Kohlerman's for their shot the other day. They live just two blocks from the store and have been customers since it opened.

The Bortners said they buy all their prescriptions at Kohlerman's. The co-pay on their insurance plan is the same no matter where they go.

They also buy other items off the shelves.

"Sometimes it's a little more," Harold Bortner said. "But it's so convenient. And it's such a friendly place."