

DEPARTMENT OF BUSINESS MANAGEMENT

Conducted by Paul C. Olsen.*

COMMENTS, QUESTIONS AND SUGGESTIONS ARE INVITED AND WELCOME.

Readers are invited to submit comments, criticisms and suggestions regarding the material which appears in this department. The Editor also will undertake to answer questions regarding general problems of business management. Letters of general interest will be published, but the writer's name will not be revealed without his permission.

ARE YOU SERVING YOUR COMMUNITY AS IT SHOULD BE SERVED?

Germantown is nearly as old as Philadelphia itself. The quiet restfulness of Germantown's tree-shaded streets have long made this section one of Philadelphia's most desirable residential suburbs. Indeed, the mansions and estates of many of Philadelphia's oldest and wealthiest families have been since Colonial times prominent features of the Germantown landscape. In recent years the natural attractiveness of Germantown has drawn to it many thousands of new residents and, as a result, hundreds of substantial homes and apartment houses have been erected.

As in every city or suburb of any size natural or artificial divisions arise. In Germantown two general divisions have become known locally as East Germantown and West Germantown. Through the years, West Germantown has maintained more of its exclusively residential character. Building restrictions have kept back the inroads of business houses and have required that new individual residences and apartment houses conform to the traditional standards. In West Germantown the building restrictions naturally have had their restraining effects upon any very rapid increase in population, but, at the same time, these building restrictions have helped to maintain the long-established standards.

From a business standpoint, one of the results of this directed and controlled growth of West Germantown has been the creation of an artificial scarcity of desirable locations for retail stores. The people who live in West Germantown are not the kind who would buy dry goods and shoes at neighborhood stores. They have charge accounts at the best Philadelphia shops; for their lesser needs the business section concentrated on Germantown Avenue, one to two miles away, is available.

Anyone knows, however, that for the every-day necessities—groceries and drugs, particularly—people will not go a step further than is absolutely necessary to obtain the merchandise and service they want. Consequently, the few grocery stores and drug stores which have been permitted to exist in the various parts of the vast area of West Germantown have for a long time enjoyed a profitable business, more than ordinarily free from local competition.

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In 1915, Parker Montgomery (which of course is not his real name) sold his drug store in the heart of one of the most congested sections of Philadelphia. Mr. Montgomery was attracted by the quiet beauty of West Germantown, especially as it contrasted so much with the squalor of the section in which he had spent so many years of his business life. A friend in the real estate business had told him of a tiny triangular corner in West Germantown, which was then vacant. The lot was too small to be used for the type of residence required by the building restrictions. Moreover, railroad tracks and a coal yard siding were directly across the street. For these reasons permission was given Mr. Montgomery to erect a business building, providing it was in keeping with the general character of the neighborhood. The location was ideal for a drug store. The new store was at the intersection of two thoroughfares. Every day, up and down these streets hundreds of people walked on their way to and from the railroad station, just two blocks away. Philadelphia was less than half an hour distant by the fast electric trains which stopped at frequent intervals at this station.

There was not another store of any kind within 8 blocks of this location and not a drug store within a mile, although, virtually, all the available ground for miles around was occupied with handsome residences and apartment houses. Surely, there are few druggists who have opened stores under conditions as favorable as those Mr. Montgomery met. Yet in the 10 years Mr. Montgomery owned and operated this store his sales never averaged more than \$50 a day. Business of this volume is not to be sneered at, of course, but, at the same time, remember that druggists in other parts of Germantown—and much less favorably located—were able to maintain year after year sales volumes averaging from \$100 to well over \$200 a day. Mr. Montgomery worked just as hard and kept his store open just as many hours as these other Germantown stores, yet he did not do a business which was at all comparable.

Another druggist who was anxious to buy the Montgomery store finally divined the reason for this comparative failure. Curiously enough it was all traceable to one characteristic of Mr. Montgomery's which was the product of his nature and his previous environment.

The experienced eye of this other druggist fell first upon the cigar case. Instead of the assortment of high grade imported and domestic tobaccos in full packages and boxes that one would expect in such an excellent neighborhood, the tiny, dirty case contained a disordered array of 5 and 10 cent cigars and cheap pipe tobaccos. Mr. Montgomery's attitude toward his cigar case was revealed in this one remark: "I smoke 5 cent cigars—5 cent cigars are good enough for anybody."

The same state of mind reflected itself in the candy case—it was full of 5 and 10 cent packages and even the penny goods that one associates with the tiny little stores which surround the large public schools.

Mr. Montgomery's idea of his toilet goods business was expressed in this way. "There isn't a perfume made that is worth more than 50 cents an ounce. That's the line of perfumes I always sold in my other store and my customers liked it. What was good enough there is good enough here."

Hints from his customers regarding their preferences did not seem to influence Mr. Montgomery. More than likely such well meant suggestions would bring a more or less blunt rebuke.

One day a customer suggested that the store should prove an excellent agency for the ice cream of a famous Philadelphia caterer. No, the ordinary commercial ice cream was what most people ate and he couldn't be bothered with people who had such fancy notions about the kind of ice cream they wanted.

In the purely drug end of his business, Mr. Montgomery was equally out of step with his clientele. Doctors knew that he could be depended upon to dispense the old-time preparations, but scarcely any item which had gained recognition since Mr. Montgomery's college days could be found on his shelves. Accordingly, doctors were compelled to direct their patients to other stores.

The druggist's errors were not all on the side of cheapness. At Christmas time, he loaded his shelves with gaudy and expensive toilet sets, low-priced watches and showy boxes of colored stationery. He did not seem to know that the people in his neighborhood shopped on Chestnut Street for important gift merchandise. In his former location this kind of Christmas goods sold well; his customers in boudoir caps and ragged sweaters would have felt out of place in the central shopping section of Philadelphia.

You wonder how the store could do any business at all with such disagreeable and disinterested management. Remember, however, that the Montgomery store was the only drug store in a radius of at least a mile. People came to him for absolute necessities rather than inconvenience themselves by going far out of their way to other stores. Of course, he lost business. His customers bought little from him that they did not require immediately and he lost many sales daily because he did not carry numerous articles asked for.

This does not take into account the enormous potential wants that he could have supplied profitably, if he had appreciated the needs and desires of the neighborhood.

Unfortunately, Mr. Montgomery's faults are not at all uncommon in the retail drug business. Almost any reader can recall instances which closely parallel the facts recited here.

Mr. Montgomery was a victim of his own ideas. He wore \$19.75 suits and \$3.00 shoes and assumed that every one else did or ought to do the same thing. This is no indictment of \$19.75 suits and \$3.00 shoes. Wherein Mr. Montgomery erred was in assuming that because they were his preferences they were also the preferences of his customers in West Germantown.

A retail druggist acts as a purchasing agent for the people of his community. His customers are not particularly interested in the druggist's personal preferences. What interests them is the druggist's ability to supply their wants. A druggist may feel that bath salts are a needless extravagance, but as there is certainly nothing harmful in their use, his personal likes and dislikes should have nothing to do with the character of his stock of bath salts. The druggist's aim should be to serve the community. Some people like chocolate creams and others don't care for them. Nevertheless chocolate creams are a part of the stock of all well-regulated candy departments.

Mr. Montgomery had been successful in his former location, because it happened then that his ideas and desires, as expressed in the stock he carried, conformed closely to the ideas and desires of the people in the section where the store was located.

Ability to adapt oneself to a class of customers is partly acquired and partly intuitive. Some druggists because of inherent, unchangeable characteristics can do better in a particular section than others. Any number of druggists have made good in stores in "foreign-born" settlements which others had previously given up as failures. On the other hand many of these druggists who failed in "foreign-born" sections have made good in country towns, in transient stores and other types of stores that were better adapted to their personalities.

You may be interested to know that the young man who took over Mr. Montgomery's store in 1925 has more than doubled its sales in one busy year, and has every prospect of still further increasing it in the next few years. He has proved himself able and willing to adapt the character of his store to the needs and desires of the community he serves and, accordingly, both he and the community have profited.

AN EFFECTIVE WAY TO OBTAIN NEW CHARGE CUSTOMERS.

Any druggist who finds it profitable to do a charge business soon learns that his list of active accounts constantly dwindles unless new names are steadily added. People move away; some transfer their trade to other stores. There are numerous other reasons why a group of charge customers is not a permanent, stable quantity.¹

To maintain a volume of charge business it is necessary to solicit new accounts constantly. The following letter, multigraphed on a good grade of note size paper and personally signed, has produced good results. The letter is mailed in a plain, social size envelope and carefully addressed with pen and ink. Wherever possible the letter is addressed to the woman of the household, because it is she who usually does most of the buying.

The success of the letter depends of course upon the character of the people to whom it is sent. Property owners and other responsible people are good prospects.

DEAR MADAM:

Are you acquainted with us? This is a drug store where the word "Service" means "At Your Service." You'll find real satisfaction in trading with us.

In addition to a prescription department in charge of experts and a full line of medicines and sick room supplies we have a complete stock of French and American perfumes and toilet articles, Whitman's and other well known brands of candies, White Rock and other mineral and table waters, bottled soft drinks, cigars and cigarettes, writing paper, ink, pens and pencils, and a thousand other every day needs.

To get the benefit of our service it is not necessary for you to come to the store personally. Simply telephone us your wants (Wharton 1926) and we deliver them promptly by special messenger.

For your convenience we offer the privilege of a charge account. You do not need to trouble to pay cash for each individual purchase. We mail a statement monthly. Simply mail the card inclosed. That will put this convenience at your service.

May we look forward to the pleasure of serving you?

Sincerely yours,

¹ See JOUR. A. PH. A., January, 49 (1926).

With the letter an addressed return envelope is inclosed, and also the following card. The card gives the person who receives the letter a convenient means of responding to its appeal. The suggestion at the bottom of the card often results in immediate orders.

JOHN JACOBSON
Druggist
New Orleans, La.

You may open for me a monthly charge account in the following name:

ADDRESS _____

Should you desire to make any purchases immediately, simply note them on the back of this card. They will be delivered to you at once.

SEASONABLE DISPLAYS FOR OCTOBER AND NOVEMBER.

Surgical and sick room supplies
Syringes and atomizers
Hot water bottles
Electric pads
Prescription department

Telephone order department
Face creams and lotions
Perfumes and toilet waters
Stationery
Fountain pens and pencils

PRESCRIPTIONS MUST BE KEPT ON FILE FOR FIVE YEARS IN MISSOURI.

The Missouri statutes require that "Every proprietor or manager of a drug store or pharmacy shall keep in his place of business a suitable book or file, in which shall be preserved, for a period of not less than five years, the original of every prescription compounded or dispensed at such store or pharmacy, numbering, dating and filing them in the order in which they are compounded, and shall produce the same in court or before any grand jury whenever thereto lawfully required. And upon request, the proprietor or manager of such store shall furnish to the prescribing physician, and may, except when otherwise instructed by the prescribing physician, furnish to the person for whom such prescription was compounded or dispensed, a true and correct copy thereof, and said book or file of original prescriptions shall at all times be open for inspection by duly authorized officers of the law. R. S. 1919, 5777."

THE CUBAN GOVERNMENT VERY MUCH LIKE OTHER GOVERNMENTS.

The Cuban National Pharmaceutical Association has addressed the President of Cuba in a statement drawing attention to the fact that while every pharmacy must be in charge

of a pharmacist who has graduated at the National University there are only three qualified pharmacists in the army; although the latter possesses nine pharmacies, one in each of the eight military districts and one attached to the general military hospital, in addition to a pharmaceutical laboratory and a depot for medicaments.

The memorandum emphasizes the necessity of creating an army pharmaceutical service similar to the existing medical and veterinary service in the Health Department of the army, consisting of 16 qualified pharmacists holding the following ranks: one Lieutenant Colonel, two Commanders, three Captains and ten First Lieutenants.

PHARMACEUTICAL PRODUCTS IN CUBA.

Under regulations in Cuba, pharmaceutical products and specialties must be presented to the general inspector of pharmacists with application of general representative manufacturer or importer for registration who must file his credentials and make a showing, documentarily or by affidavit, establishing the legal existence of the manufacturer in his own country and certifying that the article is not prohibited from sale in the country of origin. American drug houses have been allowed 90 days in which to comply with the request of the regulations.