

fatal is possible only through your knowledge. The exposure of many inert proprietary preparations and safeguarding the public from the indiscriminate dispensing of "shot-gun" preparations are but a few of the virtues attributed to you.

It has been stated that honest confession is good for the soul. Let he who is without fault cast the first stone.

This means that what has been said about the druggist is likewise true of the doctor. I have a vision of the searchlight exposing the traditional weaknesses of our professions and that in the near future a closer and more intimate relationship between druggist and doctor shall result in a greater and better service to humanity.

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### COST ACCOUNTING.\*

BY J. R. WORDEN.

Bookkeeping—cost accounting—is the foundation upon which we must build a business, so we may as well start there.

One thing that I find we're all troubled with is that we *know* a lot of things that are *not* so. It's a wonderfully easy matter to think we know a thing so long that we eventually know it to be so.

Like the fellow who tells a story—makes it out of the whole cloth—knows it's a fake at first—but tells it till he believes it himself.

We know we're making money—on toilet goods—on cigars—on prescriptions—on any one or all departments. But *how* do we know it?

In many stores—and not only drug stores by a long shot—and not only among retailers—the only reason we have for believing it to be a fact is because the sheriff hasn't disturbed us yet.

A couple of years ago I asked my grocery man—who also ran a meat market—if his books told him which department made him the most money.

He replied that his books didn't tell him, but that he knew all right which showed the most profit. Inside of six months from that date he had failed. Yet, he had put it over for some time—run along on *guess work* for about three years before the crash came.

That man should not have failed—he had the right idea in selling—gave good service—appreciated the fact that it was the dear public that paid his meal ticket, and treated his customers right. *Guess work* put him out of business.

That little habit of *knowing* when we only think we know is one of the biggest obstacles in almost every man's way. Times—conditions—change—maybe what we knew five years ago isn't so at all to-day. And on those things decided five years ago we have a closed mind.

### EXPERIENCE OF A SPECIALTY CONCERN.

It's a good deal like the experience of a certain specialty concern. They found that after a certain length of time, sales began to fall off. So they made a few shifts in the territories and sales immediately picked up.

The reason was this: Smith, we will say, was in Detroit. After two or three years, Smith knew just who would and who would not buy from his house. And,

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\* Read before the Detroit Branch of the American Pharmaceutical Association.

of course, he didn't waste any more time trying to sell those he knew wouldn't buy.

Smith was transferred to Chicago, and along came Jones to handle this territory. Jones wasn't wise to all the things Smith knew—hadn't any musty pages of precedent to follow—didn't know certain people wouldn't buy from his house. So as one of the officials of that company expressed it, "the damn fool went right in and sold them."

Because we know so much that isn't so is a mighty good reason for having some one, who isn't handicapped with a particle of knowledge of where we are and are not making money, come in and put in an accounting system.

Give him access to all you have. Outstanding accounts, balance in bank, bills payable, stock on hand, and stock in transit—don't hide a thing from him.

And, when Mr. Business Doctor gets through and writes out his little prescription, be almighty careful to follow directions.

Some businesses die. Others, like some men, drag along with one foot in the grave and the other on a banana peel. As a rule the man has gone against the laws of nature and as a rule the business with one foot in the grave has gone against the laws of business. You might disregard the laws of either for a while, but there comes a time of reckoning and then—you're a dead one.

"IF I HAD ONLY KNOWN IN TIME."

Lee E. Joslyn, Referee in Bankruptcy or Undertaker of Dead Businesses, perhaps is better able to give the real reasons why business men fail than most any other man.

He had an exceptionally good article in the April and May *New Ideas* under the heading of "If I Had Only Known in Time." Under the caption of "Guess Work Ruins Many," he says:

The great bugbear of the man who finally terminates his business career in the bankruptcy courts is guesswork. He "guesses" he knows how to run a store; he "guesses" he can get capital enough together by scraping and borrowing to buy a stock and pay the first month's rent; he "guesses" he is making money; and he "guesses" at the amount of stock on his shelves, the debts he owes, and how much he has in outstanding accounts. In fact, he "guesses" at everything.

The retail bankrupt is the best little "guesser" I've ever met. He even beats the farmer who used to guess that the pea was under the middle shell. The farmer had possibly one chance in three to win; the business man has one chance in twenty, figuring on the present financial death rate.

Business is too serious an undertaking to be made a guessing game. It is bread and butter, and perhaps jam, if a man succeeds, and the crusts of failure and bankruptcy if he doesn't.

Mr. Joslyn gives an interview between a Bankrupt and the Court, as follows:

COURT.—Mr. Bankrupt, the best report we could get considering the badly muddled condition of your business, shows that you have assets of about \$1,500 and liabilities of more than \$4,000.

BANKRUPT (Amazed).—What! You don't mean to tell me it's as bad as that.

COURT.—That's what the report shows. Where did the money go?

BANKRUPT.—I'm sure I don't know. Until a few months ago I thought I was making money.

COURT.—Didn't your books show you otherwise?

BANKRUPT.—I didn't keep any. I didn't wake up to the situation until it was too late. I went into business on small capital. I knew it was dwindling away, but I thought it was going into the business.

Then I began to buy more on credit. My bills got past due, but I didn't think much of it. Business seemed pretty good, and I always thought it would get better. I never figured up to see how much I owed. My debts piled up before I knew it.

When my creditors began to dun me, I quit buying from them and got credit elsewhere. If things got too hot, I borrowed money to pay their bills. Then, the storm seemed to break all at once. If only someone had told me I wasn't making money.

Here are some points that Mr. Joslyn makes:

Make your books a producing factor. Make them tell you where you are overstocked, what lines you ought to handle. If your books tell you you are losing, that is a signal for you to act and act quickly. Either find the leak and stop it or give up if you know your case is hopeless. Don't let your promise die or dry rot.

#### WHAT DOES YOUR BOOKKEEPING TELL YOU?

I wandered into the store of a friend of mine the other day, and he said, "I have just put in a new system of bookkeeping."

"What does it tell you," I asked.

He replied, "It tells me just where I stand every day. There isn't a thing that I ought to know about the business that it does not tell me. It gives me my business by departments, my profits by departments, my sales by clerks, my outstanding accounts, my cash in bank and money owed, a perpetual inventory; I've got the whole story and every day I know just where I am, whether I am overbuying in some particular department, whether I am extending too much credit. I can't think of a thing that I ought to know that it doesn't tell me."

"What about the cost?" I asked him.

"The cost, well, it just costs me \$25 a week less than I was paying, and besides, it gives me a lot of time on the floor that I didn't have before."

This druggist has had a man come in and install this system and keep it up for him. For a certain stipulated amount the man will come over to his store and spend perhaps an hour or two a day in going over his sales, slips and bills and putting his books up to date and showing him each day just where he stands.

Perhaps that system wouldn't do in every store, but there isn't a store in Christendom that shouldn't have some kind of system; if not that one, then some system that tells the boss where he is heading.

There is another point that you are up against. You can't always get good help. Sure you can't. That's one of the hardest things in the world to get—good help—whether for a drug store, a grocery store, a machine shop, or a livery stable. There's another thing to think about. You find *some* men that are always pretty well equipped with good help—and there must be a reason. There *are* several.

#### THE QUESTION OF TRAINING HELP.

One of the hardest things in the world is to find a clerk, or other assistant that is just the sort of man or woman you want until you train them to your way of doing things. I'll admit there are many who can never be trained, but, on the other hand, there are some who can.

This question of help reminds me of a little corporation up in the state that has been just hanging on by the skin of its teeth for the past few years. The directors of that company have had a number of serious meetings with the manager, and have fired superintendents, foremen and everybody up and down the line

several times—everybody but the manager. The *same* manager and the *same* trouble are still on the job.

The board of directors remind me of a bunch of men out West who lynched a man for horse-stealing. A committee was appointed to notify the widow. The spokesman of the committee rapped on the door and when the widow opened it, he said:

“We have come to inform you that we have just hung your husband for horse-stealing, but you have the laugh on us, for we got the wrong man.”

I know a certain employer of labor in this city who has made himself a very wealthy man in the last few years, and I want to tell you it was his system with his help. He believes that if he's got a man in his employ who thinks he's not getting as much money as he's worth, that that man is worth practically nothing to him. He doesn't want any of his employees in that condition of mind—he either fires them or pays them more. More, I say, than they ask for.

#### FOUR THINGS ARE IMPORTANT.

The attractiveness of your store, the courtesy of your clerks, the line of goods you carry, attractive or poor window displays. Each of these has an important bearing on the question. I have passed by drug stores—passed them by because I was treated discourteously. I have passed by department stores—dry goods stores, because some young lord of creation hadn't the right attitude of mind toward the buyer—he hadn't been *taught*.

I tried for a certain length of time to spend my money in a certain drug store. They had a nice store and they have it yet. But as long as I went in there, I never got acquainted—nobody knew me. It wasn't a downtown store—just a community store, and I lived within three blocks of it. The atmosphere was too chilly. I wanted to go somewhere where they'd say “How-do-you-do” as if they knew me.

I tried another store close by this one, and every time I went in there I found the young man who presided over the soda water fountain discussing the evening's happenings with the young man who took care of the cigar case and when they got good and ready they turned around and looked at me. I would have liked to kick them both outdoors but I passed up the inclination—also the store.

There's another store, just a block away. When I went in there, there was someone ready—“something I can do for you?”—or “what can I do for you?” And there was a smile and the welcome sign seemed to be hung all around the store. I believe I spent more money than I intended. Anyway, I went back again. I don't know how much my business amounted to—but it amounted to something, and I took some other people in there and there's no question but what that same atmosphere and that same “We're here to please you and to see you're taken care of right” affects everybody the same. That man got the business.

Now I don't think he's got any particular pull that gets him all the good clerks. I think he pays them. I think he trains them.

To summarize: If I were starting in the retail business to-morrow I would have for the foundation an accounting system—

Then I would build the superstructure by carefully selecting my help—then recognizing the fact that a good manager must be a good teacher I would train and educate my clerks till they were genuine salespeople, and by contests among

them, or bonuses, or some other plan, I would have them thinking of my store as "our store."

Occasionally when a live wire salesman was in the city for the evening I would arrange a meeting and have him give my boys a talk on merchandising. For a successful salesman will have with him a stock of good ideas that he has gathered in his travels—plans that have proved successful.

Then I would see that articles containing real ideas on selling—service—store advertising, etc., reached and were read by my clerks.

I would constantly work to get them to thinking—to doing *real* thinking—and when they got the habit well formed, my profits would increase.

Then I would get from the county clerk or from the daily paper the lists of births, and every time the stork visited my neighborhood, I would see that a suitable present with a letter over my name went out to Baby Smith.

I would in some way give that store individuality in appearance. I would endeavor to get away from the beaten track—to do something different—to have an occasional original idea.

I would advertise—I would have a mailing list of the best people in my neighborhood—and I'd use it.

And I would roof this superstructure with a kind of greeting and treatment of people that would make them go away saying, "By George, that man knows how to treat his customers."

And then, with my finger on the pulse of the business, if I did make an occasional mistake—which I undoubtedly would, for the man who never makes a mistake, never makes *anything* much—I would know in time to change the medicine and keep out of the hands of the Undertaker of Dead Businesses.

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## SELLING ALCOHOL WITHOUT INTERNAL REVENUE SPECIAL TAX.\*

BY J. O. BURGE.

In order to handle alcohol without special tax, the dealer or manufacturer is required by the Internal Revenue Department to observe and conform to the following rules and regulations:

First, no more alcohol must be used in the preparation than is actually necessary for the purpose of extraction, solution or preservation of the medicament.

Second, each fluid ounce of the preparation must have an average U. S. P. dose for an adult of some drug or drugs of recognized therapeutical value, either singly or in combination.

So long as the preparation conforms to these two requirements, the "special tax" of a retailer is not required, provided the preparation is sold for genuine medical purposes. But remember, for example, if U. S. P. Tincture of Ginger, or any similar preparation is sold for beverage purposes or under circumstances which would lead the seller to suspect it is being used as a beverage, then the seller would become liable for the "special tax" as a liquor dealer.

Pharmacists may carry wines and distilled spirits in stock for the manufacture of U. S. P., N. F., and other preparations, and for compounding *bona fide* prescriptions, without the "special tax," provided sufficient drugs are used in the

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\* Read before Nashville Branch A. Ph. A., April meeting, 1917.