

Exempt narcotic preparation sales are recorded in a book kept on sales floor, the customer being required to enter his or her name and address in the book.

Medicated alcohol sales are recorded by customer signing name and address on slip which is sent to the prescription department for filling. The slip is filed and recorded in a book for that purpose.

Sales of pens, pencils, etc., are accounted for by salesman putting a slip in the cash drawer, instance Tax on Pencil—eight cents. These sales are also entered in a record-book.

(7) *Accounting and Office Work.*—No business, however small, is complete without a good accounting system. It is the office force who gather together the data which passes through the bookkeeping system and comes out in the finished product of a monthly report which should show whether operations for the month have been successful or not; if not, the reason why. It may be from a loss of sales, adding too much to inventory, too large a pay roll or other expenses, or there may be too much added to accounts receivable. Knowing the reason helps a lot in remedying the fault.

Price changes are received and recorded in the office and notices sent to different people to have goods remarked.

All invoices are double-checked, first by the man who receives and marks goods and, secondly, in office, where faulty pricing or discounting is detected.

If you were a customer how would you tell whether a drug store was well managed or not? You would tell first by its outward appearance. A clean, well-painted front with attractive, well-dressed and well-lighted windows. The brass on the door knobs would be shining; inside you would meet the same conditions, show-cases clean, orderly and well lighted; goods on shelves, well arranged and so placed as to get maximum display. The salespeople would be smiling and alert, ready to give instant service. There wouldn't be any loafers hanging over a gambling board on the cigar case, or any sounds of revelry in the back room, nor would the messenger boy be addressing the clerk by his first name. You would feel upon leaving that you had had both courteous treatment and full value for your money and next time you wished to make a purchase or have a prescription filled you would look up that drug store.

THE VALUE OF GOOD-WILL.*

BY J. HARRY MCCORMICK.

The commercial success of any house engaged in commerce is in direct proportion to its exercise of the art of securing permanent and profitable patrons or customers. Granting this, what, then, is that subtle something upon which so much depends? It is nothing more or less than that business fulcrum, that mystery of modern business, known as *good-will*.

Let us first define good-will authoritatively and then indicate as nearly as possible the correct method of appraising it. Good-will, we are told, is collective friendliness. It is a kindly feeling, the favor or advantage in the way of custom which a business has acquired beyond the mere value of what it sells, whether

* Read before Section on Commercial Interests, A. Ph. A., City of Washington meeting, 1920.

due to the personality of those conducting it, the nature of its location, its reputation for skill, promptitude, or service, or any other circumstance incidental to the business and tending to make it permanent. It is kind regard. It is an approving disposition. It is the reasonable expectation of future patronage based upon past satisfactory dealings. Business men know full well that casual customers do not pay the profits. Those who continue their patronage do.

Good-will is that which makes the second order cost less than the first. It is that oft-regarded intangible something that perpetuates business. Having found service satisfactory, and treatment commendable, customers are disinclined to transfer their trade elsewhere. It is this hope and probability, then, that gives to the business a selling value above that of its leasehold, equipment and stock.

How often good-will is thought of as a thing to put into appraisals and bills of sale as an excuse for watered stock—a catch-all to pad a schedule of assets. What a mistake! Instead, good-will should be regarded as the premium placed upon business when there is no intention of selling it. Yet its actual value depends upon the degree with which it can be transferred, upon the public favor of each individual business, upon numberless other factors such as confidence in the business, its location, franchise, trade-marks, patents, advertising merit of the goods carried in stock, the prospective rate of profit from the business, and the probable endurance of its friendliness.

Many concerns have built up an asset of good-will in a remarkably short time, just as many salesmen have made themselves solidly popular by remembering the hobbies of their customers or prospects, and by avoiding controversial subjects. One returns to the store of which he has the most pleasant recollections—where he has been given exactly what he asked for and with no prolific apologies or attempt at substitution. When a customer is treated as a friend he is glad to come back. To remember names and call people by their own is as subtle a compliment as one can pay to another. People as a rule like to have their tastes and peculiarities remembered by those with whom they come in contact.

The conservation of good-will through diplomatic policies is a problem as big as the business itself. One must exercise every precaution not to overlook the importance of the effort to solidify the community's friendliness toward his business. Uniform courtesy in the treatment of all is essential to the building of good-will. People often go blocks out of their way to trade at a particular store. That which constitutes or contributes to the development of good-will is becoming more and more absorbing every day. Opportunity is wrapped up in the personality of the business. The potency of achievement is in the individual, and is expressed by his success.

An analysis of good-will is as possible as a chemical analysis; the abstract elements, confidence, courtesy, character and service, equal good-will, the fulcrum of business.

Good-will is the fourth dimension in business. It can be made tangible, cumulative and perpetual. Many have discovered when it is too late that they have much less than they dreamed of and none that is salable.

Means of identification are not valuable for what they are but for what they

stand for. A trade-mark, or other identifying means, applied to merchandise, is the thing which distinguishes the object of good-will to people who know nothing about the manufacturer. There is no magic in the name. The magic is in the good-will that the name symbolizes. The American Writing Paper Company place upon their good-will a value of eighteen millions of dollars, the Royal Baking Powder Company, twelve millions, and the Shredded Wheat Biscuit Company eight and one-half millions.

What, then, does all this mean? It means just this: That good-will as an asset, although apparently intangible, is possessed of a value far greater than generally realized, that every effort should be directed toward its proper development and conservation.

Is every man associated with your business rowing the stroke of the organization? A machine made of the best materials in the world would be useless if the parts were not properly put together. Great things gravitate naturally to him who has done the small things well. Are you maintaining a real interest in the community which you serve? Are you systematizing the day's work? Do you work and rest by a schedule, and keep to that schedule? Are the responsibilities properly distributed? Do you rid yourself of all possible details, assigning errands to boys and routine to clerks?

The manager is the brains of the business. He should, therefore, engage his mind only with vital, worth-while deeds and decisions. He should take time to study his organization, that he may thereby aid in the proper direction and up-building of those all-important elements known as coördination and coöperation. Only through right supervision can there result the proper *esprit de corps*.

And, finally, integrity and courtesy, a tidiness of the place of business, well-groomed employees, a thoroughness in everything, honest advertising, a willingness to serve, spontaneity, a promptness in meeting obligations, coupled with commendable service, give a basis for a claim to that mysterious something known as Good-Will, the fulcrum of modern business.

INSURANCE FOR RETAIL DRUGGISTS

BY A. G. CRANDALL.¹

It is my purpose to outline briefly and yet as concisely as possible, the different forms of insurance which should be carried by the retail druggist for the purpose of protecting his property, also calling attention to certain recommendations which will make it possible to get the maximum result from the insurance investment.

Fire Insurance.—This form of insurance is generally pretty well understood and needs little comment from me except on two points. If the 80% co-insurance clause is carried it gives the insured a lower rate, but, on the other hand, the purchaser must at all times carry insurance representing at least 80 percent of the value of the property insured. In these days of re-adjustment, the fluctuating value of merchandise must be watched closely so that there will be enough insurance to value in case of a loss.

* Parts of an address before Detroit Branch A. Ph. A., January meeting, 1921.

¹ Treasurer, Glass, Cook and Atkinson, Detroit.