

SECTION ON COMMERCIAL INTERESTS, AMERICAN PHARMACEUTICAL ASSOCIATION

MINUTES OF THE FIRST SESSION.

The first session of the Section on Commercial Interests was called to order September 5, at 3 P.M. by the Chairman, R. S. Lehman, of New York City.

In the absence of Secretary J. G. McGee, of Jackson, Miss., the Chairman appointed P. H. Utech, of Meadville, Pa., secretary *pro tem.*, who presided while Chairman R. S. Lehman read his address which follows:

THE CHAIRMAN'S ADDRESS.

It affords me great pleasure to greet you, and bid you welcome to the session of the Section on Commercial Interests of the American Pharmaceutical Association.

After a twelvemonth of stirring and serious happenings in the world's history, we are again assembled to deliberate upon and discuss the commercial side of our beloved profession, Pharmacy. The past year has been especially important to the pharmacist, as the great conflict which has been raging with unabated fury on the other side of the Atlantic, has affected the commercial phase of our profession very greatly, probably more than any other industry.

The war has opened the eyes of the country to the fact that, in the line of chemistry, it is certainly dependent to a great degree, upon the ingeniousness of foreign experts, not only for chemicals which are protected by trademarks, or by patent rights, but also for such products, mainly of synthetic nature, the manufacture of which require complicated processes.

Such chemicals as acetphenetidin, antipyrin, salol, resorcinol, etc., the patents on which have expired for over 15 years, seem to be unsurmountable problems to our chemists, for in spite of the temptation of the present high prices, they seem to be unable to produce them. In some cases the advance in price since the beginning of the war has been as high as from 2000 to 3000 percent, as the following selection of the most striking examples will indicate:

	1913	1916
A. Antipyrin	\$3.00 a pound	\$32.00 a pound
Acetphenetidin .....	.98 a pound	38.00 a pound
Acid benzoic .....	.38 a pound	9.00 a pound
Acid salicylic (<i>ex phenol</i>) .....	.36 a pound	2.50 a pound
Atropine sulphate	8.00 an ounce	73.60 an ounce
Beta naphthol .....	.08 an ounce	.30 an ounce
Caffein .....	.25 an ounce	1.10 an ounce
Creosote (Beechwood) .....	.80 a pound	5.60 a pound
Creosote carbonate .....	.15 an ounce	1.10 an ounce
Guaiacol (liquid) .....	.17 an ounce	1.32 an ounce
Guaiacol carbonate .....	.21 an ounce	1.85 an ounce
Pilocarpine hydrochloride	3.64 an ounce	21.00 an ounce
Resorcinol	1.07 a pound	24.00 a pound
Salol .....	.93 a pound	4.20 a pound
Sodium benzoate .....	.35 a pound	5.00 a pound
Sparteine sulphate .....	.50 an ounce	3.20 an ounce
Sulfonethylmethane	5.16 a pound	12.00 a pound
Sulfonmethane	2.92 a pound	9.00 a pound
Theobromine and sodium salicylate .....	.45 an ounce	1.20 an ounce
Thymol .....	.18 an ounce	.80 an ounce
Thymol iodide .....	.27 an ounce	.78 an ounce

* Papers with discussion of the subjects will be printed apart from the minutes, hence only the title of the paper will be mentioned in the minutes.

Some of the goods are not obtainable in any but small quantities at the prices named. In fact, during the year 1915 prices were at even a higher level, owing no doubt to the hoarding of stocks by speculators.

The present range of prices seems to indicate that our chemists have made little progress in the pharmaceutical end of their profession, or have heedlessly permitted the European, in especial, the German manufacturer to get a strangle hold on the synthetic chemical industry. However, there are evidences of an earnest effort to create a permanent dye-stuff industry by means of that typically American instrument, the Protective Tariff, which has stood us in good stead so often, and it is to be hoped that pharmaceutical chemistry will derive some benefit therefrom. Still, great strides will have to be made before the war comes to an end, for we will otherwise be at a disadvantage, having to pay higher prices for inferior goods, until such a time when our native chemists will have been able to equal the product of the European.

Also in regard to botanical products, the indifference of our farmers, or the lack of ability to compete, is now bearing fruit, inasmuch as such drugs of vegetable origin as are native to this country, or could easily be naturalized here, are not being produced in any appreciable quantities, but our profession is dependent upon old stocks at enhanced prices, or must search the globe to gather up inferior products, simply on account of the indolence of former days, or absence of encouragement to produce these valuable drugs.

There has also been some speculation by parties outside of the pharmaceutical profession, caused mainly by high prices incidental to increased export demand, but on the whole, the advance has been caused by real shortage, and the speculators have not made fortunes out of their transactions, but in many cases were caught in the flurry of high prices in 1915, and were later obliged to sell at a loss. Besides, the manufacturers and importers have done much to prevent the buying of large quantities of their goods by jobbers and dealers, by doling out small portions, or selling only to the retail dealers in such quantities as would fill their immediate requirements.

However, the hardships enumerated have not been an unmixed detriment to the individual pharmacist, for it forced him to become alive to the conditions of his business. Instead, as in former days, of paying little attention to the prices of the products entering the manufacture of galenical preparations, or that formed part of the prescriptions put up by him, he has had to adopt business tactics, and watch the market, taking advantage of every turn, laying in stocks, when possible, of such goods as might possibly become scarce or might disappear altogether from the market.

Another phase of these extraordinary conditions has been of considerable pecuniary advantage to the pharmacist, and that is the fact that the public has been trained to accept the advanced prices of all sorts of commodities as a matter of course, and it has therefore paid higher prices for prescriptions without much comment, which fact has been of considerable benefit to the enterprising pharmacist, who was farseeing enough or had the good fortune to buy good quantities of the necessary drugs and chemicals at the beginning of the war, when prices were still comparatively low, and had not reached the high levels they now occupy. Of course, in most cases, the increased stocks have by this time been exhausted, and profits are again normal.

In proprietary articles, there has been no noticeable advance in prices, most of the manufacturers having shouldered the loss caused by the increased cost of materials, and most of the firms even paying the war tax, or emergency stamp duty on the toilet articles or perfumery manufactured by them. As the revenues of the country are apparently becoming sufficient to supply its financial needs, there is a possibility of the stamp tax, so far as it applies to the goods sold by druggists, being dropped at the end of the present year.

The commercial awakening has stirred the pharmacist in other ways, and he is now paying more attention to the proper commercial methods in the conduct of his business and profession. Many colleges of pharmacy are taking up training of their students in commercial system and accounting, and even the Government of the United States is looking into the training of small business men in a way that concerns the pharmacist to a great extent. The Federal Trade Commission, under the chairmanship of Joseph E. Davies, and vice-chairmanship of

Edward N. Hurley, is investigating the business methods of the smaller manufacturers and tradespeople of the country, in order to discover the defects in the system, or lack of system in conducting their respective business enterprises. It will endeavor to help all those requiring instruction, in various ways, and hopes to reach the desired end by encouraging improvements in accounting practice, by endorsing standard systems of bookkeeping and cost accounting, and by assisting in devising standard systems, either at the request of individual merchants and manufacturers or through the association representing the industry. It expects in this manner to help individual enterprises and benefit employes, investors and the public. In European countries, manufacturers and merchants, aided by their governments, have developed a high state of efficiency, which enables them to sell their goods in the markets of the world. It is to be hoped that the pharmacist will take advantage of the United States Government's offer to assist in improving his business methods.

Great efforts have been made during the past year, by almost all lines of business handling proprietary or branded articles of commerce, to have a uniform price law passed by Congress, and one measure, the Stephens-Ashurst bill, has been introduced, and is now in committee. The interests in favor of the bill had a hearing in Washington on May 30 before the House Committee on Commerce under the chairmanship of Judge Adamson, the members of which gave much interested attention to the various arguments in favor of the bill, and interrogated the speakers on all points. It was hoped that some progress would be made before Congress adjourns, but as there is so much of national importance before that body, the prospects are that the bill will be obliged to lay over for consideration at a future session. The passage of such a measure as the Stephens-Ashurst bill would be of great benefit to pharmacists, as a reasonable profit on branded goods will make possible an equalization of profits on other lines carried in the drug stores, and it is only just that goods, the wholesale prices of which are protected by the patent laws, should have a similar protection as far as the retail prices are concerned.

It is to be hoped that there will be a general movement among retail pharmacists to recognize the fact that improved business methods prevent waste and eventual failure, and tend to elevate the standards of commercial life, thus benefiting the proprietor, his employes and the public.

On motion of C. H. LaWall, duly seconded, the Chairman's address was received and referred to the Publication Committee.

A paper entitled, "What is Wrong With the Business End of Pharmacy?" was then presented by Jacob Diner, of New York. The paper was discussed and referred to the Publication Committee.

J. Thomas Lyons, Advertising Manager of the Baltimore News, then addressed the Section on the subject of

ADVERTISING.

At one time I thought I was in a bad business, but when I went among my druggist friends and found out about theirs, I thanked my stars that I was not in that business myself.

Before we can come to any understanding regarding advertising, we must reach some conclusion as to what we mean by the word advertising. I have often been told, especially by large manufacturers, that they have been in business many years and have gone ahead each year, and yet they have never advertised in any way. I generally reply that it does not matter how long they have been in business, they have been advertising from the very first day. Every box of goods that leaves their shipping department or package that leaves their stores is an advertisement for them. The way they walk, the clothes they wear, the things they say, the way they treat their fellow-men, are all advertisements. Advertising is by no means confined to bill-boards, newspapers, street-cars, or any specific means; advertising is anything that attracts the attention of persons either to your business or to yourself, as its representative. If you could only realize that every waking minute you are advertising or misadvertising your business! The sooner you come to this conclusion, the sooner you will begin to cash in on honest advertising. I have seen many people who could have had a

hair-cut for a quarter and charged it up to profitable advertising. I have seen many who could have had a manicure and charged it up to the same account. You should realize that every single instant you are doing something for or against your business.

What about the exterior of your place of business? Is there anything about it that is misadvertising your business? If there is anything there that is creating in the minds of the passers-by the idea that careless and slipshod methods might prevail within the walls of your store, go home and correct it, for you need favorable advertising on the exterior of your building more than anywhere about your place of business. The average druggist cannot afford to advertise in the newspaper, because he must pay for reaching its full circulation. I have known druggists who tried to build up a telephone business, but the cost of delivery killed the profits. You want your advertisements to reach especially those living in your immediate vicinity. For this reason, the show window is the most valuable spot to advertise in that the drug store possesses. It is the greatest advertising medium that you have.

Now I want to say that, for neighborhood drug stores, it is a very good idea to change the display in your windows every week, or even twice a week. I have seen many windows repainted, and the money spent charged up to profitable advertising, and many in which, if the dead flies had been removed in the summer time, it would have been good advertising. If you advertise, and a woman who reads your ad decides to come to your store, the chances are that she will stop and look in your window before going in, and if it cannot intensify the impression created by your advertisement, you have spent your money to make a customer for a competitor. Go back and look in your show window and see whether you could not increase your profits by a little intelligent thought directed to it.

How about the interior of your store? Have you ever gone into a tailor shop to buy clothes and, as soon as you had crossed the threshold, felt sorry that you had gone in? If so, this was because of what is called the store atmosphere, which is created by the things in the store and the people in it. There may be some things in your store that have been there for twenty years, or that you inherited from your wife's father who gave you the business, and it might be profitable advertising to get rid of them. If you will paint the store with white paint and charge it up to good advertising, you will do a good thing. It will pay you to go into one of the Evans stores in Philadelphia, and see what a wonderful merchandise man is at the head of it. There is hardly five dollars' worth of goods in the stock that does not appeal to you.

You say that you are almost put out of business by the big fellows, on account of their location and prices, but it is your own fault. Anyone who goes into the drug business needs the same kind of a store you have, and buys the same kind of stock. The battle of business is no longer fought by merchandise alone. It is the individual behind the merchandise that makes the difference between failure and success.

You must pay attention to your employes. I know of one druggist in Baltimore who is getting only about half the receipts from his soda business. One of the cutest little tricks to beat a cash register is practised in that store; I take my friends there, to show them how it is done. You are going to be successful with your help in proportion to the bigness of your brain. If you cannot build up the right kind of an organization, you will have no organization.

I am a newspaper man, and have never known a druggist to get an order through newspaper advertising unless he had a preparation so extremely superior that people would come a long distance for it. If any of you have a preparation of that kind, you want to get out of the drug business anyhow. I have been told that there are eighty thousand gallons of a certain soda fountain syrup consumed every day. If I found that three thousand dollars was spent every day for some certain drink, I would try to find out the best way to dispense it. If you get it in five different places, it will taste different in each; I would try to have it served in such a way that it would taste best in mine so as to get the business and make money and when the people came in for the soda, would sell them cigars and other things.

The prescription business in the United States has fallen off forty percent in the last few years, due to Christian Science, Osteopathy and the fact that people are getting wise as to how to live; and the doctors prescribing medicines now are not the good fellows that we once thought them to be.

The drug stores have cut prices, and there has been a price cutting that is terrific. Competition is not the life of trade, but the death of it. You fellows who try to beat each other in prices will follow each other to the poorhouse, and it is a question as to who gets there first. If you sell two tubes of shaving cream for the price of one, you have clogged the channels of outlet. Each man has only one face. If you are wise you will get behind the Stevens Bill, and do what you can to stop this price cutting. You should go on record as demanding the passage of this bill. It is your right. If you do not get it, you will feel the bad effects in a few years.

If I were in the drug business, I would try to find out the birthday of the various doctors in my vicinity; and when these came around, I would send the doctors a birthday postal. Every time the 'phone rang and a voice asked me to send for Mrs. Brown, I would convey the call on a card bearing an advertisement of the store.

A few years ago I advertised an invalid chair for rent, and was astonished at the response I got from people who wanted to rent it for a day or a week. If I were in the drug business, I would have an invalid chair, and lend it. The average family has no use for such a chair regularly, and you could cash the cost in good will. The average business man spends money in advertising to get people into his store, but it does not cost much to keep postage stamps and sell them. They now have a slot machine from which people can get two stamps for a nickel. Why don't you have one? People are willing to spend the extra penny for the service. There is only one live drug store in Atlantic City where they sell stamps and they have a sign up that says, "Stamps Here." That is good advertising; but the proprietor should make the people go to the back of the store to get the stamps and thus force them to see the display tables on their way out.

I never knew a successful druggist who lived over his own store. He should live away from it. If you cannot do anything else, rent your apartment over your store to another druggist, and you take his. The disadvantage of living over your store is this (the downtown price-cutters do not need any advice but the little neighborhood fellows do): If you live over your store, your wife and children have got to be subservient to your trade. If they are not, you lose business, and it is not fair to them.

If you and I were to get together and have a talk, I know that you would say, "Lyons, I am in an awful location. If I were where Bill Smith is, it would be different." Every man is in the wrong place according to his way of thinking. Let me tell you something. Did you ever stop to think that nearly all the automobiles come from Detroit, or near there? Now Detroit is not any nearer to the source of supply than any other city; yet Michigan dominates the manufacture of automobiles because the men there are big enough to dominate. Shoes are nearly all made in New England. Hides are shipped from the West to Boston, manufactured into shoes, and shipped back again. This is because the men in the business there are big enough to dominate the shoe trade. The retail shoe dealers do not want to sell button shoes, because they so often have to move the buttons, but the men who control the machinery to manufacture button shoes have demanded that these be insisted on as stylish, and they are big enough to do it. If conditions in your home town are not what you think they ought to be, the only men to be blamed are the men in the drug business in your town. You cannot get them to admit this, however. There is a fellow in your town that you have not spoken to for ten years, and you and he cannot get together. The druggist is not a good business man. As compared with others he is not the good business man he should be. You must cooperate, you say, "Coöperation is a theory, and does not exist." Let us see. You came down here at the rate of two cents and a half a mile, on a train that costs five dollars to run it a mile. This was due to the coöperation of your fellow passengers. You say, "That is theory; get down to facts." All right. Seven years ago, a milkman came to see me and said, "Do you know that there has been introduced into the legislature a bill to compel the dairies to pasteurize milk? We have no money to fight it; the newspapers have said nothing about it, but the real motive behind the measure is to throw the business of Baltimore into the hands of three large dairies and create a monopoly." The next Monday, I went to the Hopkins Laboratory and made some inquiries, and was told that pure milk was more likely to be had from the small milk dealers than from the larger concerns. I met the milk-trains, and lined up the milkmen and I said to them, "If you get together you can kill the bill." They

did get together, with the result that when this bill was called, the vote in the legislature showed that there was not a politician there who dared to go on record as in favor of it. This was because for three months, through the papers, we had been telling the people about the milk bill. The little man who came to me about this legislation is still in the milk business and the last I heard was that he had been a member of a conference for the purpose of trying to raise prices.

The Electric Company formerly gave away electric light bulbs, causing dealers to loose the sale of them. I organized the electrical men; and to-day you cannot get free bulbs from the Electrical Company.

We had trouble with the feed business. The man giving the lowest estimate would give the lowest grade and short weight to make a profit. Therefore, we had a law passed to regulate the price of feed. Three years ago, I was invited to speak at a banquet of the Maryland Association of Optometrists. They spoke of bad business conditions. When my turn to speak came, I said, "If these conditions exist you ought to be ashamed to allow them to exist. If crooked men advertise solid gold frames for eighty-five cents and, when a woman comes in to buy glasses they tell her that in three months she is going to be blind and send her home to sell her furniture, so as to buy their glasses, you should kick them out of the organization. Go to the newspapers with clean hands, and I think that Maryland will correct this condition of affairs. We had a law passed that demanded a license by examination before a State Board of Optometrists. This is all due to coöperation, and anyone who says that coöperation does not exist or is impracticable is deficient in judgment. When a man gets old, he thinks of things in the past; and how terrible it is to be haunted by things which were wrong, and how good to recall the kind words and friendly acts done in the health and strength of youth. I trust that you will have the heritage of well-doing.

A rising vote of thanks was given Mr. Lyons and the address referred to the Publication Committee.

The following papers were then read, discussed and referred to the Publication Committee: "A Novel Method of Advertising a Drug Store," by Franklin M. Apple. "A Moving Window Display (a demonstration)," by Otto Raubenheimer. The following papers were presented by title in the absence of the authors: "System and Vigilance—the Great Essentials in Business," by Louis Schulze. "Whither Are We Drifting?" by Gus. Kendall. "Commercial Pharmacy and Side-lines," by A. S. Coody.

NOMINATIONS OF OFFICERS.

P. Henry Utech was nominated for chairman of the Section and R. P. Fischelis for secretary, further nominations were deferred to next session.

The first session was adjourned at 4.20 P.M.

SECOND SESSION.

The second session of the Section on Commercial Interests was convened by Chairman R. S. Lehman at 2.50 P.M., September 6.

The first subject of the program was an address by Homer S. Pace, of New York, who spoke on "Education as It Applies to Pharmacy," in part as follows:

I presume you are not at all unfamiliar with the move that has been in progress for several years to introduce in the curricula in several schools of pharmacy courses of study with the purpose of training the students in an academic way for business. You are familiar with the commercial high schools and you are no doubt aware of the introduction of schools for training in business demonstration. The point is that the movement for this kind of education is new, the methods and courses of study are only in the process of evolution.

So far as my observation goes pharmacy is about the first of the professions to recognize this movement. The lawyers have not added a study of business conduct to their professional courses, although the lawyer presumably is frequently called upon to advise the business man. The engineers are just starting a training course of this kind in a number

of the technical schools of this country, so it is a matter of congratulation, it seems to me, or should be to the pharmacist that the profession of pharmacy is perhaps the earliest of the regular professions in the country to recognize that something can be done in the way of giving theoretical training for business, and not depending on the apprenticeship method.

The pharmacist, it seems to me, covers a wider range in activities than any other vocation of which I have knowledge, I know of nothing on the face of the earth, unless it is house-keeping, that is as broad and requires a person to change as many times, and over so wide a range of subjects. In working out a course of study, we endeavor to take into account the conditions as they exist, the facts as they are, and we have tried to consider the elements of success and what has proved successful by men who have made successes in this very difficult line of professional and retail merchandising work.

I want to dwell just briefly on the two points included in my subject. First ability, there are a great many specific contacts that a man has with business. He must specifically buy things, he must send his orders for goods and must receive goods, he must approve bills, and he must draw checks, he must receive cash from customers and must deposit the cash. Those are two or three of the stable things we most frequently associate with business conduct. But those things alone, even though they are well handled, do not insure commercial success to the proprietor pharmacist; not by any means. Bookkeeping does not insure business success. If that were true many a successful man who has kept no more books than he could keep on his cuff or thumb nail, would not have succeeded. And it is so with specific methods of ordering, with specific methods of receiving goods, and with specific methods of taking care of the cash. You can do business if you keep it all in the till and do not deposit a cent of it. Those are not the fundamental matters that lead to business success. There is something supplementary to that, and so in going over the surface of these varied business contacts that we associate with the commercial side of pharmacy we get back to something else that is more fundamental and more vital.

If we look for the thing that brings about success in any kind of commercial endeavor we have a number of things we can look to. A man is industrious, you say. You are looking for his success. You are apt to say he is successful because he is industrious, but industry does not spell success in business, as you well know, because you have known men who are very industrious but do not succeed. It is a necessary element but it is not the vital one.

A man cannot hope to succeed unless he is honest but honesty alone will not bring commercial success. When we try to differentiate between successful and unsuccessful men, we find that the former has and the other lacks in good business judgment or common sense. Inasmuch as we want to give our students some of the grounding that will lead them to commercial success, we want to do what we can to train a man to a point where he will exercise good business judgment.

You will perhaps say if a man has not common sense you cannot do anything with him, and in a general way that is true. Nevertheless, when we study this matter of exercising business judgment and run it down we come to the conclusion it is merely the ability to take a set of circumstances or facts, taking them all into account, and arrive at a judgment based on all those facts. So when we say a man has good business judgment, we are really saying that this man will weigh certain facts and will render a correct decision. If it is a question of buying stock, materials, or whatever other thing, the price of which is likely to advance in view of certain conditions, for example, he has to take into account whether the stock will deteriorate, the adequate supply, the possibility of over-stocking, etc. He must take into account his capital and credit, and in passing judgment, he buys or does not buy.

If he is going to establish another department in his pharmacy or is considering the establishment of it, he must take into consideration the departments already in operation, the effect of the new department upon the others, his capital and credit. He must consider whether there is some service that he is paying for in the way of salaries not fully utilized, and may be available in the contemplated department, whether or not he will possibly run that department for a year or two at a loss, or whether he could afford to run it at a loss for its beneficial effect on the other departments. These are questions he must decide with good judgment.

Business is made up of a succession of these business judgments, ten, fifteen, twenty,

thirty, fifty or a hundred a day. And a man's success in business or any kind of undertaking will depend upon his capacity for forming correct business judgments. We must teach our students to arrive at some conclusions and to pass good business judgment. If we only teach the writing of letters, the keeping of the accounts, the ordering of goods, and do not associate this study with something that is bigger and more fundamental, we can only hope to turn out bookkeepers, or young men who are more or less skilled in those things in which they may become proficient by taking any commercial course. We must do more than teach the student to handle the cash, to post an account, to take an inventory, and make business records, his business capacity must be developed by cultivating his business judgment.

In our course we tell the story of business and of organized business in a reasonable common sense way. Beginning with a study of business organization we consider capital and the kinds of capital, the variety and quality of assets, the problems of buying and selling and the distinctive bases of trading, wholesaling, retailing, jobbing and so forth. We illustrate each point specifically so that when we come to taking inventories we give the principle of valuation with the prices. When we talk about capital or the various kinds of capital we illustrate it with the assets and recording of the assets, giving a logical connected story as we proceed so that the student may recognize and grasp the logical sequence. For instance, we begin with the fundamentals of business organization. There are only three kinds of business organizations. A man may by his legal right engage in business for himself and he is a sole proprietor or sole trader. Any article he gets he pays for. Presumably he employs somebody and agrees to pay for the service, if there is any profit he takes it, and that we call sole proprietorship.

If a man wishes to associate another person with him and bring in capital, help or skill in that way, he organizes a partnership and he can increase the capital or buying credit. He may organize a corporation, a legal form of business organization created by the statute, the object of which may be to secure more capital or retain the co-operation of somebody whom he cannot employ on a wage or salary basis or he may change from the partnership to corporation to lessen individual liability. Partnership form is limited to the partners and there must be a checking up and adjustment upon the death of either party; a corporation continues and the inconveniences of a partnership, in such event, are avoided.

Capital is the part of the wealth that is set aside for the purpose of creating additional wealth. We have cash in hand, stock of merchandise and possibly real estate, but the stock is what we work with, we turn over. I consider stock in two divisions, permanent capital, part of that is fixtures and building, to which one set of principles apply in valuation, and then the other is the current stock that is constantly changing, nothing to do with the latter except to sell it and realize on it, bring it down to a cash basis and we keep turning it over and over. The permanent investment is worth all you pay for it, subject to the wear and tear and other depreciation, if you sell it you would merely buy some other plant. The stock in hand is different, other principles apply because you buy that for the purpose of selling it; if the market goes down you must follow the market, but if prices go up, it is best not to follow the market but inventory the goods at the cost price regardless of the upward trend, for the reason that a downward market may catch you before you realize on the prior advance. It is a whole lot better not to consider a theoretical profit than to delude yourself in advance of realization. That is all common sense accounting, fundamental business which we teach, and the students grasp the thought without very much trouble.

There are only two classes of people interested in the fund of values, you and the people you owe—the latter have a prior lien—and whatever you have left, you own, that is an investment. You have a thousand dollars, in assets and the liabilities are two hundred, your interest is eight hundred and that is where we get the mysterious double entry principle. There are only two classes of people interested in everything. We explain the theory of double entry at that point in the course, so the young men will be able to at least open and close a double entry set of books. We determine the profit of a business in the simplest way, say we had a thousand dollars value at the beginning of the year, two thousand at the end of the year, if we have not inherited anything, put in any other money into the business or drawn out any, then we are just that much better off. Here we show the effect of the inventory and so on.

We give particular attention to those things that are of every day occurrence in the pharmacy, for example the handling of cash. Cash is a most dangerous asset. From an accounting viewpoint it is a dangerous asset because it is easily convertible, it can be stolen or transferred. A stolen horse with a big white and black mark on it is a little more difficult to get rid of than a yellow back twenty-dollar bill, because the former must be converted in some way, so an extra precaution is necessary. A person receiving cash should give a receipt, and when you are turning over cash you should always take a receipt, give a receipt for what you get and one for what you turn over. You cannot blame anyone in particular, if you mix up the cash with three or four going into the same drawer. So it must be a personal matter. Responsibility for cash is always a personal matter. We describe the different methods of handling cash.

The bank account. Every dollar of money that comes into the pharmacy should be deposited daily for the preceding business day so that the bank account will show the receipts of the pharmacy. If you receive cash and pay out of the same fund or allow anybody to do it, you tie up in the one person the right to receive and pay it out and the transaction is, don't you see, without record. If you must pay out money in cash, a fund should be established say of \$25 for that purpose and when it is reduced a check should be drawn on the bank to bring that fund up to the given amount. I have been in one or two merchandising places where we could not spare that much capital at one time, but whatever amount can be spared for this fund, it will prevent confusion in the regular transactions of the store.

So also there is an essence of quality in ordering. Orders are a record of some kind, even though given orally, there must be a system for following up those orders, checking up the bill, etc., but there is also a quality in doing those things aside from the technical qualities, just as essential in properly keeping up stock and we impress that all the time, using the principles of judgment. In the teaching we unfold our story which begins at the bottom and we fill in all these specific matters to retain the interest of the student, to make him immediately useful when he is through with his course, but the study is founded on the essentials of applying judgment in every part of business conduct.

The result is that after a year's time our men are thoroughly well grounded in the fundamental principles of organization, fundamental organic principles so far as they apply to these retail propositions, and are sound in the theory of valuing assets for inventory or other purposes. They know what they must do with obsolete stock, or stock that is out of date. They know what they should do to avoid accumulation of such stock. The question is brought up in the study of the inventory, and they will be able to know what to do when they put the principles into practice when they enter business. You cannot turn any boy out of school and put a business head on him. But we give them the training or knowledge so that when a proposition of this kind is put up to him, he can give the right answer, whereas without the benefit of the fundamental laws and principles it would take a man surely three or four times as long to acquire this information in actual business experience.

We do not forget the human side of the proposition. I do not know of any set of conditions or circumstances within my own range of knowledge of business organization that is more calculated to wear on the nerves and to test the patience of a person than the work of a pharmacist. It is because of the range that I spoke about at the beginning that requires at one moment technical dealing and changing from the handling of one item to another, involving detail as well as the simplest merchandise operations. So we take that into consideration in dealing with the technical business studies. A man spoke about this in Philadelphia the other day, he said the whole proposition was a service to the public. That is true, any work which is dependent upon contact with the public implies service. The study of salesmanship presents many problems and we give special care to the subject because we realize that the students are to meet the public under extremely trying circumstances. It is one thing to meet the public say, in standing back of a ticket window selling five-cent tube tickets or something of that kind; the same tickets for the same number of hours, day after day and week after week. Such service tries patience in one way. It is quite different, however, from attending to the ever varying duties of the drug store, and making all kinds of sales and retain your patience. We endeavor to teach the student that courtesy, unflinching good manners, and the soft answer or the holding back of the quick retort are essential to holding

trade and a valuable part of the service they are to render, perhaps the most essential part of successful business conduct; we endeavor to inculcate those principles while instructing the students in the fundamentals of salesmanship.

I do not underestimate the strictly professional part of the work of the pharmacist, but I know on the other hand that the pharmacist usually sells merchandise, and I know there is no dispensation which relieves him from the principles that apply to successful salesmanship that do not also apply to the man across the corner who is dealing in the same or other lines of merchandise. Therefore I reason out that we must give some attention to the fundamental principles of selling and display. We do not try to run a school of salesmanship, but we teach the essentials and fundamentals by reasoning and the application of judgment. We impress the value of courtesy, the intent of being of service, as a part of the sale transaction, how the customer must be stimulated to buy certain goods; that attraction, the drawing of attention is very essential for increasing sales volume, as exhibited in department stores. The same principles run all the way through and apply to the pharmacy just as they do to the department store; those things that attract are put in the front of the store. We teach the value of the attractive display as an influential part of making sales so that the students may utilize this knowledge after graduation.

So that is the method we have planned to cover in this course of study. We teach business organization and business conduct with due consideration of every detail whether pertaining to buying or selling always keeping in mind the development of judgment.

I firmly believe that this system of teaching will develop pharmacists who will exercise sound business judgment and they will not be quite so dependent on natural ability. I think we are doing that without commercializing any part of the course of study. Instead I think, we are dignifying a commercial part of the drug business because we are showing that therein are principles just as true, just as dignified and just as important to the human race as the principles that underlie any science, profession, trade or vocation. I thank you very much. (Applause.)

ABSTRACT OF DISCUSSION.

HARRY B. MASON: I have contended for years that colleges of pharmacy ought to devote more time in a course of accounting and salesmanship. I believe that it is the duty of a college of pharmacy to train their students in salesmanship as pharmacists, and a college that is neglectful in this does not train its students properly. I believe that nearly one-half of the time of a course in a college of pharmacy should be given over to business subjects. Under present conditions, only about 10 percent of the time is devoted to commercial training.

WILLIAM E. DANHAUER: Mr. Pace by some of his remarks indicated that business training would detract from the professional side of pharmacy. I differ in this view; in the course of training that he has described he is training the minds of the students. The teaching of professional pharmacy is also largely a training of the mind. And by this training the intelligent mind is directed to arrive at the right judgment. I was talking to a gentleman last night who was formerly connected with a large manufacturing concern. He had devised a set of books according to a system of his own. Some time afterwards, he investigated another system and found that this was developed along the lines of his own, showing that a training of the mind leads to the same conclusions. I am strongly impressed with the need of training, whether related to the commercial or professional side of pharmacy.

P. HENRY UTECH: I was speaking to a teacher of a large school of pharmacy who said that students came to the college for the purpose of securing a pharmaceutical education and, from his viewpoint, the injection of this element of commercial training was open to the criticism that the students came here to be instructed in the science and art of pharmacy and not to become expert accountants. The knowledge and practice in business management should be obtained elsewhere.

CHARLES HOLZHAUER: It is a fact, nevertheless, that 10 percent of the pharmacy students never get their commercial training unless they have such opportunities in a college of pharmacy. It certainly seems to me very desirable that students should be prepared in the college for their business life.

CHARLES H. LA WALL: The Philadelphia College of Pharmacy, sixteen years ago inau-

gured a business course under the direction of Mr. Frank G. Ryan, who is now head of Parke, Davis & Co. Since that time the course has been continued and considerably over one hundred hours are given over to that course, which includes the subjects of accounting, bookkeeping, business forms of all kinds, etc. In addition we annually have a course of special lectures; quite a number of them are on subjects relating to business management and salesmanship. The subjects of the addresses also have included a study of the various sundry items and their display, window dressing and in fact practically everything that comes up in the successful management of a drug store. I do not think that Mr. Mason was serious in his remarks that 40 percent of the time in a pharmaceutical course should be given over to business training, but I do not want to minimize the value of commercial training in a school of pharmacy.

HARRY B. MASON: I was perfectly serious in my references to the number of hours that should be devoted to commercial training. It is quite as important that the business in which the student in pharmacy engages after graduation shall be conducted wisely, for his own success as for public health. The lack of success of many druggists is due to the fact that opportunities were not given them to obtain necessary business information while at college. If the students do not receive such education there, it will be quite difficult for them, or at least, they will much more slowly acquire the necessary business information.

R. P. FISCHELIS: I think Mr. Mason loses sight of the fact that the pharmacy laws require a knowledge of pharmacy and the time given over in schools of pharmacy is not sufficient for a thorough and complete business course. If that is desired the young man should attend a business college. The technical course in a college of pharmacy cannot be subordinated to the commercial, although I fully realize the importance of such training.

OTTO RAUBENHEIMER: It is very important that the colleges devote as much time as possible to business training but after all when the young man enters business he will find that experience is the great teacher. He will be required to pay for his experience the same as all of us here have had to pay for it. While he may profit by the experience of others most of these lessons will be best impressed through his individual experience.

The following papers were then read, discussed and referred to the Publication Committee: "Photography as One of the Profitable Side-lines of the Pharmacist," by Emil Roller. "Jeopardizing the Pharmacist's Reputation for Fair Dealing," by R. P. Fischelis. "History of Substitution and *Quid pro Quo* in U. S. P. IX," by Otto Raubenheimer. The two papers constituted part of a symposium on Substitution. Considerable discussion was had and several of the contributors made verbal presentations of their contribution to the symposium. The discussions will follow the papers when printed.

The following papers owing to the absence of the authors were read by title and referred to the Publication Committee: "A Couple of Time Savers for Retail Druggists," by David M. Fletcher. "An Appeal to the Retail Druggists to Take a Greater Interest in the U. S. P. and N. F. Preparations," by Zeb M. Rike.

The following further nominations were made for officers of the Section, namely, as associates: A. H. Ackerman, of Lynn, Mass.; D. K. Sass, Chicago, and J. H. Webster, of Detroit. The election resulted in the above named and P. Henry Utech, of Meadville, Pa., as chairman, and Robert P. Fischelis, of Philadelphia, for secretary.

Chairman-elect Utech stated that he had not sought the office but would discharge the duties to the best of his ability. He asked for the cooperation of the members and thanked the Section for the honor conferred.

The Section on Commercial Interests adjourned.
