

At first thought, it would appear that registered pharmacists would make excellent salespeople for us because of their technical knowledge of practically everything that we sell. After all, the first requisite of successful salesmanship is to know the merchandise and a man trained in pharmacy certainly ought to have that knowledge of what we sell.

It would be a mistake, of course, for me to condemn the sales ability of all pharmacists simply because of unfortunate experiences we have had with some. My point merely is that the fact that a man has had technical training in pharmacy is by no means an assurance that he will make a successful retail salesman of pharmaceutical products. Some of these men, from inclination and ability, seem best fitted for manufacturing and research laboratories. Others are qualified as detail men or traveling salesmen and still others are especially skillful in compounding prescriptions.

While the earnings of our store managers will run as a general rule higher than a pharmacist could earn in an ordinary drug store we find many of them are reluctant to accept positions with us because of our salary, commission and bonus method of compensation. That is to say, they lack faith in their ability as salesmen. They prefer the certainty of a smaller salary to the uncertainty of a larger compensation with us which they receive only if and as they earn it.

Because the salary expense is by far the largest single operating expense incident to the operation of all of our stores, we try to assure ourselves in every possible way that the expenditure we make will be profitable for us, for the persons employed and for our customers. Our success in a new location is therefore dependent to a very large extent upon the type of people whom we put in the store. In fact, so important do we consider this personal problem that, as I said in the beginning, we will not consider opening in a new location until we have available the people who we feel sure will operate that store with profit to all concerned.

We desire, of course, to expand our business, but we feel that any expansion which would be carried forward without the foundation of competent and qualified assistants would court disaster in the end. Those qualifications which we have found most useful in our salespeople in building up the business of our newly established stores are a sincere willingness to make friends and thus build confidence and good will for the salesperson, the store and its merchandise and a loyal, earnest and enthusiastic steadfastness of purpose which thrusts aside obstacles, sincere in the belief that whatever benefits the business will benefit in like measure those responsible for its success.

INCREASING NET PROFITS BY INCREASING AVERAGE SALES.*

BY W. BRUCE PHILIP.

Before taking up his subject the speaker ascertained that there were seven instructors in colleges of pharmacy and somewhat more than double that number of retailers present at this session of the Section on Commercial Interests. He stated that his talk had as a purpose to intensify and second the remark of the

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Chairman, when he said the redeeming part of the program is in the discussion. He continued:

"In the commercial course of the Department of Pharmacy of the University of California, I have tried a plan of instruction that will be illustrated in the remarks to follow and I wish all to take part in the discussion.

"Inasmuch as the second- and third-year classes consist of one hundred to one hundred and twenty-five members, it would be unwise to waste a lot of time with roll call and it is not practical to have much oral discussion. In distributing a slip of paper to each student at the opening of the lecture I tell them at the first lecture that at the end of the hour a question will be asked and every one must write an answer, and so we have at the same time a roll call and a written recitation.

"It is true that the same question is asked of every student. This has many values. First, the instructor knows whether he is putting over his subject. Also, he learns a lot. The students do not desire to go to sleep during the lecture for fear they will sleep at the wrong time.

"I ask those present to put their name and address on the paper and be perfectly frank in answering the question, which I will later ask.

"I have found by experience that if you read your lecture you lose a certain effect you gain from looking the class in the face. This is my only alibi for not having a written paper.

"In teaching a course of pharmacy you must start with fundamentals—give these fundamentals and let the pupils work out the rest. If you are going to talk about a subject, the class must first understand what the instructor has in mind. Therefore, we start with definitions. Let us start with the definition of 'average sale.' The average sale is the amount received by dividing the total amount of sales by the number of customers waited upon during a certain period of time. We are talking about net profit. Net profit is the amount of money the business earns, not the proprietor, but what the *business* earns.

"Now we have mentioned the word 'sale.' We can say that the sale is the amount of money that is taken in during a transaction with one customer or individual at one time, and when we come to net profit we know that the net profit is the sale less the cost of the merchandise and the overhead.

"We will take as a unit the coin known as a dollar. Can you imagine that this is a large picture of a dollar (pointing to picture on wall) and is in the customer's pocket? The problem is to bring the dollar from the pocket into the cash register. That dollar when it is transferred from the customer's pocket to the cash register does not belong to the proprietor. Approximately, two-thirds of that dollar must be kept as a trust to buy new merchandise to replace the merchandise that is sold. Twenty-five to thirty per cent—another big slice—must be kept to pay rent, fire insurance, clerk's salary and telephone, all of those things considered overhead; what is left, presuming there is something left, three to eight per cent, or perhaps even ten per cent, is the net profit. Net profit is the thing we are endeavoring to increase. That is the only thing the proprietor or owner of the store has. He cannot possibly say that money to replace merchandise or the money necessary for overhead is his, and that is one of the reasons too many failures occur to-day.

"We will imagine the dollar drawn out in a straight line and divided in three parts, one part is merchandise, one part overhead and one part net profit. We are going to increase the net profit. Every time a customer comes in with a dollar there is a possible dime, quarter, dollar or twenty dollars still in his pocket which can be brought over the counter and put in the cash register and increase not only the average sale but the net profit. As you look at this picture you do not begin to grasp all until you appreciate by figures given just what increasing the average sale means. The figures I will read can be made to show a larger or smaller net profit but I want to give them to you so they are easy to grasp.

"Supposing we have 100,000 sales. These 100,000 sales average fifty cents, or we have a total volume of \$50,000. Approximately sixty-eight per cent is the cost of the merchandise; that amount is \$34,000. Then we have an overhead of twenty-eight per cent, which is \$14,000, or a total of \$48,000. We have taken in \$50,000; we have paid out \$48,000. We have \$2000 which is really and truly ours. We can do anything we please with that \$2000 as it is true net profit.

"Now supposing we increase the average sale five cents. That means that every sale must be increased five cents or every other sale ten cents, or every twentieth sale one dollar, fifteen or twenty sales without any increase and a dollar sale extra, and so on until we have one hundred thousand sales increased five cents each. That means we have taken in \$55,000. The cost of the merchandise we have sold is \$37,000. The rent is the same. If these additional sales have been made without extra clerk hire, without extra telephone, etc., then we have the same overhead of \$14,000. We have \$55,000 taken in and \$51,000 has been paid out. That means a net profit of \$4000. Two thousand dollars profit on 100,000 sales at fifty cents—\$4000 profit by increasing each sale five cents! It doesn't seem possible but nevertheless if these figures are true, raising the amount of the average sale is certainly worth while. If that is not true, wherein is it wrong? In the first place, the overhead and second largest slice of the dollar is based on the amount of business that you do during the entire year. You can not take it out of the first sale or the second sale. However, if you figure your cost of doing business on this extra \$5000 which was not figured in here, you will still have your \$4000 profit if you are a competent enough manager to take this increase without increasing your overhead. In other words, the increase of the average sale is one of the most essential things for increasing the net profit.

"If that is so, how are you going to get this additional nickel, dime or quarter? We could discuss this for a long time. My opinion, based on visiting many stores and talking to many managers of stores, is that three things are vital to obtain the extra profit by increasing the sale. The first is based on sight. Sight sells more merchandise than anything else I know of. Sight builds up five, ten and fifteen cent stores. The merchandise is there, you see it and buy it. If you do not believe it, go into a good, well-arranged five, ten and fifteen cent store with only one purpose in mind, that purpose being to buy one item only, and sight will make you buy two or more items, even if you know in advance that you go there for only one.

"Therefore, the retail druggist must build for additional sales by having in sight merchandise that is for sale.

"*One* of the best selling lines is something to eat. We have not yet overcome the desire to have something to eat and the beautiful part is that just as soon as it is gone, there is a possibility of a repeat or additional sale even before the customer has left the store, so I feel one of the very strongest of the sight attractions is something to eat.

"*Next* are those little knick-knacks that bring out ten, fifteen and twenty-five cents. Then something that has quality to bring out the dollar and more. We make big sales on quality merchandise. It is sight that makes a customer pick up an article and say 'This is mine. You can't have it back. Here is your money.'

"*Second*—knowledge. There are clerks that can build up a sale. I have seen a sale built up from fifteen cents to forty-five dollars by a clerk who knew how to build up that small sale until it was a worthwhile one.

"*Third* is brains. I felt in looking over the students that are entering the College of Pharmacy (they have already opened in California) I had never seen a finer, cleaner group of young men entering to learn pharmacy. They have brains. Brains should be used to build up indirectly the average sale increase. By that I mean bringing into the sale, immediately or later, the elements that we should prize and hold dear—Professional Pharmacy. It would be impossible when a person comes into a store to immediately talk prescriptions or clinical thermometers. I had not practiced law very long before I learned something that has been invaluable. They say if you get the opposition witness on the stand and get him to talk long enough he will win your case for you. It is not the best of salesmanship to talk to the customer. Make your customer talk to you. Ask him questions. Ask him 'How is little Johnnie?' If little Johnnie is sick, ask who is the doctor. If he hasn't had a doctor, a suggestion from you may lead to a doctor coming in, and this will lead to prescriptions. Thus briefly, I have told you how to increase net profit by increasing the average sale. I have given just a foundation on which you must build.

"Now the question I want each one to answer on this paper is, 'How do *you* think the average sale can most easily be increased?'"

Mr. Philip gathered up the papers and read the following answers written by those in the audience:

"1. By proper display of goods and attractiveness of arrangement with price tags.

"2. By proper display of saleable merchandise.

"3. Display and asking to buy. Often they say 'Yes.'

"4. By selling larger sizes of packages or larger quantities.

"5. By mass display with price.

"6. Use tact, intelligence and college training.

"7. Show merchandise; never directly solicit sales.

"8. By offering two or three of the items asked for, as gum, cigarettes or tooth paste." He commented:

"May I suggest that you do not overdo by showing too many items. Be sure you show the best piece of merchandise first; also, that the merchandise is placed in the hands of the prospective customer with just a few clear cut words as to just why it is the merchandise which should be bought." He continued in the reading of answers:

"9. By increase of price.

"10. By having good-looking clerks.

"11. Use your brains—See What you Sell—Sell it in Glass." He continued:

"One of the best merchants told me in a drug store all glass was good for was to create sales resistance.

"If you have beautiful stationery, however, or other things that are easily spotted, it is better to have that merchandise under glass to keep it clean. A person, willing to pay a good price for a fine box of stationery, does not want the top paper soiled. The sale may depend upon the beauty of the package."

Mr. Philip read further answers:

"12. By courtesy and interest in the customer's family.

"13. By suggesting merchandise closely allied to customer's original purchase."

He commented that the drug store without a list of correlated merchandise is overlooking one of the best schemes for increasing the average sale. Mr. Philip continued in the reading of answers:

"14. By getting the customer to talk.

"15. The average sale may be increased by better displays, mental suggestion, proper coöperation of the personnel of clerks and using good common sense in your sales talk.

"16. Proper displaying of goods and ability to suggest a kindred article.

"17. By suggesting and calling attention to correlated items.

"18. (a) Splendid well-planned window displays to get them in. (b) Irresistible displays inside the store to tempt them once they are in. (c) Clever and diplomatic handling of the customer by the salesman.

"19. By suggestion—many times increased sales are lost by not showing in an attractive manner."

Mr. Philip commented that attractiveness comes from knowledge—he had never seen a clerk show merchandise that he knew in an unattractive manner. He continued the answers:

"20. By an interested attitude on the part of the clerk in the personal status, desires, wants, etc., of the customer.

"21. By improvement of display methods plus increasing the interest of the clerks in the increase in sales."

Mr. Philip commented—"In increasing the interest of the clerk, a little raise in salary and perhaps a theatre ticket now and then is worth more than the price of the ticket."

He continued the reading of answers:

"22. Goods in sight, attractive surroundings, immaculate cleanliness, pleasant manners, clean salesmen, knowledge of goods.

"23. By showing a real interest in the customer's welfare and wants."

The author stated that he tells the boys that young men cannot fail as salesmen if they are perfect gentlemen.

ABSTRACT OF DISCUSSION.

Robert J. Ruth found the method employed by Mr. Philip very interesting. He pointed out that sales stimulation might be overdone; sales might be made without retaining the custo-

mer's patronage. He had known of overdoing efforts in making additional sales and companion sales.

Charles W. Holton asked how the cafeteria in the drug store could be excused. Mr. Philip did not think this was necessary; Mr. Ruth said that side-lines were necessary for defraying expenses and bringing profit, and his viewpoint on the subject had changed from a very restricted one to a much broader one, as conditions of business varied greatly.

THE DOCTRINE OF SIGNATURES.*

BY LEO SUPPAN.

When, where and how the belief originated that the form, color, taste and other properties of a plant are indicative of its medicinal properties may be an interesting subject for conjecture but is impossible of solution. Perhaps it represents a phase of sympathetic magic general among all primitive races. That it is very ancient is certain, and of its prevalence in the earliest historic times of which we have records we have evidence more or less complete. At first an element of folk-belief, it became in the period of the Renaissance a well-defined scientific hypothesis, not based upon facts, to be sure, but the product, rather, of the imagination, the source of much of the speculation and theorizing of that active age. It was Paracelsus who raised it from the humble state of folk-lore to the dignity of scientific doctrine, and it was through the influence of his own domineering personality and the almost servile acceptance of all Paracelsian teachings by his pupils and the dissemination of these ideas by the spoken and written word that it maintained its place for nearly two centuries. The doctrine is known as that of "Signatures."

Traces of the belief are evident in the medicine of ancient India, where we find plants with yellow flowers recommended for the cure of jaundice. In China it is very old and is a fundamental principle in materia medica even at the present day; we all know the importance the Chinese physician attaches to ginseng and the high price a Chinese herbalist will pay for a specimen closely resembling the human figure in form. The Chinese have developed the belief in considerable detail. They divide the plant regionally into three parts: the upper parts, such as flowers, buds and so forth, being regarded as efficacious in treating maladies of the head; the middle parts, that is, the stem and its appendages being recommended for diseases in the trunk, while the roots and rhizomes are a specific for troubles in the feet and legs. This correspondence holds also for drugs derived from the animal kingdom: the skin of the elephant is useful in affections of the skin, the lungs of various animals for diseases of the lungs, and so on. Chinese materia medica, further, divides drugs into male and female, the active warming or cooling drugs being classified as male, while the milder, sour, bitter, sweet and saline drugs are relegated to the female class. This classification is not so much a consequence of the belief in signatures as a corollary from the postulate of the Yang and the Yin, the male and female principles which, according to Chinese philosophy, constitute the basal elements of the universe and which play so important a part in their symbolism.

* Section on Historical Pharmacy, A. PH. A., St. Louis meeting, 1927.