



Much More Than a Co-op

Good Luck, Great Vision Sparked the Success of American Pharmacies

Luck in the business world usually occurs when preparation intersects with opportunity. That's why Mike Gohlke is one of the luckiest guys in pharmacy. Mike is president of American Pharmacies (APRx), a growing for-profit buying co-op and public affairs advocate for independent pharmacists. After barely 10 years in business, APRx is close to reaching its goal of \$1 billion in purchases in Texas.

The genesis of APRx dates to 1999, when Mike left McKesson Corp. to join Walsh Healthcare Solutions, a regional drug distributor in Texas. Walsh had just partnered with Alabama-based American Pharmacy Cooperative Inc. (APCI), founded in 1985, pioneered the model of combining independents' buying power. By 1999, they served most independent pharmacies in Alabama and were reaching other states.

Mike discussed joining the Walsh team with Walsh President Ron Nelson. "We both came away from our initial meeting confident that a successful model using APCI's plan in Alabama could be repeated in San Antonio," Mike said.

Ron Nelson became one of the most influential persons in Mike's career. "Ron was quite the visionary and taught me some valuable lessons about patience and staying the course. His guidance was instrumental in our blueprint for the future of American Pharmacies."

"I recruited Craig Denton, also from McKesson, to come on board, too," Mike said. "We started a distribution center in San Antonio — I recruited and directed the sales team and Craig managed operations."

It was obviously a solid business plan because the San Antonio distribution center soon had reached \$300 million in annual sales. Then, about a year later, another retail pharmacy co-op — Legend Pharmacies — was looking for a co-op partner.

ACPI -Texas

"Walsh and APCI had discussions with Legend Pharmacies and expected we would work together," Mike said. "But Legend chose to go with TrueCare instead." (TrueCare is a subsidiary of Pharmacy Buying Association in Kansas City, Mo., and its business model is closer to how Legend operated.)



Failing to land a partnership with Legend Pharmacies turned out to be a blessing in disguise — and the impetus to create **APCI Texas**. "We started selling APCI stock in August, 2001," Mike said, "and quickly sold about 200 shares to Texas independents."



"A lot of people took a lot of chances to create American Pharmacies. The first board members were visionaries willing to take a leap of faith to give independents an organization they could believe in — one that would fight for their interests."

— Mike Gohlke

The parent APCI board of directors established a five-member council to help shepherd the new business, and Mike was asked to serve as the executive.

The timing for APCI Texas was excellent. “We made monumental differences for independent pharmacies,” Mike said. “In the early years we changed the playing field for independents, not only from a purchasing standpoint, but in advocacy, too.

American Pharmacies is Born

When APCI suggested that APCI Texas become its own entity, Southwest Pharmacy Solutions Inc. (dba American Pharmacies) was created on Sept. 25, 2002. Texas pharmacies holding APCI stock simply swapped it for APRx shares. From Day 1, APRx’s unique core principle was one member-one vote management and 100% member ownership. Whether a member has one or a dozen pharmacies, he or she has a single vote — the true definition of equality for shareholders. The board of directors is composed of shareholder members who are elected by their peers.

The original APRx board members were Ray Carvajal, R.Ph., San Antonio; Buddy de la Rosa, R.Ph., Weslaco; Lynn Everett, R.Ph., Waco; Dennis Helbert, R.Ph., Brownwood; Don Novak, R.Ph., Longview; Gary Rice, R.Ph., Houston; and Bruce Rogers, R.Ph., Victoria. Lynn Everett and Bruce Rogers still serve on the Board.

“A lot of people took a lot of chances to create American Pharmacies,” Mike said. “Those first board members were visionaries willing to take a leap of faith to give independents an organization they could believe in — one that would fight for their interests.”

After Walsh was acquired by D&K Wholesale Drug in 2003, APRx moved out of Walsh’s San Antonio distribution center into its own facilities. They soon added two more wholesale partners— Morris & Dickson and AmerisourceBergen. In 2005, McKesson acquired D&K, and honored APRx’s contracts with Walsh and D&K. The McKesson partnership ended in 2009 when APRx negotiated agreements Tier 1 providers AmerisourceBergen and Morris & Dickson. (In 2012, McKesson replaced Morris & Dickson, returning as APRx’s second wholesaler.)

The Birth of APRx Legislative Advocacy

In 2003 the board called for the hiring of a government affairs specialist. Richard Beck, R.Ph., became vice president for pharmacy affairs. After having owned his own community pharmacy, Richard worked almost a decade with Texas Pharmacy Association and served eight years as executive director/CEO of the Arkansas Pharmacists Association. APRx’s success in the Texas Legislature led to formation in 2009 of the Texas Pharmacy Business Council (TPBC), a fully owned subsidiary of American Pharmacies, and Beck became executive director. Today, TPBC is jointly funded by APRx and the Alliance of Independent Pharmacists of Texas.



In May 2012, Beck left TPBC to pursue other interests and was replaced as executive director by Michael Wright, a longtime advocacy executive for Hoffman LaRoche.

APRx also sponsors a political action committee – GPAC – to help support the election and re-election of lawmakers who support independent pharmacy.

Mike and the current APRx board of directors continue to raise the bar for member services and lay a solid foundation for membership growth. American Pharmacies has now grown to 400+ stockholders and is gaining traction in several states outside Texas.