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.
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 initiative and high-energy work ethic driven to always improve the business
- **A leader** with the skills to build a local team to manage a growing business; thus, a team builder
- **An operator** who seeks to tap into a broader network of knowledge, experience, and expertise to improve the business
- **A collaborative team player** who is willing to ask for help when needed, but also comfortable to operate independently.
- **A business partner** who exercises good judgment
- **A manager** who understands the importance of achieving a level of profitability to sustain the business for the long-term

Guardian as an “Entrepreneurial Incubator”

*Guardian assists local entrepreneurs in achieving business success in the local market*

- ✔ Guardian seeks to **partner** with a team that shares our commitment to build a business together
- ✔ Together we work to **maximize 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
- ✔ Together we earn **mutual respect** for the Support Services team to **work arm-in-arm** with the local team
- ✔ Together we **build a self-sustaining business** of value for the long-term.