

any number of persons is customarily fixed at \$10,000. But it is usually provided that the expenses incurred by the company in defending any suit, including the interest on any verdict or judgment, and any costs taxed against the insured, will be paid irrespective of the limits expressed above. The contract also contains certain provisions which safeguard the company against paying losses which are incurred under irregular conditions. Thus it is common to provide some such clause as the following: "The company shall not be liable for any alleged error or mistake—(1) caused by any employee unless such employee is classified in said Schedule and at the time of making the alleged error or mistake is on duty in the occupation under which he is classified; (2) caused by the Assured or any employee in prescribing any drug or medicine (as distinguished from an alleged error or mistake as defined herein), or caused by the intentional substitution of any drug or medicine for the drug or medicine ordered; (3) unless a demand or claim has been made on the Assured while this policy is in force or within six months after the termination or expiration thereof; (4) for or on account of any criminal prosecution of the Assured or any employee; (5) if the Assured or any employee shall have violated any law or ordinance in connection with any alleged error or mistake; (6) if the Assured or any employee was to any extent under the influence of any anaesthetics, intoxicants or narcotics."

Brief reference may also be made to the customary method of arriving at the premium on liability policies. Two items comprise the charge, *viz.*, (1) the store charge, covering one store and its proprietor, and (2) the employees whom the proprietor may decide to cover under the policy. The store charge depends upon the size of the policy, while the charge for employees (an annual rate varying in amount for different classes of employees, such as registered pharmacists or prescription clerks, assistant pharmacists or junior prescription clerks working under one or more registered pharmacists, relief clerks, salesmen, porters, and soda-water clerks) remains the same irrespective of the amount of the policy. The insurer is not required to have all employees covered, but if any are excluded, it follows that the company is not liable for any of their errors. But if the insurer has decided upon the classes of employees to be covered (the above mentioned employees are grouped in classes, a separate charge being assigned to each class) it is required that he must include all the employees of that class. If two or more stores are operated by one concern, the charge for employees remains the same, but the store charge is reduced, usually about 10 percent for two stores, 15 percent for three, etc., until a maximum reduction of 25 percent is reached.

BUYING FOR A RETAIL DRUG STORE.*

BY CHARLES W. HOLZHAUER.

The importance of right buying—general principles, factors and conditions to be considered.

How—Systematic methods of ordering and keeping stock. Inventories, record of purchases, order forms, etc., price information and cash discounts.

When—A brief outline of the best time to buy certain lines.

Where—Available markets, source of supply, jobbers, manufacturers, specialty houses, buying clubs, etc.

* Read before Section on Commercial Interests, A. Ph. A., New York meeting, 1919.

The question of buying for a retail drug store is of sufficient importance to be worthy of careful study by every pharmacist. We acknowledge at the outset that pharmacy is, of necessity, partly professional and partly commercial, hence time devoted to the science of buying wisely will be time well spent. The old saying that "Goods well bought are half sold" holds just as good in the drug business as in the department store. Too frequently no stock records, either mental or physical, are kept and when the supply of an article is exhausted a new supply of the same quantity is bought whether the time, as far as price is concerned, is favorable or not. Perhaps instead of fifty pounds, on account of market conditions, it might be better to buy ten, and, conversely, instead of fifty it might be better to buy one hundred. The pharmacist in many lines he carries is in direct competition with other merchants, and his purchases must be about right, if he is to meet competition successfully.

No absolutely definite rules can be laid down for every store. General principles together with business sense must guide. The character of the store, its clientele, its location with reference to available markets, the amount of capital at its disposal, the time elapsing between order and delivery, are all factors to be considered. Perhaps the subject may be covered best by considering it under separate heads, *i. e.*, What to Buy—When—Where—How Much—and What to Pay.

WHAT TO BUY.

If the store is in very truth a *drug* store, then this question is easily answered. The purchases will be only drugs, chemicals, pharmaceuticals, and sick room supplies. If, on the other hand, it is a drug store as these stores exist to-day, then its buying activities will be extended beyond the scope mentioned. And here it is pertinent to ask how far from the true drug field a store should go. There is a limit, as in all things, and yet the limit seems to be far and wide. It is a safe rule, I think, to confine the purchases to articles that have some relation, remote perhaps, to the general drug line. This would include soda water, through long association perhaps, or because in days long past CO₂ was made on the premises from marble dust and sulphuric acid, bristle goods, toilet articles, photographic supplies—for the pharmacist is versed in chemistry—candy, cigars—if any profit is derived therefrom—novelties, holiday and Easter goods, and other lines that suggest themselves to the individual store. Very often the question of what to buy depends upon the requirements of the customers who patronize the store. If they require certain goods it would seem to be good business for the pharmacist to supply them although not directly in his line. Such a case came to my attention this summer. During the summer of 1918 a store had repeated calls for bath caps and bathing shoes. The proprietor did not wish to run a shoe store and he sent his customers away without the goods. Very often this happened at night and his customers' wants were supplied by other drug stores. Reluctant to send his customers to his competitors, he put in a line of caps and shoes in 1919 and has done a profitable business in these goods without interfering with his regular business. Hence local conditions, customers' wants, etc., will regulate the extent to which the pharmacist will indulge in side lines. The middle ground is probably the best—not adhering strictly to pharmaceuticals—nor, on the other hand, carrying all the jimcracks of the 5 and 10 cent stores.

Whatever the purchases are, it is a sound rule to buy only good merchandise—goods the seller can stand back of. It will build business better than almost anything else and business that it is a pleasure to transact. This does not necessarily mean the most expensive goods for often goods of medium price are excellent value to the consumer, but goods of questionable value and utility—shoddy merchandise—should be strictly avoided. All reputable wholesalers and manufacturers stand back of their products and if the retailer buys of such houses—and they are the only kind to deal with—he can also stand back of his goods. We all know of a popular brand of insect powder that has a large sale and keeps on repeating year after year. I have an idea that the success of this brand is due to the package containing the unexpanded flower heads of Pyrethrum in their pure and unadulterated state. Good goods always pay.

What goods to buy for your store? You will receive additional light on this subject by noting what other stores are doing. I never visit a strange city without observing what the drug stores are selling. May I put in a plea for pharmaceutical meetings? The attendance often is slim and I think this may be due to the fact that the every-day problems of the drug store are not given sufficient prominence. And yet, even so, the man who attends these meetings and keeps his eyes open for what is going on will obtain new ideas for his store and what is to the point in this paper—he will find out what other pharmacists are buying and selling. I have received ideas at pharmaceutical meetings which have been worth dollars to me in hard cash.

WHEN TO BUY.

When to buy—need not detain us long. Regular goods will be bought daily from the source of supply. Special or seasonable lines, however, are usually ordered far in advance of their sale. Thus many glass factories go out of blast during the summer months and a sufficient supply of bottles should be ordered in the spring to carry until fall. Holiday candy and stationery lines are often shown in August and orders placed at that time. Market conditions, whether upward or declining, will suggest whether the time is propitious for the purchase of a quantity of a drug or chemical. I know of one store that laid in a large stock of chemicals at the beginning of the war—a very wise thing to have done—for we all know to what prices some chemicals soared. One man, remembering that phenol was closely associated with explosives, bought a large stock at a low price. Later he wasn't paying \$1.00 a pound for his carbolic acid. An eye to market conditions as well as current events will have a bearing as to time of purchase of a given commodity. Before leaving this topic of when to buy—it is a good plan to order staple goods every day, that is for a store that is doing a fair volume of business and is close to its base of supplies. If items are allowed to accumulate on the want book it means a delay in receiving the goods and a possible loss of sale. Prompt ordering is a great help in keeping a stock complete.

WHERE TO BUY.

What sources of supply for drug store merchandise are available? There are so many sources that one is at a loss for the point of beginning. The general drug jobber, is, I suppose, the principal supply for most drug stores. The jobber carries a good stock, is usually close by, often in close touch with an individual business,

can make frequent and quick deliveries, extends credit with discount for prompt payment, and in many cases can furnish anything from strychnine to shoe polish. The jobber is, as the name implies, an intermediate and is a very useful link in the movement of goods from the maker to the consumer. His chief function, as a jobber, is the supplying of broken lots, and many items bought by the druggist must be purchased in small lots. Quite naturally he must be paid for the service rendered and receives a jobber's discount from the manufacturer.

The pharmaceutical manufacturer, as the name indicates, supplies U. S. P. and N. F. preparations besides hundreds of other items of various formulas. These concerns generally sell to anyone (of good credit) and often require a contract for a minimum amount of goods in a year. The price is also based upon quantity purchased, ranging from 40 percent off list prices on pharmaceuticals to—I don't know how much. These houses render a useful service to the pharmacist especially in supplying preparations of guaranteed standard that it is not practical for the individual pharmacist to make. Biological products, ampuls, etc., are part of their products. Many also sell household remedies under buyer's name in attractive packages. Branches in various parts of the country facilitate the quick delivery of goods, and there are very few corners of the country in which they are not prepared to render an efficient service.

Chemical houses make a specialty of furnishing chemicals. They are first hands and in a position to quote attractive prices. Their terms are usually thirty days with one or two percent for cash in ten days.

Buying clubs and drug syndicates. These organizations are composed of retailers banded together to purchase in quantity, and effect a saving in price for their members. They are stock companies in which each member owns a block of stock and receives an annual dividend. They sell to their members at a close margin of profit and prompt payment is required—usually weekly. Buying clubs have sprung up in many of our large cities and do a large volume of business. Their prime object is to supply goods at low cost, rather than pay large dividends on their capital stock.

Besides the jobber, manufacturer, and buying club, crude drug merchants are first hands in supplying crude drugs; oil concerns that specialize in essential oils; toilet goods and perfumery houses, houses that make a specialty of bristle goods, sponges and chamois; general importers, and jobbers that make proprietary remedies at a discount their main feature. Many proprietary remedy manufacturers also sell their product in quantity directly to anyone. The alert pharmacist no doubt avails himself of various sources of supply—each one has its advantage and fills a want.

There seems to be a tendency, however, toward direct buying—reducing the number of hands through which an article passes from maker to consumer. The less handling, the lower will be the cost of an article, and where the quantity purchased is of fair size, this method would seem to have much to commend itself. The closer the retailer comes to first hands, the better price he can obtain.

HOW MUCH TO BUY.

The day has passed when druggists will buy a quantity of an unknown article merely upon the say so that it is to be advertised. Business methods and prin-

ciples are more and more becoming the guide for the pharmacist in his business dealings, and in no place are they more important than in considering the amount of goods to be purchased. "Turnover" is a frequent word in the journals. It is heard on every hand. To buy intelligently one must have facts before him, and no greater help can be had in ordering goods than a card record of the quantity purchased in the past. We keep such a record—entering every item on our invoices on a separate card—and it has been a very valuable aid in purchasing. An offer of free goods is made with the purchase of a gross of an article. Can we use a gross? The card record gives a pretty good idea. We note from our record that the sale of an article is falling off. We regulate our buying accordingly.

The time consumed in keeping up such a record is not more than an hour a day, in the average store, and it is time well spent.

But our question as to how much of a staple article we should buy is still unanswered. As a rule we think a two months' supply about as much as it is wise to purchase although, if the discount is sufficient, a six months' supply may not be too much. The more frequently goods are turned into cash and the money reinvested, the greater the profit at the end of the year. Here also the amount of capital at hand is a consideration. If it is just enough to do business with, then smaller purchases would be wiser, for there may come a time when cash in the bank is more desirable than a lot of goods in the cellar. While there is danger from overstocking, there is also danger from understocking. We are all forgetful. We sell the last of an article and do not put it upon the want book and miss a sale the next time that article is called for. If our stock is fairly liberal this is apt to happen less often. Nothing is more exasperating than to have to advise a customer that "we are just out of it."

WHAT PRICE TO PAY.

Not infrequently the question of price is not a question at all. A certain article must be had at once, for the patient is waiting for the prescription, the quantity needed is small and is obtained as quickly as possible from the nearest source of supply. The total cost is usually trifling and, while the invoice may be checked up later, the very smallness of the transaction precludes much argument as to price. Of course the pharmacist does not expect to pay exorbitant prices even for such purchases but on many small items quibbling as to price does not pay. The difference at best will be only a few cents.

It is in the buying of his regular stock where the element of time is not the most important factor that the pharmacist should consider well the price. What information can be obtained as to market prices? There are many sources.

One of the very best sources of price information and trend of the market is the salesman. He is posted about supply and demand in the lines he carries. While he is out to sell goods, if he is conscientious and has the interest of his customer at heart—as most have—he is a veritable reservoir of information. The friendship and goodwill of the traveling man is an asset to the retailer, particularly as to price tendencies.

The drug journals publish lists of quotations of drugs, chemicals, oils, etc., which give up-to-date information as to market prices. A weekly price sheet, with current prices quoted as well as a forecast of the future market, is also ob-

tainable. The daily commercial journals also carry quotations of many drug store items. Several of the drug journals publish a very full price list about twice a year. These books are very useful in the store, especially the information about proprietary preparations, size of package, cost, supposed retail price and name and address of the maker.

There are also goods the drug store will buy on which there are no quotations—such as tooth brushes, sponges, chamois, etc. Here the experience of the buyer, his knowledge of the goods, and the reliance he places in the firm with which he is doing business are the important elements. And it cannot be reiterated too often that good merchandise bought of reliable firms gives the best satisfaction all around—to the maker, retailer and consumer alike. We can elevate our calling by establishing the reputation of selling only first-class articles.

Finally, just a word as to order forms, receiving goods, checking up, and cash discount. All goods should be ordered on a regular form with all conditions about the order explicitly stated. This will avoid future disputes. A carbon copy should be kept of the order and filed in systematic fashion. It is surprising how often delivery may be had at the store if it is asked for and specified on the order. In these days of high freight rates this is a considerable item in the course of a year. It is often a good plan to state in the order that goods not supplied are not to be forwarded unless so directed. If this is not done, and the same item is reordered from another house, there may be a double quantity of the item supplied.

After the goods have been ordered and received we find it good practice to enter the items in a receiving book. This procedure gives accurate information in checking up quantity with order and in case of delayed or lost invoices gives an accurate record of what was received. The goods now received being checked and entered in the receiving book, the separate items are priced and put into stock. Although considerable work, we find it pays to mark most items with cost and selling price—the latter in plain figures. It is a great help at inventory time to have a cost price too. The invoice is now checked for price and extension and the bill passed for payment. And most firms allow a cash discount on the amount of the bill for prompt payment, and many pharmacists overlook this means of adding to their incomes. It always pays to take the cash discount, which ranges from one to five or more percent. If money is not at hand it may be borrowed from the bank, provided the pharmacist has established a banking connection. If he has conducted his business as he should and can show a statement of financial condition to his banker, and the statement shows a going business, he will have little trouble procuring a line of credit. This is good business, for the bank is often the business man's best friend. By all means take advantage of the cash discount, and, it may be added, most firms look with favor upon a man who pays promptly.

Give close attention to the purchasing department of the drug store. Buy wisely and intelligently, liberally yet cautiously, and pay promptly, and you will have started upon a policy that may reasonably be expected to bring its own reward.
