

DEPARTMENT OF BUSINESS MANAGEMENT

Conducted by Paul C. Olsen.*

COMMENTS, QUESTIONS AND SUGGESTIONS ARE INVITED AND WELCOME.

Readers are invited to submit comments, criticisms and suggestions regarding the material which appears in this department. The Editor also will undertake to answer questions regarding general problems of business management. Letters of general interest will be published, but the writer's name will not be revealed without his permission.

AFTER ALL WE'RE ONLY HUMAN.

In the present-day discussions of the weaknesses of the individually-owned store, there is expressed frequently the opinion that the chains in their management and operation present a picture of what the individual store could and should be—if it only would.

Without in any way attempting to excuse or minimize the glaring effects which are so evident in the conduct of many individual stores, I want to point out that one doesn't have to travel very far or look very hard to see that all is not 100 per cent in the supposedly paragon-like chains.

For instance, a young woman employed as a soda dispenser at a station soda fountain evidently has more than an ordinary fondness for dumb animals. In full view of myself and other patrons I saw her fill a saucer with milk for the station cat and then allow the cat to consume his noon-time drink behind the fountain in the rather noisy fashion common to such animals. As if this weren't enough, when the cat was through, the saucer was given one quick dip in a basin of cold water and then left to drain until the next human patron should require that particular bit of crockery.

Perhaps the young lady is to be commended for her kindly sympathy for dumb animals. Never-the-less there are sanitary aspects of the situation which cannot be commented upon so favorably.

Then there is the young salesperson in a chain drug store with her name and number neatly typewritten on a badge she wears on her chest. It was birthday time and I was thinking of perfume. I asked for Orchidee Bleue.

Without so much as making a move to show it to me she exclaimed, "Oh, that's very expensive. We have other perfumes much cheaper." Evidently the condition of my last year's overcoat had telegraphed to her that I was no person to be indulging in such extravagances and that she would put a stop at once to any such notions! She did—in so far as this store was concerned.

We are told that the cigar chains put their stores on the busiest corners because there is the opportunity to do the most cigar business. This is excellent from the standpoint of pedestrian buyers but not so effective in so far as automobile shoppers are concerned. Friends had taken us automobiling. We stopped for a moment in a forbidden place in front of such a store. I went in for cigars. There were two salespeople and no one else in the store.

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Needless to say it was entirely unexpected that I should spend five uneasy minutes waiting for the attention of one of them while they debated heatedly the proper way to report to headquarters the amount of "Mother's Day" candy sales.

I appeared in another chain drug store a minute or two before midnight. Instead of the smiling greeting which some observers tell us is the invariable accompaniment of chain store merchandising, I wasn't greeted at all. Instead, the man behind the prescription counter to whom I had addressed myself turned toward an invisible assistant in the back room and bawled, "Hey, Bill, lock that front door before anybody else gets in here. We don't want to be here all night."

I apologized for my unintentional intrusion and withdrew as quickly as possible.

Countless similar experiences could be related. These, however, are sufficient, I think, to illustrate my point. I am not setting them down simply as a rebuttal of the frequent criticisms of the merchandising absurdities to be found in individually-owned stores. I am frank to say that the experiences quoted and many others like them could have happened just as readily in individually-owned stores.

What I want to emphasize is that the retail sale of merchandise is not a mechanical process which can be standardized by a genius in a headquarters' office and forever afterward be depended upon to function infallibly.

The engineers who discovered and developed the principles of mechanical refrigeration know that their product will function perfectly for an indefinite number of years with practically no attention. No such predictions can be made with respect to a retail merchandising organization.

The most successful chains have been those which are the projection of the personality and methods of the genius who created them. Usually these organizations have developed from a single store. The proprietor has built and maintained a successful store. He then realizes that the amount of business which can be done in a single store is definitely limited by conditions beyond his control.

Why not, therefore, repeat his success in another promising location? He can put his most capable assistant in charge of the new store, or he can go to it himself and leave his assistant in charge of the established store. As additional competent assistants are developed, the number of stores in the chain grows.

With each increase in the number of stores in the chain, it becomes apparent, however, that the personality of the genius who created it must be spread more and more widely. The personality which is felt so intimately and constantly in the conduct of one store is spread with increasing thinness as the number of stores grows.

It becomes necessary to employ assistants whose function is not retail selling, but rather to travel from store to store in efforts to project second hand the personality of the directing head. They explain the plans of the management and see that they are carried out. I do not mean to minimize in the least the importance and value of this supervision. Many individually-owned stores could increase their profits tremendously if they were supervised closely by persons outside the store and the directions of those outside supervisors carried out religiously.

The point is that this supervision costs money, and lots of money, because the men competent to do such work are not to be hired for clerk's wages. Supervision of chain store activities is vitally necessary, but don't forget also that it is decidedly costly.

And even with this costly supervision, the chains are frank to admit that they

do not achieve perfection in retail merchandising, or anywhere near it. The few instances quoted in the beginning of this article could be multiplied by the thousands from actual facts recorded in the files of chain store organizations themselves.

The electric street car quickly supplanted the horse car. In the United States mechanical means of harvesting have superceded the flail. The typewriter takes the place of the letter press.

The chain store method has advantages which are not to be denied. Anyone who thinks, however, that the individually-owned store is bound to become as extinct as horse cars, flails and letter presses is overlooking a fundamental and vital difference. Retail merchandising is of such a character and necessarily always must remain of such a character that it cannot be completely merchandized and standardized. The most important part of it is and always will be the personal face to face contact of the salesperson with his customers.

As long as individual stores can perform this vital function as well as or better than other types of retail organizations, they will continue to survive.

AMALGAMATION OF BRITISH CHAIN DRUG STORES.

Two chains of retail drug stores in the London district have been acquired by Taylors (Cash Chemists), London (Ltd.). The chains being acquired are Parkes Chemists (Ltd.), with 42 retail shops, and Mortons (Cash Chemists, Ltd.), with 22 shops.

It is understood that Taylors are already proprietors of the second largest drug store chain in Great Britain, the largest chain being Boots the Chemists, with probably close to 850 retail stores.

Chain store merchandizing is extending more or less rapidly in Great Britain, although probably less rapidly in the case of drug stores than for other retail establishments, largely for the reason that the drug store or chemist's shop in Great Britain still clings to its professional atmosphere and individualism. On the other hand, the selling of drugs and medicines in the chemist departments of general stores is a feature of chain store merchandising, which is sometimes overlooked. Many general stores or department stores operated on the chain store principle have chemists' and druggists' departments, as have also the large coöperative stores, several of which maintain a number of retail branches in different parts of the country. (Trade Commissioner Homer S. Fox, London.)

In this connection, attention is directed to the article appearing in Commerce Reports for January 7, entitled, "British Market for Prepared Medicines."

CHINESE MATERIA MEDICA.

In the light of modern science the old question of how they (Chinese inorganic and organic substances used in medicine) act is rather replaced by the question: Do they really act at all? If so, are they more efficient than drugs in present use? On the positive side, *Portulaca* has been shown to be of real value in certain forms of dermatitis, and a good case has been made out for the efficiency of kaolin in cholera, rice polishings for deficiency diseases, ephedrine for asthma, the seaweeds for iodine deficiency diseases, *Yuoh Chip* for coughs, and various forms of organic calcium as seen in deer horn and tiger bones have a rational basis. A scientific study of the old empirical medicine is far more than a possible channel for the vindication of their virtues; it is a source of hidden treasure, the discovery of which may lead to material progress. Some of the earliest immunity work was done with the toxalbumins isolated from *Abrus* and castor oil seeds, respectively, and the two alkaloids isolated from *ma huang* are of authenticated value in the study of the sympathetic and parasympathetic nervous systems. Hence, in research on Chinese materia medica, as in the field of pharmacology generally, the quest is not only for new therapeutic agents, but for the facts which form the foundation of all scientific truth.—B. E. Read and J. C. Liu (*National Medical Journal of China*, xiv, 5 (1928), 312; through *Ph. J. & Ph.* (March 16, 1929).