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Dougherty's Pharmacy Celebrates 80 Year sand Sticks to Its Formula

Dallas, TX - November 29, 2009 - Dougherty's Pharmacy really shouldn't be celebrating its 80th anniversary. It should be long gone, like so many neighborhood mom-and-pop drugstores – or at the very least holding on for dear life. Instead, the mainstay of Preston Royal Village – 42 years at this location – is Dallas' oldest, largest and best-known full-service pharmacy.

It's a store with an offbeat history. Bill Dougherty, who opened his pharmacy in Oak Cliff in 1929, once fended off an attempted robbery by Bonnie and Clyde by brandishing his own firearm.

George Park bought the pharmacy from his boss in 1943. He didn't change the name because he didn't want to jeopardize the \$300 that customers still owed the store. Twenty-four years later, he and his son, Joe, moved the establishment to the Far North Dallas outskirts of Preston Road and Royal Lane.

Today customers from around North Texas drive past big chain pharmacies and Walmarts to buy drugs, medical equipment, cosmetics and gifts here.

Last year, Dougherty's sales per square foot were \$2,000 – twice those reported for a typical CVS or Walgreens. And this year was even better, says David Bowe, Dougherty's chief executive, with \$28 million in sales and above-industry profit.

How?

Dougherty's is the Southwest's largest compounding pharmacy, providing millions of dollars in made-to-order medications.

"We can create a drug in any form, taste, strength or dosage where a commercial alternative may not be available," says Bowe, who bought Dougherty's five years ago. "If you can't swallow a drug, we can create a spray, a cream, even a lollipop or toothpaste."

Former owner Joe Park, a legend in the compounding drug industry, was part of the acquisition, Bowe says. "Joe has been here 50 years – 1959 to today."

The outbreak of H1N1 flu has created a nationwide shortage of prebottled liquid Tamiflu for children. In the last 90 days, Dougherty's has compounded and filled 1,025 prescriptions for customers as far away as Waco.

It also does designer drugs for nonhuman patients.

Got a pooch that won't down a pill? "We make doggie treats," Bowe says. A dachshund named Peaches,

who recently died, used to get her meds for congestive heart failure and seizures in a daily snack.

It also compounds exotic medicine for the Dallas Zoo – most recently concocting potions for a shark, a tapir and a gorilla.

Robot on staff, too

Think of Dougherty's as the Elliott's Hardware of drugs with plenty of staff ready to help. "We have approximately 50 employees, and we're open seven days and 80 hours a week," Bowe says.

On the busiest days, Mondays and Fridays, five pharmacists and 15 technicians typically process more than 1,000 prescriptions. A dozen people waiting to drop off their prescriptions can be moved through a cordoned queue in about 15 minutes. A large video screen posts names as the orders are completed.

Joe Gray is leaving with a sack of medications for his elderly mother.

"We've been coming to Dougherty's since we moved here in 1956," he says. "They hand-deliver when I can't pick up the medicine for my mom or dad. They're just fantastic – the best."

The line of pharmacists working on a raised platform presents a bit of a show as they fill prescriptions from the 20,000 medications in inventory.

But there is also a behind-the-scenes set.

A \$200,000 robot rapidly counts, fills and labels the 200 best-selling drugs with an accuracy rate of 99.99 percent, Bowe says. All told, he's invested \$1 million in technology since buying the store in 2004.

In a brightly lit back room, pharmacy technician Kristin Ziglar is compounding a popular thyroid medicine that isn't commercially available due to manufacturing problems. "So we've basically been filling it for the whole metroplex," she says.

Ziglar, who has worked in this lab for 13 years, particularly likes making troches, little lozenges that are almost like a candy. They dissolve in your mouth, and the medicine is absorbed into your blood quicker.

There's also a sterile compounding lab that regulates airflow, particle flow and air temperature to make the really tricky stuff.

"People are always amazed," says Bowe. "They think of Dougherty's as a little neighborhood corner drugstore, and then they find out we have a clean room."

The career of Bowe, 50, has involved many much larger investments. He started out on Wall Street as a money manager for Brown Brothers Harriman & Co. in 1980.

Three years later, Richard W. Fisher, now president of the Federal Reserve Bank of Dallas, recruited him

to the firm's new Dallas office.

Bowe went on to manage investments for the Jere Thompson (7-Eleven) family and a private equity fund backed by relatives of Sam Walton.

In 1999, he joined Ascendant Solutions Inc. and took the company public. "Like every Internet stock, we went straight up and came straight down," he says.

In 2001, he and his three partners refocused Ascendant to buy distressed businesses. They came across Park Pharmacy Corp., which was bankrupt because of a number of bad investments.

But it had a jewel that caught Bowe's eye: Dougherty's, which was still profitable despite its parent's woes.

Bowe had been introduced to Dougherty's in the early '90s when his daughter's pediatrician sent him to "the only place in North Texas" to get her prescription filled. "I came in here for the first time, and it felt like a Midwestern pharmacy back in the 1950s," he says. "It had a *Cheers*-like quality where people knew your name."

Ascendant bought Park Pharmacy, and Bowe became chairman and CEO of Dougherty's Holdings Inc.

He expects the aging game to play into Dougherty's strength.

"This is all in our future," Bowe says surveying an array of walkers and wheelchairs. "These are often what bring people into the store for the first time. They see all the different products we carry, and the wow factor kicks in."

There's an entire wall of Jobst support hosiery.

Earlier this month, general manager Jim Potter watched happily as a constant stream of women came in to be fitted and buy Jobst as part of a two-day sale that Dougherty's holds twice year.

They walked out with 459 pairs, or \$21,000 worth.

"They waited patiently because many times you have to be measured to make sure you get the right size and right compression," Potter says. "My wife's hairdresser was going to be on a cruise. She gave me an order for her particular size so I could get them while she was gone."

Hobbled weekend sports warriors can pick up just about any kind of brace, orthopedic support, ice pack or heat treatment – stacked by the dozens.

No flip-flops

What you don't see is groceries, says Bowe. "We don't sell Ritz crackers. We don't sell flip-flops. We don't

sell coolers," he says.

But it does sell 1,000 packages of adult diapers a month.

Bowe recently hired a certified nutritionist to help customers coordinate prescription drugs with Dougherty's house-brand of premium supplements. And to compete with national retailer private brands, Dougherty's has joined a cooperative of independents that has developed 700 private-label generics.

Keeping the spirit

When Bowe and his three partners bought the store five years ago, they wanted to remodel.

"A number of our customers were afraid that we were going to turn this into one of the other guys – a CVS or a Walgreens – froufrou and lots of plastic," Bowe says. "We said, 'Fear not.' So you'll notice wood floors, wood cabinetry. But we kept the shelves metal to keep it from going over the top."

Jackie Miller Stewart, whose father, Henry S. Miller Jr., developed Preston Royal Village, says Dougherty's has kept pace with the times without yielding to them. And she gives both past and present owners credit.

"David brings an incredible energy, integrity and ingenuity to any business he touches. He's upgraded the store to the max," Stewart says.

"But he's been able to maintain what his legendary predecessor, Joe Park, established here – that friendly, neighborhood pharmacy feeling that's made Dougherty's Dougherty's for 80 years."