

New banner Top Drug coming to Ontario

Network, run by former Drug Trading and Katz Group CEO Larry Latowsky, already has 50 pharmacies signed up.

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A new pharmacy banner is coming to Ontario and dozens of pharmacies across the province have already signed on.

About 50 drugstores, operated by a mix of new owners, pure independents and banner converts, will open under the Top Drug brand starting this spring.

We've reached out to hundreds of stores in just a few months. The interest is overwhelming

It's the latest venture by Larry Latowsky, the former president and CEO of Drug Trading and Katz Group.

The entrepreneur returns to retail pharmacy after spending several years in the drug distribution business and doing consulting work for pharmaceutical manufacturers.

Latowsky sensed discontent among pharmacy owners with aspects of other banners, and thought the timing was right to return to the community pharmacy fray.

"There are a lot of strong programs, but I thought there was a niche opportunity to build a network that really goes to the ultimate support for independent pharmacy," he says.

His pitch to potential participants is threefold. First of all, Top Drug owners have the option of buying shares. The model is similar to the one in place when Latowsky headed Drug Trading.

“People long, sometimes, for the past,” he says. “They liked the old structure of Drug Trading. They liked the fact that they were shareholders and part of meetings. I thought maybe there as a hybrid opportunity to go forward with.”

There are a few notable differences between the models.

With Drug Trading, all store owners were required to buy shares if they were a wholesale partner. They were limited to a certain number of shares and could only own one class.

The new company offers voting and non-voting shares, and owners earn a confidential amount based on their level of participation in the program.

What’s more, management of the company has voting and non-voting shares. Both classes have identical value so that all are aligned with the company’s performance and nobody has preferred status.

Latowsky says many of the pharmacists he’s spoken feel dismayed by the fact that they helped build other networks but never received recognition from head office for the value they created.

As a Top Drug shareholder, participants profit from the network’s success. And when there’s a liquidity event—Latowsky’s preferred long-term option is an IPO—everyone benefits.

Secondly, Latowsky says he has a diverse team of professionals working closely with participating pharmacies to tailor offerings for their local communities.

He notes that a standalone drugstore in rural Ontario has very different needs than a pharmacy in a medical centre in the GTA.

That’s why when his support team meets with owners he insists discussions go beyond the financials and metrics to cover nuances of the local marketplace and customers as well.

“Many banner programs might have a vanilla solution that represents 80% of the needs of a store,” he says. “We’ll customize with our experienced people the extra 20% a store needs to be sustainable in their specific marketplace.”

The third piece of Latowsky’s value proposition is that while Top Drugs isn’t a pure buying group, it offers members the option of implementing innovative programs for all aspects of the pharmacy.

For competitive reasons, he’s coy about the specifics. The company did recently announce, however, that it had chosen McMahon as its preferred pharmaceutical products distributor.

“Let’s just say this, we’re building something that has a sustainable long-term advantage through all aspects of the store—the front shop, back shop and the general management of the business.”

Based out of Vaughn, Top Drug reps have been signing up participants through town halls and meetings since July. “We’ve reached out to hundreds of stores in just a few months,” says the chief exec, adding that he’s focused solely on Ontario for the foreseeable future. “The interest is overwhelming.”

The son of a pharmacist, Latowsky's spent his life around pharmacy. Armed with new contacts from his time in the drug distribution and pharmaceutical manufacturing sectors, he's excited about his return to the retail fold.

"This is in my blood. It's a passion. I love it. And the industry's been good to me."