

With Roy Thompson, Jr.

# SMALL BUSINESS

## NEWS & VIEWS

### Community Pharmacies

This column takes a close look at the community pharmacy and the effects of inflation on bottom line profitability. In 1979 the average net profit before taxes of 1,458 pharmacies was \$11,615 or 3 percent of total sales. In the previous year, 1978, net profit before taxes was \$11,467 and was 3.3 percent of total sales. In addition, the proprietor's or manager's salary declined from 6.9 percent of total sales to 6.5 percent of sales during this period.

In 1979 the higher costs of good sold was up 0.4 percent as a share of sales and had great significance as it was the major contributing factor in the reduction of net profit percentage. In fact the increase in cost of goods sold to 65.7 percent resulted in the lowest gross margin level since 1955.

Pharmacy managers usually attempt to offset the rising cost of goods sold by reducing total expenditures or by raising selling prices so that net profits before taxes remain stable or increase. In this period, however, employees wages rose 0.3 percent of total sales and rent rose 0.1 percent. These two increases eliminated most economies that might have been realized in the expense categories. In addition price increases were restrained probably because of strong competition.

Let's look at one segment of the pharmacy market - 110 pharmacies with sales of between \$100,000 to \$150,000. The average pharmacy in this group sold \$91,337 or 70.6 percent of its total sales in prescriptions. Other sales amounted

to \$38,011 for total sales of \$129,348. The cost of goods sold was \$81,804 for a gross margin of \$47,544 or 36.8 percent of total sales.

Total average expenses for these pharmacies ran \$45,324 or 35 percent. The major expense items were proprietors' salary of \$16,737, employees' wages of \$8,510 and rent of \$4,592. The average net profit before taxes was \$2,220 or \$8. So the total income of the self-employed proprietor was \$18,957.

The average value of the inventory at cost was \$25,486 or 19.7 percent. The number of new prescriptions filled was 6,354 and 6,624 were renewed. The average prescription charge was \$7.06. The average pharmacy was open 52 hours and the proprietor worked 47 hours a week.

There is a regional difference in average prescription charges and net profit. In the south Atlantic region the average prescription charge is \$6.66 and the average net profit is 2.7 percent.

So if you are interested in seeing how your pharmacy is doing you can get a free financial analysis from Eli Lilly & Company. For an immediate confidential analysis of your pharmacy write for participation forms to Department MC-698, Eli Lilly & Company, Indianapolis, Indiana 46285.

For additional information write this column at the Economic Development Division, Center for Improving Mountain Living, Western Carolina University, Cullowhee, N.C. 28723 or call 704-227-7492.

### PM Magazine Celebrates Valentine's Day

Bob Lacey and Moira Quinn will celebrate Valentine's Day with a party, as they broadcast live from Clyde's at the Sheraton Center in uptown Charlotte, Thursday, February 12, at 7:30 p.m. on WBT, Channel 3.

As part of the Valentine broadcast, Bob will talk to a matchmaker. Dan Field of New York City, whose job is to put together couples who have never been able to meet "that special someone." Dan has found mates for everybody from a 16-year-old farm girl

to an Arab sheik.

After the live broadcast, from 7:30-8 p.m., WBT Radio's H. A. Thompson will emcee the "Sweetheart Olympics" competition involving waiters and waitresses from Clyde's, O'Neill's, The Jade East Lounge and the Radisson Plaza. Musical entertainment from "Flicker" will follow.

The party is being given in conjunction with the Heart Association, and part of the evening's proceeds will go to the Heart Fund. The public is invited, and there will be no cover charge.

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## Stevie Wonder Feels Marley Is

### The Epitome Of Reggae Music

When Stevie Wonder mentions reggae superstar and Island recording artist Bob Marley in the lyrics of his latest number on R&B single, the reggae influenced

"Master Blaster" it's not just a nod of the hat to a fellow performer, but an indication of the friendship and respect Wonder and Bob Marley have for each other.

Wonder, who asked Marley to join on his current U.S. tour as a special guest, first met Marley at a concert they performed together in Kingston, Jamaica in 1976. When Marley and Wonder got together backstage after the show to talk about music, it was beginning of a long-term mutual respect.

Wonder feels that, "Bob Marley is the epitome of reggae music.

#### "The Incredible Hulk"

Lou Ferrigno, who stars as The Hulk, also plays a role of a muscle builder who vies for the title of "King of the Beach," in an episode of the series written especially for him, on "The Incredible Hulk," Friday, February 6, at 8 p.m. on WBT, Channel 3.

Ferrigno guest stars as Carl Molino, a struggling worker in a beach-side restaurant who dreams of saving enough money to open a cafe of his own.

Bob is synonymous with reggae music here in America and the rest of the world. No one else has come near Marley at establishing reggae music as a powerful force internationally and in America."

Stevie Wonder's affection for Bob Marley and his music was proven once again in June, 1979, when Wonder joined Marley on stage to jam at a concert before the Black Music Association in Philadelphia. Wonder mentions Marley in the lyrics of "Master Blaster" "because Marley inspired the

single," says Wonder. "If I'm going to take ideas from someone, I like to give him credit."

Wonder has "great respect for Marley as a musician and for his political ideas." But the admiration is mutual. Marley found the invitation to tour with Wonder in November 1980 "exciting." But Bob had to decline the offer when a bout with exhaustion forced him to postpone his performing plans until the new year.

Says Bob Marley of Stevie Wonder, "To me, he is the greatest."

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