

the recommendations of the Reference Committee on Pharmacy of the Pharmaceutical Society.

In connection with the volatile oils and fixed oils, additional tests for identity and purity have been introduced, the characters and tests ordinarily including in addition to requirements for color, odor, and specific gravity, also optical rotation, and, as noted above in many instances, an assay method for the determination of the more important constituents.

Unusual methods of administration have not been specifically recognized and apart from a note by the editors in the preface to the Pharmacopœia that "when official drugs are so directed by the prescriber, the drugs of the Pharmacopœia may be dispensed in non-official forms such as capsules, cachets, granules, compressed discs or tablets, and the like; but the drugs themselves, in all such cases must respond to the official characters and tests."

An index of forty-seven pages makes the book and its contents readily available for reference purposes, and altogether the opinion expressed by the editors of the Pharmacopœia that the Pharmacopœia Committee of the Medical Council, "has now been able to produce a British Pharmacopœia suitable for the whole Empire," appears to be reasonably justified.

MODERN DRUG STORE MERCHANDIZING.

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At the January meeting of the Philadelphia Branch of the A. Ph. A., Mr. Louis K. Liggett of Boston, presented an interesting and illuminating analysis of the business side of certain types of modern drug stores.

The following outline briefly reviews his treatment of the subject:

That the proper grasp of the details of business may be insured, it should be divided into departments, each being separately studied and managed and each having separate financial records. Soda water, cigars, candies, prescriptions and general merchandise are classifications which suggest themselves.

The Soda Fountain properly conducted and with careful management should and can be made to yield 50 *per cent.* gross profits. In figuring the costs do not fail to include every expense including breakage, icing, napkins, glasses, etc., etc. Here the quality of the service is of the utmost importance. Selling price is not the main consideration. People are willing to pay more for quality and right treatment.

The basis of a successful soda business is, first, ice-cream which is just right; secondly, cold liquids—10 to 15 degrees above freezing always; with these assured you have the beginning of a good business.

Cigars.—The best grade of cigars may be ruined by lack of proper care. An open door to the cigar case and a radiator behind will make "English Cigars" of the finest kind in one week, "water-logged, seasick and dried out." The cigar case should be carefully watched and be gone over at least once every day, to see

that well-filled boxes are always in sight and the proper degree of moisture is maintained.

Buy with much wisdom. Don't load up with dead brands. Here again service counts. One store in Boston, with only a nine-foot case, does over \$100,000 worth of cigar business a year, against keen competition. This is only because they give unusual service. The salesmen in this store know their customers' preferences and serve them with politeness and dispatch. A good cigar business is valuable to a drug store because it brings the men's trade. Give the customer what he wants and give it quickly. Cigar sales should yield, at least, 26 *per cent.* gross profit.

Candy:—This is a rapidly growing department in many stores. There are two kinds of candy selling—in packages and in bulk. The first can be bought to yield an assured 32 *per cent.* gross profit. Bulk goods can be bought to yield, theoretically, as much as 40 *per cent.* gross profit, but in practice this always shrinks to 28 or 30 *per cent.* Why? "Because she always gives over-weight (18 ounces to the pound) and each time eats two more."

Don't sell a 60 cent candy for 80 cents. You may sell the first pound but the customer does not return. *Give full value.* Buy to make from 32 to 36 *per cent.* gross profit from candy sales.

General Merchandise:—The great problem of every business is to make the store yield a net profit. The proprietary medicine business shows a fluctuating gross profit. Where 92 to 95 cents is obtained for \$1.00 goods it is possible to make from 32 to 33 *per cent.* gross profit. When cut rates prevail the gross profit may be cut to from 12 to 15 *per cent.* or even less with an actual loss on every sale.

The expenses of the retail business in all lines has just doubled in the past twenty years. This is due to the establishment of delivery service, higher-priced clerks, increased lighting requirements, laws cutting hours for labor, etc.

It becomes necessary, therefore, to watch every detail of the business if it is to be made to yield a net profit, and if you cannot do this, get rid of it as soon as possible.

Take at least one accurate inventory. Write up each section on cards or inventory sheets, and then some night call in your friends and call it all off even if it takes all night. Then having figured what your actual gross profits have been, budget each department. For instance, if you do \$100.00 of cigar business a month and you find through careful records and your inventory that you have been making 20 *per cent.* gross profit, limit your purchase to exactly \$80.00. If you can do the same business (\$100.00 worth) that month, you can be sure of the 20 *per cent.* gross profit. On the other hand, if stock becomes short you will know that something is wrong and will be interested enough to investigate.

Start with one department, study it in this way and budget it, as suggested, and you will soon be so interested and so greatly benefited, that you will find it possible to treat all departments in the same way.

Every business should be analyzed and studied, and made to conform as nearly as possible to carefully outlined plans, which insure a profit. The following illustration serves as a model, and although subject to slight variations, depending

upon the nature of the business, it yet affords a basis for comparison which should be helpful to every man engaged in the drug business:

Assuming that the sales are \$3000.00 a month, and stating all *per cents* as *per cent.* of the total sales, then:

Total sales	\$3000.00	100	per cent.
First cost of goods	2000.00	66 $\frac{2}{3}$	per cent.
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Gross profit	\$1000.00	33 $\frac{1}{3}$	per cent.

From this \$1000.00 must now be paid all expenses, and from it must also come the net profit, if any is to be made. It should be divided about as follows:

Rent, heat and light	\$ 210.00	7	per cent.
(the only fixed charges)			
*Clerk hire	360.00	12	per cent.
Advertising	60.00	2	per cent.
All other expenses	120.00	4	per cent.
Net profit	250.00	8 $\frac{1}{3}$	per cent.
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	\$1000.00	33 $\frac{1}{3}$	per cent.

For a business of this size, budget yourself to buy only \$2000.00 of goods a month and you will have \$1000.00 in bank for expenses and profit. You should spend 2 *per cent.* of your sales for advertising if you would retain your business and slightly increase it, but be sure the advertising is judiciously done and in such a way that it pays.

Always put your detailed expenses down in black and white and study it. Freight on goods should go to expense and should not be added to cost of goods. You will then soon eliminate it by buying the same goods in some other way without freight cost, or else make the other fellow pay the freight. If your electric light exceeds your limit set for that expense, you will immediately want to know the reason why, and so each expense item will come up for study and analysis. Remember your net profit depends upon keeping expenses down.

To conduct a business of this amount how much capital is necessary? The location makes a great difference, and the kind of goods sold is also an influence. You should aim to make at least four turn-overs of stock every year. Don't allow general merchandise to remain on the shelf; if anything, not a staple, proves to be a slow seller, get rid of it through a special sale. By turning stock at least four times on the average each year, a \$3000.00 a month business would require a capital of about \$6000.00 for fixtures and \$8000.00 for stock; a total of \$14,000.00. If the turn-overs can be made more frequently less capital is necessary; if less frequently, a larger capital will be required.

*If a large part of the business is in the prescription department, the per cent. of expense for clerk hire will increase, but the first cost of goods will proportionally decrease.