



## LOCAL AUTONOMY BUSINESS MODEL

The “Local Autonomy” concept is a critical element of Guardian Pharmacy’s core business strategy -- so much so that we view it as our “secret weapon” against the competition and the “secret sauce” of our success. But, what does it mean? How can we describe it, fairly and straightforwardly, to our potential partners?

First, it is a PARTNERSHIP of the local entrepreneurial management team with the Guardian team. The Guardian business model has as its centerpiece OWNERSHIP of the pharmacy by the local management team. Guardian does not “acquire” pharmacies; rather, we enter into a business partnership with the local owners. We operate each pharmacy as a completely independent and separate business unit, with its own Board, bank account, financial statements, etc. Each quarter, the Board of the business unit (LLC) reviews the financial statements and plans going forward, to determine how much, if any, cash on hand should be distributed to the owners. These distributions are made *pari passu* according to ownership percentages.

Second, we operate each business entity as a partnership team, whereby each party makes its own contribution based on each partner’s area of expertise and earns the mutual respect of the other via its contributions to the success of the business. Obviously, the key management is the local team operating the business on a day-to-day basis, making decisions related to Customers, Patients, Employees, etc. But assisting the local team, Guardian provides support services from Atlanta, to include HR, Financial reporting, Revenue Cycle Management, IT, Administrative support, etc. (It is important to note that there are no corporate overhead charges for the services provided by Guardian.) And working collaboratively together, the two parties plan the strategic direction and Business Plan for the pharmacy.

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### Local Autonomy Business Model:

We vest Local Management Teams with significant **ownership** and **authority** to run the business at the local level. We believe this powerful concept leads to:

- Great Customer Service
- Efficient local operations
- Motivated sales effort

We invest in the Atlanta organization to provide support services to the Local Pharmacy Management Teams

- Human Capital Management
- Revenue Cycle Management
- Financial Accounting
- Business Development
- Operational Support
- Regional Sales Support
- I.T. Support



Third, given this business model, it follows that Guardian would carefully seek out a special “breed of cat” to partner with (and vice versa):

- A builder (not a seller), with a burning desire to grow a world-class business
- A leader with the skills and expertise necessary to grow a business, while also managing that growing business
- An operator who seeks to tap into a broader network of knowledge, experience, and expertise to improve his/her business
- A collaborative team player who is willing to ask for help when needed, but also comfortable to operate independently. Guardian provides more help to those pharmacies that need it; a pharmacy performing poorly will receive more help without even asking, while a pharmacy hitting on all cylinders will have to ask for help.
- A partner who exercises good judgment in running the business: e.g., not jeopardizing the business with unethical actions; not entailing the business with material obligations without collaboratively working with Guardian; and vice versa.
- A management team that understands the importance of achieving a level of profitability to sustain the business for the long-term, which also will yield exceptional value creation for all the owners and stakeholders.

In summary, we view Guardian as an “entrepreneurial incubator”, there to assist local entrepreneurs in achieving business success in the local market. To that end, Guardian seeks to partner with a team that shares our commitment to build a business together, maximizing the residual value of the retained ownership stake to be worth more than that originally sold to Guardian. We do this by empowering pharmacy management teams to make decisions at the local level, and earning the mutual respect for the Support Services team to work arm-in-arm with the local team – together to build a self-sustaining business of value for the long-term.

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