

It is needless to say that principally French and British proprietary preparations are dealt with, for instance.

Capsules Guyot, Cascarine Leprince, Eau dentifrice du Dr. Pierre, Liqueur anti-goutteuse de Laville, Capsules Pautauberge, Grains de sante du Dr. Franck, Injection Brou, Pilules de Blancard, Quina Laroche, Sirop d'Aubergier, Sirop de Dusart, Vin de Dusart, etc., etc.

Bishops Citrate of Lithia, Easton's Syrup, Eno's Fruit Salt, Roche's Embrocation, Beecham's Pills, Calvert's Carbohc Tooth Powder and Paste, Elliman's Embrocation, Hazeline-Cream, Hazeline Snow, Morison's Pills, Pink Pills, etc., etc.

I find that about one half a page is devoted to Browne's Chlorodyne, and it is claimed that the formula given is the original one which has been supplied from a British source through apothecary Mandowsky of Hamburg.

Another interesting feature of this booklet is that there are two and a half pages of specialties which are arranged in a table, in case they merely consist of one ingredient, as f. i., Santal Midy=Caps. gelat. Ol. Santali 0.3 Gm.

The writer, as chairman of the Committee on Recipe Book of the A. Ph. A., was indeed pleased to receive this Formulary, which no doubt will come in very handy in the compilation of formulas. This little book will no doubt convince us of the proverbial German ingenuity and may well serve as an example to American pharmacy and to the American Pharmaceutical Association.

THE COLLEGE OF PHARMACY, JERSEY CITY, JUNE 21st, 1915.

MODERN BUSINESS METHODS FOR PHARMACY.*

E. FULLERTON COOK, P. D.



Notwithstanding the many signs to the contrary, pharmacy retains today many features which are distinctly professional, although the commercial side is rapidly increasing in importance. The desire on the part of pharmacists in the past, to maintain ideals which they termed "professional" has largely been responsible for failure to apply proper methods to the drug business, and we face today a condition in some stores where the commercial side or the merchandising end of the business is entirely eclipsing anything of a professional character; yet in other localities there are many signs which indicate that professional pharmacy is coming into its own and is advancing to a point never dreamed of in the past. It is quite safe to predict that the future will more sharply draw the line of demarcation between the so-called commercial pharmacy where merchandising is given almost exclusive consideration, and the store or laboratory where the emphasis is constantly placed upon professional activities and scientific work. Even though this condition is true, it nevertheless remains as a necessity of modern business that both types of pharmacists, if they would continue to exist, must understand and adopt methods in the conduct of their business which insure a profit. Now, these methods do not differ materially in

* Read at meeting Delaware Pharmaceutical Association, 1915.

principle whether they are applied to the most ethical professional man in his relation to his patrons or whether they are enforced by the highly departmentized and commercialized drug store.

A recent article in one of the largest national weeklies described, in an exaggerated form, the condition which exists in pharmacy today. The successful old-time druggist, many years in business, learns of the anticipated opening in his neighborhood, of a so-called "chain" drug store, conducted by a corporation and managed on the most approved and modern business principles. According to the story, he immediately retires from business, feeling that he was incapable of successfully competing with such methods, and, in talking with his friend, predicts the failure of all of the other older stores in the town, very shrewdly saying that, "The only possible hope for successful competition with stores of this new type is to adopt all of the methods which they are successfully using, and do it first, and a little better." This is doubtless an extreme view, because a successful pharmacist in a neighborhood should have an invaluable asset in the confidence which the community places in him, and because of his personal relations with patrons, and yet, the suggestion to learn modern methods, and immediately introduce them into your own business is the best possible advice and is worthy of the most earnest consideration. It is the intention here to briefly outline some of the principles which are being advocated today for successful business.

The keynote and business text, which should be foremost in thought, continuously emphasized and always be a guiding motive, is *service* to the customer. The adoption of this principle by the proprietor and his clerks will answer many petty problems which arise, and insures at once the proper attitude toward customers. Someone has said, "Love your customers, for out of them are the issues of business life," and this is but another way of expressing *service*.

A second essential, equally important, which must not be lost sight of by a business man, is the assurance that a *profit* is forthcoming. In other words, the two parties to the transaction: he who receives the service, and he who renders the service must both receive value or the transaction is not ideal.

In order to insure service and a profit there must be intelligent management in a business. The proprietor or manager should not be concerned too closely with the more minute routine or detail. He should have time to study the entire field of operation and be able to lay his campaign with every branch of the service before him, and with an intimate knowledge of every factor. Roughly stated, the business should be before this executive head in the following four divisions: *Purchases, Sales, Expenses and Profits*. These four departments are interdependent and all essential; and each requires a special study and control in its relation to the others.

Purchases: This branch of the business is its very backbone. Facing aggressive competition, the merchant knows that if he would sell at a price which will appeal to the intelligent customer and yet make a profit for himself, he must buy goods at the right figure. The goods sold must be of a quality which the trade demands and the price one which will enable him to meet competition and yet make a profit. This means, *first*, an intimate knowledge of the demands of the community. *Second*, the value and variety of goods offered and the best and cheapest market in which to buy. *Third*, a close watch upon stock so that over-

stocking is avoided and yet sales not missed by being "just out." Over-buying is a serious menace to profits since a turn-over of stock six times a year requires half as much capital as a turn-over three times a year. *Fourth*, in the purchase of goods the important point of taking discounts for prompt payment must not be overlooked. If this is done even semi-monthly and the discount is only 1 percent it means 24 percent interest on the money thus invested. In addition to this, the discounting of bills insures a relation with the wholesale house which gives the business man many favors in the way of bargains and special prices. This business custom also establishes a type of credit which is from one standpoint very desirable; and lastly, but not least, the discounting of bills relieves the proprietor of the worry about unpaid accounts and large bills coming due, the worry from which would often incapacitate him for handling the many store problems which arise.

Sales: Under this head the proprietor of a store must consider every means by which increased sales can be secured. Goods which have laid upon the shelf longer than sixty days become a serious menace to the profit account since it means stock and capital tied up and not working. How can this be stimulated? The man who simply waits until a customer comes into the store because he happens to be passing that way will soon find that someone else has not waited for the "just happen tendency," but has drawn to his own store by good advertising that prospective customer of yours who "might" have come your way. Sales must be stimulated by legitimate advertising methods but do not forget, again, that the customer must receive *service* and be pleased by his purchase. If this does not follow, it were better that the sale had not been made. No more difficult handicap can be imagined than dissatisfied customers and, on the contrary, no better advertising can be secured than through pleased and satisfied customers. Advertisement is the steam, driving many a large business to success, but it must be carefully applied. Probably the best and at least the first advertisement that every drug store should strive to offer is a clean and attractive store, served by neatly dressed, courteous and competent clerks. No amount of other forms of advertising will be worth while if the customer does not find in the store the attractive feature described i. e., prompt and efficient service.

The store, itself, should be arranged so that suggestive salesmanship can be stimulated to the highest degree. For instance, all preparations which relate to the treatment of the teeth should be attractively grouped so that when a customer buys a tooth-brush it will be possible for the clerk to ask, in a proper way: "Have you ever tried this mouth wash, which we are specially recommending?" or a tooth-paste of exceptional merit may be referred to, etc. Other allied toilet articles or general merchandise which lend themselves to suggestive salesmanship should be grouped.

Needless to say, proper attention should be given to window decorations and a part of the money set aside for advertising should be used in making these attractive. It would be wise to make it the duty of one of the clerks to study up ideas for the windows and, under proper direction, do the decorating. Frequently, one clerk will be found peculiarly qualified to do this.

Other forms of advertising should also be conducted from time to time. Newspapers, trolley advertising, small monthly papers, circulars, samples, premiums,

etc., etc., as may be best adapted to the particular business. A specific sum should be appropriated each year for advertising and expended in ways which bring the best results. Sometimes a remodeling of departments, new prescription equipment, new cases, increased soda water facilities, etc., may be the best form of advertising for that particular time. It has been frequently stated that at least 2 percent of the total sales should be used in advertising in order that a business may be maintained at its present standard and at least slightly increased.

One feature which is often neglected in a drug store is the proper training of the clerks. The proprietor or manager should develop friendly relations with the clerks and gain their confidence. It is only by coöperation, by training the clerks in salesmanship as well as the technical side of the business and by drawing out ideas from them, that a sales force with anything like maximum capacity can be developed. Rewards should be offered for the best ideas and merit acknowledged where it is found.

Expenses: This part of the business deserves equal attention. The best laid plans for purchases and sales may go for naught if expenses are not maintained in proper proportion. The store is compelled to have certain fixed charges. As a rule these should not exceed 25 percent of the average selling price of the goods. If the expenses are a larger percentage than this in relation to total sales the manager faces two possible remedies. First, some expenses may be reduced or entirely eliminated. Secondly, if the expenses are essential then the volume of sales must be increased so that the percentage of expenses will be brought within that which is legitimate. Every expense should be carefully recorded and then critically analyzed. Often, all expenses of the business are not recognized. Probably one of the most frequent failures to accord an expense in the drug business is the salary of the proprietor. As proof that this must be considered an expense, it is only necessary to recognize that the proprietor without assuming the responsibilities or risks of business could receive elsewhere an equivalent salary, and as still further evidence it will be recognized that if he were sick or compelled to be absent, another man would have to take his place, and that salary charged as an expense of the business. Another item which is sometimes overlooked is rent for the store room when the property is owned by the proprietor. Again, recognize that if you did not occupy the room some other business house would be paying you rent and so your business occupying the building should also be charged with rent before a real profit is secured. Therefore, rent, light, heat, salaries, (including proprietor's), office expenses, (such as bill heads, letter heads, envelopes, postage stamps, account books, etc.), telephone expense, advertising, breakage and interest on borrowed money, licenses, drayage, etc., must all be taken into account in summing up the total expense. It is often possible when a man has been in business for several years to estimate what these expenses should be, and establish a budget at the beginning of the year; if this is exceeded in any one month the cause can be ascertained and the leak stopped. The chain stores have worked this out very carefully and if any store exceeds the estimated expense, say for light in one month, the manager must explain why. The importance of this is evidenced by the fact that net profits are often based upon only 5 percent of the sales, and if the expense has been planned at 25 percent and in reality, through carelessness, reaches 30 percent, the entire profit is wiped out.

Profits: As was stated at the beginning, a profit as a result of business is absolutely essential; otherwise, the business is a failure. How can this be insured? It is only possible through the establishment of a system for pricing goods and then working the system through the aid of accurate accounting. The vast majority of druggists in the past knew practically nothing about modern accounting. They were so overwhelmed by the daily routine and detail that no time was left for this important aid to success and the result only too often was "no profit" at the end of a year of laborious and exacting work. It is far better to devote a little more time to accounting so that the business is handled intelligently and a profit insured than to do a large business and find at the end of the year or five years of hard work that instead of a profit the result is bankruptcy. It seems hard to impress this fact upon many druggists but it is one of the things which the introduction of chain stores is compelling every business man to recognize, and this very fact will be a blessing in disguise to the pharmacist of the future.

Another point which has not been thoroughly appreciated is the fact that the Internal Revenue Department of the United States Government is checking up more and more closely those who should pay the income tax. The pharmacist who is conducting a properous looking business may at any time be asked to give an accurate accounting and failing to do so correctly, face the possibility of a heavy fine.

A system for pricing which will insure a profit if properly carried out was recently suggested by Mr. Liggett, of the United Drug Company. This outline may not be adapted to every business because as the amount of professional work, including prescription filling, increases, the first cost of goods decreases and the clerk hire increases, but it serves well to illustrate the point. It is as follows:

Assuming that the sales are \$300.00 a month, and stating all percents as percent of the total sales, then:

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

Finally, without giving extensive detail, accurate accounting is a prime essential and at least three divisions are desirable for a store where the proprietor must keep the books. First, a loose-leaf ledger plan whereby the customer's credit accounts are properly handled; second, a satisfactory Stock Record with accompanying facilities for taking an annual inventory; and third, a complete record of every transaction connected with the business in some concise and yet efficient form.