

# DEPARTMENT OF BUSINESS MANAGEMENT

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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.

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## ALMOST EVERY DRUG STORE NEEDS A PROFESSIONAL BOOKKEEPER.

A plan by which a druggist's overdue accounts may be collected has been offered to druggists for some years. The basic idea of the plan is that the druggist sends a series of letters to his customers at regular intervals requesting payment of their overdue accounts. The letters are all supplied in printed form to the druggist. All he has to do is fill in on the letter the amount he is trying to collect and mail the letter.

So confident is the proprietor of this collection letter system of the efficacy of his plan that he offers it to druggists on the following basis: If the collection letters mailed as he directs do not bring in within a year's time overdue accounts to the extent of at least \$300, the proprietor of this collection letter system will refund at that time the \$50 for which he sells the system. The plan must prove profitable or the trial costs nothing.

The one restrictive feature upon this liberal free trial plan is this. The system will not be sold to a druggist who does not employ a bookkeeper. I asked, why? The salesman said, "After years of experimentation and trial we have learned that the druggist who, himself, attempts to keep his own books, simply will not send out the collection letters with the regularity and persistence which is necessary to collect overdue accounts. We know now that it is a waste of time to let a man who is attempting to do his own bookkeeping try out this collection plan. Sure as fate we'll have to refund his money at the end of a year; although this collection plan is simple and sure, he won't use it enough to collect a worthwhile amount of overdue accounts."

This is the mature opinion of a man who has spent years in contact with retail druggists. He knows from bitter experience that the druggist who is attempting to keep his own books does not and will not make any serious effort to collect outstanding accounts.

If a druggist will not take the trouble to try to collect the money which is owing him you can imagine the condition of the records of his own financial transactions. I am not attempting to draw up an indictment of the way a retail

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druggist runs his business. Most druggists who are lax in their bookkeeping methods will admit it freely. Furthermore, they will be far more critical of themselves for being so lax than any outsider would dare to be. The fault lies not with the individual druggist but with the nature of the drug business itself. Few druggists are so constituted that they can perform all their multifarious professional and business duties during the long hours they work and still have left the time, energy and inclination personally to take care of the endless detail required to maintain accurate, dependable bookkeeping records.

As I said before, no one denies that accurate bookkeeping records are very necessary but since the immediate necessity of doing the work required to maintain such records is not as pressing as the thousand other things a druggist must do to be successful, this bookkeeping work is what is slighted first, if the druggist is attempting to do it himself.

I have known druggists to become so enthusiastic about accurate records that they make the necessary investment in supplies and equipment to do their bookkeeping as it should be done and then let the whole thing stand idle month after month, simply because they don't have this very necessary time, energy and inclination to do the bookkeeping work.

Of course there are druggists who are so constituted that they can and successfully do keep their own bookkeeping records. However, the experience of the collection letter salesman just quoted confirms a widely held opinion that the druggists who are able and willing to keep their own books as they should be kept are so few and far between as to be almost negligible.

There is only one way to solve the problem successfully. Few stores are large enough to justify their employing a full-time bookkeeper. On the other hand, almost any store can use the part time services of a bookkeeper. For instance, one store doing a business of about \$60,000 a year pays a woman \$40 a month to keep a record of the income and expenses of the business and also to have entire charge of the billing and collection of the accounts of over 300 charge customers. She does all this work in three mornings a week.

Another druggist with two stores, but no charge accounts, pays a man \$7 a week to keep a detailed record of the income and expenses of both stores. This man is able to do all the work required in three or four hours a week.

Still another store with 50 charge accounts and daily business of about \$200 has its bookkeeping done for \$5 a week. With the up-to-date methods used there, the bookkeeper can collate all the necessary information in 2 or 3 hours a week.

Another druggist who finds monthly statements of his progress sufficient for his purposes has all the work done for him in one day a month at a price of \$12.

Thus it is apparent that in a drug store of moderate size the cost of maintaining accurate records is from \$150 up to \$500 a year. The question to be answered is, are accurate records worth what they cost? That is, are they worth the cost of bringing in someone from outside of the business to keep them? I believe it is perfectly apparent that, in most cases, it is not practical or advisable for a druggist to try to do the work himself.

One druggist will say "yes" enthusiastically to this question of the advisability of having a part-time bookkeeper. The first year he employed a man for this work he has checked no less than 17 times when he began to overbuy. Im-

agine the effect upon turnover and profits if he had bought as he most certainly would have bought these 17 times had not the weekly reports of the bookkeeper pointed out to him, in time, this dangerous tendency. That year for the first time profits commenced to flow into his pocket instead of into the basement in the form of huge quantities of dead and unsalable stock.

Six months after another druggist installed a bookkeeper the amount of overdue accounts had been reduced from over \$1000 to less than \$200.

When the books which one druggist kept himself were audited over \$2000 in income was found, the loss or expenditure of which could not be traced. The next year untraceable shortages of cash were reduced to less than \$10, simply because everyone in the store realized now that the new bookkeeper was keeping accurate up-to-the-minute records of income and expenses and any discrepancies would be discovered at once. His accuracy compelled everyone else to be careful and accurate.

These are only a few of thousands of instances that could be cited of the way in which accurate, up-to-the-minute records protect and increase profits.

One druggist, who has been in business more than 30 years, told me frankly one day that he never made any money until he began to have some one come in to keep his books.

There is no denying that accurate, up-to-date records cost money to install and maintain, but the experience of those who do incur this expense proves the fact that the resulting protection and profit is worth far more than the cost.

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#### TOO MUCH DETAIL IS SOMETIMES A BARRIER TO PROGRESS.

The old saying that "Details make perfection but perfection is no detail," has no more significant application than in the retail drug business. To a person in the business the truth of this saying is apparent many times a day.

The importance of details is apt to impress itself so forcefully upon the druggist that he begins to believe that the one way to insure these all-important details being taken care of, as they should be, is to do them all himself. That is a fatal error. A proprietor may believe, and believe quite truthfully, that he can wash windows better than any porter who ever lived. However, if he uses precious energy in washing windows that means he has just that much less energy to do things equally important which no one else in the store could possibly do.

I have seen a druggist with a positive genius at display industriously open cases of newly arrived merchandise in the back room of the store while in the store itself an extremely valuable counter display stood vacant for days at a time, because the proprietor was "too busy" to think of something to put there. The druggist should use his precious time and energy in the way that, for him, will count the most. Men whose special abilities are in personal selling do best to devote their major efforts there, retaining only a general supervision of the other necessary activities of the business. Others have unusual acumen in buying or in financial matters. Still others are especially able to train others.

The point is that when a store grows to any size at all the proprietor can't possibly do all the work himself. The question is, what should he delegate to

others? Two factors govern. The proprietor should not do work which can be performed just as satisfactorily by less experienced or less costly help. For instance, no matter how able a soda fountain dispenser a druggist might be, he would be better off financially if he hired somebody at half or two-thirds his earning capacity to do the work for him.

The other consideration which controls when a proprietor begins to delegate duties is this. Each individual has strong qualities and weak ones. The proprietor can strengthen his power and influence if he delegates to others those duties which he himself cannot perform as well as some of his assistants. A man who is a genius at window display or writing advertisements does well to perform this important work himself and let his assistants do the work for which they have special talent. The responsibility of proprietorship is to see that assistants do the work that is expected of them as it should be done.

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#### SEASONAL DISPLAYS FOR FEBRUARY AND MARCH.

Chest protectors

Atomizers

Sick room supplies

Medicinal and toilet soaps

Shampoos and hair tonics

Face creams, lotions and powders

Olive oil

Cod-liver oil

Telephone orders

Easter perfumes and toilet waters

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#### DRUG-STORE OWNERSHIP.

The *Rocky Mountain Druggist* presents a number of interesting reasons for amending the Colorado pharmacy law. One of the amendments relates to drug-store ownership and the use of the name drug store or pharmacy by those not entitled to the distinction. In States where such legislation is contemplated it might be well to investigate and present examples from actual life of conditions that obtain in order to bring out the dangers and persuade the legislatures to favorably consider enactments regulating not only the ownership of stores but also the misuse of terms designating the establishments, other than drug stores, selling poisons and medicines.

An example cited is the following: A Denver doctor had attended a patient in a small nearby town in which there were two places, supposedly drug stores; both having signs to that effect. The prescription was left by the doctor in the store where there was no qualified pharmacist.

A drug store (?) was investigated by a member of the Board of Pharmacy. The owner admitted that he was not a registered pharmacist, but that no poisons were sold in the store. The Board member noticed tinctures of aconite, belladonna, digitalis,

etc., on the shelves and the proprietor's attention was called to this. He did not know that these preparations were poisons.

A druggist doing a "boot-legging" business told the Board member that there was no law which would prohibit him from using the drug-store sign. He would have continued the drug store if it had not been for the fact that the revenue law caused him to desist. Other examples are cited and all of them should prove of value in promoting laws restricting drug-store signs to establishments conducted by registered pharmacists.

#### MEDICAL ADDRESSES BEFORE LAY AUDIENCES.

The *Journal of the Indiana Medical Association*, for December, states editorially that medical addresses to laymen should be given in laymen's language. The comment explains that very often medical men who speak before such audiences on health subjects are not understood because the speaker's language goes over the heads of the average person. Attention is called by the publication referred to, as in the opinion of its editor medical speakers at luncheon clubs and public conventions should be advised to prepare their addresses so as to inform and interest the listeners.