

SECTION ON COMMERCIAL INTERESTS, AMERICAN PHARMACEUTICAL ASSOCIATION

MINUTES OF THE SESSIONS.*

The first session of the Section on Commercial Interests of the American Pharmaceutical Association was called to order Wednesday morning, August 29, 1917, at 10:00 o'clock by Chairman P. Henry Utech, of Meadville, Pa.

Secretary Robert P. Fischelis occupied the Chair during the reading of the Chairman's address.

ADDRESS OF CHAIRMAN P. HENRY UTECH.

We are met today under conditions most unique in our Association's history. The prolongation of the European War into its fourth year of combat has affected every phase of our business and social life. With the declaration of our own country, a few short months ago, to enter the War, our personal interests have become more directly involved in the great world-conflict, thereby entailing added burdens and responsibilities on our fellow-workers. As this is being written, Congress is debating the question of imposing a war-tax on many articles usually sold by the pharmacist. An additional tax on alcohol is also to be imposed. The prices of drugs and chemicals, already excessive, are mounting higher and higher, while profits are coming downward. These problems, coupled with the increased cost of doing business, the scarcity of help, slow delivery of goods, the legislative restrictions in many states; cut-rate and chain store competition—are not a very hopeful augury for the immediate future of the pharmacist.

However, amid all the confusion and chaos of business conditions in recent years, as pharmacists, we have been signally favored through the timely operations of the Pure Food and Drug Act. The wisdom of having an efficient Federal Food and Drugs Act in successful operation during such a critical period of our national life has been thoroughly demonstrated time and again. Economic conditions in Europe incident to the War have practically revolutionized the drug market, demanding ever-greater vigilance on the part of those in charge at the various ports of entry. It is no exaggeration to state that no single instrument of our National Defense has been fraught with such incalculable benefit to the pharmacists nor afforded so large a measure of protection to the public health as this specific bit of national legislation. The reasons are obvious. Consciously or unconsciously we have grown to be a large drug-consuming nation. One of our American drug editors commenting recently on the situation calls attention to the fact that as a nation we consume more and produce less drugs than any country on the globe. For obvious reasons the cultivation and collection of drugs for medicinal uses has never been seriously undertaken in this country. In the old world, in times of peace, it is an important industry. Economic conditions obtaining in these countries at the present time have diverted this labor largely to other and more needful occupations, causing a scarcity as well as an inferiority of many of the ordinary drugs daily supplied by the pharmacists. Conditions governing the traffic and transportation of crude drugs have likewise been seriously threatened because of the exigencies of war. As a result of these numerous and varied circumstances the offerings of spurious and adulterated drugs at the port of New York during the past year has exceeded that of the five years preceding, compelling us to pay even higher prices for our supplies, with little or no opportunity for discrimination as to quality. Nor is there any immediate prospect of relief in sight.

Ambitious newspaper propagandists, inspired by patriotic impulses, have offered many timely suggestions. They would have us develop this crude drug industry over night. Their recipe is an exceedingly simple one. They would have the Government furnish all necessary data and stimuli—all the farmer has to do is the work. Their enthusiasm is indeed commendable

* Papers and discussions thereon are printed apart from the report of the sessions of the Section.

as witness the following titles taken from recent American dailies: "Profits from Drug Weeds;" "\$100 per Acre for Medicinal Weeds;" "An \$18,000,000 Herb-Growing Industry Going to Waste;" etc. One particular article by way of illustration cites a specific instance of "How a certain plant which grows like a weed; is cured like hay; sells at 45 c. per lb., which is at the rate of \$900 per ton. Under proper conditions an acre ought to average \$1800." Now as to the facts. As pharmacists we all know that the crude drug industry offers little or no inducement for time and labor invested. That excepting under ideal methods of cultivation and propagation it is an absolute failure. In a recent article by Dr. F. B. Kilmer, he states that Belladonna grown by the firm of Johnson & Johnson costs in the first year \$100 per lb.; that Digitalis cultivation undertaken at the Lilly Gardens costs about \$1000 for the first few pounds. My attention has been called to a successful cultivation of Cannabis Indica by the Mulford Company at Glenolden, but these instances of successful plant cultivation are all unusual exceptions and afford little or no relief from the prevailing market conditions.

As suggested above, the business problems which beset the pharmacists today are both arduous and perplexing. The situation while not a wholesome one is, upon analysis, not altogether so depressing as appears on the surface. The crying need of the hour is a higher standard of business efficiency among pharmacists. "The times are changed and we are changed with them" reads the old Latin proverb and the problem which chiefly concerns us as pharmacists is to adapt ourselves to the modern economic order. Today success in any enterprise—commercial, industrial, intellectual—means concentration. The advice of Dr. Samuel Johnson to an inquiring youth as to the best means to achieve success, "To know something about everything and everything about something," is both pertinent and *apropos*. In substance, it is nothing more nor less than a paraphrase of the modern program of efficiency. And to the pharmacist who has studied and mastered the various details of his business; who has his business so organized on system—not guess-work; who keeps in touch with market conditions; who has made a study of costs and knows his exact percentage of expense—the remedy is obvious. It is a mere matter of simple calculation. The moment an item advances in the market, up goes the cost to the purchaser. It is simply the application of system to business practice. And in these days of flurrying markets and keen competition, he can ill afford to do business otherwise. He must devote more of his time to accounting, to costs, credits and collections, so that his business may be handled intelligently, systematically, efficiently—for without an intimate knowledge of these all-important factors in his possession, he is simply steering his business barque between the Scylla of chance and the Charybdis of failure.

Take, as an illustration, the unsettled condition of the drug and chemical market at the present time. It has been an exceedingly difficult problem for the pharmacist to determine a satisfactory basis upon which to figure his profit. This variation in price has advanced in many instances to ten times that of normal. There has likewise been a very perceptible increase in the cost of bottles, corks, paper, boxes, labels, in short, every item that is involved in the operation of compounding has suffered an advance. And while the pharmacist may be enabled to make an increased charge for his product, nevertheless, such increase in price in no wise corresponds to the increase in cost to him for his materials. The situation is both unusual and unfortunate. It is one of the peculiar hardships to which pharmacists are subjected at the present time under a turbulent market and requires constant vigilance and the keenest business acumen if he is to protect his own best interests. In times like these it behooves the pharmacist to exercise extreme caution and buy only in limited quantities for his immediate needs, lest he be caught in the maelstrom of declining prices once the crisis has been reached.

That the average pharmacist is lacking in business essentials and pays little or no attention to the scientific management of his business, is proverbially true. In proof of this statement permit me to call your attention to an analysis of business conditions as reported recently by the Associated Advertising Clubs of America. A committee of 1700 made a nation-wide canvass in the month of November 1916, investigating six different lines of business—drugs, jewelry, hardware, grocery, clothing and department stores. Their report shows an average increase in all lines (as against the same month in 1915) of 20 percent with net profits of 7.8 percent. As for the sales in retail drug stores, they increased 16.9 percent, while the profits increased but 5.5 percent. Department store sales during the same period showed an increase of 19.2 percent with a net increase of 12.3 percent. The logic implied in this analysis is simply this: that the phar-

macists as a class are lacking in the fundamentals of business knowledge and that the department stores as a class are better business men by 224 percent.

This failure on the part of the pharmacist to develop more eagerly the business side of his calling, with its opportunity for increased revenue, has been a serious handicap to his material progress. And despite the growing inroads of commercialism it is surprising to find that we still have in our rank and file a goodly number of able and well-meaning pharmacists who maintain that professional pharmacy, *per se*, ought to succeed; that the introduction of specialties and sidelines is debasing and unethical in practice and is a reflection on the fair name of our profession. This fancied scorn of the commercial factor in pharmacy, to my mind, is wrong in principle and a grievous error. It implies that the business of pharmacy is mercenary, degrading and disreputable. As though the profession of pharmacy and the business of pharmacy were antagonistic in practice and principle. Nothing could be more fallacious—no argument less absurd. The very fundamental principle of our modern economic life demands that all business—professional, commercial, industrial—whatever its sphere, be built upon a basis of honest practice and the strictest ethics.

Nor must we forget that the commercial factor dominates every activity in our American life. It is the presiding genius of our industrial system. It is the keynote of our progress and greatness as a nation. It is not inconsistent with, but a rather necessary part of every highly specialized profession, law, religion, medicine, as well as pharmacy. This is the gist of the problem—that all business, whatever its nature, honestly conducted is ethical and honorable. And just as soon as we come to realize that the business of pharmacy and the profession of pharmacy and the trade of pharmacy all have a common interest and purpose; that all can go along together hand in hand with noble principles and high ideals, just so soon shall we be on the high road to progress and establish our position and prestige as pharmacists in the community in which we live and serve.

There is yet another factor in connection with this business phase of our calling which deserves our earnest consideration at this time. Heretofore we have placed altogether too great an emphasis on the professional side of pharmacy, oftentimes at the expense of our more vital interests. As a result we are being confronted in America today by a peculiar anomaly. Educational requirements for those desiring to take up the study of pharmacy are gradually becoming more rigid. Conditions are making it increasingly more difficult for men and women to attain professional rank, and this, in spite of the fact that professional pharmacy is daily growing less remunerative. Statistics show that we have fewer pharmacy colleges today than we had a decade ago, but with higher entrance requirements; that college graduation as a prerequisite to registration is already compulsory in eight states and is being seriously considered in many others. Quite naturally we are expected to follow the vocation for which we have peculiarly fitted ourselves through special training and equipment, and hence we have the unfortunate spectacle of a group of men, of professional rank, educated and specially trained for professional services to the community, but compelled by the exigencies of the situation to become tradesmen in order to earn a livelihood.

Passing strange that our colleges of pharmacy had not taken due cognizance of this condition long ago. It is neither novel nor extraordinary but has existed in our midst for years. A careful survey of conditions obtaining in our country today reveals the fact that competition is keener, that business is less remunerative and that pharmacy as a distinct and separate profession is slowly retrograding. And if it be true that the business of pharmacy of a decade ago was 50 percent professional—as one authority has stated—it is equally true that at the present time this ratio has grown to 75 percent and in the more populous localities perhaps even more so. It is likewise a fact that a pharmacy conducted along exclusively professional lines is a *rara avis* in America today. So far as the writer's observation goes there are less than a score of such in successful operation. Given the proper location, equipment, etc., we will grant for argument's sake there would be opportunity for as many more. But what an infinitesimal number when we consider that we have in the United States today well nigh unto 50,000 pharmacists with no immediate prospects of advancing their social or material welfare.

Were it possible to draw a sharp dividing line between the business of pharmacy and the profession; or if the pharmacist were legally protected as to his inherent rights and privileges (as has been frequently agitated and as is being done in many European countries)—it would

go a long way toward elevating the status and morale of our calling. But until some such specific legislative protection is afforded us—some process of elimination whereby we may separate the wheat from the chaff—we must continue to grapple with conditions as we find them, looking forward to the day when the justice of our cry will be heard and pharmacy and pharmacists come into their rightful heritage.

Thus far our colleges of pharmacy have manifested an attitude of indifference toward the present economic trend of affairs and the courses offered in Commercial Pharmacy and business training are but an insignificant part of the work required for the degree. Our large universities, however, have long ago caught the proper spirit and instead of devoting so much time to a study of the classics, are now giving way to elaborate courses in scientific industrial and economic subjects. Take the case of Harvard and Yale, two of our oldest American colleges, which were founded primarily as religious institutions, the number of students taking the religious courses today is less than 4 percent. And if these conservative institutions can commit themselves to such radical changes in their curricula it seems to me the suggestion ought to have consideration in our pharmaceutical schools and I would, therefore, advise that this Section on Commercial Interests, seeking ever the professional and material welfare of the pharmacist, recommend that our colleges of pharmacy place greater emphasis on this phase of our calling and that courses in Commercial Pharmacy and Business Training be undertaken at the earliest possible moment to the end that our successors may be more adequately fitted to cope with existing conditions in pharmacy and be accorded a higher measure of esteem, as pharmacists, from the public whom we serve.

SECRETARY FISCHER: You have heard the address of our Chairman; it contains one recommendation; what action will you take?

F. W. NITARDY: I move that this address be referred to a committee of three appointed by the Acting Chairman.

Motion seconded.

WILLIAM C. ANDERSON: While I have no special objection to this usual form of referring such an address, it appears to me that a recommendation so particularly in line with the needs of pharmacy today should be given the special distinction of being adopted by the floor without being referred to a committee. I do not see how a member of this Section or of the American Pharmaceutical Association could possibly raise any objection to that recommendation. I have listened with unusual interest to this address of the Chairman, and I believe he has struck the vital key in the situation of pharmacy today. Higher education and higher standards we want to work for but in working for these things there is apt to be a tendency to forget the man behind the counter who has to make a living. Consequently, I would like to move that this address not only be received but that the recommendation be adopted at this time. I offer this as a substitute motion.

Motion of Dr. Anderson seconded and carried.

HARRY B. MASON: I would like to say a word about what seems to be the essential features of this address. The Chair declares, what we all know to be the truth, that pharmacy has undergone a revolution in the last ten, twenty or thirty years, that it is today far more of a business than a profession, and the colleges of pharmacy should reflect in their curricula what is going on in the evolutionary changes of the business itself. In other words, the teachers ought to keep pace with the facts. Chairman Utech also showed that in the universities the teachers have taught to keep pace with the facts, they have developed courses in accounting and business administration and economics to take the place of so much Greek and Latin of the old days. It is unfortunate that in pharmacy, Mr. Chairman, that situation has not developed, that in the colleges of pharmacy they have not kept pace with the facts. I have declared my opinion on a number of occasions, and I want to express it again, that the colleges of pharmacy in this country will not be doing their duty to the pharmacists of the country until they pay more

attention than in the past to the commercial side of the business, and until something like forty or fifty percent of the pharmaceutical curriculum is made up of commercial work.

(The Secretary read a telegram of greeting from the American Fair Trade League.)

F. W. Nitardy moved that the Section on Commercial Interests endorse the Stephens Bill. After some discussion the motion was adopted.

Then followed an illustrated lecture by Prof. Henry Kraemer on "Commercial Possibilities in Professional Pharmacy." (The address and discussion will be printed in a later issue of the JOURNAL.)

The next number of the program was a paper by J. C. Peacock. (The paper with discussion thereon will be found in this issue.)

On account of the absence of the authors, the following papers were read by title and referred to Publication Committee: "The Preceptor—An Asset or a Liability," by F. M. Apple; "A Novel Method of Handling Ice Cream," by E. H. Grommet.

CHAIRMAN UTECH: I will entertain nominations for officers of the Section.

Robert P. Fischelis, of Philadelphia, was nominated for chairman and F. W. Nitardy for secretary. It was moved that further nominations and nomination of an associate be referred to a later session.

Motion seconded and carried.

The Section then, on motion, adjourned to meet Thursday morning, August 30, at 9.30 o'clock.

The second session of the Section on Commercial Interests of the American Pharmaceutical Association was called to order by Chairman P. Henry Utech, at 9.30 A.M., August 30.

(The minutes of the previous meeting were read, and on motion approved.)

The first paper on the program was by Clyde L. Eddy on "Net Profits and the Average Sale." It was printed in the September number of the JOURNAL, page 815. Prolonged discussion of the paper followed, participated in by Messrs. Jacob Diner, Orel Jones, F. W. Nitardy and others. Jacob Diner analyzed the paper relative to the calculation of the profits, spoke of various leaks in the business, quality of salesmanship, and the value of a show-window.

Orel Jones followed somewhat the same lines and stressed the need of selling the larger packages of preparations. He also pointed out that loss was frequently incurred in giving over-measure, citing as example, that in dishing out ice cream such loss was frequently incurred.

F. W. Nitardy spoke of investigations by the Colorado State Association into the cost of doing business in Colorado. This varied from 31 to 35 percent in reports from 44 stores. In studying further details, it was found that rent constituted 6 percent, advertising 0.37 percent, insurance 0.39 percent, light and heat 2.17 percent, interest on investment 2.64 percent, depreciation 4.3 percent, and incidental 2 percent.

The next papers on the program were as follows: "More Profits within Your Reach," by W. W. Figgis; "Conserving Life by Eliminating Waste," by Robert P. Fischelis; "The Commercial Aspect of Vaccine Therapy," by A. M. Rovin; "Drug Store Dynamics," by H. S. Noel.

THE CHAIRMAN: It will be necessary now to proceed with the election of officers. The Chair will be very glad to entertain nominations for officers.

C. L. Eddy, of New York, S. K. Sass, of Chicago, and H. S. Noel, of Indianapolis, were nominated.

It will be necessary to now declare the present session adjourned, and then immediately organize the second session. That is done to meet a certain provision of the by-laws. Motion seconded and carried.

THE CHAIRMAN: The Extra Session of the Section on Commercial Interests will come to order. The Secretary will read the minutes of the previous meeting. On motion the minutes were approved.

THE CHAIRMAN: The next in order is the election of officers.

The following were elected: R. P. Fischelis as Chairman; F. W. Nitardy as Secretary, and as Associates, Messrs. C. L. Eddy, S. K. Sass and H. S. Noel.

CHAIRMAN-ELECT FISCHELIS: I am very glad for the honor that has been conferred upon me, and in thinking over something which we might do during the coming year, I was struck by the fact that possibly there is a subject on which we could get some information, and which we could investigate in time for our next meeting, namely, the teaching of commercial pharmacy in the colleges.

We must have ideas of practical pharmacists on that subject. Teachers of commercial pharmacy are men who are teaching pharmacy and not usually engaged in the drug business. Of course, they visit the pharmacies, in order to keep in touch with affairs, but if we have suggestions from our practical pharmacists, I think we can make our courses at colleges much better and dovetail in the store and school in such a manner that it would be of much value to us.

On motion the Section adjourned *sine die*.



H. V. ARNY
Reporter on Progress of Pharmacy



OTTO RAUBENHEIMER
Chairman Committee on A. Ph. A. Recipe Book