

SECTION ON COMMERCIAL INTERESTS, AMERICAN PHARMACEUTICAL ASSOCIATION

SOME SOURCES OF PROFIT AS APPLIED TO RETAIL PHARMACY.*

BY A. S. PARKER.

Profit in business may be materially influenced by failure to take into account the small items of expense; and further by conserving material that ordinarily finds its way to the waste; by failure to appreciate what constitutes a proper mark-up; by a lack of careful supervision of sales and also by other causes which I may touch upon in a hit-or-miss manner.

There are many large mercantile houses whose net profits are derived entirely from their cash discounts. To allow anything of value to become waste would not be permitted by some of our most successful concerns. Careful observation has shown that many business men—so called—regard small savings as trivial and beneath them.

To refer to some of the items of expense: bills for gas, electric lights, coal and ice, in stores operating under same conditions, seem to vary in proportion to the supervision given. The question whether these items are being used in excess of requirements does not occur to some, while others will secure equal results with less outlay. Large consumers of these commodities frequently spend large amounts of money in order to secure greater efficiency, thus effecting a small economy when reckoned by a single month.

The matter of repairs may become impressive—destruction of appliances which under ordinary treatment should be practically indestructible; the burning out of the furnace grate; the destruction of hose due to indifference and harsh treatment; a small rent in the store awning which after a brief interview with a high wind may require a patch about the size of a ten-dollar bill, or possibly a new awning—those are among the drains on the bank account and which under a thrifty management would not occur.

I have seen stores that were continually buying spatulas, pestles and weights. Did it ever occur to them that the spatulas could be ground down and the pestles reset? Oh, no, it is too small a matter to bother with. Such trifling economies should be left to such concerns as the Standard Oil Company, who consider no reasonable economy beneath their notice.

Drug store conservation should mean the conversion of all material of value into cash. Waste paper may represent considerable value, likewise packing cases and old bottles, besides getting rid of these things for which there never seems to be a *good place*.

As illustrating how small wastes may become an avalanche, the following circumstance seems worth relating: A certain large grocery store became convinced that their profits were inadequate, and instituted a thorough investigation. By carefully reweighing all packages and checking material used, it was estimated that the losses incurred from overweight and from the excessive use of string and paper bags amounted to about four hundred dollars per month.

A large corporation called the attention of one of its branch managers to

* Read before Section on Commercial Interests, A. Ph. A., San Francisco meeting.

what appeared to be an excessive use of wooden bungs and sent an expert to ascertain why so much solder was used in the manufacture of tin cans.

So it is plain that in the matter of painstaking oversight and the practice of small economies on the part of our great corporations, precedent is not wanting.

Losses are incurred from the indifference of clerks who have little knowledge of values; the tendency being undercharge. There is also considerable loss from the making of small sales instead of large. Why should not the suggestion be made to a customer of a twenty-cent bottle of glycerin instead of a ten; a ten-cent package of absorbent cotton instead of a five, or a ten-cent, or better, cake of soap? The writer has in mind a store that sells twenty-five-cent tooth brushes instead of fifty-cent ones.

Referring again to lack of knowledge of market values, the writer some time ago called up several stores on the 'phone and asked the price of goldenseal root. The prices ranged from five to thirty cents per ounce; the drug at the time being quoted at \$2.75 per pound. The writer has frequently seen a druggist quoting prices from a manufacturer's price list that was one or more years old.

Depreciation of merchandise either from deterioration or from becoming obsolete is a prolific source of loss. During the past few years a great many old-time pharmaceutical favorites have been converted into junk and should be treated as such. The present-day physician is not a prescriber of drugs to any great extent, so rid yourself of the dead ones and straightway forget it.

Many salesmen seem to follow the lines of least resistance and sell from the top, with the result that articles on the bottom become stale or shopworn.

Too great an intimacy between the edible and smokable merchandise of the store and the employees results in loss.

Dead stock may reach a large figure while slow-moving merchandise rarely returns a satisfactory profit. Don't be caught by the free goods bait. Drug store bargain counters are not a success.

The lack of knowing just what constitutes a proper mark-up carries with it diminished profit. This cannot of course be considered in connection with those lines whose selling price is fixed; but how can a druggist, who has no knowledge of what his selling expense is, be expected to intelligently base his selling price or even intelligently buy?

Given the selling expense, the pharmacist should endeavor to secure a net profit of not less than fifteen percent. In order to do this he should tell the manufacturer of toilet goods, confectionery, etc., who comes to him with a proposition of twenty-five to thirty-three and one-third percent gross, to please not consume his valuable time. Owing to the increased expense of doing business, the pharmacist must increase his gross profit, which should be at least forty percent on toilet articles and confectionery, while other lines must carry more.

Perhaps the greatest loss that accrues is from the automatic clerk—the nickel-in-the-slot sort of salesman who, upon the tender of, say twenty cents, hands the customer the twenty-five-cent article asked for and with a "thank you, anything else?" rings up the sale.

There was a psychological moment when the customer's attention could have been directed to an article of equal or superior merit without being impertinent. Such a proceeding is a salesman's license that is universally recognized. By the way, such men are not in the employ of the great retail stores. Ask yourself the question: "Am I paying out my good money for salesmen or automatons?"

As a check upon the operations of employees, all sales should be entered in a duplicating salesbook, such as are commonly used in the large stores. Such a book

supplies a much-needed record of the operations of employees and enables one to check up their sales, prices, etc.

The successful pharmacist is generally one who is master of details. He recognizes the value of the advertising to be gotten from a well-conducted and attractive store. A well-kept pharmacy is attractive to the public; they like to visit them—seemingly enjoying the surroundings. We can all of us call to mind pharmacies of this sort. The store reflects the man, and the man, by virtue of his character and ability, his methods, becomes the exception and he creates without cost a business asset—an asset measurable in dollars and cents.

If we shall set for ourselves the task of searching out the avenues of profit for the pharmacist, we shall find them to be many and in so doing we may create a professional business man, and thus give an affirmative answer to the oft-repeated question: "Can pharmacists be successful tradesmen?"

ABSTRACT OF DISCUSSIONS.

MR. TROXLER: I think Mr. Parker overlooked one saving in the drug business, and that is the discounting of the bills.

MR. LACKENBACH: The proprietor of a business establishment may have some very well defined ideas as to economics. The difficulty is in inculcating those ideas into his employees. Very often the employees are more or less raw material, who have not had the advantages of proper training at home to begin with—training in neatness, orderliness and cleanliness, and the person in charge of a business can devote a very large proportion of his time to calling the attention of his subordinates to leaks, losses and disorderliness. That is a very difficult matter for a busy man, a man in charge of an active enterprise. That is probably where the losses come in—through the inability of the director of affairs to give very much of his personal attention to those small losses.

In the saving of paper, for example, it takes a good deal of time to call the attention of the shipping clerk to the paper and twine that come in. The shipping clerk gets careless, in other words, and if you have to remind him every time it comes to your attention that he could save that piece of paper—. In the first place, it takes up a good deal of room and accumulates, and it takes time to hunt out just the right piece of paper to do up a parcel. It takes much less time to draw on the large roll of heavy paper, and very often what is seemingly a saving is a direct loss in time and efficiency.

MR. HAMNER: In the section on salesmanship, Mr. Parker spoke of suggestiveness, and selling a better and higher priced article. I do not recall in this city of making a purchase when the salesman suggested something which was in line with the purchase already made. We find that in dry goods. When a man buys a shirt, it is natural to suggest a necktie or a collar. In pharmacy, on the average drug store purchase, a tooth brush should be followed up with a special paste or powder. The purchase of paper for stationery calls for a line of envelopes to match. It seems to me a valuable point and one which will increase sales to the purchaser instead of the perfunctory question, "Is there anything else?"

MR. FLETCHER: That was one of the things that came up yesterday in reading another paper. Mr. Weed brought out the arrangement of a drug store having certain departments close together on account of the allied interests for selling other merchandise than that called for. The principal teaching of the Owl Drug Company at the present time to their salesmen is what they term the running-mate system—to sell the article called for by the customer, give him what is wanted and what is called for, but at the same time to sell him a running-mate—with the tooth-powder the tooth brush, with the hair brush a comb or a preparation; if it is a shaving brush that is asked for find out if he has got plenty of shaving soap or razor blades; in fact, anything that may be termed a running-mate.

They quiz salesmen of the concern continually on running-mates. Very often we get a sheet or two of foolscap with a number of items on it, with blank space alongside of them, and are asked to suggest running-mates for each item, and to bring that paper to the next meeting of salesmen. If you have anything unusual in the way of a running-mate, some-

thing that the majority have not suggested, you are called on to defend your reason for suggesting that for a running-mate.

I spoke of one instance yesterday in which a man suggested and carried the sale through on a twenty-five-cent bottle of witch hazel—sold a vibrator for \$17. That is almost extreme, but it shows the plan on which they work. They sell the goods or hand over the goods that are asked for and never make a substitution in that way—anything to bring back and make a constant customer of the man who comes in; but a man's ability is gauged by the number of sales he makes. A man who continually sells one item and sells one item only is not rated as a good salesman. The man who has two or more articles on his check is rated as better, and the more double sales a man makes, the better he is rated.

A PLAIN TALK ON BUSINESS METHODS.*

BY B. E. PRITCHARD.

In the preparation of this paper there is no intention of handing down a line of advice; my only reason for attempting to write it is to present truths that an experience covering more than forty years behind the counter and at the prescription case has taught me.

If memory serves me aright, it was one of our own living beacon lights, Dr. William C. Alpers, who in one of his many valuable contributions to the literature of pharmacy said something like this: "As we try to move forward in the busy streets of the city we often find that those who get in our pathway and block our progress are men who are moving in the same direction as ourselves, but who seem to have no objective point, and by their loitering movements retard those back of them who have."

What an excellent picture is here presented! Men who ought to be depended upon to help improve the business or profession in which they engaged are often the most serious handicaps we have to overcome—the sprags that interfere with the forward movement of the cause which we hold so dear, and to the elevation and improvement of which we have devoted the best years of our life.

Any man who has ever undertaken to work for the passage of legislation, which has been submitted for the purpose of putting the practice of pharmacy upon the high level it should occupy, has learned to his sorrow and bitter disappointment that he has been trammelled and retarded, and in nearly every instance defeated, by the opposition of men engaged in conducting alleged drug stores.

For sixty-three years the American Pharmaceutical Association has been striving to reach this goal, yet to-day that which it has sought to accomplish seems to be still a mirage, the sight of which encourages faithful men in the ranks to persevere in the good work, hoping that some bright day their labors will bear fruit for the benefit of those who shall come after them. Do not lose heart, brethren; during almost two thousand years the gospel has been preached to all nations, and in every tongue, and yet there are several millions still unconverted. The same condition which faces us, faces Christianity—men who have been leaders, men who have preached the doctrines of Christianity to others, have themselves become stumbling blocks to those to whom they have preached; and yet, how many are ready to declare that the Christian religion has failed in its mission? As the world has been made better, and still better, by the good work of faithful Christian men who have given of their best to make it so, so has the practice of pharmacy been improved and will continue to improve so long as there shall remain workers in our ranks who are faithful to their trust—men who will continue to hold to their ideals and preach them to their fellows.

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