

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.

I DON'T WANT THIS PENNSYLVANIA DRUG STORE OWNERSHIP LAW.

BY THE OWNER OF A LARGE AND SUCCESSFUL PENNSYLVANIA DRUG STORE.¹

All over the state of Pennsylvania (as elsewhere), druggists have had to face for years competition from illegitimate and law-breaking stores. Frequently, the worst offenders have been non-pharmacists who owned and operated stores with salaried pharmacists on duty. A number of these non-pharmacist owners were foreigners, either ignorant or unmindful of our laws. Complaints against them seemed to start a buck-passing game between the non-pharmacist owner and the salaried pharmacist working in the store. At least that is the way the story goes.

The law to compel all owners of drug stores to be registered pharmacists was passed with the idea of checking the further growth of these undesirable stores. And the people who were most insistent that it be passed were druggists owning ordinary drug stores similar to mine.

So far so good. But a ten-year-old child can see that such a law, if upheld by the courts, effectually stops the further growth of chain drug stores in Pennsylvania. (There isn't the slightest chance that all the stockholders in a chain-store corporation would be registered pharmacists.)

Well, what of it, says the independent druggist? That is a good way to get rid of a lot of troublesome competition. Would you want a chain store to open across the street from you?

But retribution comes swiftly to those who hide in the righteous cloak of a good cause while they stab an enemy in the back. The worst of it is that *all* Pennsylvania druggists—not alone those who were active in securing the passage of this law—are the victims of this retribution which is now commencing to be felt. I mean that this Pennsylvania ownership law is now and will continue to cause disastrous losses, not to mention untold trouble and inconvenience, to the individual druggists of Pennsylvania. These losses and expenses are bound to be far, far greater than the benefits of any fancied freedom from chain-store competition which it was thought that the law would bring.

* Instructor of merchandising, Wharton School of Finance and Commerce, University of Pennsylvania, Lecturer on Business Administration, Philadelphia College of Pharmacy and Science.

¹ The article herewith may differ from the views of a greater number, but the aim is to present both sides of important questions, with a purpose to serve pharmacy. Professor Olsen may be addressed, P. O. Box 4101, Philadelphia, Pa.

It has been pointed out pretty generally that the law exempts from its operations stores owned by pharmacists who have died; these may be operated by administrators or executors of the estate while it is being settled. This sounds fair enough until a person stops to think what it really means.

For instance, should anything happen to me, my widow, who is not a pharmacist, would be able to keep the store only for the period necessary to close my estate. In Pennsylvania the maximum time generally allowed is one year. Who would pay anything for a business which everyone knows has got to be sold and sold within a few short months? Who, under these conditions, would pay my widow a price commensurate with the value of my store to-day?

That, however, is only one of the ways this ownership law is confiscating the hard-fought property rights of Pennsylvania druggists. I am speaking now of a condition and not a theory.

Take my own case for example. It happens as the years have passed that I have been able to conduct this store with some profit and that I have been able to save some of these profits. In fact, in a few years I may be at the point where I'd like to step out of the retail business and enjoy some of the leisure to which I think I am entitled.

I want to sell, but can I? Where is the young man with capital enough in hand to take over a \$50,000 business? Can he go into partnership with a man who has money, one man supplying the experience and skill and the other the necessary capital? No indeed! The law always says that all the partners in the ownership of a drug store now must be registered pharmacists.

Of course the possibility of selling my store to any one of a number of high grade retail pharmaceutical organizations is out of the question. Thus a second possible market is closed to me because of this law.

This drug store ownership law, by so restricting the people to whom I may sell my store, has definitely decreased the possibility of my selling the store for its real value. It therefore has confiscated property which is legitimately mine.

So much for one way in which this ownership law is increasing the hardships of the individual druggists of Pennsylvania. A question which naturally arises is, how about the chain stores? Hasn't this law at least eliminated them as an increasing source of competition?

First of all, the law can have no effect upon the stores already in existence. They naturally are as active and powerful as ever.

Any druggist would rather have a friendly competitor than one who is a bitter enemy. Coöperation has built more business successes in a year than cut-throat competition could create in a thousand years. How can the independent druggists of Pennsylvania honestly ask the coöperation of the chain druggists of this state in any movement for the general good of pharmacy? After this demonstration, would you blame them for being cynical and indifferent about anything we might propose?

As for the future expansion of the chains, it is generally known that if their case against this law is eventually lost in the courts, they simply will eliminate their prescription departments in Pennsylvania and go right ahead opening as many new stores as they please. This ownership law can't stop any of this competition and we have never been bothered by their competition in prescriptions.

And what about the bootleg and other law-breaking drug stores, which the original purpose of the law was to eliminate? I am sorry to say that bootleggers and other law breakers are to be found both inside and outside the pharmaceutical profession. The drug store ownership law of itself can have no special controlling effect upon law breakers who are pharmacists. It seems to me that the important thing is whether or not they are obeying the law. Pennsylvania, as well as almost every other state in the union, has laws which place every reasonable safeguard upon the practice of pharmacy. I am convinced that energetic efforts to enforce fully the existing laws concerning the practice of pharmacy would have far more effect in ridding the profession of these men and stores which are a disgrace to pharmacy and a menace to the public.

Pharmacists in other states are concerned about the number of law-breaking drug stores, just as has been the case in Pennsylvania. These pharmacists are also concerned about the increasing competition of chain drug stores. Some of these druggists, I know, are wondering if a law confining the ownership of drug stores to registered pharmacists will help them meet these two conditions.

I have written as frankly as I have because I have seen from the actual operation of such a law in Pennsylvania that it has not and apparently cannot accomplish such results. In fact, the effect has been to depreciate the sales value of every individually owned drug store in the state of Pennsylvania and this has confiscated property rights legitimately acquired. All this, without any special effect upon chain-store competition or even the activities of law-breaking druggists.

TO KEEP DRUGS ON SALE IN THE DRUG STORES.*

"Pharmacists are a bit worried about the drugless drug stores of modern times." E. G. Eberle, editor of the *JOURNAL OF THE AMERICAN PHARMACEUTICAL ASSOCIATION*, flatly says in an article printed in the *Maryland Pharmacist* of recent date that without pharmacy there can be no drug business. His article is largely taken up with recounting the triumphs of apothecaries who devoted their lives to study and discovery. A right respectable roll of honor he makes out, and rejoices in the fact that there is soon to be a great Headquarters for the Association of pharmacists in this country with a research laboratory, and he urges that therein "we can establish a Hall of Fame for pharmacists who have done things worth while in the service of their profession.

"The boy who wears a white apron in a drug store now and sloshes together your 'cokes' and concocts your 'malted' doesn't have much idea that he is even within hailing distance of a profession. So far as his experience is apt to teach him, there is more fame for him if he invents a new teaser for the sweet tooth of America than if he were to find a specific for the deadliest ill to which men are now a prey.

"In many drug stores it is not easy to find the prescription 'den,' which is stuck away in the darkest part of the establishment as a sort of orphan excuse for the sign that hangs out in front with somebody's hair nets blazoned large, somebody's cigars lettered even larger and an apologetic mention of drugs in between, in the sign man's 'timidest' style. But Editor Eberle has faith both in the past and in the future. Drugs have been a blessing, still are and long will continue so to be. If he had his way he would make the prescription clerk an important person about a pharmacy. He is that in fact. A little recognition of him ought to be highly salutary."

* Editorial in *Dallas News*.