

ASSOCIATION BUSINESS

AD INTERIM BUSINESS OF THE COUNCIL OF THE AMERICAN PHARMACEUTICAL ASSOCIATION, 1937-1938.

Office of the Secretary, 2215 Constitution Ave., Washington, D. C.

LETTER NO. 2.

Nov. 1, 1937.

To the Members of the Council:

For the information of the new members of the Council, it is pointed out that motions made by mail in the interim between meetings of the Council require no second.

16. *Use of Text of N. F. VI.* The following communications have been received from Chairman DuMez of the Committee on Publications:

"I have reviewed the pages of the manuscript of Dr. W. C. Davison's proposed book on Pediatrics and recommend that he be granted permission to use portions of the text of the N. F. VI for comment in the same, without payment of the usual fee.

"From the sample pages of manuscript, it seems that there can be no possible objection to granting permission to Dr. Harold M. Wright of the University of Minnesota to use portions of the text of the N. F. VI in the preparation of a lecture manual for a course in Prescription Writing. Since the manner in which the text is used will serve to stimulate the prescribing of N. F. preparations, and since the manual is only to be mimeographed, I recommend that permission be granted in this case and that no charge be made, therefore.

"In response to your letter of the 27th instant it is recommended that permission to use the text of the N. F. VI in the preparation of a revised edition of Pharmaceutical Mathematics by Dean Spease be granted and that the usual fee of \$5.00 be charged."

(*Motion No. 1*) It is moved by DuMez that W. C. Davison, Harold M. Wright and Edward Spease be granted permission to use portions of the text of N. F. VI in a book on Pediatrics being published by the Duke University Press, in a lecture manual for a course in prescription writing, and in a revision of Pharmaceutical Mathematics, respectively, with the usual acknowledgment in each case and for value received, except in the third case where the usual charge of \$5.00 is to be made.

17. *Exemption from Taxes under Titles VIII and IX of the Social Security Act.* The following letter has been received from the Social Security Tax Unit, Office of Commissioner of Internal Revenue, Washington, D. C.:

"Reference is made to your letter dated August 12, 1937, with which you transmitted the following information for the purpose of enabling this office to determine the status of the AMERICAN PHARMACEUTICAL ASSOCIATION under Titles VIII and IX of the Social Security Act: (1) Printed copies of office letters dated November 8, 1926, and November 26, 1926; (2) Letter under date of August 5, 1937, addressed to the ASSOCIATION, from the Collector of Internal Revenue, Baltimore, Maryland.

"Exemption from the taxes imposed under Titles VIII and IX of the Social Security Act is claimed by reason of the character and purpose of the AMERICAN PHARMACEUTICAL ASSOCIATION.

"The records of the Bureau indicate that under date of November 6, 1926, exemption was granted to the AMERICAN PHARMACEUTICAL ASSOCIATION for Federal income tax purposes, in view of the specific exemption contained in Section 231(6) of the Revenue Act of 1926. The provisions under which such exemption was so established are similar to the provisions of Sections 811(b)(8) and 907(c)(7) of the Social Security Act.

"Accordingly, the taxes imposed by Titles VIII and IX of the Social Security Act are not applicable with respect to remuneration for services performed in the employ of the AMERICAN PHARMACEUTICAL ASSOCIATION, provided it has not, subsequent to November 6, 1926, changed the character of its organization or operations or the purpose for which it was originally created."

18. *Commission on Standardization of Biological Stains.* The following communication has been received from President Gathercoal:

"In our conversation with Dr. H. J. Conn, chairman of the Commission on Standardization of Biological Stains, Agricultural Experiment Station, Geneva, N. Y., it was suggested that the AMERICAN PHARMACEUTICAL ASSOCIATION become a member of the Commission upon invitation issued by the chairman, it being understood that this membership involves no annual dues or cost. Furthermore, it was suggested that the A. PH. A. appoint or elect a member to serve on the Executive Committee of the Commission. I would suggest that both of these invitations be accepted, and that Dr. Louis Gershenfeld be appointed as a member of this Executive Committee."

(*Motion No. 2*) It is moved by Gathercoal that the ASSOCIATION accept the invitation to become a member of the Commission without cost and that Dr. Louis Gershenfeld be named to membership on the Executive Committee of the Commission.

19. *Applicants for Membership.* The following applications, properly endorsed and accompanied with the first year's dues, have been received:

No. 1, John E. Cass, 791 E. 185th St., Cleveland, Ohio; No. 2, Fred C. Kappus, Superior & E. 115 Sts., Cleveland, Ohio; No. 3, Robert Tzucker, 1401 Alabama St., La Fayette, Ind.; No. 4, Abraham Slessor, 2519 Brice St., La Fayette, Ind.; No. 5, Maurice Vance Miller, 124 DeHart St., West Lafayette, Ind.; No. 6, Harry L. Kendall, 219 W. Lutz Ave., West Lafayette, Ind.; No. 7, Dorothy E. Cimarosa, 1973 Cedar Ave., Bronx, N. Y. C.; No. 8, Leonard Jules Gordon, 660 Empire Blvd., Brooklyn, N. Y.; No. 9, Herman J. Hageman, 7809 83rd St., Glendale, N. Y.; No. 10, Elinor Mabel Jones, 229 Bergen St., Brooklyn, N. Y.; No. 11, Max Krasilnick, 590 Amboy St., Brooklyn, N. Y.; No. 12, Irving J. Miller, 441 Macon St., Brooklyn, N. Y.; No. 13, Yola J. Purifacato, 104-14 120th St., Richmond Hill, N. Y.; No. 14, Lester Rosenstein, 100 E. 96th St., Brooklyn, N. Y.; No. 15, Samuel Sabatino, 31 Locust St., Brooklyn, N. Y.; No. 16, Philip W. McManus, 13340 Woodrow Wilson Ave., Detroit, Mich.; No. 17, Jerry C. Totzka, 503 Mutual Bldg., Lansing, Mich.; No. 18, Emil C. Horn, 4504 W. Burleigh St., Milwaukee, Wis.; No. 19, Erwin J. Gorski, 2462 N. Weil St., Milwaukee, Wis.; No. 20, Rudolph C. Hanson, Streeter, N. Dak.; No. 21, Ray C. Stinson, Pembina, N. Dak.; No. 22, William H. Harper, 2818 Sutton Ave., Maplewood, Mo.; No. 23, Elmer E. Hoppins, 3703 St. John, Kansas City, Mo.; No. 24, Charles R. Bohrer, 6 Court Square, West Plains, Mo.; No. 25, Gedeon Richter, Cserkesz u.63, Budapest X, Hungary; No. 26, Alphonse de Caprariis, 6704-15th Ave., Brooklyn, N. Y.; No. 27, Leo I. Forim, 386 Georgia Ave., Brooklyn, N. Y.; No. 28, Meyer Silnutzer, 1123 Oak St., Coatesville, Pa.; No. 29, Joe Wright, 2506 Speedway, Austin, Texas; No. 30, Edgar Leslie Kling, 264 Hane Ave., Marion, Ohio; No. 31, Rene de Montluzin, Jr., 121 S. Beach Blvd., Bay St. Louis, Miss.; No. 32, Roy James Bridges, Pleasant Hill, La.; No. 33, Warren William Messerly, 401 Center St., Martins Ferry, Ohio; No. 34, Walter Adolf Ekeren, Thief River Falls, Minn.; No. 35, Carl Theodore Buehler, 108 S. Maple, Eldon, Mo.; No. 36, Elbert Leland Coffee, 718 Nostrand Dr., San Gabriel, Calif.; No. 37, Charles A. Mellon, 2257 Linwood Ave., Niagara Falls, N. Y.; No. 38, Irwin S. Stoudt, 154-156 N. Ninth St., Reading, Penna.; No. 39, T. S. Roberts, Monticello Drug Company, Jacksonville, Fla.; No. 40, Elmer Michael Plein, 2010 S. Broadway, Boulder, Colo.; No. 41, John Edward Wasson, 717 Main St., St. John, N. B., Canada.; No. 42, Gerald W. Baldrige, 6427 N. Rockwell St., Evanston, Ill.; No. 43, Wilfred Shapiro, 38 Providence St., Worcester, Mass.; No. 44, Chas. S. Matthews, 28 Brookside Drive, Buffalo, N. Y.; No. 45, Abraham David Krems, 1607 E. Jefferson, Seattle, Wash.; No. 46, Andrew W. Nixon, West Webster, N. Y.; No. 47, Fred E. Wilde, 2462 N. Weil St., Milwaukee, Wis.; No. 48, Carl Joseph Klemme, School of Phar., Purdue Univ., La Fayette, Ind.; No. 49, Milton M. Fox, 5363 Wilshire Blvd., Los Angeles, Calif.; No. 50, Heinz Frankenstein, 315 W. 106th St., New York, N. Y.; No. 51, Eugene Jacobs, 2201 E. Baltimore St., Baltimore, Md.; No. 52, Solomon Werlin, 101 First St., Troy, N. Y.; No. 53, John A.

O'Donnell, 7838 So. Winchester Ave., Chicago, Ill.; No. 54, Edward John Stava, 212 S. Niagra, Maquoketa, Iowa; No. 55, Edward Ernest Vicher, 1524 So. Lombard Ave., Berwyn, Ill.; No. 56, Oliver F. Vievia, 3 Fuller St., Magnolia, Mass.; No. 57, Arthur E. James, 506 So. Walnut St., West Chester, Pa.; No. 58, M. B. Picker, 1407 Lexington Ave., New York, N. Y.; No. 59, Samuel Cohen, 3100 Brighton & 7th St., Brooklyn, N. Y.; No. 60, Charles J. Walters, 1257 New York Ave., Brooklyn, N. Y.; No. 61, Hyman Bergman, 1540 Sterling Place, Brooklyn, N. Y.; No. 62, Adolph H. Tannenbaum, 1312 St. Johns Pl., Brooklyn, N. Y.; No. 63, Morris Dauer, Kings County Hospital, Brooklyn, N. Y.; No. 64, Sister Mary Sabina Murray, 10th & Castellar St., Omaha, Nebr.; No. 65, Arthur T. Sypniewski, 4748 So. Elizabeth St., Chicago, Ill.; No. 66, E. N. Harper, 200 S. Mulberry St., Muncie, Ind.; No. 67, Minnie M. Meyer, College Sta. Box 124, Pullman, Wash.; No. 68, Charles Garnett Young, Columbia, Ky.; No. 69, William H. Nie, 598 Picke St., Covington, Ky.; No. 70, Charles P. Northcutt, 430 E. Jefferson, Iowa City, Iowa; No. 71, Mary Knezevich, 2063 S. E. Tadd Ave., Portland, Ore.; No. 72, Maurice Wm. Sheehy, 2200 West Flagler, Miami, Fla.; No. 73, Milton Miller, 2301 Barclay St., Baltimore, Md.

(*Motion No. 3*) Vote on applications for membership in the AMERICAN PHARMACEUTICAL ASSOCIATION.

20. *Appointment of Standing and Special Committees and Delegates of the Association.* The following appointments and recommendations are presented by President Gathercoal (see Item 12, Council Letter No. 1):

Committee on the Study of Pharmacy.—No changes in personnel are recommended. The statement printed in italics "This committee will also act as the Commission on the Survey of Pharmacy," is to be deleted as this commission is now out of the picture. It is understood that the Committee will continue the study of two most important problems in pharmacy; namely, the distribution of medicines by government authorities, insurance boards and others through other channels than the retail pharmacy; and the relations between employer and employee pharmacists.

Committee on Cosmetics.—No change in personnel is recommended for the present, but extensive changes may be made soon. We hope to enlarge this committee and reorganize it to cooperate with the Committee on Recipe Book and to institute a real study of basic formulas for each type of cosmetic preparation. It is our hope indeed that the cosmetic industry will support a fellow in the A. PH. A. Laboratory for the scientific study of cosmetic preparations with a view to utilizing such studies in the Recipe Book formulas. Each of the cosmetic preparations in R. B. II should be studied in comparison with commercial preparations of the same type looking to the improvement of the R. B. preparation. We hope to discuss this project with Chairman Muldoon, Chairman Lascoff, Secretary Welch of the National cosmetic association, and others.

Committee on Local Branches.—This committee should follow up Ex-President Beal's suggestion that each local and student branch of the ASSOCIATION be visited by an officer of the ASSOCIATION to encourage branch activities, A. PH. A. membership, etc.; should assist in providing scientific speakers for the branches, and should help in their programs. The secretaries of the branches are appointed associate members of the committee, and Dr. Ernest Little, Newark, N. J., is appointed as the chairman of the Committee.

Board of Canvassers.—C. Leonard O'Connell, *Chairman*, H. C. Muldoon, Robert W. Gaw, all of Pittsburgh, Pa., are appointed as the personnel of this board.

Committee on Legislation.—No changes.

Committee on U. S. Pharmacopœia.—William J. Husa, Gainesville (1947), is appointed to succeed C. J. Clayton, Denver, whose term has expired.

Committee on Pharmaceutical Syllabus.—Glenn L. Jenkins, Minneapolis (1944), is appointed to succeed himself.

Committee on Pharmacy Week.—It is recommended that the personnel of this committee remain as it is for the time being, but the privilege is reserved of re-organizing the committee at a later date in the year, if such seems desirable.

Committee on Horticultural Nomenclature.—No changes.

Committee on Physiological Testing.—No change in personnel is recommended, but it is suggested that the following statement in italics follow the names of the Committee members—"This committee reports in full to the Scientific Section and in abstract to the House of Delegates."

Committee on Weights and Measures.—T. W. Hoskins of Louisville, Ky., is appointed to this committee. The following statement in italics should follow the names of the committee members.—“This committee reports in full to the Section on Practical Pharmacy and Dispensing and in abstract to the House of Delegates.”

Committee on William Procter, Jr., Memorial Fund.—No changes.

Committee on International Pharmaceutical Nomenclature.—On the recommendation of Chairman A. G. DuMez this special committee is dropped from the list of committees, to be revived when needed.

Committee on Lay Press Relations.—At the request of Chairman R. W. Rodman no changes are made.

Committee to Coöperate with Committee from the A. A. C. P. and N. A. B. P. to Obtain Prerequisite Legislation.—In view of the fact that prerequisite legislation is completed in practically all of the states it is recommended that this committee be dropped from the list of committees and that notice to this effect be sent to the secretaries of the A. A. C. P. and N. A. B. P.

Committee on Endowment Fund.—No change is recommended other than that no one be appointed to succeed Theodore J. Bradley, Boston, deceased.

This committee and the AMERICAN INSTITUTE OF PHARMACY Maintenance Committee both deal with financial matters and both should be “Council committees.” The two committees are dealing with very similar items and might well be combined. On the other hand, the Council committees On Standard Program and Representation on the American Council on Pharmaceutical Education have but little to do with financial matters but represent other general ASSOCIATION activities and should be listed as ASSOCIATION standing committees appointed by the president. It is recommended that the Council consider these changes.

The American Institute of Pharmacy Maintenance Committee.—George D. Beal, Pittsburgh, is appointed to this committee.

Committee on Pharmacists in the Government Service.—No changes.

Committee on Transportation.—It is recommended that this committee be dropped from the list of committees because rates on railroad transportation are now so fixed and play such a relatively unimportant part in the annual convention of the ASSOCIATION, that the committee has practically no function.

International Pharmaceutical Federation Delegates.—It is recommended that E. N. Gathercoal, Chicago, be relieved of the arduous duties of this delegateship.

American Association for the Advancement of Science Councilors.—E. F. Kelly, Washington, D. C., and, Rufus A. Lyman, Nebraska, are appointed.

National Drug Trade Conference Delegates.—No change except that Geo. D. Beal, Pittsburgh, is appointed to succeed James H. Beal, Fort Walton, Fla., who wishes to be relieved of duty as a delegate.

Committee on Prescription Tolerances.—The following are appointed to this committee: W. J. Husa, Gainesville, *Chairman*, S. L. Hilton, Washington, D. C., R. E. Terry, Chicago, M. J. Andrews, Baltimore, P. H. Costello, Cooperstown, N. Dak., I. W. Rose, Chapel Hill, N. Car., and A. O. Mickelsen, Portland, Ore. It is recommended that the following statement in italics follow the names of the committee members—“This committee reports in full to the Section on Practical Pharmacy and Dispensing and in abstract to the House of Delegates.”

Committee on Professional Relations.—No changes.

Committee on Modernization of Pharmacy Laws.—The following appointed to this Committee are: R. L. Swain, *Chairman*, Maryland; Robert C. Wilson, Georgia; Arthur D. Baker, Colorado; E. J. Prochaska, Minnesota; S. H. Dretzka, Wisconsin.

Committee on Council on Pharmaceutical Practice.—No changes.

Committee to Study By-Laws.—No change in personnel is made, but it is recommended that this committee should be made a standing committee of the ASSOCIATION and that the title be changed to “Committee on By-Laws.”

Committee to Study Courses in History of Pharmacy.—No change in personnel is made but it is recommended that the following statement in italics follow the name of the Committee members—“This committee reports in full to the Section on Historical Pharmacy and in abstract to the House of Delegates.”

Committee on Dental Pharmacy.—The following are appointed to this Committee: Geo. C. Schicks, Newark, N. J., *Chairman*; Leslie Ohmart, Boston, Mass.; Lewis G. Freeman, Buffalo, N. Y.; A. O. Mickelsen, Portland, Ore.; C. Leonard O'Connell, Pittsburgh, Pa.; Ralph E. Terry, Chicago, Ill.; M. J. Andrews, Baltimore, Md.; and the change in name is recommended.

General Membership Committee.—It is recommended that Secretary Kelly continue as chairman of this committee and that the following statement in italics shall be included—"The chairman, at his discretion, may appoint an auxiliary committee of one member from each state or a sub-committee in each state."

Committee on the Requirements for the Ebert and the Kilmer Prizes.—At the recent annual meeting the Committee on Ebert Prize submitted the following report to the Scientific Section:

"The members of the committee have individually and collectively reviewed all available papers, published and unpublished, which were eligible for consideration in the selection of the winner of the Ebert prize of 1937.

"Among the eligible papers, a number of them were valuable and of high quality and, in the opinion of the committee, compared most favorably with those awarded the prize in other years. It was unanimously agreed, however, that no single paper was sufficiently outstanding to merit its choice over others under the present rules of selection, as the winner of the highest award American pharmacy can bestow for a research achievement.

"Accordingly, the decision was reached that the prize should not be awarded this year.

"During recent years, a sentiment has been repeatedly expressed by past recipients of the Ebert prize, and members of Ebert prize committees as well as others, that the existing rules for the selection of the winner of the award are no longer adequate. The feeling has likewise been expressed by past recipients of the prize, as well as others, that a change in the physical character of the prize would be most welcome.

"Among the questions which yearly confront each Ebert prize committee, which, of course, does not include that pertaining to the physical character of the prize, the following may be mentioned:

"1. When a winning paper has more than one author, which author should be selected for the award, and upon what definite basis? Or, should each author receive a prize?

"2. Should doctors' or masters' dissertations, or papers taken therefrom, be eligible for the award? If so, who should be selected for the possible award—the candidate for the degree or the individual who directed, and possibly executed, a substantial part of the work embraced by the paper?

"3. When an individual is eligible in the competition for the award, should he be asked to serve on the Ebert Prize committee?

"4. When a clearly outstanding and important discovery or research achievement is reported in a paper, should the award be made at the usual time, or should the award be withheld until the accuracy of the conclusions have been confirmed or substantiated by others?

"5. Should papers presented before sections other than the scientific section be excluded?

"6. Should the Ebert prize committee be limited to three members? Or should sub-committees be established to deal with the papers embraced by the different fields of research?

"For the purpose of deciding these, and possibly other questions of importance, the Ebert prize committee recommends that the ASSOCIATION shall appoint a special committee to study and re-state the ASSOCIATION'S attitude and policy with respect to the qualifications and requirements of those eligible for consideration as recipients of the Ebert prize for the guidance of succeeding Ebert prize committees."

It seemed advisable to name the gentlemen who submitted this report to serve on the proposed committee, to add the chairman and secretary of the Section on Practical Pharmacy and Dispensing, and to also request the Committee to study the conditions laid down by the donor of

the Kilmer Prize and to recommend the conditions under which this prize will be awarded. Dr. M. R. Thompson, H. W. Youngken, C. O. Lee, W. J. Husa and L. C. Zopf are appointed as the members of this special committee and they will be requested to submit their report in advance of the next annual meeting.

E. F. KELLY, *Secretary*.

LETTER NO. 3.

December 18, 1937.

To the Members of the Council:

21. *Commission on Standardization of Biological Stains.* Motion No. 2 (Council Letter No. 2, page 67) has been carried. This motion should have read that Dr. Gershenfeld be named "to membership on the Commission" and not "to membership on the Executive Committee of the Commission." Unless there is objection, the motion will be considered as corrected and that Dr. Gershenfeld will serve as a member of the Commission.

22. *American Documentation Institute.* President Gathercoal has appointed Secretary Kelly as the member of the Institute, representing the A. P. H. A. (Council Letter No. 16, 1936-1937, page 763 and Letter No. 17, page 765) for a term of three years from January 1938.

23. *Local Secretary for 1937-1938.* The Local Committee of Arrangements for the Minneapolis meeting have recommended Dr. Charles H. Rogers for election as Local Secretary and Dr. Rogers has indicated his willingness to serve.

(*Motion No. 4*) It is moved by Kelly that Charles H. Rogers be elected Local Secretary for 1937-1938.

24. *Time and Headquarters for the 1938 Meeting.* The Local Committee of Arrangements for the Minneapolis meeting have recommended that the week of August 22 to 27, 1938, be chosen as the time and the Hotel Nicollet as the headquarters for the Minneapolis meeting.

The time as recommended has been approved by the A. A. C. P. and the N. A. B. P.

The Hotel Nicollet, which will be completely renovated before the meeting, has nearly 600 bedrooms which will be available for those attending the meeting. Single rooms with bath are \$3.00 and up; double rooms with bath are \$4.50 and up; double rooms with twin beds are \$5.00 and up.

The meeting room arrangements are very satisfactory. The Main Ball Room, seating 1000 persons; the Francis I Room, seating 300; the Junior Ball Room, seating 250; and four smaller rooms, seating from 30 to 75 persons, are available, together with several small committee rooms. All of these meeting rooms are located on the Mezzanine Floor and it is convenient to go from one to the other. Good dining room accommodations are available with luncheons from 75¢ up and dinners from \$1.50 up. Other hotels are located nearby if additional accommodations are necessary.

(*Motion No. 5*) It is moved by Kelly that the week of August 22nd be approved as the time and the Hotel Nicollet as the headquarters for the 1938 annual meeting.

25. *Applicants for Membership.* The following applications, properly endorsed and accompanied with the first year's dues, have been received:

No. 74, Louis S. Begin, Box 384, University, Miss.; No. 75, Freeman C. Hays, Sherman, Miss.; No. 76, Kittie L. Sullivan, 207 University, Oxford, Miss.; No. 77, Everett O. Sheffield, P. O. Box No. 74, University, Miss.; No. 78, A. Harriet Walker, 706 S. Second, Oxford, Miss.; No. 79, Ernest E. Puckett, 1712 Cherry St., Vicksburg, Miss.; No. 80, Bless Roy Rusk, University, Miss.; No. 81, Ernest F. Parks, Pharmacy, University Hospital, Ann Arbor, Mich.; No. 82, George N. Johnson, Pharmacy, University Hospital, Ann Arbor, Mich.; No. 83, Robert S. Moser, Pharmacy, University Hospital, Ann Arbor, Mich.; No. 84, F. L. Osborne, 721 14th St., Ashland, Ky.; No. 85, Wm. H. Carney, 2142 Lakeside Drive, Louisville, Ky.; No. 86, Fred. Wm. Snoddy 3222 Short St., Ashland, Ky.; No. 87, David B. Permenter, 502 Euclid Ave., Lexington, Ky.; No. 88, Velma Wilson, Box 1084, Pullman, Wash.; No. 89, Harry Bussard, Box 447, Pullman, Wash.; No. 90, Gilbert Whipps, 1715 C St., Pullman, Wash.; No. 91, Kay Church, Box 477, Pullman, Wash.; No. 92, Charles F. Martin, Jr., 806 Colorado St., Pullman, Wash.; No. 93, Robert E. Lee, 1607 Opal St., Pullman, Wash.; No. 94, Thomas Haley, 2917 1/2 S. Walton, Los Angeles, Calif.; No. 95, Emmett Dixon, 1879 Calif. St., Long Beach, Calif.; No. 96, Samuel Nelson, 3711 Tyler,

Detroit, Mich.; No. 97, Reuben W. Klein, 2041 Puritan Ave., Detroit, Mich.; No. 98, Woodrow Byrum, 808 Professional Bldg., Richmond, Va.; No. 99, George Gay III, 2820 E. Broad St., Richmond, Va.; No. 100, Henry F. Woodward, Jr., 140 Valley Rd., Webster Groves, Mo.; No. 101, P. L. Bouillette, 75 Prospect Park, Brooklyn, N. Y.; No. 102, R. F. Revson, 91 Seventh Ave., New York, N. Y.; No. 103, Setsuko Kobayashi, 1066 W. 36th St., Los Angeles, Calif.; No. 104, Wm. W. Bushard, R. F. D. Box 660, Huntington Beach, Calif.; No. 105, Nettie Schwartz, 2402 Wellington Rd., Los Angeles, Calif.; No. 106, Walter T. Suda, 1351 W. 30 Pl., Los Angeles, Calif.; No. 107, Philip W. Sanford, 837 W. 36th Pl., Los Angeles, Calif.; No. 108, David Berman, 7901 Reseda Blvd., Reseda, Calif.; No. 109, Peter Kalionzes, 427 E. 21st St., Los Angeles, Calif.; No. 110, Ryo Komae, 1104 E. Pico St., Los Angeles, Calif.; No. 111, Norman Applebaum, 2240 N. Beach Wood, Hollywood, Calif.; No. 112, Rudolph Abrams, 954 W. 36th St., Los Angeles, Calif.; No. 113, J. T. Friedman, 244 F. St., Oxnard, Calif.; No. 114, Dorothy Tayles, 1023 W. 36th St., Los Angeles, Calif.; No. 115, Mae M. Liska, 2720 So. Drake Ave., Chicago, Ill.; No. 116, C. H. Counts, Commercial, Ozark, Ark.; No. 117, H. L. Sirmans, Montgomery and Lee St., Montgomery, Ala.; No. 118, Albert N. LePain, 286 Hamilton St., Southbridge, Mass.; No. 119, Nicholas W. Fenney, 570 Elm St., New Haven, Conn.; No. 120, Ray H. Arlin, 860 Ashbury St., San Francisco, Calif.; No. 121, R. C. Arnold, 214 9th St., Saskatoon, Canada.; No. 122, Morris Lefkowitz, 57 Farmington Ave., Hartford, Conn.; No. 123, Frank V. Kara, 16 S. Peoria St., Chicago, Ill.; No. 124, Arthur Rich, 8002 37th Ave., Jackson Heights, L. I., N. Y.; No. 125, Alton Clark, 676 W. Alexanderine, Detroit, Mich.; No. 126, J. M. Dixon, 203 Vernon St., Roseville, Calif.; No. 127, H. J. Bannon, Grove Laboratories, Inc., St. Louis, Mo.; No. 128, Emerson B. Taylor, 6732 First Ave., Seattle, Wash.; No. 129, George Eisele, 7754 E. End Ave., Chicago, Ill.; No. 130, A. J. Richards, 423 Second Ave., Lyndhurst, N. J.; No. 131, D. M. Carter, 2708 Samford Ave., Shreveport, La.; No. 132, Harold Wm. Coles, Mellon Institute, Pittsburgh, Pa.; No. 133, Isidor Liebman, 1326 First Ave., New York, N. Y.; No. 134, Morris L. Colker, 5361 Montgomery Ave., Philadelphia, Pa.; No. 135, McKinley Gassett, Emergency Hospital, Washington, D. C.; No. 136, Sister Mary Octavia Bertram, Mt. St. Rose Sanatorium, St. Louis, Mo.; No. 137, Benjamin Harris, 1081 Main, Worcester, Mass.; No. 138, Sol Rosenberg, 137 Beach 84 St., Rockaway Beach, N. Y.; No. 139, Frank L. Wilson, 21 Hatfield St., Caldwell, N. J.; No. 140, Tom Arase, 2107 Pine St., San Francisco, Calif.; No. 141, John B. Data, 1330 No. University, Ann Arbor, Mich.; No. 142, Mary P. Hall, Hall Drug Co., Clatskanie, Ore.; No. 143, Glen M. Dodd, 1114 N. Stafford, St., Portland, Ore.; No. 144, Fred E. Thomas, 726 W. North, Greenfield, Ind.; No. 145, Donald C. Marsh, 1230 N. W. 21st St., Portland, Ore.; No. 146, B. E. Lapenta, 508 E. Merrill St., Indianapolis, Ind.; No. 147, Frank Fortunato, George Washington Univ., Washington, D. C.; No. 148, Harold Lacy, 1405 Maiden Lane, Pullman, Wash.; No. 149, Joseph B. Jancauskas, Jr., 4715 W. 12 Place, Cicero, Ill.; No. 150, Isador Winer, 3125 S. W. 2nd Ave., Portland, Ore.

(*Motion No. 6*) Vote on applications for membership in the AMERICAN PHARMACEUTICAL ASSOCIATION.

E. F. KELLY, *Secretary*.

NATIONAL WHOLESALE DRUGGISTS' ASSOCIATION.

Quoting the *Oil, Paint and Drug Reporter* of October 11th, in part, "full approval of cooperation was voted at its recent annual meeting by the National Wholesale Druggists' Association to the Federal Trade Commission in its efforts to elevate the standards of business and to eliminate unfair competitive practice." The Association also voted approval of legislation to amend the Federal Trade Commission act so as to extend the jurisdiction of the commission to cover advertising and unfair trade practices.

The convention expressed appreciation to the Federal Trade Commission and to Hon. William A. Ayers, its chairman, for his attendance and address before the associate members when working out their plans for distributing and selling merchandise and to the development of an expanded and more highly trained sales force, and to undertake the inauguration of training departments in order that by 1947 the Association's wholesalers will have a total sales force of 5000 men and will produce an annual volume of wholesale drug business of one billion dollars.

The Association re-affirmed its position with respect to new food and drug legislation that would safeguard the health and welfare of the public; and voted to continue efforts to have regulations to exempt narcotics modified and to have regulations 52a and 52b used to record transactions in the sale of alcoholic liquors simplified.

THE PRINCIPAL CAUSES OF LOW PROFITS IN DRUG STORES.*

BY PAUL C. OLSEN.¹

In the past ten years I have had the opportunity to examine the individual operating statement of more than three thousand drug stores. Some of these stores have obtained satisfactory profits, others did not produce for their proprietors the profits that they expected, and in a regrettably large number of instances the stores were operating at a loss. In analyzing individually the operating results of these different stores it is not difficult to see why some drug stores are extraordinarily successful and others do not do as well.

The four most common causes that appeared for low profits in drug stores were all causes which the store proprietor or manager can control himself. The fact that these causes of low profits can be controlled successively is proved by the results of stores which did control them and accordingly earned extraordinary profits.

Most common of the causes of low profits in drug stores is inadequate buying control. I believe that inadequate buying control in drug stores results primarily from a disregard of a rather obvious fact. That rather obvious fact is that no profits are made, or can be made, in a retail pharmacy until merchandise is sold. It does not matter how large the promised gross margin if the article cannot be sold.

Fortunately, there is a simple and adequate method of controlling buying in a drug store which has proved successful in the drug stores which have used it. This method requires the use of a buying budget. A buying budget is simply an estimation, month by month in advance, of anticipated sales.

For example, a drug store proprietor forecasts that his September sales will be \$2000. His purchases of merchandise in September should not be more than 65 per cent of his anticipated sales, or \$1300. Then, as purchases are made in September, they are successively subtracted from the budget, and the amount remaining is the amount that the proprietor of the store still has available for buying in September.

As a practical matter it will be recognized that it is impossible to estimate a month in advance in exact dollars just what sales will be. They may come out for September \$1900 or \$2100, or some odd figure. This result is easily taken care of by adjustments in the buying budget for the following month of October. If sales in September do not come up to expectations, the buying budget for October is accordingly reduced in proportion to the amount that September sales were less than the proprietor thought they would be.

While it is true that 65 per cent is a fair average maximum for merchandise costs in most drug stores, it must be recognized that sales in any month in a drug store are composed of a variety of items on which merchandise costs vary considerably from this 65 per cent average. In drug stores with sales over \$20,000 a year, it is desirable, instead of operating one buying budget for the entire store, to departmentize both sales and purchase records. This departmentization does not need to be elaborate. In most stores the familiar triumvirate of drugs, cigars and soda is sufficient. In such a store the buying budget for the soda department would be set at 50 per cent of anticipated sales; that for the cigar department at from 75 to 80 per cent of anticipated sales, depending upon the degree of price competition

* Section on Pharmaceutical Economics, A. PH. A., New York meeting, 1937.

¹ Philadelphia College of Pharmacy and Science.

prevailing, leaving for the rest of the store a buying budget of 65 per cent of its anticipated sales.

It will be seen that the use of a buying budget, such as briefly outlined above, inevitably forces merchandise purchases to be maintained in a fairly exact ratio with merchandise sales, thus preventing to an astonishing degree accumulation of odds and ends and left-overs of dead and slow-moving stock. As I look at these odds and ends and left-overs of dead and slow-moving stock in various drug stores I am impressed with the fact that virtually all of them are items which the proprietor bought in anticipation of huge gross profits which were not realized because the merchandise did not sell. That is why I say, with all the emphasis at my command, that it is vitally important for a drug store proprietor to maintain a buying budget so as to keep his purchases in the drug store down to a profitable proportion of his sales.

Closely allied with this question of inadequate buying control as a cause of low profits in a drug store, I have found inadequate use of inventory records to be a second cause of low profits. It is no secret that there are thousands and thousands of drug stores which, from the time they were started, have never taken an inventory. I have also seen many hundreds of other drug stores in which the inventory has been taken but no use made of the facts revealed by it.

In my classes at the Philadelphia College of Pharmacy and Science, on the business problems of pharmacy, I frequently speak to students upon the necessity in a drug store of an annual inventory of the merchandise stock. It is encouraging to observe the agreement which most of these students feel with my statements because in their work in drug stores they have seen the lost profits which result from inadequate inventory records. One young man last year went home at Easter to see his father, whose proud boast was that in twenty years in his store he had always made a living for himself and his family, and that he had never felt any need for an inventory of his stock—"he knew what he had."

The young man was unusually persistent, however, so he finally won his father's consent to take an inventory of the merchandise stock. When the father examined the voluminous sheets resulting from the inventory, he remarked acidly to his son, "You have just been wasting your time; this is not accurate. You have a lot of things down here which we do not have. Maybe no records at all for a drug store are undesirable, but worse than that I think are inaccurate records."

The son stood his ground, however, and to the father's amazement almost \$2000 worth of merchandise was brought to his attention which he had forgotten that he had, and indeed had been reordering from time to time without any regard for the overstock of it he had in hidden corners of the store. The upshot of the whole thing was that a store housecleaning resulted, and within three months more than \$1500 in extra cash had been brought into the store from the sale of merchandise which this proprietor, without an inventory, had forgotten he had in the store ready for sale.

The third of the causes of low profits in drug stores that has become apparent is an inadequate control of cash. I never saw a druggist who would admit that he had enough cash, but I have seen plenty who are astonishingly careless in the handling of the cash that they do have. This carelessness takes a number of forms which would be highly amusing if they were not so costly. One proprietor I know

has a \$1500 investment in cash registers, but from the day those registers came into his store he has never bothered to reset the register totals nor to compare the register totals with the cash actually in the drawer. Another proprietor is regularly annoyed by telephone calls from his bank for additional deposits to cover checks drawn. I saw on the top of his roll-top desk eighteen consecutive bank statements unopened. Is it any wonder that he never knew how much money he had in the bank and was chronically behind in paying his bills?

Still another proprietor had the interesting habit of recording at the end of the day the cash receipts in each of his three registers in even-dollar amounts. Multiply these three registers by the 365 days in a year and it will be seen that a substantial cash sum is not accounted for.

Other forms of carelessness in the handling of cash include withdrawals for personal expenses without record or notation being made of them, and the amazingly prevalent practice of carrying around in one's hip pocket the store receipts for a week or two, "until one has time to get to the bank."

Carelessness in handling cash is contagious. If store employees observe that the proprietor is not meticulous in handling cash they inevitably follow his example. This is not only costly to the proprietor but also places unfair temptations in the way of employees.

Fourth in this list of the most common causes of low profits in drug stores is failure to keep adequate bookkeeping records. I have heard the statement made that 75 per cent of the drug stores in this country have no accounting records of any value in controlling business operations of the store. I have no way of knowing whether or not this is true, but all of the observations that I have made tend to confirm the fact that in most drug stores the proprietor either has no records at all or what records he has are utterly useless in guiding him in his daily operations. The plain facts of the matter are that, all too commonly, the proprietor feels that if he takes in enough money to pay his own living expenses, his store operating costs, and to meet his most urgent merchandise invoices, he is getting along all right and there is no need to worry. Perhaps not, but for the proprietor, who for his time and effort wants to get the maximum return, adequate accounting records are a vital necessity.

In the case of one store with an annual volume of sales of over \$80,000 the proprietor was able to get year by year as his own income from this large store only \$45.00 a week in cash, and some weeks he did not even get that. When a suitable accounting system was installed eighteen months ago in this store the facts soon came to light as to the cause of the proprietor's low earnings from his store. The accounting records permitted a diagnosis which otherwise was not possible. The same ability which the proprietor had used in developing in his store an annual sales volume of \$80,000 a year he used to put into effect the necessary plans to correct these profit-destroying conditions. The first year during which the proprietor operated with adequate accounting records his earnings from his store increased from barely \$45.00 a week to more than \$8000. Certainly his investment in adequate accounting records brought him a handsome return.

There is nothing new or startling in what I have said, but I feel justified in re-emphasizing these four important causes of low profits because of the wide degree to which they appear to be disregarded in the management of many drug stores.