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The Legacy of the Pharmacy Industry: Cleveland, Ohio

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This writing focuses on the more than 350 years of the pharmacy industry in the United States, and the close personal and professional ties that exist between local pharmacists and their many customers. The innovation ideas, originating from Cleveland pharmacists, have played an important role in advancing this highly successful field. Their many business successes and failures served as examples of what to do and not do within this industry. Hopefully, their experiences will furnish some valuable new business insight for pharmacists who face similar economic and financial challenges in today's world. Technology may have changed over time, but certain fundamental business principles transcend both time and space.

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INTRODUCTION

Thousands upon thousands of people shop daily in pharmacies throughout the United States. Those stores provide a wide variety of prescription drugs and over-the-counter medications plus a grand assortment of groceries, household products and personal grooming aides. Their seemingly never ending supplies of affordably-priced drugs and useful items particularly appeal to individuals whose busy schedules require that kind of all-inclusive, one-stop shopping experience. Whether an independently-owned store or a part of a large national chain, these pharmacies provide something for nearly everyone. Their unique approach towards retailing, highlighted by friendly, personal customer service, is not something that has recently surfaced as a response to growing competition pose by variety stores. Their special approach towards business has been an integral part of this industry from its inception.

Possibly fierce rivalry among local pharmacists may have prompted this tradition of business excellence. However, closer inspection suggests that perhaps more subtle economic forces were at work here. The professionalism of the pharmacy industry, coupled with its ever-pressing need for repeat business, undoubtedly influenced its initial development and subsequent evolution. The fact that pharmacists, from the very start, had specialized in processing very complex prescription drugs may have been the primary motivating factor behind much of their early success. Whatever those compelling economic and financial forces might have been, one thing stands out above all else, shoppers have always relied on their local pharmacist. The evolution of the pharmacy industry in the U.S. reflects numerous medical and scientific discoveries pragmatically applied to a very well-tuned, locally-based retail setting. Of particularly interest is how individual pharmacists successfully incorporated the very latest advances in both medicine and science into their many stores, while still generating substantial profits. Special emphasizes will be placed in this writing as to how major medical and scientific breakthroughs have affected the business choices made by successful pharmacists over the years.

Changing viewpoints regarding what constituted effective retailing practices will also be addressed here. This writing is not intended to be an exhaustive study of the U.S. pharmacy business; but rather an overview of that industry's experiences as highlighted by some of its greatest achievements both locally and nationally. Adding the personal touch is essential in a study of this nature. Therefore, much of it will deal with the changing retail character of the pharmacy business as seen through the eyes of major pharmacists in Cleveland, Ohio during vital periods in that city's history.

Cleveland epitomized a major U.S. city where the very best in business and marketing trends were rapidly incorporated into the mainstream of local retailing practices. Like so many others engaged in successful retail practices, local pharmacists were more than willingly to adopt new and potentially very profitable business approaches whenever possible. This writing will focus on how some of these critical business strategies served to enhance individual store productivity and profitability in often unexpected ways. Specific actions taken by perceptive pharmacists, at critical junctures in this industry's memorable history, still inspire business decisions and retail patterns to the present day. A close examination as to how it all unfolded, and how pharmacies continue to successfully operate within today's most sophisticated world is an essential component of this study.

Practically speaking, knowing which business trends worked effectively in the past may furnish some valuable new insight regarding classic management styles and business techniques and how those very core values may be better utilized to improve drugstore sales and professional services in the future. The road to success is chock full of unique business challenges and special economic opportunities that shrewd druggists must be ready to quickly integrate into their individual business plans and equally well-articulated marketing strategies. Many of the experiences awaiting them in the foreseeable future are not totally new to this new and aspiring generation of business leaders. They symbolize essential elements of that business, and, as such, are a definable part of a long held, cherished tradition of excellence and professionalism that we call the American pharmacy industry.

CHAPTER 1

APOTHECARIES BECOME PHARMACIES

The modern drugstore is like no other retail phenomenon in the United States. Where else is a shopper able to purchase prescription drugs and over-the counter medications along with beauty, grooming and health aids, electronic gadgetry, groceries, games, medical appliances and toys all conveniently arranged under one roof? Pharmacists pride themselves on catering to the many needs of "quick trip" shoppers, those persons who, on a moment's notice, appear at their local drugstores looking for a wide range of items or professional pharmacy-related services. Phenomenal recent breakthroughs especially in computer generated technology have significantly aided this one-stop shopping process by speeding up such things as checkout lines and prescription refills. Easily recognizable by their attractive exteriors and free-flowing interiors, modern-day pharmacies stock thousands of specialty items suited to the eclectic tastes of their many demanding patrons.

Further investigation lends credence to the business premise that millions of Americans, do indeed, depend on their nearby drugstore to furnish them with their daily necessities. Of the more than 43,000 pharmacies currently in operation, 49% are independently owned and operated. (1) Many of those independents have only tangential business connections with their neighboring national chains. Further study indicates that most independents purchase the bulk of their prescription drugs and merchandise from low priced, locally-based vendors. Other fee-based independents follow a somewhat different strategy. They sign a limited partnership with one or more nearby chains that enables them to sell many of the same name brand items found in larger stores also at reasonable prices.

Large drugstore chains comprise the remaining 51% of this national industry. (2) Both independents and large chains have federal licenses permitting them to sell prescription drugs. In addition, both groups stock an assortment of popular over-the-counter medications, groceries household cleaners and paper goods. They also sell other things such as cosmetics, greeting cards and toiletries. Chain stores often enjoy a decided economic advantage over smaller drugstores in that they provide a broader range of name brand as well as in-house products. Also, they may be more convenient than their independent counterparts. The cost of their prescription drugs and over-the-counter medications may be slightly cheaper when compared to other, smaller enterprises. Additionally, they may carry some very hard to find merchandise and stock greater supplies of other essential items such as influenza, pneumonia and shingles serum.

Unlike many large chains, independents enjoy a higher degree of business flexibility. Reciprocity among independents is the norm, not the exception here. In fact, they often call upon each other for special products and services whenever needed. This is especially true in times of emergency. Independent druggists also pride themselves on going the extra distance for their shoppers. Need a product after store hours and they will gladly deliver it to you. Require a special medical preparation, and they will produce it quickly.

Whether an independent or part of a large chain, when all is said and done balancing the budget is what really matters in the drugstore industry. High profits and low overhead costs are essential for long-term growth within this most competitive field. In terms of earned revenue, an industry-wide study conducted in 2008 reported that the revenue derived from prescription sales for that year alone exceeded $307,000,000,000. (3) This study further suggested that prescription drug sales for independents accounted for 90% of their total sales, while only 60% for large chains. Listing specialty outlets and super drug store centers under the general category of large chains may help to explain this noticeable percentage difference.

Unlike independents and large chains, where drugs and health-related items are most often promoted over other sundries, super drugstores encourage their many shoppers to purchase a plethora of costly merchandise in addition to their prescription drugs and other medical-related items. Such promotional activities were begun in the 1990s when these super outlets started to offer large quantities of specialty items at rock bottom prices. Their merchandise ran the gamut from handcrafted beers and vintage wines to household cleaners and top-rated detergents. They also sold a wide variety of name brand frozen foods, quality dairy products and canned goods. Their economic success continues to the present day. Industry-wide projections, made in 2015, indicate that the number of pharmacies in this country will continue to grow at a rate of about 5% per year through 2019. (4) Large Super Drug Centers are the latest in a series of major advances occurring within this bourgeoning industry. (5)

Multifaceted pharmacies also play a significant role in this industry's history. They successfully combine affordable products with top-notch customer service. Modern drugstores set the example for many other retailers to follow, in that they know how to successfully capitalize on expanding local markets without losing their primary economic advantage or retail focus along the way. Recent additions to the growing list of items available for sale in modern pharmacies include such things as sleek mobile phones, sophisticated photographic equipment, comfortable furniture and easy-to-use lawn equipment. The recent marketing of other items such as gas grills, outdoor patio furniture and household tools might appear on the surface to be a direct encroachment on retail territory once reserved exclusively for local hardware stores. Surprisingly, owners of hardware stores remain quiet in this regard. One might suspect that the modest demand for hardware-related items at local drugstores might account for their overall acquiescence.

In order to better understand how the drugstore industry has evolved from small, neighborhood-oriented apothecary shops into full-fledged, regional retailers it is necessary to step back in time. Like any service-related industry, drugstores have experienced periods of brisk economic, financial and physical growth followed by other, more laid-back times.

Unquestionably, medical and scientific breakthroughs affected the pace of development. The Industrial Revolution, following on the heels of the Age of Enlightenment, encouraged extraordinary creativity in that regards.

In particular, the Age of Enlightenment sparked a new, practical interest in both medicine and science, while the Industrial Revolution set the whole thing in motion. Specifically, the Industrial Revolution not only directed the course of national development away from the traditional crafts industry and standard agricultural production towards large-scale factory manufacturing and worldwide trade; but also, lent further credibility to a national myth that had originated in colonial times. That myth promulgated the idea that this large country with its bountiful natural resources and highly resourceful citizenry meant that nearly anyone with ambition could achieve economic success relatively easily. If that assumption was indeed true then unlimited economic opportunities and social advancements awaited those who possessed the resilience necessary to pursue their dreams to their logical and hopefully profitable end. This myth appeared to apply to a great many business endeavors including drugstores and department stores. Unbendable ambition and keen business insight were the keys to future success within this new, seemingly untamed world. All of that played into the hands of shrewd retailers who used that kind of no barred, straight-forward thinking to advance their business interests over their competitors.

One might wonder what distinguished local drugstores from department stores since society viewed both as prime examples of successfully retailing. Neither the items they sold, nor customer services they provided, seemed especially unique. Ultimately, it was the way in which they handled their customers and dealt with competitors that distinguished them. In the case of locally-based department stores, the majority of store owners found themselves in a most unenviable economic situation. Their future depended on regularly updating their physical surroundings and merchandise lines whether they could afford to do so, or not.

The future spoils of large-scale retailing belonged to 19th and 20th century department store owners who successfully modernized their premises regularly, opened new branch stores speedily and hired capable new staff members without worrying about the increased overhead costs in such actions. Of course, the availability of capital along with the ability to balance the books undeniably determined the amount and intensity of changes that could be instituted at any given moment. Capital reserves and overhead expenses notwithstanding, department store owners did not hesitate to use the latest business practices to gain decided economic advantage over their nearest competitor. Increasing competition from other shrewd retailers made such cutthroat steps necessary.

Speedy business action became an essential component of every successful retailer, and most especially those who regularly measured their own gains and losses against those of their closest rivals. As long as corporate profits exceeded debt they were satisfied with the results.

They only expressed concerns when their company began to experience sustained losses. If those reversals persisted long enough then they might have to tighten up their financial belts. They believed that such stringent actions would enable them to recoup those losses quickly.

Whether a company ultimately faced bankruptcy or not the majority of successful department store owners remained abreast of the latest shopping trends. They also remained vigil when it came to any possible business intrusion from eager competitors. Successful 19th and 20th century department store owners often increased their profits greatly by investing in other lucrative ventures even possibly rival stores, anything to make money. They also focused much of their attention on opening new branch outlets. Other effective moves included increasing the variety of items sold or regularly reducing the prices on some of their customers' most favorite products. Implementing successful strategies, such as the ones just mentioned, built up their customer-base and, of course, their business confidence.

As department store chains became larger and more sophisticated, retailers began acquiring competing stores. Eliminating competition appeared to be a very feasible way in which to expand one's corporate presence within a market very quickly. Such efforts often paid-off handsomely. Mergers virtually ensured future economic success, for the purchaser, as long as the incurred debt, the inevitable financial consequence of such acquisition activity, remained reasonable. Large-scale retailing in the 19th and 20th century was callous in this regard. Unyielding competition, heightened even further by never ending financial uncertainties inherent in this line of work, made the department store business tenuous, at best. Cunning business maneuvers reverberated as store owner after store owners vied with each other for dominance within their respective communities.

These business leaders rarely considered how their ruthlessness pursuit of profit, at the expense of others, might negatively impact the long-term prosperity of the department store industry. They considered it an accepted part of their trade, The tight-lipped no nonsense approach towards business, displayed by U.S. department store owners, remained the norm for nearly two hundred years. It may have allowed them to preserve the sanctity of their business, at least at the outset, but one might wonder at what cost? In the end, the intrigue, the natural outgrowth of such deceptive practices, destroyed many legendary department stores. The 1970s and 1980s, in particular, saw the number of independently-owned department stores dwindled down to a few. Newly initiated changes throughout the retail sector led by insightful, sometimes young investors only intensified over time. These new retail entities ranged from on-line shopping services and no frills discount department stores to membership-driven shopping warehouses and special shopping clubs. Those new economic forces soon overwhelmed the entire industry much to the chagrin of the few remaining big box stores.

Fortunately, drugstores did not suffer the same kind of unsettling economic challenges that so readily awaited department stores. Independents continue to compete effectively within local market settings, many of which were dominated by the likes of giants such as Consumer Value Service (CVS), Rite Aid, Walgreens and Walmart. That may seem somewhat surprising since many pharmacies appear quite similar. However, closer inspection suggests that consumers carefully weigh the many advantages and disadvantages of local drugstores prior to deciding which ones they plan to regularly patronize. Much of the financial success enjoyed by independents in today's highly competitive market stems from their long-held business values which appealed and continues to appeal to many thoughtful customers. Long-accepted business practices, in conjunction with federal government controls regarding the dispensing of prescription drugs, still holds sway. An in depth public understanding of the special role played by locals within those narrowly defined confines of the retail sector served to professionalize this service-oriented business from its inception. Entrenched professionalism, like that, never existed to any appreciable extent with local department store owners.

Although appearing on the surface to be diametrically opposed business approaches, closer scrutiny suggests that department stores and pharmacies do share one very important common value. Both are committed to serving the needs of their shoppers in the best ways possible. The merchandise they sell defines them as a retail entity. But, it is more than just the special items they sell, or the quality services they provide their many shoppers. The legal system in the U.S. requires pharmacists to handle particularly sensitive issues in certain prescribed ways. Technically speaking, all retailers face the potential of personal liability for the merchandise they sell or the services they provide. However, their degree of liability varies tremendously. In the case of the department store, the majority of items sold there pose little, if any, immediate danger to the public. Follow the directions and everything should work out fine. It is only when patrons fail to follow the instructions that liability issues might ensue. Department store owners also assume that shoppers have a certain amount of common sense when it comes to using the items they have just purchased. Occasionally, that assumption may be challenged in the courts often with interesting consequences.

Just such a case occurred in New York in 2005. It involved the particular health benefits derived from consuming large quantities of a certain popular food item sold at a nearby fast food restaurant. In *Pelman vs. McDonald*, the New York courts ruled that eating excessive amounts of any food even those items advertised as healthy comes with a certain degree of risk. Therefore, it behooves the customer to practice a certain amount of discretion when it comes to how much one might consume of a particular item at one sitting. Over indulging might lead to future health problems that are not the legal responsibility of the fast-food restaurant provider. Ultimately, this case was thrown out. (6)

However, this common sense approach towards the use of products does not necessarily apply when it comes to selling prescription drugs in pharmacies. In that instance, the burden of responsibility for customer safety rests squarely on the shoulders of the pharmacist selling the prescription drug. That means that personal liability for distributing prescription drugs remains very high. Setting aside liability insurance protections along with other legal safeguards, the legal responsibilities related to the dispensing of prescription drugs extends far beyond just the distribution of the drugs in question. Pharmacists are continually reminded of their moral obligations, in this regard, through ethical codes as well as legal restrictions.

Any adverse reaction or unexpected dependency on a prescribed drug might have disastrous consequences not only for the customer using that substance; but also, for the druggist who distributed it. A sobering thought, it requires honest discussions between shoppers and pharmacists upfront regarding the drug's potential health benefits and possible side effects. In spite of these added ethical and legal responsibilities, many dedicated professionals still want to own and operate their own pharmacies. They find their work very rewarding.

The growing demand in today's market for the many kinds of goods and services provided by pharmacies, due in large part to the aging baby boomer generation, has inspired many pharmacists to own and operate their own stores. This cycle of business expansion on many levels as evident within today's pharmacy industry contrasts sharply with other retail establishments where customer traffic is frequently less predictable. Start-up costs for new drugstores range anywhere from $882,352 to $1,764,705. (7) Final costs may vary somewhat depending on location and whether the druggist qualifies for Small Business Administration (SBA) loan packages. Actual start-up costs for new pharmacies are comparable to other small business ventures in today's market. Traditionally, independents rely on a steady stream of repeat shoppers that require the kind of merchandise and personalized service found only in their locally-based drugstores.

Per item costs vary greatly between independents and large chains. However, those independents with solid reputations for both quality products and service are still patronized in large numbers. The fact than many inner-city residents continue to rely on independently-owned drugstores for their daily necessities demonstrates their importance within those communities. A recent study conducted in Chicago, IL indicated that over 45% of Chicagoans still shop in independently-operated stores. Those maverick pharmacies have withstood the fierce competition waged by some of this nation's largest chains.

Large pharmacy chains do not seem bothered by outside competition since they continue to post high profits most especially in affluent urban neighborhoods and sprawling suburbs. Most national chains are located in shopping strips, at the corner of major intersections or in outlying areas adjacent to shopping malls. Increasingly, customers living and working in out-of-the-way areas are turning to urban-based drugstores for a multitude of their goods and services. What prompts them to shop in large, urban-based pharmacies rather than smaller, outlying sites originates with the outlying independents themselves. They are often unable to compete with the vast amounts of affordable merchandise found in large chain stores. More modest sales and increasing debt explain why these small independents frequently lack the financial clout so necessary to compete in the big leagues.

Merging with large chains represents a viable business option for many smaller independents caught in that very financial predicament. The economic advantages of such mergers are two-fold. First, drugstore chains with their vast capital reserves can more easily update or replace outmoded units. Second, many large pharmacy chains opt to hire former drugstore owners as their new store managers. If that occurs, then the independent pharmacist enjoys the many decided benefits of being a store manager without the continual financial burdens and headaches associated with owning and operating a pharmacy. It symbolizes a win-win situation for all parties concerns.

Putting aside the potential financial burdens of owning and operating a drugstore within more remote districts, the majority of independents in the U.S. still enjoy sizeable returns on their investment. Having found their retail niche within the local market place, they continue to reap the many economic benefits derived from their efforts. In fact, few are intimidated by the financial success enjoyed by competing national chains. The general consensus is that there is more than enough business for everyone. That share-the-wealth understanding rarely exists among department store owners.

In the case of department stores, the majority of 20th century cities and towns found it next to impossible to support numerous enterprises forever. Every community eventually reached its saturation point. As was pointed out earlier, capital enriched retailers generally won out over lackluster competitors. Fortunately, local pharmacies did not suffer that same kind of economic fate. What ended many rivalries among pharmacies was not unrelenting competition launched by aggressive new stores with seemingly unlimited financial resources. Voluntary closings were the rule, not the exception, in this industry. The possibility of bankruptcy rarely entered the picture.

That kind of peaceful, co-existence among rival pharmacies did not just happen. It represented the end product of a very carefully orchestrated business model that has been perfected for more than three hundred and fifty years. It began as early as 1663 when a resourceful Dutch settler named Gysbert van Imbruch (1610-1665) opened a modest general store in Kingston, New York. (8) Van Imbruch sold a wide range of medicinal products to white settlers and Native Americans alike. Most of his handcrafted elixirs and specially-made potions came from herbs and roots many of which he grew himself. Besides peddling his-own medical concoctions, van Imbruch also sold a wide array of other useful household goods. His informal establishment set the stage for the billion dollar drugstore business that unfolded over the next several centuries.

The open market that developed in 18th century British North America welcomed a wide assortment of drugs, elixirs and tonics. Some were legitimate medications, while many were not. These medical concoctions boasted that they could cure everything from hair loss, low energy and cancer to heart problems, improper liver function and blindness. Often heavily laced with opium, sulfur or other equally toxic drugs, these medicines may have claimed to be surefire cures for nearly every ailment known to mankind, however, few lived up to their advertised claims. Nevertheless, many people took these “wonder” drugs daily.

Officials in Great Britain throughout the 18th century refused to place any legal restrictions on either the manufacturing or distributing of such homemade remedies. Buyers beware. Unregulated patent drugs continued to flood the U.S. market well into the 19th century. The fact that no laws existed at that time to protect the public against them did not mean that people were totally unaware of their danger. In point of fact, they were very much aware of the possible danger of using such medications. However, most saw no other recourse, but to take them.

Major discoveries in medicine and science in the 18th century encouraged even louder public protests leveled against the poor quality of drugs sold on the open market. Most importantly, these medical and scientific breakthroughs encouraged dramatic changes within the pharmacy industry itself. It began as early as 1705 when accredited medical professionals began copying down prescription orders. (9) By the middle of the 18th century, druggists in both the United Kingdom and American colonies increasingly relied on dispensary books to help them fill daily prescription orders. (10) Those handbooks provided a wealth of information. They also instructed pharmacists on the best ways to make high quality medications. Medical professionals throughout the British Empire regularly updated those handbooks. Their dedication led to better quality medications. Sadly, their crusade to improve drug quality did not bring to an end the sale of harmful drugs. That being said, their efforts represented the first in a number of sweeping reforms that culminated in U.S. government regulation of the drug industry in the 20th century.

Initially called apothecary shops or drug dispensaries, the first pharmacies in Colonial America opened in Boston, MA; New York, NY; and Philadelphia, PA in the early 18th century. (11) In fact, the first female pharmacist in the colonies Elizabeth Greenleaf (1681-1762), operated her own shop in Boston by the late 1720s. Others soon followed. Many colonial druggists emulated the successful business model first popularized by Christopher Marshall (1709-1797). An Irish immigrant with great scientific insight, Marshall developed a wide assortment of specially-crafted tools designed exclusively to improve the quality of the drugs he sold in his shop.

One of his most successful devices permitted him to manufacture large amounts of uniform-shaped pills within a few minutes. Christopher Marshall knew full-well that his reputation as a pharmacist hung in the balance each-and-every time he sold a prescribed drug.

His strong sense of professionalism and his ever pressing desire to do the right thing led him to check and recheck all prescription orders before dispensing them. His three siblings Christopher Marshall Jr. (1740-1806); Charles Marshall (1744-1825) and Elizabeth Marshall (1768-1826) followed in their father's footsteps and became noted pharmacists. (12)

In 1755, the drugstore industry took a major step forward when an enlightened Pennsylvanian pharmacist opened this nation's first hospital pharmacy. A part of a major expansion effort, initiated in 1754 by the Board of Trustees at Pennsylvania Hospital in Philadelphia, PA, this drug dispensary was owned and operated by John Morgan (1735-1789). Morgan provided hospital patients with the best possible service available. He believed that a fully-stocked drugstore, operating within a first class medical facility, would not only benefit the patients there; but also, serve the many medical needs of hospital workers and medical professionals alike. Morgan further argued that a conveniently located drugstore would also greatly reduce the time required to process and deliver prescribed medications to the patients presently in that hospital.

Morgan's forward thinking extended far beyond improving hospital administrative efficiency. He also wanted to separate the fields of pharmacy and medicine. This knowledgeable pharmacist argued that their different educational requirements and professional approaches, based in large part on their unique scientific perspectives, meant that these two fields should not be lumped together under one heading. Each discipline must be allowed to grow on its-own, based on its unique attributes. Ironically, John Morgan soon left the pharmacy business to pursue a career in medicine. He later served with distinction as the Physician-In-Chief in the Continental Army during the Revolutionary War. (13)

Advances in the pharmacy industry soon encompassed much more than just the manufacturing and distribution of patent drugs. Pronounced breakthroughs in the profession directly affected the course of its development. Surprisingly, many of those advances occurred in highly unlikely places such as battlefields. Necessity is indeed the mother of invention. Andrew Craigie (1754-1819) represented just that kind of pharmacist, who under very brutal conditions, came up with some practical solutions to major problems. (14)

A leading Boston pharmacist, Craigie heeded the call to arms and joined the ranks of the Continental Army at the outbreak of the Revolutionary War. Appointed Commissary of Medical Stores, he dealt with wounded soldiers at the Battle of Bunker Hill in June 1775. The lack of medical supplies and drugs at that battle site, in particular, appalled him. He expressed his concerns to his superiors who responded immediately. General George Washington (1732-1799) appointed Andrew Craigie to serve as the new Commissioned Pharmaceutical Officer. He not only procured vast amounts of chemicals and compounds used to treat the wounded on the battlefield; but also, distributed and manufactured medicine to enlisted men wherever needed. (15) Undoubtedly, his swift action saved thousands of lives.

In spite of the many advances in the pharmacy field, during the second half of the 18th century, many people living in frontier regions received little, if any, of the health benefits derived from recent medical and scientific discoveries. Instead, they continued to rely on homemade remedies, many of dubious value. The majority of those pioneers did not have enough money to purchase expensive drugs from East Coast apothecary shops. Also, the great distance between those outlying settlements and the nearest urban drugstore made it next to impossible for them to buy those drugs. Newspapers in remote districts responded by advertising locally-manufactured medicines and remedies for sale. Regrettably, many of these do-it-yourself concoctions contained little if any restorative health properties.

As state earlier, Native Americans developed a wide variety of health cures. These drugs most often consisted of fruits and vegetables, exotic oils and indigenous plants. Some native-inspired gels and lotions worked very well in healing infected sores and wounds. Unfortunately, many others offered absolutely no protection against serious bacterial or infectious diseases. Soaring death rates in the early 19th century, due in large part to improper medical treatment, made professionalizing the pharmacy industry an imperative. The public pressured leaders within the industry to institute stricter professional guidelines. They hoped that such actions would stop the growing number of charlatans who had made huge profits from the many worthless concoctions they sold to unsuspecting customers.

Those advocating major reforms, within the industry itself, firmly believed that adopting universally-accepted professional standards would not only lessen the potential risk in taking both prescription and over-the-counter drugs; but also, protect consumers from a wide range of fraudulent activities that had reached alarming proportions. The question facing industry leaders, at that juncture, was what should they do next? A group of forward-thinking pharmacists sponsored a professional conference to address those issues. Nearly seventy pharmacists attended the three-week conference that began on February 23, 1821 in Carpenter's Hall in Philadelphia, PA. (16) Their efforts led to the creation of the Pharmacist's Association. This group promoted drug purity and professional ethics nationwide. (17)

The success of this conference set the stage for additional refinements in the immediate years ahead. It also led to the establishment of the first professional school of pharmacy in the U.S. Called the Philadelphia College of Pharmacy, this college soon established a governing board with specified tasks. One of its first tasks involved compiling an accurate list of prescribed drug formulas. Researchers depended on popular guidebooks such as *Edinburgh New Dispensatory*, James Thacker's *The American New Dispensatory* and *U.S. Pharmacopoeia*. This latter publication insisted upon strict quality controls for all drugs manufactured in the states. It went through numerous reprints over the next half century. (18) This Board of Directors also began publishing a scholarly periodical in 1825. Originally called *The Journal of the Philadelphia College of Pharmacy*, it soon evolved into *The American Journal of Pharmacy*. As the popularity of this industry grew, so did the need to establish other schools including the New York College of Pharmacy.

Scientific experiments, in the 1820s and 1830s, resulted in a number of new, high quality over-the-counter medications. It also encouraged enterprising groups to manufacture their own medicines. One of those groups to gain national attention resided in upstate New York. Known as the United Society of Shakers, this communal-based, religious sect not only produced a quality line of all-natural medications derived from locally-grown herbs and roots; but also, successfully sold them throughout the U.S. This profitable cottage industry flourished for nearly eighty years before being sold to the Tilden Company. A pharmaceutical enterprise that promoted medical extracts, this company continued to manufacture those medications well into the 20th century. (19)

The growing number of professionally-trained pharmacists increased significantly in the 1840s. Business advances in both the manufacturing and distributing of drugs prompted this extraordinary development. William Proctor Jr. (1817-1874), the editor of the *American Journal of Pharmacy*, led the vanguard. This highly respected educator and pharmacist capitalized on this craze in 1849 when he re-edited *Practical Pharmacy Arrangement Apparatus and Manipulation*. Originally published by Francis Mohr (1806-1879) and Theophilus Redwood (1806-1892), this new and improved volume set the standard for others to follow. Proctor later played an instrumental role in creating a new professional organization dedicated to the pharmacy industry. Conducted under the watchful eye of the Philadelphia College of Pharmacy, a group of foremost pharmacists led by Charles L. Bache, George Coggeshall (1808-1891), Joseph Laidley, William Proctor Jr., Daniel B. Smith (1792-1883) and Alfred B. Taylor met in October 1852 to form the American Pharmaceutical Association. (20) Its many supporters not only adopted a new constitution; but also, composed a professional code of ethics. Today's 62,000 members include registered pharmacists, pharmaceutical scientists, pharmacy students and pharmaceutical technicians. This group's motto "Improving Medication Use Advancing Patient Care" says it all.

Much of today's professionalism stemmed from the actions of these early 19th century reformers. High caliper leaders such as William Proctor, Daniel B. Smith and Alfred B. Taylor not only shared their many years of experience in the pharmacy industry with their many interested colleagues; but also, charted the course for its future development. That was no small task. It took perseverance, on their part, to achieve that lofty goal. By the end of the Civil War, the pharmaceutical industry, with the assistance of the American Pharmaceutical Association, had emerged as one of this nation's most respected health-related fields. That respect by their many peers only grew with time.

By the 1860s, experts within this emerging health-related industry fully recognized the growing importance of well-trained pharmacists. Professionalism had indeed become the catchphrase of the day. Although medical professionals took immense pride in the fact that great strides had been made as of late in saving people's lives, they readily admitted that very little progress had been made in improving hospital sanitation. Problems related to improper sanitation became especially acute during the Civil War. In fact, more soldiers died of surgical complications and unsanitary hospital conditions than on the battlefields. Everyone knew that something must be done to improve sanitation. The question they faced at that juncture was what was the best course of action to follow?

Although mounting scientific evidence showed conclusively that a direct connection existed between microscopic germs and the spread of contagious disease many leaders within the scientific community as late as the post-Civil War era still questioned its cogency. Although no full consensus had been reached within the U.S. medical community, as of yet, regarding the vital role played by germs in spreading diseases, the majority of leaders within the field agreed on the importance of maintaining clean hospital rooms and surgical suites. The pharmacy industry wholeheartedly concurred with that idea. At the same time, its leadership expressed moral indignation that many of its brightest pharmacists had little, if any, formal training when it came to modern sanitation procedures. Equally disheartening, many of these same druggists had, at best, only a cursory knowledge of the health sciences themselves. How could this have happened? Reformers concluded that educational deficiencies of that magnitude must be rectified as soon as possible.

Many enlightened educators in the pharmacy industry by the early 1870s began to seriously question traditionally-held beliefs as to what constituted effective teaching methods in this field. They particularly challenged the value of traditional experiential learning techniques. To casual observers and well-trained professionals alike, that kind of sharp criticism of standard teaching methods appeared more than justified in light of the devastation wrought by the Civil War and the remarkable scientific and medical breakthroughs made during the post-war years. Advocates of educational reform said it behooved all involved in the health-related sciences, including the pharmacy industry, to incorporate as many new medical and scientific discoveries into their teaching curriculums as soon as possible.

That meant radically revising traditional methods of instruction. Looking at educational reform from its broadest perspective, the radical curriculum changes, first proposed in the late 1860s and early 1870s, closely resembled educational improvements expounded by prominent educators in both accounting and law just prior to the Civil War. In the case of the pharmacy industry, reformers truly believed that logic and reason must replace less rational approaches towards teaching. Specifically, this new teaching approach must repudiate experiential learning once considered so crucial in educating all pharmacists.

However, before any meaningful dialogue could commence, the pharmacy industry had to first decide what exactly constituted effective reforms. They began by questioning each-and-every aspect of the educational process including all core courses. It did not take them long before they started to attack the once cherished apprenticeship program. Begun in 18th century colonial America as a way of introducing real life experiences to students that were about to enter this field, nearly all pharmacy schools included at least one fully accredited apprenticeship program in their curriculum. What particularly concerned enlightened post-Civil War educators was not the popularity of those programs but, whether they truly provided the kind of valuable insight and first-hand knowledge so necessary for those entering this busy industry. Reformers knew full-well that any suggestion of eliminating longstanding apprenticeship programs might result in a groundswell of opposition from a wide range of faculty members and students. After all, the vast majority of pharmacy schools in the U.S. viewed them as a fundamental requirement. Also, nearly every skilled trade in 19th century America required similar service time, why not the pharmacy industry? Unfortunately, its value as a teaching tool varied greatly depending on how and who administered it.

Some pharmacists participating in the apprenticeship program took their teaching responsibilities very seriously. They provided their students with the kind of practical business experience and useful professional training not found in textbooks. Furthermore, dedicated pharmacists provided their students with the rare opportunity of mingling among shoppers and assisting them when called upon to do so. Those expounding the many virtues of apprenticeship programs firmly believed that students did indeed learn a great deal from their experiences in those stores. Equally important, experiential learning cost pharmacy schools virtually nothing since the advice and instruction were both free.

Apprenticeships appeared to be the perfect teaching tool in the eyes of many 19th century educators. Working in a drugstore exposed students to a wide variety of real-life business experiences. In particular, it demonstrated how experienced pharmacists handled the many problems that occur daily. What better way to train future druggists? Putting aside its merits, there were also some inherent problems that many of its staunchest supporters never cared to address. To begin with, apprenticeships offered few built-in safeguards. Also, some participating pharmacists requested stipends in order to cover any additional incurred costs.

Its value might prove to be dubious especially when problems started to surface. For example, were those pharmacists instructing their students on the proper way in which to mix and match compounds? Did they encourage or discourage their apprentices from asking vital questions such as the proper way to fill prescriptions, order merchandise or handle customer complaints? Also, were those pharmacists honest or not when it came to evaluating the progress of their students? Did they tend to take out their anger and frustration on their helpless apprentices? Lastly, did such experiential learning program really get the point across, or were their other, more effective ways in which to relate the message?

Dr. Albert B. Prescott (1832-1905) was one of its harshest critics. (21) A well-respected chemistry professor and lecturer in organic chemistry and metallurgy at the University of Michigan, he believed that students required much more than a cursory knowledge of the pharmacy profession as afforded through present-day apprenticeship programs. Dr. Prescott argued that successful pharmacists not only needed to be well-grounded in the general sciences; but also, in chemistry. With that thought in mind, he designed this nation's first laboratory dedicated exclusively to the field of chemistry. Opened in 1869 at the University of Michigan, this new, state-of-the-art facility brought the field of pharmacy to an entirely new level. Dr. Prescott later served as the Dean of Pharmacy at the University of Michigan as well as its first chemistry lab director. The American Pharmaceutical Association Board of Directors elected him its president in 1899.

Not all educators in the pharmacy industry agreed with the kind of revolutionary thinking as expounded by Dr. Prescott and his disciples. Other equally esteemed experts in this field claimed that being a successful pharmacist required much more than just a solid background in the sciences. Apprenticeships provided students practical business experience so essential for any successful pharmacist. Pharmacy students enrolled in those programs experienced a host of business and professional issues and problems, many unique to their careers. With that knowledge in hand, pharmacy students were indeed well prepared to enter the workforce. That idea may have had some merit especially when the pharmacy industry was in its infancy; however, scientific breakthroughs in the 1870s and 1880s undermined those earlier, ironclad arguments.

Most experts, by the mid-1880s, agreed on the importance of students having much more than just a casual understanding of general science and scientific-experimentation. A well-stocked university laboratory staffed by competent professors with extensive backgrounds in a wide variety of scientific-related disciplines afforded the ideal academic setting for promoting advanced learning. The fact that many states had tightened up their licensing requirements for pharmacists made that even more crucial. The pharmacy industry advanced in other measurable ways during the late 19th and early 20th centuries.

Recent medical discoveries in the pharmaceutical industry lent further credence to reform-inspired academic leaders that favored new scientific approaches towards education over more traditional experiential learning practices. Several major drug companies had recently made significant advances in the manufacturing of medicine. Well-known pharmaceutical companies now produced a wide range of top quality prescription drugs as well as over-the-counter medications. The introduction of stricter quality controls also afforded a higher degree of consumer safety. Examples of this new commitment to excellence was evident everywhere.

Parke, Davis & Company represented one of those early leaders. Founded in 1871 by Dr. Samuel Duffield (1843-1887) and Hervey C. Parke (1828-1899), Parke Davis set up its-own clinical laboratories in which to test its new drugs. It also developed a standardization process. (22) An all-inclusive process of qualitative and quantitative analysis, Parke Davis utilized chemical assay to measure the chemical and physical properties of substances it analyzed. In this instance, qualitative analysis through extraction, distillation and precipitation enabled researchers to accurately measure the chemical and physical disposition of a new drug prior to actual testing.

Beginning in 1886, Parke Davis attached lot numbers to its products. That inventory process enabled druggist to track the origins of specific drugs by their testing date. Similar to other pharmaceutical companies, Parke Davis developed its-own physiological standardization procedures. Earmarking only certain groups of animals for experimentation further distinguished the Parke Davis Company from its competitors. Carefully monitored inventories and manufacturing procedures notwithstanding, voluntary actions by enlightened drug manufacturers including Parke Davis did not end the many abuses practiced by other, unscrupulous businesses.

Early 20th century federal watchdogs relentlessly scrutinized the purity of medications on the open market. They soon expanded their initial efforts to include such things as fresh foods and locally-grown vegetables. Unscrupulous business practices by a number of pharmaceutical companies, food processors and pharmacists, at the turn of the 20th century, enraged many reformers who wanted to know why federal officials had not intervened to protect the consumer. The groundswell for reform only intensified as more shocking accounts of adulterated food filled the daily tabloids. However, it took *The Jungle* (1906) by Upton Sinclair (1878-1968) before the public focused its attention on the meatpacking industry and its filthy slaughterhouses. Sweeping demand for federal action, in that regards, finally led to major changes.

The 59th U.S. Congress enacted the Pure Food & Drug Act of 1906. (23) Also known as the Wiley Act, this bill represented the first in a series of laws designed to protect consumers from the worst abuses. One of its provisions banned both foreign and interstate trafficking of adulterated, mislabeled food. It also called for the creation of a new federal agency to oversee activities. Called the U.S. Bureau of Chemistry, it not only inspected all food products; but also, apprehended known offenders. In the 1930s, Congressional leaders expanded their role in this regard and changed the name of their federal watchdog agency to the U.S. Food & Drug Administration (FDA).

Daily meat inspection now fell under the auspices of the U.S. Food Safety & Inspection Service, a new division to emerge in the U.S. Department of Agriculture (USDA). The 1906 law also required that all active ingredients used in food processing must be listed on easy to read labels on the packages themselves. It further stipulated that all drugs sold in the U.S. must have proscribed levels of potency, purity and quality as determined by the U.S. Pharmacopeia and National Formulary. This act remained in effect for more than three decades.

Outspoken consumer advocates, led by reform-minded journalists in the 1930s, supported federal legislation intended to curb growing incidents of harmful “wonder” drugs. Public concern reached a feverous pitch in the late 1930s with the introduction of a new medicine called Elixir Sulfanilamide. This highly touted medication supposedly treated streptococcal infections. Unfortunately, this sulfur-based liquid contained a lethal dose of diethylene glycol, a poisonous chemical found in car antifreeze. Over 100 persons died from it including many children.

The public was outraged that such a drug was allowed to be sold on the open market. In response to the public outcry for stricter federal controls when it came to the manufacturing and distribution of cosmetics and drugs, the 75th U.S. Congress approved the Food, Drug, and Cosmetic Act of 1938. (24) This act not only placed all cosmetics and drugs under federal control; but also, mandated that drug labels must include explicit directions as to how to use those products safely. Other safeguards required all drug manufacturers to show conclusive evidence to the FDA that their new drugs were indeed safe for public consumption.

Furthermore, the federal government reserved the right to fully prosecute any pharmaceutical company that knowingly lied to the public about the therapeutic value of one of their drugs. The 1938 law placed even tighter controls on food packaging and food purity, while still upholding earlier well-established federal guidelines and standards. Periodic inspections of food processing factories, along with the right of federal judges to evoke injunctions when necessary for the public good, afforded Washington officials even greater latitude when it came to controlling the manufacturing, distribution and sale of drugs in this country.

Expanded federal regulatory powers over the manufacturing and distribution of drugs prompted an immediate backlash from a great many pharmaceutical companies. One of the biggest complaints was leveled against the FDA. They argued that the FDA had willfully overstepped its authority when it claimed the legal right to determine whether a drug should or should not be labeled a safe product. Drug company officials contended that the final decision should remain in the hands of physicians who authorize the prescribed drug, and not less than qualified FDA agents.

This sparked a major controversy among federal officials, pharmaceutical giants and numerous health professionals as to what exactly constituted prescription drugs and over-the-counter remedies. The Dunham-Humphrey Amendment, passed by Congress in 1951, finally resolved that dispute. (25) This amendment stated that any potentially dangerous, habit forming drug must be dispensed by an authorized health professional following prescribed medical procedures. Furthermore, any prescribed drug must include an attached warning stating that the federal government bans all illegal dispensing of that drug without a proper prescription.

New problems arose in the 1950s in terms of federal drug enforcement and further regulation. Major scientific discoveries in the areas of pesticide control and food preservation markedly changed the current situation. Designed to furnish greater harvests and extend shelf life especially for certain perishable food products, many of these scientific advances proved harmful for both consumers and the environment. In response, the 83rd U.S. Congress passed the Residue Pesticide Amendment Act of 1954. (26) This bill addressed the dangers posed by poisonous pesticides that were allowed to seep into the food chain. This law required FDA representatives to pre-approve all pesticide residuals used in food processing.

A continual increase in food contamination led the 85th Congress to approve the Food Additive Amendment of 1958. (27) This amendment required the FDA to approve all new food additives. While exempting certain chemicals and chemical compounds found in some popular cleaning solutions of the day, this act specifically banned the usage of carcinogenic additives in food processing. Further Congressional action during the Kennedy Administration resulted in even tighter federal controls. A growing concern in the late 1950s and early 1960s that the FDA was becoming negligent in its responsibilities to the public compelled the 87th Congress to take punitive action through the Kefauver-Harris Amendment of 1962. (28) Critics of the FDA contended that many of its agents demonstrated a lackadaisical attitude when it came to the proper testing of new drugs.

Increased disenchantment by the public regarding the way the FDA conducted itself reached a feverous pitch with the thalidomide catastrophe in 1962. The sudden upsurge in the number of babies with serious birth defects based on the widespread use of thalidomide by women, who had experienced nausea during pregnancy, had reached new epidemic proportions. The agency's harshest critics wanted to know what had prompted the FDA to approve that drug in the first place, and what was that agency going to do to remedy this present dilemma?

Critics contended that the repeated failure of FDA examiners to properly test potentially very lethal drugs upfront was the crux of the problem. In the case of the thalidomide babies, FDA agents had failed miserably when it came to protecting those women who had naively believed that taking thalidomide was a safe thing to do. They wanted to know how the FDA could have allowed its sale in the open market without requiring extensive testing upfront. The public wanted something done about it immediately in the hope of preventing similar catastrophes from happening in the future. They further demanded that the federal government provide fair compensation to thalidomide babies and their families.

The widely-supported Kefauver-Harris Amendment of 1962 addressed that concern and so much more. It mandated that all pharmaceutical companies wishing to market a new drug must first go through a lengthy federal process. (29) That would include, among other things, conducting and evaluating their set of tests along with a barrage of additional mandatory tests conducted by the FDA itself. Prolonged testing hopefully would guarantee the safety and efficacy of any-and-all new drugs entering the market place. The FDA must also pre-approve all human testing of new drugs along with any advertising and labeling. This bill called for FDA to exert more pressure on pharmaceutical companies to investigate the efficacy of some of their present medicines.

Additional federal legislation later in the 20th century covered everything from regulating medical devices, guaranteeing the safety of implants and testing the general nutritional value of baby formulas to promoting quality generic drugs, developing treatments for rare tropical diseases and halting the illegal trafficking of drugs. Public pressure, in the 1980s and 1990s, led to the better labeling of food as well as speeding up the testing process for new drugs hoping to enter the market. It also sanctioned tighter federal controls on the manufacturing of vitamins, stricter regulation of dietary supplements, more frequent inspections of mammography facilities and expanding FDA authority beyond this nation's borders.

Reverting back in time, the last two decades of the 19th century witnessed a period of sustained growth in the pharmacy industry as more druggists not only strove to incorporate the many recent advances in the fields of medical and science; but also, appreciably improve the shopping experience for their many customers. The growing sophistication of the pharmacy business, at the turn of the 20th century, affected the numerous business components that comprised this bourgeoning retail sector. How could it be otherwise? Well-stocked drugstores with large, open areas dedicated to a multitude of functions as well as huge new prescription stations marked the end of non-pretentious apothecary shops of yesterday.

Sophisticated shoppers especially enjoyed the many ice cream and soda concoctions found in the lavish new ice cream parlors. They also like to sample the many perfumes and lotions found on various counters throughout the store. Patrons greatly admired the drugstore's interior décor that often featured ornate tin foil ceiling, large bold arches and richly sculptured dark wood panels all executed in the most current Victorian architectural style. Everything was geared to delight the customer. (30)

As the new century unfolded, the settings of most large pharmacies changed significantly. Gone was the heavy, ornate architectural detailing of the Victorian Era. In its wake, a new international commercial architectural style appeared. Known as Art Noveau, it remained the style of choice until the mid-1920s when Art Deco replaced it. Art Deco's popularity lasted less than decade when a brand new streamline design called Art Moderne caught the public's fancy. Highlighted by large plate-glass windows and industrially-inspired detailing at each-and-every corner, all three of these early 20th century commercial designs featured open floor plans.

Brightly painted wall surfaces, accentuated by polished porcelain counters, distinguished U.S. drugstores of the 1950s from their predecessors. Lightly colored porcelain counters and comfy stainless-steel swivel stools with richly colored vinyl seats beckoned shoppers to eat at their lunch counters. Bright neon signs also welcomed them. Once inside the store, well-stocked shelves arranged in neat order along with modern lighting in the form of florescent tubes dangling from the ceilings provided customers with convenience and safety.

Mid-century pharmacists also updated traditional prescription stations. The changing nature of dispensing drugs led to those alterations. The fact that the majority of pharmacists no longer made their own drugs, preferring instead to purchase their supplies from pharmaceutical representatives, eliminated the need for large, well-stocked laboratories. That led many druggists to downsize and relocate their prescription stations. Those screened-off work rooms frequently found in the rear of local drugstores were no more. New, brightly lighted, free-flowing prescription stations with easy-to-reach customer counters became the norm.

Open prescription stations often encouraged more in-depth conversations between druggists and shoppers. Those discussions frequently focused on the latest industry-wide breakthroughs. They also afforded pharmacists the opportunity of providing their patrons with the latest information pertaining to current health issues along with the best ways in which to combat new diseases. At the turn of this century, many pharmacists expanded the scope of their medical services to include immunizing their patrons against contagious disease. Like other well-established enterprises, the pharmacy industry embodies an ongoing tradition of customer excellence constantly reinforced by its-own highly-defined business goals and objectives.

Although not totally immune from changing economic conditions, the special products and medical-related services provided by druggists remain a steadfast part of daily life for a great many shoppers regardless of the financial situation facing the nation. Most importantly, it enables local pharmacists to dedicate themselves to serving their customers in the best ways possible. They supply their shoppers with high quality prescription drugs and over-the-counter medications along with a wide choice of desirable merchandise all at affordable prices. In focusing upon recent developments within this growing field, one might forget about the illustrious history of the drugstore industry in the U.S., and how local pharmacists effectuated crucial changes at various junctures in its evolution.

Large urban centers such as Cleveland, Ohio continue to play an integral role in the evolution of this most important service-based industry. In fact, local druggists never hesitate to incorporate the latest medical and scientific discoveries into their many stores always for the benefit of their customers. Shoppers respond by repeatedly patronizing those popular retail establishments in growing numbers. More interaction between pharmacists and their satisfied patrons encourage further business expansion and experimentation.

Several questions emerge concerning how these Cleveland-based enterprises unfolded over the past two centuries. First, how did local druggists handle the multitude of changes affecting the industry? Second, what role did branch stores play in this phenomenon? Third, how did renovating facilities on a regular basis impact profit potential? Fourth, what were the differences between small, locally-owned drugstores and large, national chains? Lastly, which pharmacies in Cleveland survived the massive influx of competition during the post-war years, and which ones succumbed to it?

By concentrating on the evolution of the drug store industry from the Cleveland perspective one may observe first-hand how shrewd pharmacists went about building up their successful enterprises. Most of the business models used then still apply in today's world. Time, in itself, does not lessen the value of widely-accepted business principles. The old adage "hindsight is insight" might well apply here. Knowing what happened in the past might assist modern-day pharmacists in avoiding some of the same economic and financial pitfalls that befell so many of their predecessors. Conversely, that kind of new insight, prompted in part from specific lessons in the past, might encourage modern-day pharmacists to enrich their business priorities in ways they never before would have envisioned had they not reviewed those earlier successful business practices first.

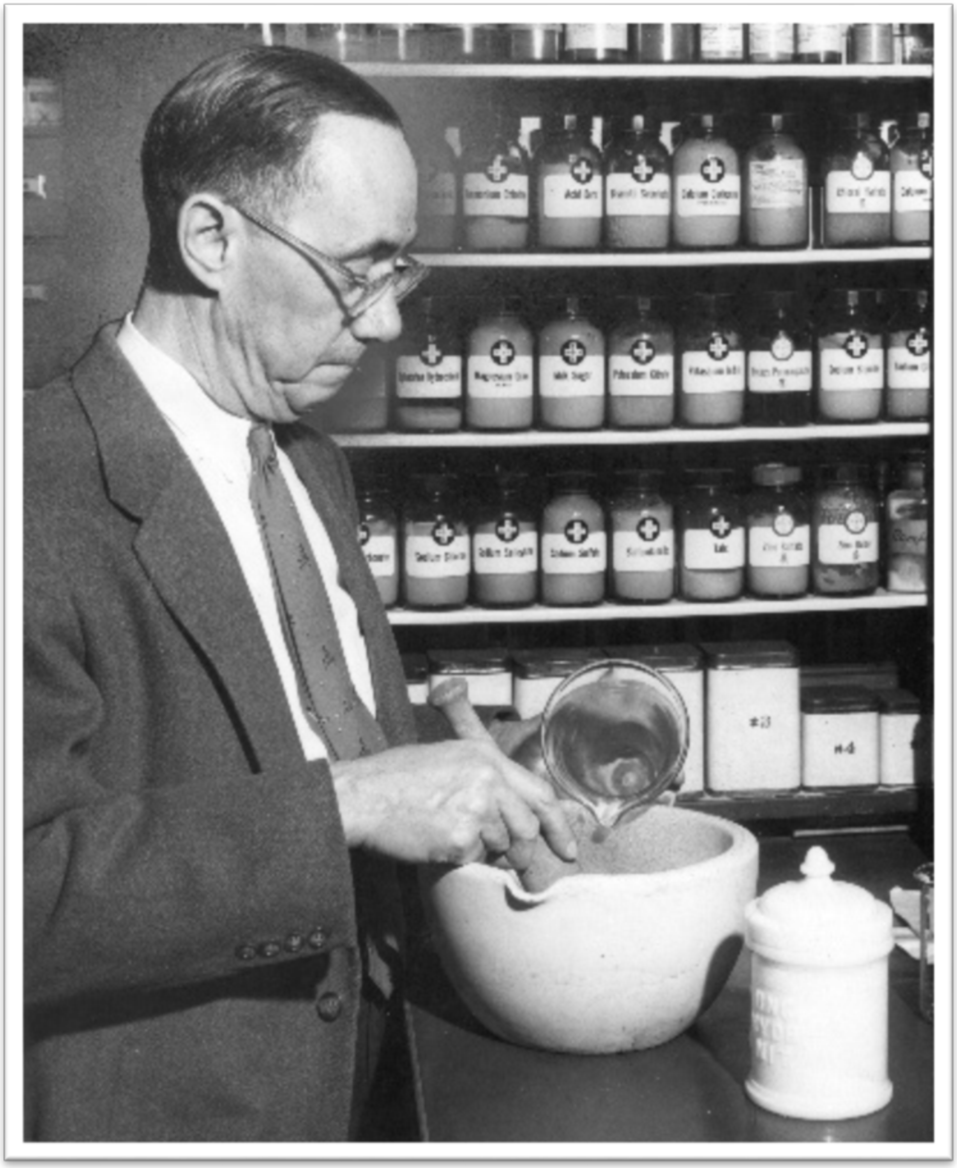

Figure 1: Mid-century Pharmacist at work

ENDNOTES

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CHAPTER 2

HOMEGROWN PHARMACIES & MARSHALL DRUGSTORES

The pharmacy industry in Cleveland, Ohio began rather modestly in the early 19th century. Located at the junction of the Cuyahoga River and Lake Erie, this community originated as a small trading center in the Western Reserve of Ohio. Far removed from the prosperous farmlands and bustling towns found in the eastern and southern parts of late 18th century Ohio, the initial economic prospects for this tiny village seemed very grim. In fact, things were so bad that the corporation responsible for selling land parcels in that community filed for bankruptcy in 1809. However, the inability of the Connecticut Land Company to sell its many holdings did not prevent some of Cleveland's innovative settlers from making sizeable profits here. Pioneers such as Lorenzo Carter (1767-1814), Nathaniel Doan (1762-1815), Samuel Huntington (1731-1796) and Alfred Kelley (1789-1859) took full advantage of any economic opportunities that came their way.

During the first three decades of the 19th century Cleveland evolved from a struggling outpost to a respectable town with many of the same economic, physical and social amenities found in larger, more prosperous communities scattered throughout Ohio. They included such things as a stately courthouse, a first-rate elementary school and several small shops. Designated the northern terminus of the Ohio and Erie Canal in 1825, Cleveland, by the mid-1830s, included a successful commercial bank, several beautiful residences and ample docking space. This recent spurt in growth did not escape the attention of many recently-arrived merchants, some of which engaged in the drugstore trade. It began when Timothy Scovill (1762-1845) opened this city's first combined drugstore and grocery in 1816. A precursor in some ways to modern-day convenient stores, Scovill's enterprise offered a wide variety of hard-to-find items as well as his-own special medical concoctions. An entrepreneur in his-own right, Scovill also invested in other lucrative ventures including a prosperous lumber yard. (1) Other ambitious businessmen such as Dr. Israel Town, Dr. David Long and Dr. Elijah Taylor also invested their hard-earned cash in apothecaries.

An interesting side note, although growing numbers of early 19th century Americans pursued careers in the pharmacy industry that did not mean that they were the only medical professionals to engage in the manufacturing and distributing of medications. Many physicians also successfully marketed their homemade remedies. Apparently, the public paid little attention as to whether a druggist or physician made the medications in question. As long as those remedies worked was all that mattered to them. The terms pharmacist and physician remained interchangeable in Cleveland into the late 19th century.

In the case of Dr. Town, his many loyal customers not only relied on his handcrafted drugs and over-the-counter medications; but also, his medical advice. (2) Both Dr. David Long

(1787-1851) and Dr. Elisha Taylor (d. 1886) engaged in similar business practices. In Dr. Taylor's case, he also sold a plethora of non-medically-related merchandise. Those items ranged from hard-to-find dry goods, quality hardware and delicious groceries to freshly made paints, unique crockery and fine china. In 1819, another local pharmacist named E. Johnson started selling dried fruits at his popular stand. He also sold name brand prescription drugs and other useful household items such as paints, oils and glass. (3)

The 1830 U.S. census listed over 1,000 residents in the village of Cleveland. That same census reported that this community now contained 168 dwellings, 13 retail outlets, 15 warehouses, 9 grocers, 6 taverns and 4 drugstores. (4) The 1830s and 1840s represented a time of appreciable growth in this area as an exciting new city started to emerge. Wanting to capitalize on its recent growth, druggists began advertising extensively in local newspapers. Advertising enabled them to inform the public of what they were featuring at any given time. For example, one of this city's best known pharmacists Henry Vaughn promoted the many health benefits derived from such things as Dr. Chapman's Anti-Dyspeptic Sour Stomach pills. (5) Henry Vaughn was not alone in his thinking. Increasingly, pharmacists relied on advertising to get the word out. Cleveland-based druggists were not the only ones to rely on advertising. Pharmacists in neighboring Ohio City also depended on it. It began in the 1830s when a noted west side entrepreneur named Seth H. Shelden (d. 1884) announced the grand opening of his new apothecary shop on Detroit Street. (6)

Many enterprising pharmacists on both sides of the Cuyahoga River quickly expanded their initial list of items they peddled to include fresh groceries and hardware. Handerson & Punderson at 73 Superior Street symbolized one of the first Cleveland drugstores to recognize the profit potential in selling high quality medicines accompanied by excellent customer service. Founded in 1833, this pharmacy offered all kinds of elixirs as well as some of the finest custom-made prescription drugs found in Northeast Ohio at that time. It also sold arsenic, chlorine tooth wash, cold creams, liniments opium, paregoric, quicksilver, soap and turpentine.[1] (7) This same successful pharmacy soon added alcohol, gold pens with holders, lacquer, sassafras, sealing wax and varnish to their growing list of quality products it sold. (8)

The Cleveland City Directory of 1836-37 recorded nearly 25 physicians and surgeons in the city. (9) That same directory also noted the growing number of pharmacies. They included Handerson & Punderson at 75 Superior Street, Cushing & Clark at 46 Superior Street, Colin S. Mackenzie at 100 Superior Street and Cornelius P. Leonard at the corner of Detroit and Turnpike streets in Ohio City, OHIO. (10) Strickland & Gaylord another popular drugstore featured all-natural remedies such as Dr. Jebb's Rheumatic Liniment. It relieved stiff joints and muscle numbness. Strickland & Gaylord also promoted its-own specially-formulated chemical plasters for those afflicted with blisters and fever sores. (11)

C. S. Mackenzie and Company not only sold its-own unique medical concoctions; but also, numerous kinds of tonics, plasters, mineral waters and lard oils. In the 1840s, Colin S. Mackenzie (d. 1886) went into partnership with another well-known Cleveland pharmacist named David Haskell. They soon opened a laboratory in the Phoenix Building. (12) Although their partnership lasted only four years, Mackenzie & Haskell enjoyed a well-earned business reputation for selling high quality prescription drugs and effective over-the-counter medications. Mackenzie's Compound Liver pills were a local favorite for many years. (13) Located underneath "the sign of the arch" at 34 Superior Street, they also prided themselves on selling only the best groceries, tastiest liquors, top-rated paints and most exotic perfumes.

Loyal shoppers especially looked forward to their annual sales. Phenomenal success convinced Colin Mackenzie to relocate to a larger site at 196 Superior Street in 1859. (14) He later moved to an even bigger facility near Public Square. Located in the ground floor of the busy American Hotel, this drugstore specialized in medical equipment, breast pumps, cupping glasses, electromagnetic machines, rings and syringes. (15) The detailed information furnished by C. S. Mackenzie & Company regarding the proper usage of their chemical compounds, prescription drugs and over-the-counter medications was second to none. The fact that Mackenzie's guaranteed the quality and safety of all medicines it sold reassured its many shoppers. Clevelanders, well into the 1880s, still depended on that drugstore. The Mackenzie family finally sold controlling interest to another local pharmacy called Heller & Geuvy. (16)

H&E Gaylord represented another popular drugstore that opened its doors in the 1840s. Located at 30 Superior Street, in the heart of Cleveland's downtown, this enterprise specialized in cough remedies and throat lozenges. (17) H&E Gaylord became Gaylord & Company in 1853. (18) Henry C. Gaylord (1825-1893), Charles E. Ames and George C. Hammond were its majority stockholders. This pharmacy focused on dyes, garden-picked groceries and surgical instruments. (19) Its reputation for high quality patent medicines was well-known throughout the area. Their partnership lasted three years. Henry Gaylord and George Hammond remained together at the Superior Street location, while Charles Ames gained controlling interest in Gaylord & Company at Public Square. (20) Other Clevelanders to own and operate pharmacies, prior to the Civil War, included Welton A. Clark, Oliver E. Huntington, Marcus C. Parker (1810-1887) and William Smyth. (21) These druggists manufactured popular prescription drugs along with a whole host of other useful over-the-counter medications. Most pharmacists, in those days, relied on homeopathic family guidebooks to formulate their medical concoctions. They included Thomas R. Everest, *A Popular View of Homeopathy* (1835) and Constance Hering, *Domestic Physician* (1835). (22)

In May 1845, the grand opening of the Clarke & Fiske drugstore received a great deal of public attention. (23) It represented a radical departure from earlier, conventional pharmacies. Located under the "Sign of the Gold Mortar," Clarke & Fiske not only successfully marketed its-own brand of prescription drugs and over-the-counter remedies; but also, sold groceries, medical instruments and baby supplies. They specialized in other, hard-to-find things such as baby carriages, baskets, cradles, stethoscopes, thermometers and throat swaps. (24) William Fiske later expanded his line of merchandise to include sugar for cooking, glues, oils, paint brushes and paint.

The growing number of successful pharmacies in Cleveland, during the late 1840s and early 1850s, sparked fierce, new competition. Each druggist tried to outdo the other by offering specialty items not found elsewhere. One highly successful pharmacy Russell & McDole took this idea to heart and began manufacturing and marketing its-own brand of sugar-coated vegetable pills. (25) Apparently, they cured nearly every affliction known to mankind from constipation to poor vision. It was a popular product for many years. That targeted business approach gained an immediate following in the local pharmacy community. Oliver E. Huntington embodied the kind of early 19th century Cleveland pharmacist that successfully capitalized on it. He emphatically believed that the key to business success rested in promoting the many health benefits derived from eating organically grown fruits and vegetables. Located at 99 Superior Street "At the Sign of the Good Samaritan," Huntington sold inexpensive, top quality fresh fruits and vegetables. (26)

Many local pharmacies quickly discovered that modernizing their facilities periodically represented a very effective way in which to expand their customer-base quickly. Such efforts resulted in more open floor space and larger display counters. Other druggists decided to pursue a different strategy. They spent the bulk of their time manufacturing and marketing new prescription drugs and special over-the-counter remedies. Large work spaces, devoted to the manufacturing of patent medicines, enabled them to achieve their goal. It also led to greater efficiency especially in regards to dispensing set medications. Updated décor in late 19th century Cleveland drugstores often meant ornate wall coverings, highly decorative ceilings and special mosaic floors. In the case of D. C. Baldwin & Company, it led that pharmacy to erect a new building in 1858. Located at the corner of Seneca and Superior streets, in the middle of Cleveland's Warehouse District, this new brick structure boasted large glass windows, shiny mahogany counters and gas lighting. (27)

Another Cleveland pharmacist Arthur J. Wenham (1823-1885) of Wenham and Beckwith took a vastly different approach towards marketing his many products and services. Similar to modern discount houses where savings to consumers take precedent over other amenities, Wenham sold his prescription drugs and over-the-counter medications at rock bottom prices from a warehouse at 28 Merwin Street. (28) One might conclude from his unprecedented actions that Wenham operated one of the first discount drugstores in the U.S. Perhaps he alone had figured out that low prices were all that mattered to customers in the long run.

However, closer scrutiny suggests that he did not possess that kind of far-reaching insight. Financial constraints, not enlightened thinking, dictated his move. Specifically, a major robbery committed on October 31, 1854 left him virtually penniless. (29) Wenham had to start over with only the basics. He may not have been the father of the modern discount pharmacy; however, his bare bones approach towards retailing paid-off at least for the interim. Unfortunately, he was forced to file for bankruptcy in February, 1876. (30)

Benton & Brothers Drug Wholesalers initial claim to fame in Cleveland rested on its effective home remedies. One in particular, a vegetable-based Sicilian hair remover led that list. (31) Considered to be very prudent businessmen, the Benton brothers saved nearly 30% of their profit in their first years in business. In 1858, they built a new, three story commercial building in the busy Warehouse District. Located on Water Street, this pharmacy soon outgrew its space. Over the next two decades, Benton & Brothers Drugstore nearly tripled its original size. Through acquisitions, Benton & Brothers Drug evolved into Benton, Myers & Canfield Company, Benton, Myers & Company, and finally Benton Hall & Company. (32) Its senior partner Horace Benton (1827-1910) ensured his company's continued success by developing durable paints and varnishes. His success gained the attention of the Sherwin-Williams Company which eventually merged with this pharmacy. Horace Benton continued to play an instrumental role in his drugstore's operations until his death in 1910. (33)

Edward W. Palmer (1821-1896) symbolized the quintessential mid-19th century Cleveland pharmacist who quickly seized upon economic opportunities when they occurred. His rise in prominence began in April 1831 when he purchased Handerson & Punderson. (34) He soon transformed this conventional apothecary into a versatile pharmacy. In February 1853, Palmer partnered with another ambitious entrepreneur Elijah W. Sackrider (1825-1872). Their new store, called Palmer & Sackrider, specialized in hard-to-find prescription drugs and household products. They also sold quality window glass, specialty house paints, durable varnishes, distilled whiskeys, tasty delicacies and locally-made wines. (35) Apparently, their versatile business approach worked well. During the first two years of operation, their number of customers nearly doubled.

Finding the retail side of pharmacy less than fulfilling, Edward Palmer announced, in May 1853, that he planned to leave retailing for the wholesale sector. He then proceeded to join the firm of William Lyon & Company. (36) Apparently, a number of resourceful druggists had made sizeable profits in the wholesale business as of late. Putting aside those earlier successes, most experts in the field agreed that retailing, not wholesaling, provided the greatest business opportunities long-term. The distinct possibility of ever escalating overhead expenses resulting from unexpected natural and manmade disasters along with soaring liability costs frequently served to lessen profit potential.

The retail side of pharmacy represented a much safer bet for most druggists. However, Palmer did not see it that way. He firmly believed that he could avoid the financial misfortunes that had stymied many others in the past. Palmer argued that he could earn sizeable returns in wholesale drugs as long as he continued to provide pharmacists affordable, high quality drugs accompanied by prompt service. His glowing optimism overshadowed the fact that other pharmacists in wholesaling had determined the exact same thing, and that the local wholesale business was on the verge of reaching its saturation point. Once that saturation point had been reached then those druggists, subsequently entering that same arena, had absolutely no guarantee of high profits.

In fact, the saturation point in Cleveland had been reached by the mid-1850s much to the dismay of optimistic business leaders of that day such as Edward Palmer. He also soon discovered that he missed the daily interaction with his customers. With those thoughts in his mind, he got out of the wholesale business and partnered with another druggist B. M. Hutchison in January 1857. (37) This new enterprise called Hutchinson & Palmer lasted for two years. With a capital surplus of $150,000, Palmer invested in several other companies over the next decade. Finally, he founded the Cleveland Window & Glass Company at 180-184 Chaplain Street in 1873. (38)

Edward Kingsley (1825-1860) and Hugo Hensch (1815-1874) completed the list of prominent pharmacists found in Cleveland in the years just prior to the Civil War. Kingsley's gained credibility within the local business community when, in 1852, he purchased a popular pharmacy previously owned and operated by William H. Beaumont (1823-1879). (39) Known as W. H. Beaumont & Company, its prime location at 37 Ontario Street appealed to many. Kingsley's commitment to his customers extended far beyond the norm especially when it came to providing them quality goods at reasonable prices. Two specialty items unique to Kingsley Drug included a tasty health drink called Arrow Root and his patented oatmeal. (40)

In 1858, Hugo Hensch opened a combination retail and wholesale pharmacy at the corner of Ontario and Prospect streets. This pharmacist used only the finest imported chemical compounds in making his homemade concoctions. An immediate success, Hensch soon moved to larger quarters at Eagle Street and Woodland Avenue in Cleveland's Market District. That large commercial district extended south along Ontario and Sheriff Streets between Prospect and Woodland Avenues. Some of his best-selling items were chloroform, citrate, iodine, morphine, nitrate silver, potash, and salves. This store remained in business for over a decade. Finally, Hensch sold controlling interest to another rising star in the within the local pharmacy industry Jacob P. Urban (1808-1875). (41)

The decades of the 1860s and 1870s saw the bulk of Cleveland's daily drugstore activity shift away from the Warehouse district to the south side of Public Square and on both sides of lower Euclid Avenue. Now identified by its many groceries and retail shops, lower Euclid

Avenue became the latest beehive of commercial activity within this fast growing city. By the late 1870s, over thirty druggists called Euclid Avenue home. (42) In response to the growing number of local pharmacies, two leading druggists Lewis C. Hopp (d. 1925) and Christopher Hintzelman founded the pharmaceutical society. Its Board of Directors elected Hopp as President and Hintzelman as Vice President. The trustees also named Charles A. Selzer (d. 1931) as Treasurer and J. S. Richardson as Secretary. (43)

Keeler & Vogt at 32 Public Square embodied a new kind of pharmacy that took full advantage of this mid-19th century growth. At the beginning of the Civil War, those two partners expanded their line of medicines to include pectoral syrup, mercury and cough medications. These medications brought in a whole new group of customers who were more than willing to spend their hard-earned cash to obtain those items. Irreconcilable business differences led to the company's dissolution in February 1866. (44) Keeler invested his savings in a new therapeutic gadget that had recently entered the market. Called "electric medicine," its failure left him broke. Jacob J. Vogt (d. 1908) and another druggist named Jacob P. Urban established J. J. Vogt & Company in 1867. (45) Unable to compromise on important business matters, it closed eight years later. Urban then purchased the former Hugo Hensch site. (46)

A new pharmacist Alfred Mayell (1846-1891) took Cleveland by storm in the 1860s. Considered a business innovator and super salesman, Mayell concentrated the bulk of his efforts on selling merchandise targeted for women. That included a whole range of highly priced specialty items such as toiletries and medical supplies. (47) His "Euclid Place Drug Store," at the corner of Euclid Avenue and East 9th Street, catered to Cleveland's elite families. Mayell enjoyed great success never losing sight of the latest market trends occurring within the business. He also led the pack when it came to modernizing his premises. Alfred Mayell knew instinctively that the needs of his shoppers took precedent over all other considerations. For example, Mayell's featured a large prescription station where four pharmacists filled out prescription orders eight hours a day. (48) Following his untimely death in 1891, the Mayell family along with several other prominent investors established the Mayell-Hopp Company. (49) This landmark continued to expound its founder's tradition of business excellence for many years to come.

Exclusive agents for prestigious items such as bottled spring water by Londonderry Lithia of Nashua, New Hampshire, Mayell-Hopp continued to grow and prosper. (50) Hoping to capture an even larger percentage of the local drugstore trade, Lewis C. Hopp, Harry G. Mayell (1864-1940), Margaret Mayell, F. C. McMillin and Richard M. Parmely (1854-1902) incorporated the store in July 1897. With $20,000 in capital, this pharmacy soon shifted the focus of its operations away from general merchandise towards more specialized drugs and expensive medical supplies. Now known as the "Prescription Store," Mayell-Hopp prided itself on its ability to fill prescriptions accurately and quickly. (51) They also delivered prescriptions anywhere in the city for no additional cost.

In 1905, Mayell-Hopp led some other downtown pharmacies when it opened a branch store at East 101st Street and Euclid Avenue. In response to its enlightened leadership, the Ohio Druggists Association, in 1906, acknowledged Mayell-Hopp for its quality prescription service. This pharmacy also received praise from area-wide physicians for its special diet program. Aimed for convalescents and invalids, this regimented diet included heavy doses of beef juice. (52) Following the First World War, Mayell-Hopp enlarged and modernized its main facility now located at 10015-10017 Euclid Avenue. This refurbished unit carried a wide assortment of brushes, bath salts, soft bath towels and exotic soaps. (53) It also specialized in many over-the-counter medications including Dr. Weaver's Nasal Spray. This small chain served its loyal customers right into the Great Depression of the 1930s. (54)

By the turn of the 20th century, the extraordinary profits once assured nearly every independent in Cleveland had all but vanished. Several unexpected economic and financial changes accounted for this turnaround. First, growing competition prompted by reasonable business start-up costs and easy credit worked to the decided economic advantage of the buying public. For the first time ever, patrons shopped around for the best possible deals. No longer did they have to settle for whatever the going price was for a particular product sold at their neighborhood pharmacy. Second, the escalating costs of chemical compounds used in making homemade remedies significantly raised the costs of those products. Third, the noticeable drop in the number of prescription orders, due to increased competition, undermined profit potential. Lastly, soaring construction costs prevented many independents from expanding their operations into emerging neighborhoods.

That last point was critically important. The inability of many small drugstores to expand rapidly undoubtedly limited their opportunity to broadening their customer-bases quickly. As everyone knew then, continual expansion into new areas represented one of the surest ways to ensure long-term success. One might conclude, quite correctly, that a fine line existed between possible high financial rewards, based upon the magnitude of anticipated business growth within a specified new area vs. the potential additional financial burdens posed by engaging in such unprecedented expansion efforts. Determining when the saturation point for those kinds of goods and services would be achieved within the district in question was essential before any extensive investing in that area could occur.

Individual druggists who failed to do their homework upfront faced the real possibility of losing a great deal of money on such a venture. Unfortunately, in the case of early 20th century pharmacists, they rarely, if ever, concerned themselves with the economic and financial ramifications of saturating the market. In their minds, physical expansion and financial success were one-and-the-same. It represented a true measure of success for those pharmacists, even if actual profit gains derived from their actions might prove to be problematic.

Successful druggists in early 20th century major U.S. cities, such as Cleveland, fully agreed that the greatest possibility for sustained future growth rested with pharmacists who expanded their operations rapidly especially into new, prime areas. The old business adage "to the victor goes the spoils" seemed applicable here. Financing such expansion definitely impacted the bottom line. In an idealistic world, affluent investors would be expected to assume the bulk of the financial responsibilities incurred in such expansion efforts. Any extra capital collected by a pharmacy would then be placed in reserve, to be used in the event of an emergency. Nineteenth century department store owners had been using that business formula successfully for years. Why shouldn't pharmacists employ similar tactics with equal success? It seemed the logical thing to do then.

The downside of such conservative business practices was finding the right kind of investors who were willing to sink their hard-earned capital into such a scheme. Assuming that the proper investors were found then the druggist had to address any-and-all financial concerns they might have regarding the potential risks involved in investing in such a project. For example, why should they invest in branch stores in that particular locale? Did the profit potential outweigh possible liability issues? What would happen if the drugstore filed for bankruptcy? All valid questions, drugstore owners had to display a certain amount of swagger if they hoped to convince potential investors that putting their money into store expansion represented a prudent thing to do at that juncture. Those pharmacists with the kind of intestinal fortitude necessary to purse their dreams to the end profited the most from this most daring business approach. Those showing reluctance were not as lucky.

If, in fact, the major sticking point was to convince affluent individuals to invest in their endeavors then why not show the pharmacy's commitment to those efforts by obtaining business loans from local lending institutions first. After all, any future profits generated from one or more branch stores would surely cover any additional debt incurred from securing those loans. That kind of rational thinking might have some credence in today's business world where carefully spelled-out government laws and tight regulations often minimize the potential business risk. However, that was not the case historically where no such safeguards existed.

To accrue high debt based on widespread expansion that might or might not pan out seemed impractical to many druggists. Therefore, many independents aired on the side of caution when it came to borrowing large amounts of capital from local lending institutions for such ventures. This led them to invest only a minimal amount of capital period. That narrowly defined approach towards business remained in vogue from the 1880s to the 1920s. However, the booming economy of the post-World War I period changed all that. Characterized by free-flowing credit and a strong "can-do-attitude," as promulgated by optimistic promoters from all ranks of business, the 1920s saw the number of local drugstores nearly double. Most importantly, the U.S. economy, literally overnight, had been able to transform itself from a sellers-market to a buyers-market.Profits abound for druggists that were capable of make that switch.

That led shrewd retailers, in all sizes and shapes, to take full-advantage of the new, favorable investment climate of the 1920s. That kind of no-bars thinking also impacted the growing pharmacy industry. Recent breakthroughs in the fields of medicine and science, in conjunction with the latest mathematic and scientific approaches towards business management, appeared to be working in harmony much to the amazement of those involved in this industry. Following the enlightened leadership of other retailers, druggists quickly expanded their goods and customer services in ways they previously never imagined. That positive business attitude prevailed until the stock market crash in October 1929 brought it all to a sudden, grinding halt.

Wentworth G. Marshall (1864-1936) symbolized a growing number of late 19th and early 20th century pharmacists in Cleveland that enjoyed the many economic benefits of investing wisely in new business ideas. He received his formal training from L. H. Yeaman, one of the foremost chemists at the Owen Sound Ontario Collegiate Institute in Canada. (55) Marshall began his sixty year career as a pharmacist in one of this city's most prestigious drugstores the Arthur F. May Company in 1876. This young druggist saved his money and opened his first store at 261 Superior Street in 1894. His modest commercial venture featured a wide variety of popular remedies of the day such as bee-based ointments, Munyon's Inhaler for asthma, Hanna's Rheumatic medicine and nerve pills. (56)

Marshall's exceptional ability to think outside the box distinguished his operations from other, conventional druggists. For example, early in his career he sponsored a very successful musical event featuring the Cleveland Theatre Orchestra. The proceeds of that event went to helping disable newspaper deliverers. (57) On an entirely different level, Wentworth Marshall strongly opposed the city's entrenched bureaucracy that continually insisted that all retail establishments must be closed on Sunday. This courageous pharmacist said that this was a free country, and if local retailers, for one reason or another, wanted to remain open on Sundays then city officials should do nothing to stop them.

At the turn of the 20th century, mounting competition led some pharmacists to engage in unethical business practices. Wentworth Marshall was one of several outspoken druggists who expressed grave concerns about the sudden appearance of what were called "cut rate" pharmacies. (58) On the surface, the idea of lowering prices for prescription drugs and over-the-counter remedies seemed more than fair. After all, everybody wants the best possible deal when it comes to buying medicine. Marshall's chief objection to cut rate pharmacies had little to do with the cost of medicines themselves; but rather, the method employed by unscrupulous pharmacists in determining their prices. (59) Specifically, he objected to pharmaceutical companies dictating the range of prices. He believed that drug prices should be determined by market conditions and not pharmaceutical manufacturers.

Marshall further argued that cut rate stores should not automatically receive rock bottom prices from drug manufacturers. There should be equal opportunity for all pharmacists in this regard. He firmly believed that permanently lowering drug prices for cut rate stores would adversely affect the industry as a whole. Unable to compete fairly within an open market, unscrupulous business practices advocated by that cartel would ultimately destroy the business integrity of this once proud trade. Furthermore, cut rate drugstores often cheated shoppers by selling them low quality medications. Marshall said that such conduct should not be permitted and that independents must lead the charge against the United Chemists Company, the group that controlled those renegade stores. (60)

In 1902, the National Retail Druggist Association sided with the independents by challenging cut rate outlets. Wentworth Marshall made it quite clear that the majority of independents in Cleveland would neither compromise nor jeopardize their business principles by joining this drug trust. This heated controversy between independents and cut rates waged on for over a decade. Finally, the U.S. Supreme Court, in May 1913, ruled that pharmaceutical companies could no longer regulate the pricing of drugs, and that “cut rate” stores could no longer force non-complaint independents out of business by underselling them. (61)

Following that court ruling, several pharmacies started attacking Marshall Drug for its recent business practices that included among other things undercutting the price guidelines as first established by the National Retail Druggist Association. Those independents, under the banner of the Association of Druggists, alleged that Marshall Drug had saturated the Cleveland market with a wide assortment of popular drugs sold at a much reduced cost. (62) In reality, the inability of the National Retail Druggists Association to satisfy that pharmacy’s growing demand for drugs compelled buyers for Marshall Drug to seek out additional distributors. Whether the company had sidestepped the National Retail Druggist Association intentionally was difficult to ascertain then. Perhaps the problem originated with the staff at Marshall Drug. Forced to purchase large quantities of drugs from a wide number of outside sources may have prompted those alleged “unethical” business practices. The possibility also existed that some unethical independents might have wanted to foment trouble with Marshall Drug.

Had there been any credibility to those allegations then Marshall Drug would have been prosecuted to the full extent of the law. That did not happen. Wentworth Marshall was far too busy to let such rumors affect him. He was on a mission. In fact, he spent much of his time initiating new practical business initiatives designed to increase, not lessen, his percentage of the local drugstore trade. He believed that opening new stores was essential for his sustained financial success. Like so many other business leaders of that generation, he argued that the more stores in operation the better the chances of offering quality products and services at even lower cost. Each store served the specific needs of the neighborhood in question. The Marshall name quickly became synonymous with excellent customer service, quality medications and affordable merchandise. His business reputation for excellence was indeed well justified.

During the first half decade of the 20th century, Marshall opened three new outlets one at 200 Ontario Street, a second at 608 Pearl Street and a third at East 9th Street and Huron Road. (63) His beautiful new anchor store at the corner of East 9th Street and Huron Road represented the first in a series of units designed by the owner himself. He unveiled two more sites in 1906, one at 1647 Broadway Avenue and a second at East 55th Street and Euclid Avenue. By the second decade of the 20th century, Marshall owned and operated nine stores included new outlets at East 55th Street and Woodland Avenue, Crawford Road at Hough Avenue and East 105th Street and Euclid Avenue.

Marshall Drug inventive marketing approaches endured. One business tactic involved joining a new cooperative headed by a resourceful marketer from Boston, MA named Louis K. Liggett (1875-1946). (64) Liggett founded United Drug Stores, the forerunner of Rexall Drug, in 1902. The company's initial claim to fame was Vinol, a special concoction derived from cod livers oil and wine. Liggett started marketing Vinol through selected franchises beginning in 1904. Its growing popularity convinced him to expand his operations beyond just the manufacturing and distributing of that one item. By 1906, his company distributed a wide range of drugs and merchandise under the Rexall label. The term Rexall meant "King of All" and stemmed from the Rx symbol found on all official prescriptions pads.

Leggett went a step further when he initiated his "One Cent Sale" in 1915. (65) That enabled customers to purchase two of the same items for the price of one and one additional penny. Rexall franchisees distributed its popular items in specified, geographically-protected districts. In exchange, franchisees purchased a percentage of that company's stock. The actual percentage an individual druggist had to purchase to fulfill the minimum requirement varied based on the population of the community that Rexall served. In 1943, Justin Whitlock Dart (1907-1984), after divorcing Ruth Walgreen (1910-1974) the daughter of the founder of Walgreen Drug Company, took control of Rexall Drug. (66) Rexall, in the 1950s, started to diversify by investing in chemicals and plastics. Dart sold his interests in the company to private investors in 1978. The new owners then began closing franchises. By the late 1980s, Rexall had all but disappeared.

Marshall Drug not only had the distinction of being the sole agent for Rexall products in Greater Cleveland for many years; but also, the honor of being the first druggists in the country to sell Rexall items by mail-order. Following the Second World War, Rexall started selling its products to non-affiliated independents through a fee-based arrangement. This new approach towards franchising worked well with the number of Rexall outlets exceeding 11,500 stores by 1958.

Wentworth Marshall represented much more than just a successful druggist. He symbolized a local entrepreneur who was more than willing to go the extra distance for his many patrons. Following a January 1911 fire that completely destroyed his Superior Avenue store, this pharmacist wasted little time before unveiled his plans that called for erecting a new, Chicago-style office building on the same site. That structure included a large Marshall drugstore. Designed by Cleveland architect W. S. Lougee, this $100,000 building graced the northwest corner of Public Square and Superior Avenue for many years. (67)

However, his business talents far exceeded opening new stores or planning major downtown office buildings. He soon realized that a successful business must be incorporated to ensure maximum profit and limited liability. Marshall Drug became incorporated in March 1913. This very popular 15 store chain, at that time, boasted capital resources that exceeded $500,000. (68) The ability of Wentworth Marshall to see beyond his immediate economic needs and wants gave him a decided business advantage over many other independents who barely survived. He fully recognized that the winner does take it all.

With that idea in mind, he announced plans, in March 1915, to expand his chain into Cleveland's west side. His plans included erecting a new three story commercial building at the corner of West 25th Street and Denison Avenue. This $55,000 brick structure would include a Marshall Pharmacy, Mayer-Marks Furniture Company and a 1,000 seat movie theatre suited for vaudeville. Other Marshall stores soon opened at Warren Road and Detroit Avenue in Lakewood, Ohio and at West 25th Street and Lorain Avenue also on the city's near west side. (69)

This highly popular drugstore chain celebrated its 19th anniversary in 1921. (70) The following year, its Board of Directors signed a 99-year lease on a site at the corner of Hayden and Shaw Avenues in East Cleveland, Ohio. Plans called for erecting a six story commercial block that would include Marshall Drug's 26th store. This leasing agreement stipulated that the company would pay $6,000 annually for the next five years, and then $7,200 a year for the remainder of the lease. It also featured a clause that allowed the pharmacy to purchase the site for $120,000 any time after June 1932. (71)

Marshall Drug, in May 1922, signed a $31,900 five year lease at 2126-2128 East 9th Street. (72) Its Board of Directors, the following year, authorized a major expansion project that encompassed its main offices and warehouse at the corner of West 9th Street and Lakeside Avenue. By the early 1920s, over 300 persons worked at this growing pharmacy. Its officers included Wentworth G. Marshall as President, George G. Marshall as Secretary/Treasurer, F.H. Hawkin as Executive Manager, John H. Meermans as Assistant General Manager, Walter A. Katzenmeyer (1887-1950) as Assistant General Manager and G.A. Kirrkamm as Auditor. (73)

Marshall Drug significantly increased its merchandise line by adding small electrical appliances in the 1920s. It also began selling high quality cameras, manicure sets, professional photo finishing and safety razors. (74) Plans called for opening a new large store in the heart of Playhouse Square as well as a brand new outlet at 12503 St. Clair Avenue. The new Playhouse Square facility featured a soda fountain, beauty salon and optical department. (75) Other first for Marshall Drug included delivering top quality medical supplies to local hospitals and selling popular Rexall merchandise. (76) Its many stores reflected its growing commitment to the public. Wentworth Marshall also recognized the importance of having dependable employees. As wise business leaders always say "a company is only as good as its staff." He took that idea to heart and rewarded his best workers with major job promotions and profit sharing.

Marshall had a strong sense of civic duty and a deep appreciation of the beauty of nature. His peers acknowledged him to be one of Cleveland's premier horticulturalists. He also served on the Board of Directors at the Eliza Jennings Home and operated a summer camp for poor, inner-city youth. (77) Working with the Cleveland Chamber of Commerce, Marshall Drug spent a great deal of time educating consumers on the importance of public safety. The growing number of fatal automobile accidents in the 1920s made public safety crucial. (78) Being a deeply religious man, Wentworth Marshall proudly sold bibles in many of his stores. (79)

Marshall Drug where "Your Dollar Buys More" also sold high quality radios at the lowest possible price. In fact, the radio departments at his downtown store and at his outlets at West 25th and Lorain and East 105th and Euclid remained open at night and all day Sunday. (80) In the mid-1920s, Marshall Drug sponsored a contest in which contestants wrote about "Why They Liked Marshall Drug." The eight winners each received a $30.00 Ansco Ready Set Semi-Automatic Camera. (81)

Like other growing pharmacies of that era, Marshall Drug, throughout the 1920s, tried various methods to sell greater quantities of high end merchandise. The busy stores at East 9th Street and Euclid Avenue, East 105th and Euclid Avenue, Playhouse Square and Public Square served as major hubs for such retail activity. The ability to provide large quantities of high end items at reasonable prices to an unpredictable market was no small matter. Long-term success in this endeavor depended on shrewd business skill and effective marketing campaigns.

However, if done properly it would set the stage for a wide variety of exciting, new business opportunities that would result from a vast new network of eager entrepreneurs ready to meet that growing demand should it blossom. As the demand for expensive items began to grow, following the First World War, so did the interdependency among producers, distributors and retailers. Sizeable increases in profit through numerous trade deals ensued. The availability of easy credit guaranteed that these new business alliances would continue to grow and prosper at least for the foreseeable future.

Specialty products, characterized by high markups, were no longer the norm in those pharmacies as local druggists tried to increase their sales volume on prestige items by periodically readjusting their price range. Lowering or raising the cost of luxury items sporadically became an accepted business practice by the mid-1920s. Retailers, such as Marshall Drug, did it. The actual price of a luxury item, at any given time, was not determined by any sudden changes or fluctuations in the market, due to such things as shifting customer demand, volatile output or unexpected modifications in distribution costs; but rather, the desire on the part of the part of the participating pharmacist to either stimulate or cutback on the sales of the items in question. It was purely an arbitrary call made by the druggist who sold the products. That meant that the buyer, not the seller, ultimately determined the price of such luxury items throughout the 1920s.

However, there was more to it than just that. Economies of Scales played a big role in this process as well. The higher costs associated with the manufacturing and distributing of those luxury items were not passed on directly to the shoppers who purchased them. Instead, any additional costs, incurred in such transactions, were more evenly distributed throughout the chain in slightly higher prices for nearly all merchandise sold there. Customers rarely complained about the miniscule price increases.

Taken from another business perspective, increasing the price of items storewide covered any financial losses that might have been experienced from periodic price reductions on luxury products sold there. Affordable prices for high end goods encouraged many middle class shoppers, for the first time, to purchase those luxury goods. Once hooked on the products then they would continue to buy them regardless of any price fluctuation. They might even sacrifice other necessities in order to buy those highly sought after specialty items.

The prevailing thought among retailers, in the 1920s, was that such action might actually help to stabilize the market for high end products over time. If that was to occur, then it would eliminate the need to raise or lower the price of luxury items based on inventory levels. It would also mean that a permanent market had been established for the high end items in question. In the event that all else failed, the druggist could rely on profits, derived from slightly marked up items storewide, to cover any unforeseen losses. However, to remain a full-service drugstore chain in the early 20th century, versatile pharmacies, like Marshall Drug, had to take the financial risks associated with selling low volume as well as high volume products. There was no way around it.

As the number of transactions dramatically increased for select luxury products, so did the intensity of the deals. No longer would those cherished items be reserved only for the rich. Nearly anyone could now afford them. This growing interaction between pharmacies and manufacturers following the First World War proved advantageous in that it led to further speculation and even greater profit potential for those willing to take the added financial risk. As long as credit flowed freely everything seemed to operate smoothly.

However, any sudden instability within the market place, resulting from unanticipated shortages of either cash or credit, might have a negative impact on the selling of luxury items. That economic reality set in the 1930s as the availability of additional cash and credit suddenly dried up. However, this was not the case a decade earlier when anything seemed possible. The amount invested by individual pharmacies, such as Marshall Drug, varied greatly depending on the comfort level displayed by the Board of Directors. Recent sales figures and projected industry-wide trends decided the amount of capital invested at any given time. Efficiency in production and distribution remained essential throughout this process. Failure to meet growing customer demands, in a timely fashion, might result in a pharmacy losing its economic edge. Leading drugstores knew they must experiment with new business ideas all the time. In the 21st century that kind of experimentation is the rule, not the exception. Offering a wide array of new goods and services on a regular basis is expected in today's market. However, that was not always the case. Many druggists, especially in the first two decades of the 20th century, hesitated when it came to initiating new, unproven business changes. The economic risk seemed too great to bear in many instances. Fortunately, Marshall Drug was not like that. Its officials were more than willing to introduce new items into their many units and to change customer services when deemed necessary. For example, its executives took the idea of specialty shopping to an entire new and grand level when, in June 1926, it opened its 34th store in the Union Trust Arcade. Called the "Women's Shop," this outlet sold items geared primarily for the needs and wants of working women. It was an immediate hit. (82)

Several months earlier, the board at Marshall Drug purchased a parcel at the southwest corner of West 25th Street and Broadview Road in Cleveland's Brighton neighborhood. Plans called for constructing a $50,000, two-story office building on the site that would include a Marshall Drug. (83) Store officials also unveiled plans to expand their Denison Avenue facility by adding a fourth story to it. Over the next two years, Marshall Drug added two more outlets one at West 117th Street and Detroit Avenue and a second in the Moreland Building at the corner of East 119th Street and Buckeye Road. The five-year lease at the Moreland Building specified that Marshall Drug would pay $1,800 the first year, $2,100 for year two and $2,400 for the three remaining years. (83)

In February 1928, officials announced that they planned to erect a new three-story building with ample retail space at the corner of Warren Road and Detroit Avenue in Lakewood, OH. Estimated cost of this latest project stood at $140,000. Designed by W.S. Lougee, this highly ornate, brick structure featured a spacious community center. (84) Marshall Drug now operated forty stores in Greater Cleveland. That same year, this company opened a new University Circle store at the corner of Mayfield Road and Euclid Avenue. (85) The newly refurbished Berky-Kerner pharmacy at Hilliard Road and Madison Avenue in Lakewood, OH demonstrated this druggist's continued commitment to serve Cleveland's west side communities.

Not to be outdone by its competitors, board members, in April 1928, unveiled plans for a new, fireproof outlet to be erected at the corner of Tarbell and Broadway avenues. This $50,000 pharmacy would include a beautiful terrazzo exterior with copper trim surrounded by large plate-glass windows street side. (86) Corporate officials, later that same month, presented plans for a new store at the corner of Erie and Glenn streets in Willoughby, OH. (87) By the end of June, Marshall Drug had also negotiated a 13-year lease for a new site at East 152nd Street and Kinsman Road. Under this leasing arrangement, Marshall Drug agreed to pay $285 a month for the first four years, $300 a month for the next six years and $350 a month for the subsequent five years. (88)

Nineteen Twenty-Nine resulted in major changes at Marshall Drug. For the first time, this highly popular chain offered breakfast favorites. Its corporate leadership also added a special attraction called Konjola Man. This colorful figure promoted a new kind of medicine. (89) The stock market crash on October 24, 1929 did not dampen the board's earlier enthusiasm regarding its future business prospects. That December, Marshall Drug reported that it employed 108 pharmacists in its 48 stores. (90) The lure of its huge ice cream sodas continued to bring in hungry customers daily, and its prescription drug business was never better. In fact things were so good financially that the following year corporate officials signed a long-term lease on a site at 15727-15729 Madison Avenue in Lakewood, OH. Under this arrangement, the company agreed to pay 5% of the store's annual gross sales over the next several years. In addition, they were to pay a minimum monthly rent of $275, for the first year, followed by $300 a month spread out over the next four year period. (91)

Marshall Drug, in December 1933, received temporary liquor licenses from the Ohio Liquor Control Commission. This four member state-appointed commission controlled the distribution of liquor in the mid-1930s. Participating pharmacies, including Marshall Drug, were proscribed a certain amount of liquor to be distributed only through authorized liquor wholesalers. (92) Complying with the mandates of the New Deal through the National Recovery Act (NRA), Marshall Drug announced, in May 1935, that its Board of Directors had just submitted a proposal to that federal agency. They wanted a 5% salary increase for employees earning more than $3,000 annually. (93) Unfortunately, their request was denied after the U.S. Supreme Court declared the NRA illegal. The court claimed that this new federal agency violated the U.S. Constitution.

In the 1930s, Marshall Drug sponsored a Children's Schoolhouse Hour that aired Saturday mornings on WJAY-radio. (94) To celebrate Rexall's 33rd birthday, Marshall Drug participated in a nationwide scrabble contest. Top prize winners received a brand new automobile. On February 25, 1936, Clevelanders mourned the passing of the company's founder and president, Wentworth G. Marshall. He was 73 years old. This well-known local pharmacist and civic activist left behind his wife Louise Gehring Marshall and two sons George G. Marshall and Wentworth J. Marshall (1904-1973). George G. Marshall remained on as corporate Vice President and Treasurer, while his brother served as President until his retirement in 1950. (95)

Over the next several months a controversy unfolded between the ownership and its many pharmacists. The issue involved unionism, and whether or not full-time pharmacists had the right to participate in collective bargaining through professional unions. In August 1936, the majority of pharmacists at Marshall Drug had voted to join the Association of Registered Pharmacists Local #1042. (96) A part of the American Federation of Labor (AFL), this union enjoyed a solid reputation for getting the job done. However, nothing further transpired between union representatives and the drugstore owners. The pharmacists wasted little time before signing new contracts with all three leading Cleveland drugstore chains including Marshall Drug. These new contracts called for store managers to receive $44.50 a week, assistant store managers to get $37.00 a week and registered pharmacist clerks to collect $35.00 a week. Individual pay levels were determined by a full-time 52-hour work week. (97)

The number of pharmacies owned and operated by Marshall Drug continued to grow during the second half of the 1930s. New stores appeared at Pearl and Ridge Roads in Parma, OH; 13941-13943 Euclid Avenue in East Cleveland, OH; at Cedar and Lee Roads in Cleveland Heights, OH; 1400 Blout Road and at Lee and Kinsman Roads in Shaker Heights, OH. (98) In March 1938, Marshall Drug proudly announced the grand reopening of its latest renovated unit at 10001 Euclid Avenue. This brightly illuminated store featured a prescription department that closely resembled hospital dispensaries. (99) That same month, officials hosted the United Drug Company (Rexall) annual convention at the Hotel Cleveland. This gathering focused on merchandising issues. Six hundred attended this session. United Drug congratulated Marshall Drug on its record sales for 1936-37 that had increased by 17% over the previous year's total. (100)

On March 14, 1939, six hundred members of the Association of Registered Pharmacists Local #1042, in conjunction with the Drug Clerk's Union Local #489 and the Drug Warehouse Union Local #1163, voted to go on strike. (101) Standard and Weinberger pharmacies soon joined the strike. The problem stemmed from the inability of their respective boards to reach amicable agreements with their pharmacists regarding wage and benefit increases. Chief Counsel for Marshall Drug Walles K. Stanley was unavailable for comment. The business agent for the striking pharmacists John Schrier criticized all three drugstore chains for their inaction. However, he leveled his harshest criticism against the owners of Marshall Drug. Schrier claimed that the problem originated with the unwillingness of its board to negotiate in good faith with union representatives. Again, leaders at Marshall Drug remained silent on this sensitive issue.

A short time later, the local Truck Driver's Union announced its support of the strikers. (102) Leaders of the three drugstore chains denounced the actions of the truck driver's union claiming it was totally unwarranted. Pharmacy spokespersons argued that this strike did not in any way involve the truck drivers, and that it would be best for all concerned if that union stayed out of it. Counsel for the drugstore owners seriously questioned whether the demands by the pharmacist's union really applied to other store managers and their assistants. (103) Corporate counsel also expressed growing concern regarding the right of their client to hire outside professionals to fill prescription orders especially if this strike continued indefinitely. Certainly non-registered clerks could be taught the proper way in which to handle prescription orders; but, would such actions be construed as a violation of state law? It was anyone's guess at that juncture. (104)

Mass picketing continued as pharmacy owners and strike representatives attempted to deal with pressing matters. In fact, roving bands of strikers not only jammed the lunch counters at the drugstores involved during peak hours; but also, relentlessly taunted non-striking employees at those same sites. As the strike dragged on from days to weeks, union representatives remained vigilant especially regarding the issue of open shops. A well-respected federal arbitrator Albert L. Faulkner tried to intervene with little success. (105)

In the middle of the strike, Marshall Drug made it quite clear that its 15 stores would remain open. Both Standard and Weinberger followed Marshall Drug's lead, and on March 18, 1939 announced that their more than 60 units would also stay open. (106) Head of the International Retail Clerks Protective Association Peter Formica repeatedly stressed the unfairness of current pay scales. He claimed that some clerks, working under closed shop contracts, only earned $19.44 a week. Wages were based on a 72 hours work week.

In April 1939, union leaders called for the establishment of a new representative body called the Cleveland Drug Union Council. Cleveland Safety Director Eliot Ness (1903-1957) assisted drugstore owners by announcing that the city's police force took precedent over auxiliary police when violence broke out in stores. (107) Marshall Drug officials responded to mounting tensions by closing prescription counters in their low volume stores. In order to protect those same stores from robberies and vandalism, board members created a subsidiary corporation headquartered in Columbus, OH to oversee operations during the strike. Called Marshall's Store Incorporated, that hastily formed subsidiary, also had the responsible of closing less productive units. (108) Local newspapers, on March 25, 1939, reported that two federal arbitrators Albert L. Faulkner and David T. Roadley had reached a tentative agreement with strikers. However, before any agreement could be finalized, both sides had to sit down and discuss their grievances first. (109)

The crux of the problem rested with the unrelenting ownership. It flatly refused to recognize the legitimacy of unions or union contracts. Corporate Counsel made it quite clear, dispense with the union today and negotiations could begin tomorrow. Although union organizers full recognized the problem at hand, that did not stop them from pressing on with their demands. In particular, union leaders made it quite clear that drugstore owners could no longer require their employees to work grueling hours at low pay rates. The owners responded to that outrage by filing an injunction against the strikers. (110) Four officers of the American Federation of Labor were charged as co-defendants. Subsequent restraining orders temporarily limited the number of pickets outside both Marshall and Standard stores. However, that was not enough.

In April 1939, Cleveland Mayor Harold H. Burton (1888-1964) attempted to quiet growing fears by offering his assistance. He assigned the City of Cleveland's Service Director Miles E. Evans (1890-1963) to serve as a go-between between the two warring factions. (111) Mayor Burton hoped to reach a satisfactory compromise quickly. Although his idea was sound in theory, his timing could not have been worse. Growing incidents of store bombings made even worse by numerous acts of vandalism, along with growing numbers of telephone threats negated any-and-all negotiation attempts initiated by city officials. Mayor Burton made it very clear that such violence would no longer be tolerated in his city, and that both parties must reach an agreement now. At the end of April, the Cleveland Federation of Labor further acerbated this already very tense situation by authorizing the ing of over 100 drugstores.

The strike entered its eighth week on May 9, 1939 in a deadlock. On May 10th, Common Pleas Judge Lee Skeel (1888-1968) issued a temporary restraining order limiting the amount of picketing at a single site. (112) Seeing no solution to this stalemate, the Secretary of the Cleveland Federation of Labor Thomas A. Lenchen announced that the strike was officially over, and that union members must accept the contract terms as presented by the different drugstore chains. That meant no reduced work load and no increased wages. (113) Also, it called for open shops for store managers, clerks and porters, and closed shops for warehouse employees. Strikers returned to work on May 14, 1939. (114) Under the new contract, between the big three and the American Federation of Labor's Drug Warehouse Men's Union, the 44-hour a week work load was gradually reduced to 40 hours.

The continued success of Marshall Drug, during the Great Depression of the 1930s, did not go unnoticed among its peers. In fact, several chains had seriously considered buying it. However, few possessed the kind of financial resources necessary to complete such a merger. That is, before Detroit-based Cunningham Drug Company, entered the picture. Under the nimble leadership of Nate Shapero (1892-1980), this highly profitable chain began in the 1920s as the Economical Drug Company. (115) Known for its excellent service and high quality products, Economical Drug sales exceeded $1,700,000 by the end of that decade. (116) Impressed by this highly innovative chain of drugstores, General Motors, in 1928, announced that its brand new headquarters in the Fisher Building would contain an Economical Drug outlet.

The Great Depression of the 1930s prompted the closing of many pharmacies throughout the country. The inability to secure extensive lines of credit spelled financial disaster for many. Add into this financial mix, dwindling capital reserves, following the stock market crash in 1929, and the stage was set for catastrophe. Unable to pay their mounting debt, many drugstores in the 1930s filed for Chapter 11 bankruptcy protection. However, throughout it all some independent pharmacies successfully rode out this economic storm. Economical Drug was one of those companies to survive it.

High-yield investments and sustained savings, following the First World War, enabled some prudent pharmacists, including Nate Shapero, to improve their financial position in the 1930s. Some went so far as to purchase some of their chief competitors at bargain prices. As long as their corporate debt and overhead costs remained within reason, some shrewd druggists had an excellent chance of succeeding financially. They knew that the national economy would eventually rebound. It was only a matter of time. Nate Shapero continually expounded those economic beliefs throughout the uncertainties of the 1930s.

A shrewd business leader, with a keen sense of how to capitalize on expansion opportunities when they present themselves, Shapero never lost sight of what his company must do in order to remain at the top of its game. With those thoughts squarely placed in his mind, Nate Shapero, in 1931, purchased a competing local chain of fifty stores owned by Andrew Cunningham (1898-1991). (117) Comprising more than 70 stores and with corporate sales now surpassing the $6,000,000 mark Economical Drug was indeed entering a new era. Its Board of Directors, in 1937, voted to change its name from Economical Drug to Cunningham Drug. Hoping to gain a strong foothold in the Northeast Ohio market, Cunningham Drug merged with Marshall Drug on the eve of the Second World War.

The Board of Directors at Cunningham Drug wisely retained the Marshall name for its newly purchased Cleveland outlets. The former owners remained on as board members and policy makers. After all, why tinker with success. Marshall Drug in FY 1939 reported net earnings of $4,387,153, with net sales reaching an impressive level of $9,544,905. (118) Celebrating this milestone, this 40-store chain issued 7,000 shares of $100 preferred stock. Cunningham Drug, in December 1940, hosted its first joint session with Marshall Drug at Cleveland's Mid-Day Club. (119) Officials used that occasion to explain the various bonuses and profit sharing options available to its full-time employees.

On September 21, 1941, Wentworth J. Marshall Jr. unveiling plans to remodel one of the company's older stores at Crawford Road and Hough Avenue. This $12,000 renovation effort resulted in a modern façade that was accented by enameled steel, a new double entrance way and enlarged store windows. The introduction of a new form of bright lighting along with a large new combined prescription counter and work station made the interior seem much larger. (120)

A $250,000 refurbishing effort at its West 25th Street and Clark Avenue site included a modern electric kitchen, 60-seat soda fountain area, florescent lighting and air conditioning. (121)

Marshall Drug, during the Second World War, encouraged its shoppers to purchase defense stamps and government bonds whenever they had the chance to do so. (122) Store officials also introduced new advertising campaigns geared towards selling more Rexall items. One highly successful promotional effort, launched in June 1946, involved two well-known Hollywood celebrities of that era Jimmy Durante (1893-1980) and Garry Moore (1915-1993). Both visited Marshall Drug and signed autographs for hundreds of their fans. (123) That same year, Marshall outdid its many competitors when it opened its first, ultramodern 1,500 square foot outlet at 16660-16670 Kinsman Road in Shaker Heights, OH. Its 10-year lease gave Marshall Drug the exclusive option of purchasing the site later on. (124)

A willingness to take financial gambles distinguished post-war Cunningham Drug from many of its closest rivals. The fact that it repeatedly profited from those risks showed conclusively that Cunningham Drug did indeed understand how the drugstore scene operated in Greater Cleveland. Its Board of Directors possessed a keen insight when it came to anticipating what shoppers would buy over the next several years. But it was more than just that. Being able to surge ahead of their competitors required a certain amount of business courage, and that was something that Cunningham Drug officials appeared to possess in abundance. They displayed their daring in 1947 when its Board of Directors tossed aside tradition business thinking by declaring a special bonus dividend of $.12 ½ a share along with an additional $.25 on gold certificates. (125) Growing success enabled the Cunningham Drug chain to break with the norm.

The post-war push from crowded inner-city neighborhoods to more spacious suburbs convinced Cunningham officials to approve the construction of a new store at the Maymore Shopping Center in South Euclid, OH in 1949. (126) Marshall Drug now boasted that it offered the same kind of high quality products and fine customer service to its suburban customers on the east side. That same year, this drugstore chain sponsored its-own 15-minute daily show on WEWS- TV called “Rising Stars.” (127) Corporate executives also introduced 24-hour photo service at select locations. Impressive store renovations in its Williamson Building site appealed to many savvy downtown shoppers, while others flocked to Marshall’s 65th store at the brand new Lee-Harvard Shopping Center. (128) The Lee-Harvard site featured prominent glass doors, low level shelving, open display counters and natural lighting throughout. (129) Other outlets soon appeared in Ashtabula, OH; Barberton, OH; Elyria, OH; Lorain, OH; Painesville, OH; Willoughby, OH; Windham, OH and Youngstown OH. (130)

The financial success enjoyed by Marshall Drug, following the Second World War, was no accident. Board members carefully weighed the economic and financial ramifications of any changes they might want to introduce before actually adopting them. For example, the board investigated a large number of popular training programs for new sales clerks before focusing in on the one that best suited their purposes. All clerks at Marshall Drug, during the post-war era, received at least one week of intense training before being assigned to sales counters. (131) Soda fountain servers also went through rigorous training before being allowed to serve shoppers. The board also firmly believed in rewarding good job performance. Job promotion was the rule, not the exception, at Marshall Drug. In terms of fringe benefits, Cunningham Drug now offered its-own accident and life insurance programs to its many full-time employees.

Corporate spokespersons also took great pride in their many employee-driven, profit sharing programs that began in the 1940s. Employees with a minimum of three years of job experience qualified for them. (132) Cunningham Drug paid all program-related expenses. In lieu of annual bonuses, corporate executives deposited those funds into special revenue-sharing savings accounts under the employee's name at selected banks. The company required recipients to wait a minimum of ten years before withdrawing any of those funds. In the event that an employee was injured or died before reaching the ten year minimum requirement then his or hers family had the option of withdrawing some or all of the deposited funds without incurring any penalty. (133)

Post-war changes within the local drugstore industry went far beyond job training and employee benefit packages. It embodied an entirely new shopping experience derived from a nation that was obsessed with a new, less formal lifestyle. The development of large suburbs and convenient shopping centers altered the fundamental character of drugstores forever. Small neighborhood stores within easy walking distance of home and work quickly often became relics of the past. Large modern-style pharmacies quickly replaced them. Characterized by a wide assortment of new prescription drugs, advances in over-the-counter remedies and a wide array of top quality household items, these new, state-of-the-art pharmacies soon became the rule. The great financial success enjoyed by the latest Marshall store in the new Lee-Harvard Shopping Center was not an accident. Store officials intended to generate great profits there, and they did just that from the first day it opened.

A *Cleveland Plain Dealer* article on October 23, 1949 focused on this latest shopping center craze, and how this sweeping phenomenon had changed retailing forever. (134) For the first time ever, it compelled local pharmacists to focus their attention on what real estate experts called the four essential planning components for financial success in those shopping centers. However, as the reporter carefully pointed out before considering whether a specific shopping center fulfills the criteria set down by those experts, pharmacists must first determine a reasonable rental figure for the site, in question, and how best to spread out the additional debt incurred from such an investment.

The old business adage "the smaller the debt the greater the potential return" certainly seemed applicable in this situation. That was especially true when calculating that store's future profit potential. Leading real estate brokers in Greater Cleveland suggested that pharmacies measure that specific store's potential profit against comparable stores already operating in their chain. Small to medium-sized pharmacies, in particular, recognized the cogency of such thinking. If the profit potential for that new store satisfied the basic investment criteria, as established by that pharmacy chain for that specific unit within that particular shopping center, then officials should begin the process of weighing the physical advantages and disadvantages of that precise space utilizing the four components mentioned earlier in that article.

The first of those four initiatives focused on finding the best possible retail space. That meant not only locating an affordable spot with plenty of free-flowing interior space; but also, a place that was large enough to meet future retail needs. The Lee-Harvard Shopping Center provided a host of spatial options many ideal for growing retail chains such as Marshall Drug. The second component concerned traffic flow in and around the shopping center. If customers found it difficult to traverse the parking lots, or had to wait excessively long before entering and exiting available parking lots then the pharmacy might consider investing elsewhere. Fortunately, the Lee-Harvard Shopping Center easily fulfilled both of the above criteria.

The third initiative, not totally unrelated to the second, dealt with the availability of parking spaces within close proximity to the store itself. Developers strongly recommended a minimum of 1,500 angular parking spaces. The Lee-Harvard Shopping Center met that requirement as well. Customer safety, plenty of outdoor lighting and wide sight guidelines in all adjacent walkways made up the last part of this four step component. The Lee-Harvard Shopping Center again easily satisfied that requirement. The *Cleveland Plain Dealer* article concluded that Marshall Drug had indeed made a very smart business move when it decided to locate its newest outlet there. (135)

Changing American lifestyles and more flexible work hours, during the early 1950s, led to major business changes at many local pharmacies such as Marshall Drug. In fact, some stores stayed open up to 14-hours a day. Cunningham Drug officials also introduced other new conveniences including self-service shopping. Self-service shopping began in the 1930s when several major grocery chains, led by the A&P chain of stores, successfully converted some of their conventional outlets into self-service units. Walgreens also picked up on the idea in the late 1940s and early 1950s. Officials at Marshall installed air conditioning and super large display units called "showboats" into many outlets. The public loved these conveniences as store sales reached unprecedented new highs in FY 1949-50. To celebrate its continued financial success, the Board of Directors at Cunningham Drug, in August 1951, authorized a generous quarterly dividend of $.37½ on common stock plus a $.75 bonus on gold bond investors. (136)

Executives at Marshall Drug, in November 1954, announced the grand opening of their newest store at Southgate Shopping Center. Located in Maple Heights, Ohio, this outlet epitomized the very best in modern self-service shopping. (137) Super-fast check-out lines, spacious shopping carts and turnstiles distinguished this unit from older stores. Well-qualified clerks in both the cosmetic and prescription departments provided the same kind of helpful service that had been a trademark of the Marshall Drug shopping experience for many years.

A major component of this pharmacy's mid-century expansion efforts involved acquiring Miller Drug. One of Cleveland's most respected chains, Miller Drug operated 12 stores in Akron, Ohio, Cleveland, Ohio, and Terra Haute, Indiana. Based on this $750,000 merger agreement, Miller Drug and another equally popular chain from Detroit, Michigan called Schettler Prescription Drug consolidated their holdings. (138) M.J. Benet, the President of Miller Drug, then proceeded to sell his controlling interest in both those chains to Nate Shapero the Chairman and President of Cunningham Drug. (139)

In June 1956, Cunningham Drug reported major changes on its Board of Directors with the election of C. B. Lawson as President and Evan E. Griffiths as Operations Director. (140) Several long-term board members including William H. Bates, Virginia Biersmith (d. 1975), James Brunner, Harry Dickerson, Albert A. Fine, and James Rees approved a massive expansion program costing more than $3,000,000. This three-year plan called for adding three new self-service outlets plus nine other conventional stores. It also included tripling the size of its warehouse from 60,000 square feet to 180,000 square feet. The first step in expanding this storage facility space involved purchasing the adjacent Stone Building for about $375,000. (141) The Board of Directors then allocated approximately $475,000 in funds to refurbish both sites.

The total number of units topped 170 by 1957. Cunningham Drug led the group with 100 followed by Marshall Drug with 52, Shapero Drug with 13 and Schettler Drug with five. (142) Net sales that year exceeded $42,500,000. That represented a $500,000 gain over FY 1956. Net earnings in 1957 equaled $1,742,583 or $4.57 a share as compared to $1,534,917 or $4.02 a share one year earlier. In October 1957, the company proudly celebrated the 75th anniversary of Marshall Drug by holding a number of special sales and sponsoring exciting contests. (143) Rexall, in August 1958, announced that it had just signed a long-term agreement with one of Marshall Drug's chief competitors Gray Drug. That meant that Marshall Drug would no longer be the sole distributor of Rexall products in Northeast Ohio. (144)

Fortunately, that announcement did not distract executives at Cunningham Drug who never lost sight of their primary business objective namely maximizing profits while minimizing overhead costs. Momentary setbacks, such as the recent Gray signing, did not adversely affected their future plans. In the late 1950s and early 1960s, the prevailing business strategy followed by Cunningham Drug was both simple and direct. The continual expansion of goods and services enhanced by new store openings seemed the best way to guarantee future success. With that objective in mind, Marshall Drug, in April 1960, announced the grand opening of yet another outlet this time in a newly completed shopping strip on Detroit Road in Rocky River, OH. (145) Less than a year later, west side patrons were shopping at a brand new unit in the recently completed Parmatown Shopping Center in Parma, OH. (146) Other Marshall Drug stores soon appeared in several cities in Ohio, including Alliance, Brunswick, Medina, North Ridgeville, Sheffield Lake, and South Akron.

As part of a major consolidation effort, Cunningham Drug, on January 19, 1962, announced plans to move the bulk of its merchandise stored in its Lakeside Avenue warehouse to another facility located in Metro Detroit. Officials claimed that moving to Detroit would shorten the travel time between cities. Cunningham officials graciously offered employees at the Lakeside Avenue facility similar jobs elsewhere. (147) However, Marshall Drug Vice President and General Manager William H. Bates and his staff members decided to stay in Cleveland. In July 1963, spokespersons for Marshall Drug unveiled their latest plans which included, among other things, opening another new outlet in the Village Square Shopping Center in Bay Village, OH. (148)

Its Board of Directors, earlier that same month, named James J. Fielding as its new Vice President and Marketing Director. This highly successful chain of drugstores more than doubled its net earnings in FY 1963. Gross sales that year alone exceeded $53,920,000. Corporate earnings also climbed to $406,860 or $1.06 a share as compared with $192,700 or $.50 a share in 1962. (149) In December 1964, Cunningham Drug President Ray A. Shapero received the highly prestigious Drug, Cosmetic and Allied Industries Human Relations Award. (150)

Nineteen Sixty-Five saw Everett A. Eyre Jr. become the new Vice-President of Cunningham's Broward Division, while Evan E. Griffiths (d. 1976) became the new Vice President and General Manager of Cleveland-based Marshall Drug less than a year later. (151) The Cunningham Board of Directors, in September 1966, approved Stanley D. Meredith as Director of Food Operations. That December, the company reported a net income of $1,187,063 or $1.54 a share vs $1,169,190 or $1.52 a share for the same period 12 months earlier. (152) Herman R. Garden, in May 1967, became the new Director of Operations for Marshall's 45-store chain. (153) The board named Henry I. Schleider as its new Vice President of Finance that same summer and William E. Marshall became Corporate Controller that December. (154)

The President of Cunningham Drug Ray A. Shapero, in March 1968, announced extensive renovations for some of the oldest sites. Renovation efforts began with the unit inside the Union Commerce Building at East 9th Street and Euclid Avenue. (155) Very little had been done to update that facility since its grand opening in November 1924. Its renovations ranged from a modern entrance, sound-absorbing ceilings, recessed florescent lighting and new kitchen equipment to greater counter space, Formica cases, colorful curtain walls and expanded cosmetic and tobacco departments.

In September 1970, board members unanimously approved the appointment of Clayton Dillard as their new Corporate Controller. (156) Formerly the Chief Accountant at the Kroger

Company, Dillard replaced William Marshall who had served in that post for the past two years. Rumors began surfacing in early 1971 that Gray Drug wanted to purchase thirty Cunningham outlets in Florida. Gray Drug net sales the previous year had totaled $12,000,000, while its net value stood at $155,964,997. (157) However, those unsubstantiated rumors ended very quickly when merger talks failed to materialize. The fact that a merger between Gray Drug and Cunningham Drug did not take place in 1971 did not mean that major changes were not in the offing for Marshall Drug. Significant business changes were on the horizon for this long-established, well-respected pharmacy chain.

Board members expressed grave concerns about the recent lackluster performance of its many Marshall Drug stores. Something had to be done quickly in order to rectify this situation. With that thought in mind, the Board of Directors, in January 1971, discussed several possible options that might bring new life to this aging Cleveland-based pharmacy. Those options ran the gamut from seeking out potential merger opportunities with interested buyers and focusing more directly on expanding its prescription business to promoting new varieties of inexpensive, off-brand merchandise and closing a number of low volume stores. By that spring, the board unveiled a drastic business reorganization plan that they firmly believed would bolster sagging sales at Marshall Drug.

That radical plan called for unloading underperforming units, selling cheaper merchandise and reducing customer services. Several national chains had set the precedent for that kind of action. However, Cunningham Drug was not like other pharmacies in that its many affiliates, including Marshall Drug stores, still generated decent profits. To radically alter current business practices at Marshall Drug might prove financially disastrous in the years ahead. Therefore, any meaningful changes to the existing business order must be done with the upmost care to ensure that any new measures initiated would truly reflect the eclectic needs and wants of their many loyal customers. It was no small task.

Over the next several months, board members reviewed a plethora of unique business approaches intended to improve both marketing and retailing. They wanted to determine which of the many available business strategies would be the most effective way to reverse this downward sales trend. In September 1971, the board unveiled its latest initiative. It called for the establishment of more than twenty shops and boutiques all under the Marshall Drug banner. (158) Cunningham Drug advertised it as “one stop shopping with your favorite store remaining.”

Corporate executives insisted that many of the new items found in Marshall Drug were unique to that pharmacy. Company officials strongly recommended that their many shoppers continue to use their coupons for even greater savings. Apparently, this new business approach worked as sales at Marshall Drug improved significantly over the next fiscal quarter. What the public did not know was that further business changes were about to occur. In March 1972, Cunningham Drug reported the acquisition of yet another regional drugstore chain known as

Super X. This merger increased the presence of Cunningham Drug in both central and southern Ohio. Owned and operated by the Kroger Company of Cincinnati, OH, this 11 store chain had failed to generate the kind of high profit returns first envisioned by the parent company when it purchased Super X ten years earlier. (159) Rumors of a major shakeup at Marshall Drug began to circulate less than a month later.

However, Cunningham officials remained silent on that issue until May 18, 1972 when the board announced a major business reorganization effort. It placed both Marshall Drug and Super X under the Cunningham logo. (160) Board members claimed that in the long run it would not only result in lower prices for consumers; but also, reduced overhead costs. Most importantly, it would provide the additional financial clout deemed so necessary within this highly competitive market. It also set the stage for other business conveniences such as credit cards and 24 hour stores. "Cunningham's 21, The New Drug Stores in Town" became this company's latest motto. (161)

Unfortunately, that promise of vastly improved customer service and lower prices never happened. In fact, things got worse, not better, over the next several years. Shoppers increasingly complained about the dirt and grime found in many locations. (162) In addition, its once prized customer service had all but disappeared. Droves of patrons left Cunningham Drug for other stores. After all, why would anyone want to shop where their business was not appreciated? In fact, many customers stopped shopping at Cunningham Drug all together. If that business trend persisted it would be only a matter of time before this once esteemed chain would be no more. That realization did not escape the board's attention. In the late 1980s, it tried unsuccessfully to improve its tarnished image. Unfortunately, the damage had been done. Cunningham Drug closed its doors in 1992. Throughout its seventy year history, its staff had prided itself on its keen business sense. Through careful planned mergers and savvy business moves at important moments in its history, this once popular pharmacy had been able to survive the test of time. Its founder and president Nate Shapero played a key role in its long lasting financial success. Ultimately, the board's complacency led to its demise.

In the case of Marshall Drug, this locally-based pharmacy had always enjoyed a sterling business reputation for selling top quality drugs and everyday items within a welcoming retail environment. Its superb customer service was second to none in Greater Cleveland. Nate Shapero and his very sharp management team not only fully capitalized on the well-earned reputation achieved by Marshall Drug during its many years as an independent; but also, added their business know-how to create an even more vital regional drugstore chain. Many Clevelanders had depended on Wentworth G. Marshall and his highly competent staff to always be there for them no matter what health need might arise. Fortunately, that tradition of business excellence, nurtured by its founder, continued to grow and prosper first under the guidance of his sons and later under the watchful eyes of the many dedicated managers and pharmacists who proudly worked for Cunningham Drug.

The rise of other, equally determined drugstores, in the late 1970s and early 1980s, did not signal the beginning of the end for this once highly popular chain. After all, Greater Cleveland remained one of the largest, most vital retail markets for pharmacies in the country. Theoretically, a wide variety of drugstore chains could have prospered in this region well into the 21st century with each faithfully fulfilled the specific needs and wants of their particular loyal customer-base. If, in fact, that was true then what explains the demise of chains such as Cunningham Drug? The prevailing business theories of the late 1970s and early 1980s played a crucial role in their outcome. Newer business theories directly challenged traditionally-held beliefs that expounded the many virtues of carefully orchestrated changes determined by whatever was the accepted norm of the day.

The Recession of 1974 and its aftermath changed everything. In particular, economic stagflation and a volatile global market led many analysts to seriously question the long-term value of classic business models. Further scrutiny led many experts to dismiss earlier accepted retail practices as totally inappropriate in the modern world. That kind of thinking prompted the worse possible scenario. In the wake of the Recession of 1974, a new free-flowing, market-oriented international economy governed by few, if any, of the traditional business constraints and principles that once were considered crucial for long-term success ruled the roost. Profit margins based on the daily needs and wants of their shoppers had changed dramatically from the late 1960s to the early 1980s. Once these new marketing principles were fully placed in motion who knew how it would all turn out? However, one thing was certain. The halcyon days of high profits and low overhead costs were over for the pharmacy industry in the U.S.

In its wake, new, often totally unrealistic profit goals were set down by new industry leaders. They were derived in large measure from artificially high prices that were imposed arbitrarily on a wide variety of popular items. They ran the gamut from prescription drugs and over-the-counter remedies to groceries and everyday household goods. Achieving highly inflated profits in an attempt to offset ever mounting debt took precedent over other pointed business concerns expressed by many budget-conscious consumers. The customers, not the drugstore, experienced the brunt of the negative effects of the 1974 Recession. They were the ones confronted with the unenviable prospects of uncontrolled personal debt and massive unemployment, not the pharmacy industry. Shoppers increasingly demanded some relief from mounting inflation. Specifically, they wanted cost reductions on many staple items at least for the foreseeable future.

Rather than revising their recently adopted business strategies to accommodate the changing requirements of their monetarily-strapped customer-base, some companies, such as Cunningham Drug, took a vastly different business approach much to the dismay of many shoppers. Rather than providing their customers much appreciated monetary relief by lowering the cost of some staples while retaining their high quality products and services, the Board of Directors at Cunningham Drug decided to cut back on quality merchandise and traditional customer service while, concurrently, raising prices. Not viewed as a wise move even though the board contended that such stringent business tactics were both necessary and appropriate given the growing uncertainties of the U.S. economy in the late 1970s and early 1980s. Perhaps they were correct in their assumptions; however, it seemed totally unfair for those shoppers who were struggling to survive.

Few executives at Cunningham Drug ever thought that their shoppers might rebel against such stringent business methods by patronizing other drugstores. Perish the thought. Its board members firmly believed that "the public truly loves what we do and that they will return to our stores soon because they need us." That attitude may have had some validity at an earlier time in its history. But, it had lost much of its luster as pharmacies, such as Cunningham Drug, realized that those past business certainties no longer applied to our new, vastly different global society.

The demise of Cunningham Drug was not a diabolic business plan hatched by some unscrupulous national chain determined to dominate the Greater Cleveland scene, hardly. That company's demise resulted in large measure from its-own inept decision-making strung out over time. Instead of improving upon the quality of the merchandise they sold, and expanding customer services to better serve the needs of their changing customer-base, the leadership at Cunningham Drug did just the opposite with devastating financial consequences.

The closing of the Cunningham Drug chain notwithstanding, the original Marshall Drug symbolized a groundbreaking enterprise begun by a well-respected local druggist named Wentworth G. Marshall. He, along with his two sons, proudly sold top quality merchandise for nearly half a century. They also provided their employees good wages and desired fringe benefits. Marshall Drug led competitors by frequently holding sales on many of its most popular items. Fair dealing at all levels enabled him to maintain a solid reputation as an honest businessman. But, it was more than just that. He considered his customers to be like family. The new ownership successfully played up that positive connection for many years.

In fact, the leadership at Cunningham Drug relied on the well-earned reputation of Marshall Drug to weather the many economic highs and lows of the immediate post-war years. Unfortunately, over time the board at Cunningham Drug downplayed the importance of this positive business connection carefully forged between its original ownership and its many loyal shoppers. Sentiment such as that seemed very old fashion in the 1950s and 1960s. Whether that represented insightful thinking or not in the final analysis it really did not matter. Perhaps Cunningham Drug might have survived the decades of the 1970s and 1980s untouched had the economy remained stable. Unfortunately, the prosperous 1950s and 1960s, where the majority of economic and technical advances followed a prescribed course governed by the conservative business elite, no longer held sway.

The 1970s and 1980s represented a period of extraordinary economic and financial upheavals highlighted by unparalleled business and technical advances. Once those complex changes were set in motion, nothing would ever be the same again. In particular, the emergence of highly sophisticated, nationally-based pharmacies committed to serving the growing demands of their perceptive shoppers had serious financial repercussions for other, more conventional regional chains such as Cunningham Drug. Traditional pharmacies, including Cunningham Drug, had two paths opened to them either participate wholeheartedly in this decidedly explosive era of change, noted by major breakthroughs in both communication and technological, or simple step aside and let others profit from these unprecedented new developments. The choice was undoubtedly theirs to make and the decision had to be made now.

Cost considerations, more than any other single economic or financial factor, ultimately determined the course of action they followed. Regionally-based chains, such as Cunningham Drug, knew full-well that major business changes were happening during the late 1970s and early 1980s. However, its board members, many of whom were part-and-parcel of the old guard, could not envision the magnitude or scope of this business transformation, or how that metamorphous might impact their company's bottom line in the years ahead. It was equally unclear to them as to which technology companies and which communication systems would eventually dominate the pharmacy industry.

The nagging question facing large drugstore chains, such as Cunningham, in the late 1970s and early 1980s concerned the proper procedures it should follow in order to profit from these latest advances. In other words, what business steps must they take immediately to guarantee their economic vitality in the years ahead? Many experts firmly believed that emulating the actions of large pharmacy chains represented a very sensible business option for regionally-based chains such as Cunningham Drug. However, the one conspicuous issue facing moderate-sized pharmacies, that chose to follow that course of action, involved the amount of capital needed to be spent on such an endeavor. Everyone knew that large national chains spent huge sums on research and development annually. However, the same could not be said for small to mid-size corporations, such as Cunningham Drug. With their more modest budgets, store chains such as Cunningham Drug had to be very careful in their investment choices. No room for any error here.

In order to accomplish the aforementioned goal, medium sized companies, such as Cunningham Drug, found themselves in the unenvious situation of setting aside precious financial resources that might be used for other, more pressing needs such as paying off its mounting debt. Conversely, failure to implement the latest technology, that appeared to be changing daily, might seal their economic fate. It was a no win situation for many moneystrapped pharmacy chains such as Cunningham Drug. For companies like that, local market conditions and their available stockpiles of additional financial resources determined their course of action.

Cunningham Drug was also very much aware of the fact that other problems often surfaced when local drugstores attempted to recoup recent financial losses by adopting the latest technology. The first problem concerned the nature of the systems themselves. In particular, which new communication and informational retrieval systems best suited their changing business needs, and most importantly, what costs were involved in maintaining such systems once they were operational? Being brand new systems, with virtually no previous performance record, experts could not furnish companies, such as Cunningham Drug, with any conclusive evidence favoring one system over another. Therefore, pharmacies, including Cunningham Drug, were uncertain as to what they should do. In the final analysis, cost considerations and pure guess work determined their choices. In their defense, even if Cunningham officials had been able to successfully initiate the first round of technological advances that would not have ensured their future success.

The limited resources available to regional pharmacies, such as Cunningham Drug, in all probability would have ultimately led to their demise. Inevitably, they would have run out of money long before they could assimilate all the latest communication and technical discoveries into their many stores. Returning to Marshall Drug, how important is reputation in the world of business? The answer it is everything. It is indispensable for companies enjoying long lasting economic and financial success. Wentworth G. Marshall certainly believed in that ideal. In the final analysis, promoting that kind of honest approach towards business often resulted in great economic and financial success for those local pharmacists who stayed the course.

Figure 2: Marshall Corner Drug Store, ca 1920s

Figure 3: Soda fountain workers learning their trade

Figure 4 Soda fountain workers in training

Figure 5: Shoppers browsing the aisles at Marshall Drug for special deals, ca 1950

Figure 6: Display counter in Marshall Drug Store, ca. 1950

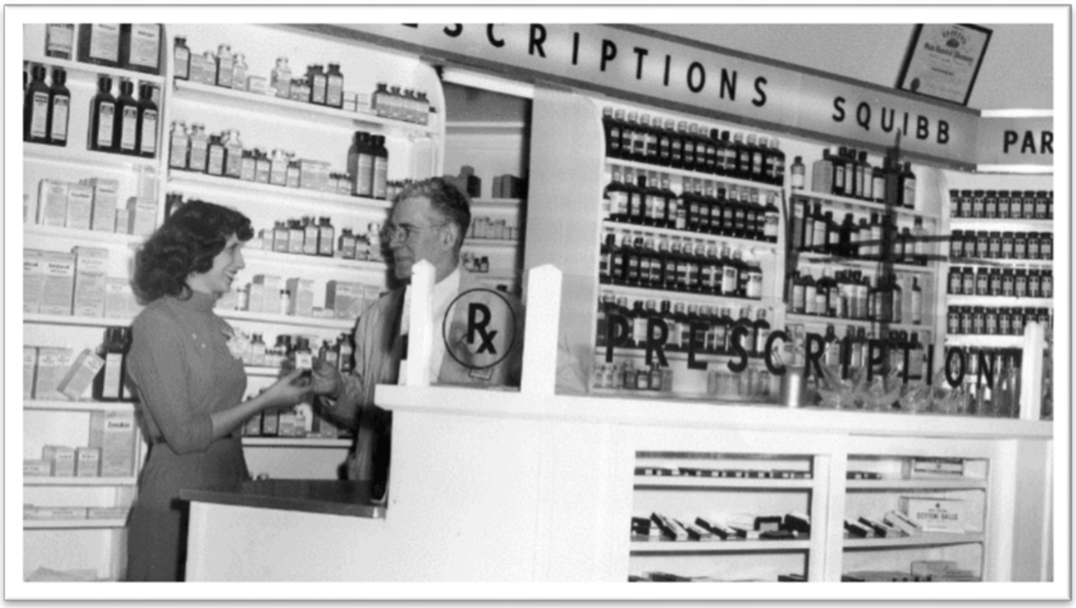

Figure 7: Specialized service at prescription counter--Marshall Drug

Figure 8: Toiletries and other sundries found at Marshall Drug, ca. 1955

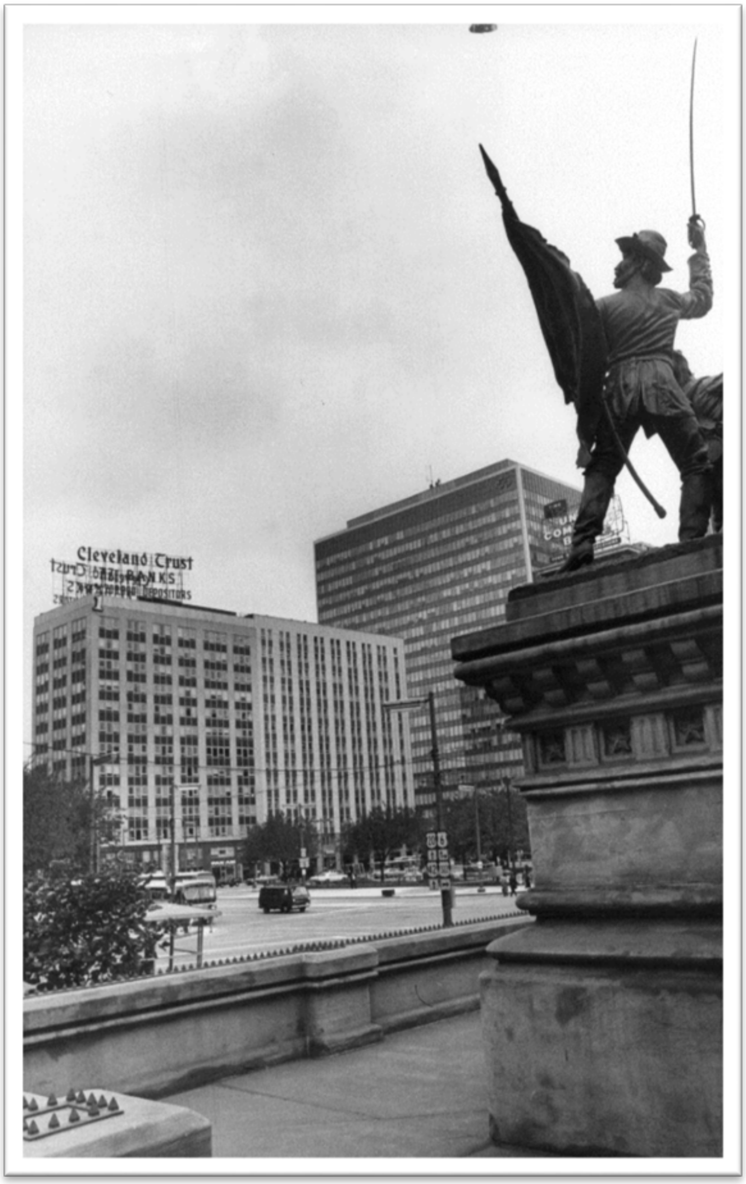

Figure 9: Marshall Drug headquarters at Public Square, ca. 1965

Figure 10: Dining at Marshall Drugstore in Parma, Ohio, ca. 1960

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CHAPTER THREE

THE LEGACY OF THE STANDARD DRUGSTORE CHAIN

A group of prominent local businessmen led by M.E. Graham; A.G. Alexander, J.W. Alexander, L.H. Wain and S.A. Cook founded the Standard Drug Company in 1899. (1) With an initial investment of $50,000, these savvy leaders soon operated three drugstores one at the corner of Erie and Superior Streets, a second at the corner of Perry and Prospect Streets and a third at the corner of Vienna and Cedar Streets. Originally called the Gem Pharmacy, these partners quickly changed the name of their growing business enterprise to Standard Drug. (2) These entrepreneurs knew full-well that their future financial success depended on satisfying the many needs and wants of their growing customer-base. Their first slogan echoed that new, positive business attitude. “Quality and Prices that Please” was not just a motto. It symbolized the way that company conducted business for the next six decades. (3)

Like so many other ambitious druggists, at the turn of the 20th century, they firmly believed that the future of their industry belonged to those who successfully operated branch stores. With that in mind, President Charles A. Godman, Vice-President Charles E. Roseman and Secretary/Treasurer Perin Shirley (d. 1934) proudly announced the grand opened of their fourth store on January 5, 1905. Located on the first floor of the prestigious Schofield Building, located at the corner of East 9th Street and Euclid Avenue, this pharmacy’s beautiful mahogany interior and finely polished marble trim delighted many downtown shoppers. Ornate light fixtures, strategically-placed throughout the premises, along with its large prescription station, found in a protruding balcony above the first floor, distinguished it from other downtown rivals. (4)

That store’s magnificent $5,000 soda fountain area, made of the choicest African mahogany and finest Mexican onyx, soon became a popular gathering place for Cleveland’s elite. Its prominently displayed eatery sat up to fifty people. Managed by a well-known short order cook of that day Mr. Slinghart, it specialized in refreshing soda waters made from pure fruit flavored extracts. (5) His Jap Suey and Coney Island sundaes were legendary along with his many unique salad combinations. Slinghart’s famous malted milk, made with an egg, was a true value at only $.10 a glass. (6)

Standard Drug owners knew a moneymaker when they saw it, and within a few months installed similar soda fountains in their other stores. Excellent values and outstanding customer service described the shopping experience at Standard Drug. Half-price sales enable Clevelanders to purchase daily essentials without breaking the piggy bank. A female pharmacist M. Louise Carroll offered feminine hygiene advice to many women shoppers. (7) There was something for everyone at Standard Drug!

The phenomenal success of this chain led to yet another outlet in March 1906. Located at the corner of East 88th Street and Wade Park Avenue, it specialized in a wide array of popular hot beverages. They included such favorites as beef tea, clam bouillon, hot chocolate, hot lemonade and tomato bouillon. (8) Male patrons also flocked there to purchase straw hat cleaner and learn more about the latest health breakthroughs through special demonstrates by qualified nurses. That November, a sixth Standard Drug opened at East 105th Street and Euclid Avenue. That outlet carried some of the finest medical equipment available in the city as well as a complete line of affordable prescription drugs and, of course, the very best in over-the-counter remedies. (9) The American Druggist Syndicate (ADS) held its first national convention in New York City in December 1906. Over 400 delegates attended that gala event. The Board of Directors elected Charles A. Godman as its first President. He was also named Chairman of its Auditing and Finance Committee. Before joining the team at Standard Drug, Godman had been a recognized leader in the wholesale drug business. ADS that year boasted over 3,000 members nationwide. (10)

Standard Drug, in June 1907, opened the largest drugstore between New York and Chicago. (11) Located in the Old Arcade, this new pharmacy with its magnificent rich mahogany interior sold highly sought after items of the day such as exotic perfumes, scented soaps and embossed stationary. It also featured a very spacious prescription station in its mezzanine level, and an enormous basement full of reasonably priced medical equipment and surgical supplies. Its enormous 500,000 cigar humidor and $10,000 soda fountain were like no other found in the city of Cleveland then. (12) The overwhelming financial success enjoyed by Standard Drug encouraged its business partners to relocate their corporate headquarters to a more spacious site at East 9th Street and Bolivar Avenue. This four-story building also included an extra-large showroom that displayed the latest advances in what they called “sick room” supplies. (13)

According to Standard Drug executives at that time, one the biggest business challenges they faced involved keeping up with the ever changing demands of their many shoppers. It seemed like a never ending task. Officials firmly believed that modern drugstores must strive to be bright, cheerful places for customers to visit, not drab, dreary dungeons. While traditional apothecary shops emphasized the importance of large chemical departments over anything else, modern-day retail facilities must go further than that especially when it came to offering a wide variety of popular merchandise. Executives at Standard Drug contended that local drugstores should feature a wide array of specialty departments dedicated to everything from penny candies, cigars and soda waters to patent medicines, sundries and toiletries. Of course, they readily admitted that limited funding presented a major stumbling block when it came to achieving all those worthwhile business goals rapidly. However, they promised never to give up.

Growing cost considerations notwithstanding, Standard Drug, for the most part, practiced what they preached. Besides offering additional niceties to their patrons such as free ice cream to children who went willingly to the dentists and free toffee to patrons who bought at least one item worth $.25 or more, Standard Drug also operated a top-rated optometry service. (14) Those customers fitted with reading glasses there also received a free eye test. In addition, this chain of pharmacies proudly sold pre-bottled soda waters perfect for any occasion. Costing about $.02 a glass, Standard Drug claimed "it was like having one's own personal soda fountain." (15)

Perhaps one craved Fuller-Greene chocolates? Standard Drug had them for only $.50 a box. (16) Seeking a quick, inexpensive lunch? How about eating at your local Standard Drugstore where warm soups and delicious sandwiches were waiting for you daily. Luncheons prices ranged from $.15 to $.20 each. And, how about topping off your meal with a delicious sundae? They only cost $.15 at Standard Drug. (17) The soda fountain in the Old Arcade became known as the "Standard's Soda Grill." (18) An immediate hit especially with female shoppers and daily office workers, Standard Drug soon extended its restaurant hours from 2:00 p.m. to 6:00 p.m. Those additional hours enabled patrons to sample a wide variety of afternoon teas and special ices that were not available during the regular lunch hour. (19)

Officials at Standard Drug, in 1909, announced the grand opening of their ninth outlet at East 112th Street and Superior Avenue. Company executives referred to their group of pharmacies as the "Famous Nine." In June 1910, executives reported their latest expansion plans that included annexing Burt Ramsey's Jewelry shop in the nearby Colonial Arcade for $7,500. A well-known local real estate broker named W. A. Congalton negotiated this deal. Preliminary plans also called for a large cigar shop, first class restaurant and soda fountain. (20)

Standard Drug proudly introduced Eagle Stamps in August 1910. (21) Under this arrangement, sales clerks handed shoppers an empty stamp book along with a specified number of Eagle Stamps as determined by the price of the item or items just purchased. The customer would moisten the adhesive side of those stamps and place them carefully in designated pages throughout that book. Each stamp was about the size of a postage stamp. When the book was filled with stamps then the customer could redeem them for certain select items at Standard Drug and repeat the process again. Theoretically speaking, any item or items chosen by the patron, upon surrendering the filled trading stamp book, cost absolutely nothing. Of course, the catch here was that the customer was really paying for all those "free" items upfront. The original price of the item or items included any incurred costs associated with that promotional effort. However, few customers viewed it that way. Seeing it as an extra bonus for shopping at Standard Drug, many customers truly went out of their way to buy items there.

In September 1910, a new unit opened at the corner of East 55th Street and Hough Avenue followed by a second Soda Grill and Lunch Room in the basement of the Schofield Building. (22) Both restaurants featured live music at lunch. *The Plain Dealer,* on April 12, 1911, announced that Standard Drug had just signed a 99-year lease on the Hurd Block located at East 4th Street and Euclid Avenue. This agreement required the pharmacy to pay $12,700 a year for the next ten years. (23) Plans also called for extensive renovations within that commercial block over the next two years.

The Board of Directors, in October, 1911, hosted its first employee ball at the Opera House Dancing Academy. Over four hundred attended this event. (24) A second ball held, in February 1913, included a keynote speech by the company's president plus souvenirs for the women and cigars for the men. (25) Two months later, executives signed a $300,000 lease on a building previously occupied by O'Brien's Grocery. Located at East 8th Place and Prospect Avenue, this five story structure was erected in 1907. (26) Standard Drug soon after acquired another well-known landmark building at the corner of East 9th Street and Vincent Avenue. A local architect Myron B. Vance and local contractor W. F. Hyde Company refurbished the site for about $100,000. Alterations to that site included a two-story addition, enlarged storerooms and a new billiard parlor. (27) Standard Drug also signed a 10-year lease worth $120,000 on a unit at East 9th Street and Superior Avenue.

Tabor Ice Cream Company, in July 1916, signed a $500,000 contract with Standard Drug to become its sole supplier of the ice cream. (28) Prior to that signing, Standard Drug had manufactured its-own ice cream. Store officials also announced the grand opening of yet another unit this time at the corner of East 105th Street and St. Clair Avenue followed by a second one at East 22nd and Prospect Avenue. (29) The Board of Directors, in October 1916, replaced Eagle Stamps with Merchants Red Stamps. They claimed that Merchants Red Stamps, unlike Eagle Stamps, paid 3% interest to customers. (30) Also, any shopper that presented valid coupons at the time of a sale automatically qualified for additional stamps.

Store expansion continued throughout the second decade of the 20th century. For example, in 1917, Standard Drug executives approved the construction of a new commercial block in Cleveland Heights, OH. (31) Located at Coventry Road and Euclid Heights Boulevard, this three story, $90,000 building featured a full basement. Its upper floors housed several six-room apartments while its retail space, on the first floor, contained a Standard Drugstore. (32) W. S. Ferguson designed it.

The operator of its optical department O.G. Clifford received a great deal of praises for his excellent service. (33) At the beginning of the 1920s, this company proudly opened two more units one on East 4th Street and a second at 801 Prospect Avenue. (34) Steuber Investment Company brokered a 99-year, $250,000 lease on a three story brick building at East 105th Street and St. Clair Avenue. Under this leasing arrangement, Standard Drug agreed to pay $12,000 a year for the first five years, $15,000 a year for the next five years and then $17,000 a year for the remainder. An addendum to this lease enabled Standard Drug to renegotiate those terms anytime without incurring any financial penalties. (35) That store addition brought the total number of Standard Drug outlets to 16. Construction began, in 1922, on yet another store this time at the corner of Cedar and Lee roads in Cleveland Heights, Ohio. (36)

By the mid-1920s, Standard Drug operated a thriving mail-order business. (37) They also prided themselves on promoting the latest health trends through special programs they referred to in a collective sense as "preventive medicine." Major discoveries in the fields of medicine and science during the first two decades of the 20th century excited pharmacists and physicians alike. Many of them hoped to capitalize on those recent breakthroughs quickly. Specifically, they wanted to experiment with the latest drugs or healing treatments even if their therapeutic value might be dubious.

Standard Drug became involved in that medical craze in 1924. (38) Some Cleveland physicians firmly believed in the healing powers of ultra violet light treatments. They contended that if administered properly it might well stop the spread of major diseases even possibly cancer. Standard Drug, under the watchful eye of its President Charles E. Roseman, took that kind of therapeutic treatment to a whole new level. This company offered affordable, ultra violet light treatments supervised by professionals in the privacy of one's own home. The public loved it. Although some patrons derived great medical benefits from this kind of intense therapy, many others did not. Some of those receiving the treatments later suffered from melanoma. Their intentions may have been good, namely, to improve the health of their patrons by utilizing the latest scientific and technological breakthroughs. Unfortunately, insufficient professional training and lack of extensive procedural experimentation upfront undermined the possible medical benefits associated with such extensive treatments. Simply stated it was a good idea that went awry.

On a less controversial note, Standard Drug and other pharmacies in the 1920s began offering their shoppers discount pricing on select items through specially printed newspaper coupons. The acceptance of coupons by drugstores in many major downtown department stores prompted this action. The Board of Directors, in 1924, approved a motion that called for its corporate headquarters to move to a larger facility at 408 St. Clair Avenue. (39) This popular local chain now operated 23 stores. (40) In July 1927, a new outlet opened for business at East 14th Street and Euclid Avenue, in the very heart of Playhouse Square. (41) Officials, in May 1928, announced the sale of their former headquarters at the corner of East 9th Street and Bolivar Avenue. Otto Bloomfield Furniture had signed a 10-year leasing deal worth $81,000. (42)

Under the capable leadership of President Charles E. Roseman, Standard officials, in March 1929, unveiled their latest store expansion plans that included a new outlet at East 115th Street and Shaker Boulevard. A cooperative venture financed by Standard Drug and the Van Sweringen Development Company, this new unit was the first business built in that neighborhood. (43) That July, the corporation approved the construction of a new commercial block at 13024 South Woodland Avenue. P. H. Peters brokered that deal which was worth $30,000. (44) Board members, in October 1929, approved the erection of a $300,000 pharmacy at Wymore and Euclid Avenues in East Cleveland, Ohio. Recent residential development in that area, under the careful guidance of John D. Rockefeller Jr., prompted that action. (45)

In June 1930, Standard Drug expanded its operations into Summit County when it acquired Trory Drug in Hudson, Ohio. Its former owner A.J. Trory continued serving as store manager. (46) Standard officials also approved a special ten year lease with the Acme Grocery

Company of Akron, Ohio. Under this arrangement, it leased a large storage facility in one of its many grocery stores. (47) Four months later, Standard Bank of Cleveland proudly announced the appointment of Charles E, Roseman to its Board of Directors. Perin Shirley, later that same year, became the new Vice President of Standard Drug. He also served as the Treasurer of City Savings & Loan Company. (48)

Standard Drugstore opened its 39th store in Cleveland Heights, Ohio at the end of the year. Located on the first floor of the recently completed Fairmount-Cedar Building, located at the intersection of Fairmount Boulevard and Cedar Road, Standard Drug, along with an A&P grocery store, represented its first two tenants. That new $75,000 commercial block, designed by Carl I. Best and built by Sam W. Emerson Company, was financed entirely by Standard Drug. (49)

The public loved to scrutinize the daily activities of local businesses such as Standard Drug. Any hint of wrongdoing, on the part of the local business community, did not escape their attention. Such was the case in August 1931 when Justice of the Peace M. J. Penty (1915-1979) announced that a hearing date had been set to investigate whether there were sufficient legal grounds to prosecute Standard Drug and Burt Incorporated for violating state optometry laws. The Rudolph Deutsche Company represented the plaintiff in this case. (50) The public had a field day with it. The court found in favor of the plaintiff and both Standard Drug and Burt Incorporated were fined $200 each. A judge in the appeals court later overruled the lower court ruling.

The appeals judge ruled that optometry was not a profession and, as such, was not subject to the same state regulatory laws that applied to the practice of medicine. The plaintiff objected to the ruling claiming that the appeals judge had overstepped his jurisdiction in rendering that decision. In June 1936, the Ohio Supreme Court overturned the appeals court ruling by saying that optometry was indeed a recognized profession and, as such, could not be practiced by a corporation. This decision upheld an earlier injunction leveled against the Bing Company, the May Company and Standard Drug. (51)

Nineteen thirty-two led to new stores at 5798 Ridge Road in Parma, Ohio; Madison Avenue in Lakewood, Ohio; 20163 West Lake Road in Rocky River, Ohio; 3927 Mayfield Road in Cleveland Heights, Ohio; 2985 Mayfield Road in Cleveland Heights, Ohio; at East 12th Street and Chester Avenue in Cleveland, Ohio and 12426 Cedar Road in Cleveland Heights Ohio. (52) That July, board members approved a new unit in Lake County. Located at the corner of Erie and Second Streets in Willoughby, Ohio, this two story brick and stone commercial building featured beautiful Terrazzo floors and Californian plaster walls. The Kaplan Brothers, a well-known local contracting firm, did the interior work. (53) Less than a month later, board members approved a 10½ year lease on their first store in Lorain County. The lease required Standard Drug to pay 5% of its gross sales plus a guaranty of $37,800. That outlet at 410 Broad Street in Elyria, Ohio soon led to others in Painesville, Ohio and Euclid, Ohio. (54)

Standard Drug renewed its lease in the Schofield Building in 1933. This new, ten year leasing agreement required a full-term, minimum rental of $250,000 that included its original premises and adjacent United Cigar Store. Officials at Standard Drug boasted that it had been a major tenant in that building for more than 25 years. This new leasing arrangement required that Standard Drug pay for all internal building improvements. They included such things as modern indoor lighting, a new store front and a properly reinforced foundation. (55) Standard Drug owned and operated 50 stores in the Greater Cleveland area by that December. (56)

A well-run enterprise, executives at Standard Drug fully understood that the Great Depression of the 1930s had financially ruined many of its most valued customers. In fact, national unemployment in 1932 topped 25%. In an attempt to lessen their financial burden, this popular chain of drugstores regularly offered special promotions. One promotion, begun in November 1933, involved a special record card issued at no charge to all shoppers. Every time a customer made a purchase at Standard Drug the sales clerk would mark it on the card. When the card accumulated a minimum of $5.00 in purchases then that individual qualified to purchase a Sessions Electric Clock for only $2.19, a 28% savings over the retail price. (57) A second offer, totally unrelated to the first, provided color reproductions of world famous paintings for every purchase made in either the drug or toiletry departments. (58)

Standard Drug also wholeheartedly supported the National Recovery Act of 1934. Throughout its history, this popular pharmacy never lost sight of the crucial role played by its many dedicated employees in its enduring financial success. Nowhere was that more evident than during the economically turbulent 1930s. Corporate officials tried whenever possible to increase employee salaries and fringe benefits even when it might not be the prudent thing to do. For example, in the mid-1930s, Standard Drug awarded over $9,000 in Christmas bonuses. (59) Store managers with more than five years of experience at Standard Drug received an additional two weeks salary at the end of the year. Employees with less seniority got one week’s added salary.

Corporate executives and staff members, in the mid-1930s, mourned the passing of Charles Arthur Godman (1858-1936) one of the company’s founders. Godman left Standard Drug in 1911 to establish a cleaning fluid company called Cummer Products. (60) In November 1936, rumors surfaced that a merger between Standard Drug and Weinberger Drug was eminent. If that was to occur then the net sales of this combined company would exceed $9,000,000. Their combined assets would have been equally impressive at $3,000,000. Under this agreement, the larger of the two companies Weinberger Drug would have taken over the operations. (61) Initially, both boards approved the merger; however, upon further consideration the Board of Directors at Standard Drug questioned the wisdom of such a move at that time. Specifically, board members feared that Weinberger Drug might use its economic clout to purchase Standard Drug at a rock bottom price.

Such worries were not totally unwarranted. With 30,000 shares listed on the Cleveland Stock Exchange and with stocks advancing from 17 ¾ to 20 ½ over the past two years, Weinberger Drug now paid its investors $1.20 a share. Standard Drug could not hope to pay anywhere near that amount to its many stockholders. Fearing that Weinberger Drug might take unfair economic advantage of its rival's financial straits by offering to purchase that company at far below its assessed market value, the Standard Drug Board of Directors could not, in all good conscious approve the merger. (62) Formal talks ended in December 1936. (63)

In May 1937, Standard Drug President Charles E. Roseman presented the keynote speech at the company's 38th Anniversary Celebration. His vision of the future of Standard Drug focused on the potentially lucrative pharmaceutical supply side of the business, rather than, the more predictable retail end of it. (64) Hoping to gain an even stronger foothold within the University Circle district led officials to enthusiastically renew their lease at the East 105th Street and Euclid Avenue site. This new, five year lease stipulated that 6% of the store's annual gross receipts plus a minimum of $10,000 would go directly to the owners of the property. (65) They also planned to modernize that same facility over the next five years.

Special promotional activities in 1937 and 1938 included such things as sponsoring a radio show on WHK-radio and offering numerous newspaper coupons worth $.50 each. (66) In the early months of 1939, all the mayor local chains including Standard Drug met informally with the Association of Registered Pharmacists Local #1042 to hammer out a new, more comprehensive wage and benefits contract. Negotiations focused on several key issues including the right of pharmacists to work in a closed shop. As pointed out earlier in this writing, those talks soon broke down and a strike ensued until a new contract was agreed upon in May 1939. Standard Drug, that September, announced plans to erect a new unit at West 117th Street and Clifton Avenue. This $225,000 structure would feature a 12 foot arcade, movie theatre and 1,000-car parking lot. (67)

With the pharmacist strike now behind them, board members revived earlier announced plans that called for renovating their popular store at East 105th Street and Superior Avenue. (68) That major remodeling effort symbolized the first in a series of improvement programs destined to revitalize that entire block. As part of a new, major efficiency campaign, Standard Drug proudly announced that it had just rented a fleet of Crosley cars for its many home deliveries. (69) Further austerity moves, prior to the Second World War, included selling off some of its low volume stores.

It all began, in August 1940, when officials sold their store at Kinsman and Lee Roads to Edward Solomon. Mr. Solomon planned to open a delicatessen there. (70) That December, President Charles E. Roseman generously donated $12,000 of his own money in order to ensure that his employees would receive their annual Christmas bonuses. (71) Standard Drug, in November 1941, signed a 10 year, $33,600 lease on an outlet under construction at the Cedar-Warrensville Center Shopping Center in South, Euclid, Ohio. Built by a well-known local contractor Anthony Visconsi (1889-1972), this 11-store shopping strip featured a large parking lot behind it and limited parking in front. (72)

The Second World War marshalled in a period of national unity the likes of which had not been that evident in the Great Depression of the 1930s. This highly popular united front did not escape the attention of the local pharmacy industry that used it to not only promote unrestrained patriotism; but also, encourage their many shoppers to conserve on valuable natural resources. As a patriotic gesture, Standard Drug actively promoted the sales of defense bonds and stamps. (73) Any previously announced plans for new store openings remained on hold as the company's efforts were directed towards victory over the Axis powers. Once victory was assured, then regular business activities resumed.

Immediately following the war, Standard Drug unveiled a new, two-pronged approach towards future retail development. It not only called for expanding the number of outlets; but also, modernizing older sites. Their executive staff fully realized that the future success of their pharmacy rested on well-planned store expansion and continual internal improvement. That new strategy began in 1945 when the board authorized a sweeping renovation of one of its primary stores located at the corner of East 9th Street and Euclid Avenue. Reopening to rave reviews in May 1946, this enlarged facility now included the former Harburger Brothers Company at 2010 East 9th Street. (74) Standard Drug welcomed in the New Year by offering a wide variety of highly inventive new medical devices and services such as X-Ray screening. (75) Many physicians, at that time, thought that X-Ray screening might be an important first step towards curing a number of major diseases.

The old guard at Standard Drug remained at the helm into the early 1950s. Unfortunately, things started to change with the untimely death of Charles E. Roseman Jr. (76) The 39 year old son of the company's president died in an automobile crash on March 26, 1952. Young Roseman estate was valued anywhere from $2,000,000 to $3,000,000. His father never fully recovered from the loss. Charles E. Roseman Sr. died less than a year later on February 24, 1953. He was 80 years old. Born in Massillon, Ohio and a graduate of the Philadelphia College of Pharmacy, the senior Roseman had risen through the ranks at Standard Drug from pharmacist to store manager and finally president. He saw this chain of drugstores grow from one outlet to 54 stores in a half century. (77)

In April 1953, the Board of Directors appointed Mrs. Grace Roseman to serve as Chairman and Chief Executive Officer. Board members also named Ralph A Love (b. 1897) as President, Torrance K. Lamb Sr. as Secretary/Treasurer and Torrance K. Lamb Jr. as Vice-President. Robert W. Campbell (b. 1913), a senior partner in the Cleveland law firm of Merkel, Campbell, Dill & Clark, also joined the board. (78) Unfortunately, this new group of capable leaders did not last too long. Torrance K. Lamb Sr. died unexpectedly on May 13, 1953 at the age of 73. First hired as a sales clerk in 1907, Torrance Lamb later served as Vice-President and Secretary/Treasurer. (79) In a special emergency meeting, held later that same month, officials approved the appointment of Robert Campbell to fill the vacancy resulting from Lamb's unanticipated death.

Nineteen fifty four represented a crucial year for Standard Drug. Not only did the company successfully sponsor a Sunday afternoon newscast on WXEL-TV; but also, opened up its most fashionable store to date. That outlet was a part of a new east side shopping complex known as Eastgate Shopping Center. Located at the northeast corner of Mayfield and SOM Center roads in Mayfield Heights, Ohio, this 15-unit shopping center was designed by R. J. Grosel and constructed by Don Visconsi & Sons. (80) The year ended on a very positive note with the board electing Robert W. Campbell as its President and Joseph E. Sykora as its Secretary. Both Harry Martinson and Nell Endel stayed on as Vice-Presidents. This profitable business concern now operated 48 sites and employed nearly 700. (81)

In June 1956, Standard Drug celebrated its 57th anniversary. To commemorate this milestone, Mrs. Roseman held a special reception at her Fairmount Boulevard home. Over 300 persons attended that event. Attendees included store managers and their families. (82) Standard Drug, that November, sponsored its second annual Christmas Gift Show. Purchasing agents from major vendors attended it. (83) Later that same month, this pharmacy offered its shoppers the opportunity of participating in a 3-D Time Diabetes Detection Drive. Participants picked up Dreypek envelopes at their nearby Standard Drug. After carefully following the directions, customers returned the sealed envelopes to the same pharmacy for analysis. The pharmacy sent the laboratory results to both their customers and physician. (84)

At the end of February 1957, Standard Drug achieved yet another milestone when it filled its 10,000,000th prescription. Store officials also announced the conversion of their traditional soda fountains into full-service luncheonettes. (85) General Manager Ralph J. Leonard, in a press release issued later that same month, said that the business goal of this well-known company went far beyond simply remodeling its many pharmacies. It also included upgrading the quality of merchandise it sold and expanding its current prescription business.

One highly successful new business strategy involved moving the prescription counter and work station from the back of its stores to its center. This drugstore chain also planned to add five new suburban locations over the next 12 month period as well as develop a new promotional character for their future advertising campaigns. Promoters finally decided on an easy-going, likeable character called "Standard Stan." He started to promote Standard Drug products in May 1957. (86)

That same August, Standard Drug announced that it had just received 200 doses of Asian flu vaccine. Physicians would now be able to purchase this vaccine for about $1.00 a dose. (87) To celebrate the filling of its 10,000,000th prescription, George Squibb, the great grandson of the founder of the pharmaceutical company E.R. Squibb & Sons, presented President Robert Campbell with a much appreciated "congratulatory" plaque. The date was September 20, 1957.

(88) Staff members mourned the passing of Grace L. Roseman several days later. An Akron, Ohio native and wife of the late founder of Standard Drug Charles E. Roseman Mrs. Roseman was 80 years old. (89)

The Board of Directors at their annual meeting held in January 1958 elected Joseph Sykora as its new Secretary and Treasurer. He had joined Standard Drug as an accountant in 1945. Sykora rose in the ranks to become Assistant Treasurer in 1953 and then Secretary in 1955. Both Harry R. Martinson and Nell Endle remained on as Vice Presidents. (90) In February 1959, board members appointed Wayne Dyball to serve as their latest General Supervisor. His job responsibilities included overseeing the operations of all its 45 stores. Prior to this appointment, Dyball had been the store manager at the store in the Brook-Pearl Shopping Center in Parma, Ohio. He had joined the company in 1941 after graduating with a Pharmacy degree from South Dakota State College. (91)

Brands Name Foundation, a national organization dedicated to promoting quality merchandise, awarded Standard Drug its coveted First Class Certificate in April 1959. Standard Drug was one of 140 recipients that year. Awards went to innovative retailers who had greatly improved their sales figures over the past year due primarily to new, outstanding advertising campaigns. (92) Standard Drug's two most successful new campaigns involved a special drawing in which the winner received a $10.00 Standard Drug gift certificate for Mother's Day, and the company's 60th anniversary photo processing service that now provided shoppers with high quality photos for as little as $.19 each. (93)

In July 1960, the attorneys handling the estate of the late Charles E. Roseman Sr. announced that the School of Pharmacy at Ohio Northern University would be receiving $91,000 for student scholarships. (94) Standard Drug proudly announced the grand opening of its latest outlet in the Lorain Plaza in Lorain, Ohio. Located at the corner of Meister and Oberlin roads, this ultra-modern store featured controlled interior lighting, specialized retail departments and wide aisles. (95) Weekly drawings, that November, awarded lucky customers with cash prizes ranging anywhere from $25 to $100. (96)

The Board of Directors, on January 17, 1961, unveiled their latest plans for a new drugstore to be constructed in a $2,500,000 shopping center at the corner of Valley View and Brecksville Roads in Independent, Ohio. Slated to be completed later that same year, this New England-styled, red brick complex was highlighted by white painted trim. Other distinctive design elements in this new shopping complex included a gabled roof, white shutters, a steeple clock and extended canopy that covered its walkways. Owned by Vincent Marotta and Sam Glazer, this shopping center also provided space for 25 professional offices. (97)

A very fast growing, Detroit-based discount drugstore chain called Revco announced on June 30, 1961 that it had just acquired Standard Drug for about $2,000,000. (98) With annual net sales of roughly $10,000,000, this five year old company operated 20 units in Michigan, Ohio and West Virginia. Its President and Chairman Bernard (Bernie) Shulman (1925-1976) believed that Cleveland was an ideal location for his corporate headquarters, and that purchasing Standard Drug symbolized an important first step towards relocating his entire operations to that city.

Revco Drug currently owned two discount stores in Greater Cleveland one on Euclid Avenue in downtown Cleveland and a second on Lake Shore Boulevard in Euclid, Ohio. Shulman's plans called for transforming low volume, service-oriented Standard drugstores into high volume, self-service discount houses. Former Standard Drug outlets quickly became Revco Discount Drug Centers. The reluctance of traditional pharmacies, such as Standard Drug, to convert their conventional sites into modern discount houses provided an extraordinary economic opportunity for eager business leaders like Bernie Shulman who did not hesitate to embrace such changes. The public not only flocked to new discount pharmacies such as Revco; but even more importantly, many of them remained loyal to them even when newer, discount drugstores began making inroads in the Greater Cleveland market during the late 1970s and early 1980s.

Revco's business strategy involved more than the elimination of conventional drugstores. It called for the removal of what Revco's leaders considered to be unnecessary business extras. They ranged from candy counters and window displays to soda fountains and other, non-medical related services. Emphasis was placed instead on low-cost prescription drugs, over-the-counter cosmetics, toiletries and vitamins. Shulman wasted little time before appointing Ralph Leonard, the former General Manager of Standard Drug, as his new Vice President. Leonard also headed the newly created Revco Merchandise Division. The former Secretary and Treasurer at Standard Drug Joseph Sykora became the new Account Vice President. Wayne Dybell, General Store Supervisor for Standard Drug, along with General Counsel Thomas Bottomley became Vice President of Revco Operations and Supervisor of Employee Relations respectively. Robert Campbell, the former President of Standard Drug, stepped down.

Although converting Standard Drug stores took more time than was initially anticipated by Shulman and his associates, everything was up-and-running by December 1961. (99) Noticeable changes in the drugstores themselves included such things as boarded up store windows, closed lunch counters and isolated prescription departments. Also, nationally-advertised merchandise took precedent over locally-manufactured items in the new Revco D.S. A free discount price catalog, available at all stores, helped shoppers to find the best items at the lowest possible prices.

On October 15, 1961, Cleveland's Revco Discount Drug Centers officially opened to great public fanfare. The company's slogan "Every Day is Savings Day on Everything at Revco, America's Only Total Discount Drug Chain" said it all. There were 12 Revco stores in the City of Cleveland and 24 in the neighboring suburbs. (100) Cleveland Investment Group, that November, announced that it had just purchased the former Standard Drug warehouse at West 4th

Street and St. Clair Avenue for $250,000. (101) The Standard Drug Company officially passed into history with the signing of that agreement. (102)

Founded at a time when the City of Cleveland and the national drugstore industry were both growing quickly, Standard Drug furnished the kind of quality products and sterling customer service that this growing community needed and wanted. Its reputation for business excellence remained unchallenged for years. Unfortunately, all of that changed following the Second World War as a new generation of shoppers started to break away from earlier, more tradition buying patterns. With more disposable income in hand and more spare time, patrons began seeking out new shopping experiences and greater values in every conceivable way possible. Cheap prices and self-service shopping took center stage over standard pricing and high quality customer service. In fact, this latest group of savvy consumers, many of them a part of the baby boomer generation, saw no reason whatsoever for shopping in the same kind of traditional drugstores that their parents and grandparents had once so cherished.

Loyalty to a particular pharmacy or chain, so deeply ingrained in the psyche of previous generations of Cleveland shoppers, had all but disappeared by the late 1960s and early 1970s. This noticeable shift in shopping habits had a negative impact on the bottom line for many conventional pharmacies including Standard Drug. If the truth be known, it left many independents totally dumbfounded. They were not sure what they could do to stop what appeared to be an unstoppable new trend in drugstore shopping.

However, traditional pharmacists, like discount operations, knew full-well that all retail establishments, big or small, require a steady stream of repeat customers if they planned to stay open. That same economic reality confronted many late 20th century independent druggists repeatedly. They knew, all too well, that what often began as a gradual dripple of shoppers away from older, neighborhood-based, conventional drugstores towards newer, regionally-based, discount pharmacies would soon became a deluge if left unchecked. The only way to prevent this phenomenon from happening was to beat those discount houses at their own game.

It all hinged on the ability, the savvy of local independents to sense that major changes were about to happen within their industry, and to prepare for them by initiating their own brand of changes before irrefutable economic damage could be done by outside business forces. Timing was everything throughout this grueling process. Making the wrong move, at the wrong time, could be economically disastrous. The 1960s were indeed challenging times for local drugstores caught in the middle of these profound business changes. Many traditional druggists found themselves the unwitting victims of a new business obsession that they could not easily contained or controlled. Often unable to compete effectively within the new, fast-paced business world of the 1960s, where cut rate prices, not quality service, often determined ultimate economic success or failure, many local chains, including Standard Drug, soon found themselves outside the mainstream of lucrative business opportunities.

Rather than face the prospects of possible bankruptcy further down the road, many pharmacies, including Standard Drug, pursued other available business options. In the case of Standard Drug, it wanted to merge with a larger chain that intended to expand its operations in Greater Cleveland. Revco symbolized just such a forward-thinking company. In the end, Standard Drug reached an amicable agreement with Revco D.S.

By merging with Standard Drug, Revco now had the right to do anything it wanted regarding the future of its newly acquired company. Revco officials wasted no time before they removed all the physical reminders of the previous ownership. Revco D.S. believed that in removing all traces of Standard Drug it would accomplish two important tasks immediately. First, such action would help Revco to build up its retail identity in Greater Cleveland. Second, it would introduce former Standard Drug customers to the many business advantages of shopping at their new, local Revco store.

Putting aside the many business concerns impacting this newly established drugstore chain, this merger symbolized a great deal more than a simple transfer of ownership rights, and the need of Cleveland shoppers to accept it. It went far deeper than that especially for the former owners who had repeatedly tried to assist Revco D.S. during this period of transition. Former executives at Standard Drug soon learned that future decision-making within the new and growing drugstore chain called Revco was now truly out of their hands. The personal sentiment of former Standard Drug officials notwithstanding, the question was who had the most to gain or lose from this merger? Obviously, it was the purchaser, not the seller, who took the greatest financial risk especially if that deal failed to generate the kind of sustained profits first envisioned by that buyer.

That kind of shrewd business thinking transcended traditional bounds. The nature and scope of drugstore acquisitions in the U.S. had changed dramatically during the second half of the 20th century. How could it have been otherwise? Profits undoubtedly abounded for many sharp investors especially in the immediate post-war years; however, the same could not be readily said about the 25-year period following the 1974 recession. Nothing was ever the same again. As was pointed out earlier in this writing those investing in the drugstore industry, from the mid-1970s onward, soon found themselves in a most unenviable situation. They were literally caught up in a perilous economic and financial journey in which huge profits were not always waiting for them at land's end. An investor might make a financial killing in the market, and emerge as a leading force within it, or lose everything all within a split second. Either way, investing in drugstore chains, especially in moderate size markets such as Cleveland, was certainly not for the faint of heart.

Revco D.S. represented that kind of aggressive company that eagerly embraced economic and financial challenges at each-and-every turn. It succeeded where others failed based of its brazen business approach which among other things called for acquiring large numbers of profitable local chain stores, such as Standard Drug, one right after another. Absorbing those rivals at record speed afforded Revco D.S. instant credibility in large and small business communities alike. Virtually non-existent in Greater Cleveland in 1960, Revco D.S. had emerged as a dominate force in the local pharmacy business by the mid-1960, and that was just the beginning for this upwardly mobile company. Quick mergers enabled all of that to happen. In the case of Standard Drug, its minimum debt and high market potential particularly appealed to the very practical Revco board. Its Board of Directors wanted to gain a sizeable foothold in the Northeast Ohio market, and what better way to achieve that ultimate goal then by purchasing one of the most respected, best-run chain of drugstores in that area.

However, Revco's prudent business strategies, as expounded by its clever leadership during in its formative years, did not ensure its future financial success. Had the leadership at Revco D.S. remained true to its original, well-articulated business strategies, and followed them faithfully to their logical conclusion, then this pharmacy might have been able to successfully whether the economic storms that lay ahead. In fact, Revco might have remained the undisputed leader in the drugstore industry well into the new Millennium. However, that was not going to happen.

Perhaps the real test of any company's endurance is its innate business intuition. Most well-established corporations possess the intestinal fortitude necessary to keep on going no matter what economic or financial problems might come their way. It is a built-in part of their DNA. They instinctively know how to use their many economic and financial advantages to gain even greater power and success within their respective field. Also, long-established companies never forget to include customer needs and wants in all their future plans. Their shrewd leadership convinces their many patrons to accept their various plans or schemes by carefully explaining the many economic or financial advantages shoppers will receive once these changes are fully operational.

In exchange for customer cooperation, during the crucial transitional period, the majority of large pharmacies make sure that their shoppers are updated regularly as to how those plans are progressing. At the same time, corporate heads continually thank their customers for their patience throughout the entire ordeal. As long as patrons believe that those changes will significantly improve their future retail experience, at that store, then they are usually willingly to endure a certain degree of inconvenience during the conversion process. Failure to include shoppers in the planning process might prove disastrous later on.

In the case of Revco D.S., its forty year history appeared to be a financial rollercoaster ride branded by extraordinary monetary gains and equally astonishing losses. Whether Revco officials were totally to blame for the outcome is difficult to ascertain. Certainly, overriding business influences and unexpected pressures from a multitude of outside business and economic forces, in combination with expected and unexpected internal changes in its leadership and strategies, played a crucial part in its destiny. Instability in the local economy, during the late 1970s and early 1980s, made even worse by growing financial anxieties and economic uncertainties, by the mid-1980s, all but sealed that company's fate. In particular, manipulation of stocks and bonds followed by many other questionable business moves left indelible marks on this once highly profitable company.

One might wonder if the results might have been appreciably different had Revco D.S. relied on a more candid approach towards business especially when it came to its heightened merger activity. Perhaps a more conservative strategy that downplayed wildcat speculation in favor of more tried-and-true expansion models, derived from real and not perceived customer needs and wants, might have been more the prudent thing to do. Also, not depending on tax write offs to offset mounting losses, especially in low volume stores, might have significantly reduced Revco's impulse to gamble at crucial junctures in its corporate history.

When it was all said-and-done, business accountability was the name of the game. High quality merchandise, fair pricing and quality customer service have always been the chief business goal and objective for traditional druggists. Standard Drug exemplified the conventional pharmacy where the daily needs and wants of its many shoppers always came first. That kind of sound business judgment still has merit even in today's highly competitive retail environment.

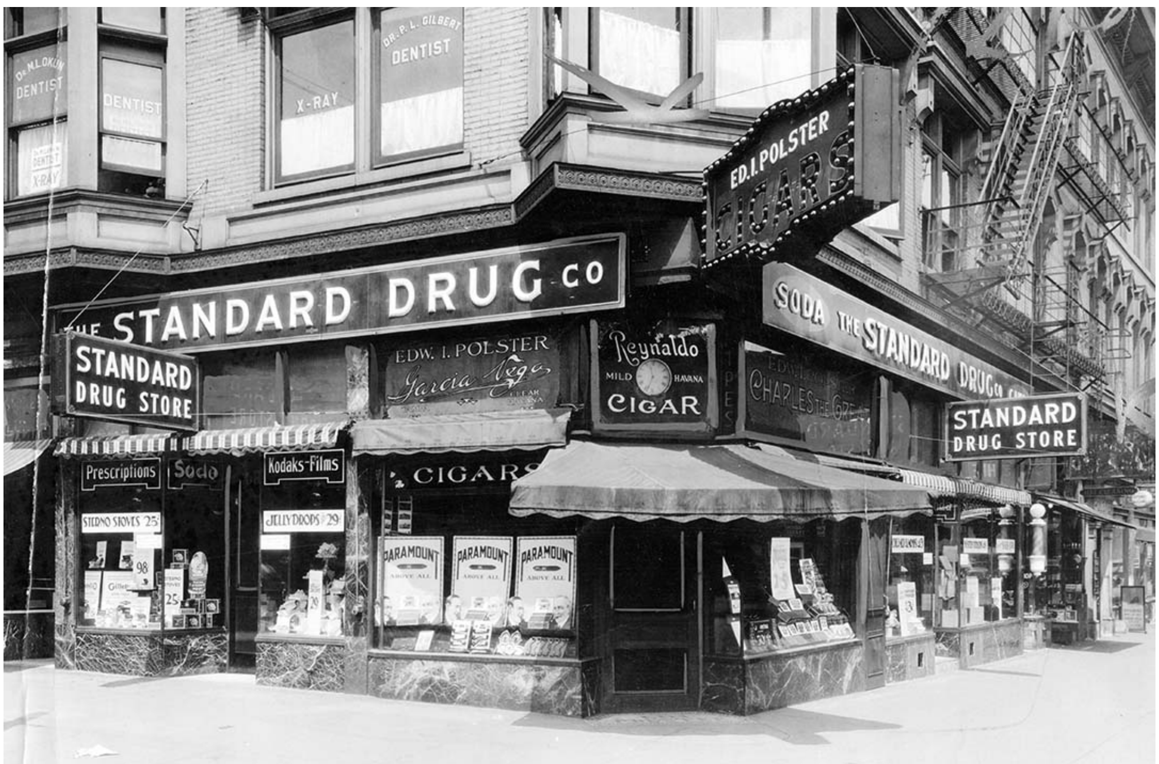

Figure 11: Standard Drug corner store, ca. 1925

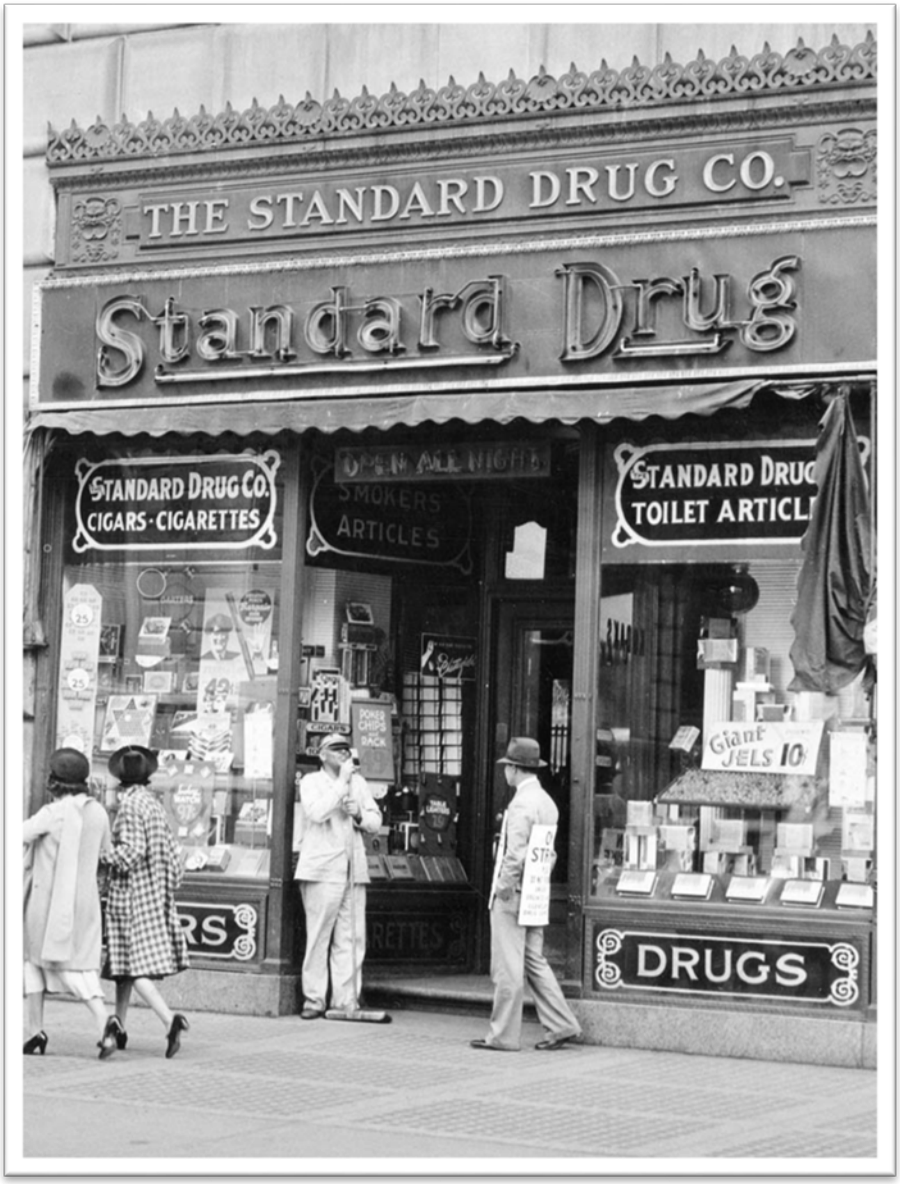

Figure 12: Standard Drugstore, corner of East 6th Street and Superior Avenue, ca. 1930

Figure 13: Morning commuters eating breakfast at Standard Drug

Figure 14: Early headquarters for Standard Drug Co.

Figure 15: Busy register at Standard Drug

Figure 16: Soda fountain service at Standard Drug

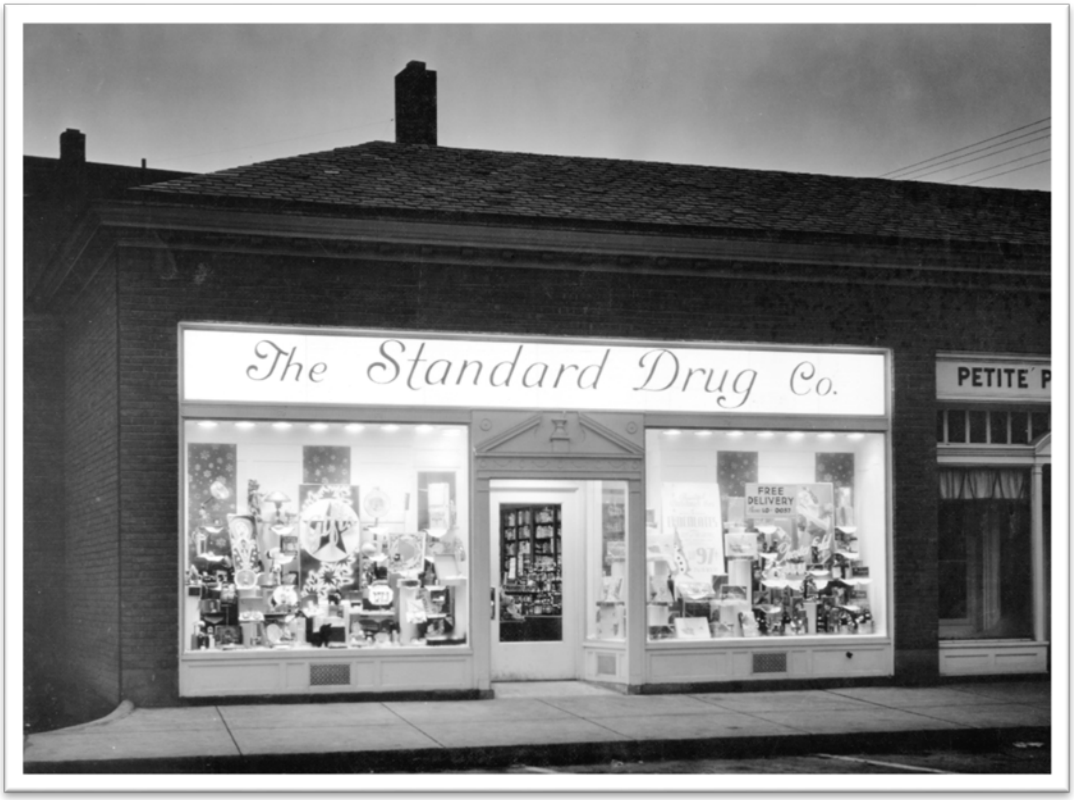

Figure 18: Standard Drug exterior, ca. 1950

Figure 17: Standard Drug interior, ca. 1950

Figure 19: Standard Drug at the corner of East 9th Street and Euclid Avenue in downtown Cleveland

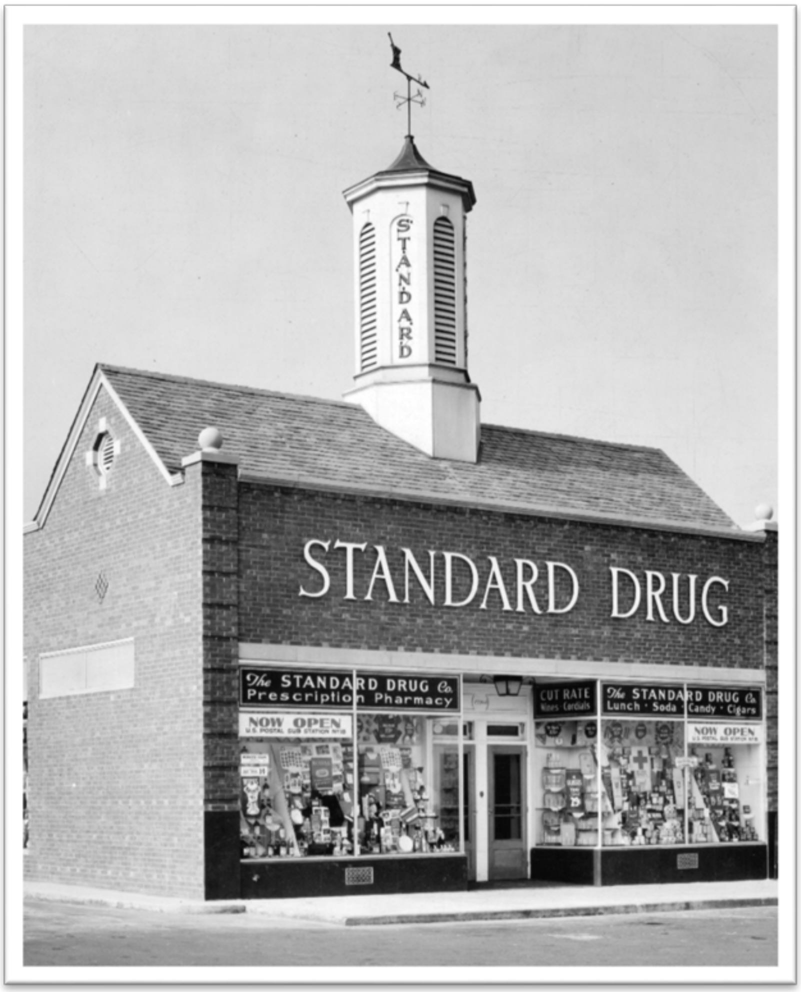

Figure 20: Standard Drug located at the corner of Cedar and Warrensville Center Roads, 1941

Figure 21: The Standard Drug Company Managers Group, 1956

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CHAPTER FOUR

REVCO DISCOUNT DRUG CENTERS

The story of Revco D.S. in Cleveland, Ohio began in the midst of a major business controversy. It started with a *Cleveland Plain Dealer* article on January 13, 1962 that focused on the unrelenting cigarette wars being waged among several local drugstore chains including Revco Drug. Apparently, those pharmacies were more than willing to sell cartons of cigarettes at below state mandated prices. State officials allowed a mark-up in the price of cigarettes at about 6%. (1) However, pharmacies such as Revco had perfected using their own sales technique that enabled them to sell cigarettes at well below state minimum prices while still generating substantial profits.

Revco officials defended their actions by saying that it helped to stimulate business. Local cigarette distributors, such as Anter Brothers, thoroughly disagreed and filed a formal complaint in Commons Plea Court. The plaintiff argued that Revco Drug was selling cigarettes for $2.20 a carton, far less than the state's minimum of $2.37. (2) After months of deliberation, the 10th District Court of Appeals declared the Ohio Fair Trade Law of 1941 unconstitutional. The court determined that the state law penalized shoppers by not allowing local druggists to remain competitive within the open market. (3)

Having overcome a major legal hurdle, Revco continued to sell cartons of popular cigarettes at a reduced cost throughout the 1960s. That court decision also convinced many pharmacies, including Revco Drug, that broad-based discount pricing represented the future of their industry. This pharmacy took the lead again in July 1962 when it offered its many elderly patrons an additional 10% off on their already low-cost prescriptions through its new, highly-touted Senior Citizen Prescription Plan. That November, Revco Drug appointed E. John Tamblyn to serve as its new Purchasing Director for Ohio and Michigan. (4) Revco sales and earnings continued to soar into 1963. By mid-year, its annual net sales had reached an extraordinary $25,700,000, while its net earnings topped $747,502. Revco D.S. now operated 31 outlets in Ohio. Those Ohio-based units accounted for more than 60% of that company's total sales that year. (5)

Net sales at Revco in FY 1964 dropped by $318,802 to $24,952,498. Its Board of Directors attributed this drop in revenue to its recent merger with Standard Drug. Its founder and president Bernie Shulman, along with his chief accountant Sidney Dworkin (1921-2000), opened their first drugstore in Detroit, MI in 1945. (6) Originally called Regal Drug, Shulman also operated a subsidiary called the Registered Vitamin Company. Bernie Shulman founded Revco D.S. in 1956. The D.S. in the name stood for drug store.

Revco, by August 1963, had become one of the top four drugstore chains located in Greater Cleveland. The high volume of sales resulting from the many prescriptions orders filled over the previous 12-months accounted for this ranking. This up-and-coming discount chain now employed 600. Revco Drug moved its corporate headquarters from Detroit, MI to Cleveland, Ohio in 1964. Board members that same March approved the construction of a new, state-of-the-art distribution center to be located at 3000 Quigley Road in Cleveland's Industrial Flats. Costing $100,000 and employing 120 workers, this facility distributed more than $30,000,000 worth of merchandise to 59 stores in Michigan, Ohio and West Virginia. Revco also announced the grand opening of its latest store at 21707 Lorain Road in Rocky River, Ohio. (7) Corporate executives, that same year, unveiled expansion plans that called for opening ten additional sites by the end of FY 1965. Board members also approved the sale of all soda fountains and lunch counters formerly belonging to Standard Drug.

In July 1964, Revco D.S. opened three more units one on Turney Road in Garfield Height, Ohio; a second at the corner of Smith and Snow roads in Brookpark, Ohio and a third in Painesville, Ohio. (8) The board also named Sidney Dworkin as its Senior Vice President and Principal Financial Officer. Bernie Shulman's unparalleled financial success stemmed from his highly inventive approach towards retailing. Unlike other local drugstores where high priced merchandise and quality service appeared to rule the day, Shulman followed an entirely different business approach. Specifically, he eliminated unnecessary things such as candy, lunch counters and display windows, while keeping his inventories and distribution costs at reasonable levels. (9) The savings he generated from such prudent actions went towards discount pricing.

Shulman correctly guessed that Revco D.S. pre-taxed earnings in FY 1964 would far surpass the previous year's record high by a whopping 40%. In terms of corporate profits and losses, Revco Drug pre-taxed profits in FY 1964 passed the $1,000,000 mark. (10) Pre-taxed profits that particular year totaled $1,444,446 on sales of $29,027.027. That pre-taxed profit figure of $1,444,446 represented a 62% gain over $893,502 in FY 1963. Net income for FY 1964 stood at $727,466 or $1.37 a share. At that point, Revco operated 62 stores in the states of Michigan, Ohio and West Virginia. Its Board of Directors reported that the number of prescriptions filled over the past three year period had increased from 300,000 to 1,600,000. Board members also proudly announced that nearly 100,000 shoppers had signed up for the "Senior Citizen" Prescription plan since last year. (11)

In October 1964, Revco D.S. executives filed the required registration statement with the Security Exchange Commission (SEC) in order to cover their company's first public offering. Underwritten by the well-known investment banking and brokerage firm of Hornblower & Weeks, Revco Drug offered 224,800 in common shares at a minimum price of $20.00 a share. (12) That public offering included 88,500 shares of common stock previously held by Bernie Shulman. His total holdings equaled approximately 41% of the company's total stock. By May 31, 1964, this very successful chain posted net earnings of $727,446 or $1.37 per share as compared with $615,002 or $1.27 per share twelve months earlier. The President of Cleveland-based Union Commerce Bank George R. Herzog (1901-1977) served as board chairman, while Elmer I. Paull (1921-2015), a partner at Hornblower & Weeks, joined the board. (13)

One proven way to stimulate local business was to sell large volumes of high quality prescription drugs at greatly discounted prices. In June 1964, the Board of Directors began doing just that without first obtaining permission from the manufacturers involved. Such an arbitrary decision by board members enraged a number of corporations led by Eli Lilly Pharmaceutical Company Pharmaceutical Company brought Revco D.S. to court. A Visiting Ohio State Supreme Court Judge named Gerald A. Baynes ruled in favor of the plaintiffs based on the Ohio Fair Trade Law of 1941. (14) The judge said that Revco must immediately stop discounting name brand prescription drugs and that Eli Lilly and the other drug manufacturers named in the suit had every legal right to receive a fair and just price on their products as determined by the State of Ohio. However, that ruling was quickly overturned once the court learned that Judge Baynes had vested interests in the drugstore industry.

The number of Revco outlets, in 1965, increased to 69 with the signing of long-termed leases in Akron, Cincinnati, Maple Heights, and Warren, Ohio. (15) Board members also approved the construction of two more units, one in Berea, Ohio and a second in Richmond Heights, Ohio. In May 1965, Revco D.S. reached an agreement with the Giant Tiger Company that resulted in the opening of several new pharmacies in that highly profitable department store chain. (16)

Rumors surfaced that spring that Revco D.S. was on the verge of purchasing Dayton, Ohio-based Gallagher Drug. (17) The board would not confirm or deny those rumors. Finally, Revco announced the acquisition of this chain of 51-stores for approximately $2,000,000 in cash. John Young, the President of Gallagher Drug, did not exercise his option to purchase 61,900 shares of preferred stock for $30.00 a share through the Winters National Bank & Trust. (18) His action were somewhat surprising given the fact that board members at Revco had already made a generous offer to buy all the remaining shares of his company at $30.00 a share. Officials at Revco D.S. deposited approximately $2,500,000 in the Winters National Bank & Trust later that summer.

Taking such action ensured that Revco Drug would be able to protect all of its stock included those outstanding shares previously not covered under the earlier purchase agreement. Officials at Revco expected that this merger would result in corporate sales topping the $50,000,000 mark. For the next nine month period ending on February 28, 1965 Revco reported a net income of $793,472 or $1.45 a share. That represented a 36% increase from the previous year's level. Net sales, that same year, stood at $24,124,230, a 10% gain over one year earlier.

In what many analysists, at the time, considered a very shrewd business move, Revco Drug dodged an earlier Ohio Supreme Court decision that had stopped it from selling name brand drugs at below "fair trade" cost. It sidestepped that law by funneling its business directly through a newly created subsidiary known as Hudson Distributors. When that same issue resurfaced a short time later, Common Pleas Judge Donald F. Lybarger reversed the previous Cuyahoga County Court of Appeal decision that had upheld the right of the pharmaceutical companies to receive fair compensation for all drugs sold at Revco according to the Ohio Fair Trade Law of 1941. (19)

Always on the cutting edge of business innovation, Revco Drug, in the summer of 1965, introduced a brand new marketing technique. They replaced traditional price tags with what they called "Consumer Value Grades." These new tags listed the brand and size of the item, in question, along with its price and cost per ounce. This new marketing approach enabled shoppers to determine whether a large economy size of an item really offered greater savings for them when compared to smaller amounts of the same product at a lower cost. However, it failed to address quality concerns. (20)

Nineteen sixty six resulted in a major shakeup within its corporate hierarchy. It began with the unexpected resignation of its founder and company president Bernie Shulman. The former President of Toledo-based Lane Drugs Sidney N. Amster (1895-1971) had purchased Shulman's 90,044 shares of outstanding stock for about $1,500,000. (21) Following this extraordinary buyout, Amster along with Revco's newly elected Board of Directors now owned more than 30% of the company's 1,300,000 shares of outstanding stock. New board members that year included Sidney Dworkin as Executive Vice President, Charles F. Rosen as Executive Vice President of Marketing, Marvin Block as Vice President of Purchasing and David Warren as President of Waco Scaffolding Company. (22) Net sales for the company's 115 stores totaled $50,000,000. Economists predicted that corporation profits for FY 1967 would far exceed the record levels achieved the previous year.

That same summer, Revco Drug unveiled major expansion plans that included purchasing eight additional stores and modernize sixteen others. (23) The recent addition of the popular Gallagher chain prompted that latest strategic move. In this particular case, the bulk of those refurbishing efforts concentrated on two important things: relocating the prescription counters from the rear to the front of the units and unveiling new and exciting window treatments. In September 1966, its Board of Directors announced the appointment of Edwin H. Posner, the former manager of the Rocky River, Ohio store, as its new Greater Cleveland Operational Manager. (24)

Board members also named Albert Sabok to serve as the Assistant Manager of Revco Store Operations. (25) Before joining Revco, Sabok had been the manager of the Standard Drugstore located at the corner of Brookpark and Pearl Roads. At that same meeting, the Board of Directors also approved Warren Mock as General Supervisor for its stores in Parma, Ohio, Lakewood, Ohio and Cleveland's west side. (26) By the end of FY 1966, this very successful locally-based company operated more than 120 units. Revco D.S., in February 1967, proudly introduced a new 10% prescription discount plan geared for handicapped individuals who had been certified by the Social Security Administration. (27) Less than a month later, the board recalled $1,900,000 in convertible subordinate debentures. It also authorized its stockbrokers to purchase up to 100,000 in common shares at the going market price with the understanding that they were not to pay more than $25.00 a share. (28)

Officials, in March 1967, approved $100,000 worth of renovations for their anchor store at 864 Euclid Avenue. Progressive Design LTD, under the capable leadership of Marvin Markowitz, handled the details. (29) In response to growing incidents of shoplifting, Revco D.S., in cooperation with Fisher Fazio Foods, Forest City Enterprises, Giant Tiger, Pick-n-Pay, Topps, Uncle Bill's and Zayre's, helped to establish the Northern Ohio Retail Security Association. That organization sponsored a number of new safety measures intended to curb the growing incidents of shoplifting in their many stores. (30)

That same spring, Revco President Sidney Dworkin, in a rare newspaper interview, remarked on the changing nature of the pharmacy business over the past several years. He noted that beauty products and health aides now represented the bulk of the company's business with prescriptions only accounted for about 32% of its annual revenue. (31) In May 1967, Revco D.S. acquired a popular Grand Rapids, MI chain called Peck Drug. Annual net sales at Revco totaled $60,000,000, while Peck Drug had annual net sales of $2,597,000. Analysts projected that at the current rate of store expansion, the number of Revco units would soon exceed 140. (32)

The Board of Directors, that June, unveiled its latest $500,000 expansion plan. It called for adding more than 68,000 square foot to its current Quigley Road warehouse. This enlarged storage facility would now be able to handle more than 35,000 cases of merchandise per day. It also planned to increase its current office space by 10,000 square feet by adding another floor. The Cleveland architectural firm of Fee & Flinn along with a local contractor Joseph G. Leshey Company handled this project. (33)

Net earnings at Revco Drug, as of August 31, 1967, had increased by 5% to $612,407 or $.40 a common share as compared to $582,503 or $.38 a common share twelve months earlier. That figure also included a 15% increase in equipment rentals valued at $15,797,336. (34) That December, Revco D.S. acquired the 17-store Patterson Drug chain of North Carolina and Virginia. This deal represented the fourth successful merger for Revco in the past six years. Corporate officials gained an additional $4,000,000 in capital from this latest acquisition.

The Revco Board of Directors soon discovered that nearly half of Patterson Drug revenue came from its prescription business. (35) The volume of prescription drugs sold in this Southern-based pharmacy was second to none there. That realization did not escape the attention of Revco's astute board. The total volume of Revco prescriptions per year fell far below that of Patterson Drug. Board members soon incorporated the successful business strategy used by Patterson Drug with the full intention of increasing the prescription business at Revco Drug quickly. This latest merger increased the workforce at Revco Drug to over 1,500. (36)

The reopening of its store at 864 Euclid Avenue prompted a great deal of public fanfare. (37) President Sidney Dworkin said it was fitting to have the queen of its 160-store chain located right in the heart of downtown Cleveland. He further claimed that this renovation effort demonstrated the long-term commitment Revco D.S. had to both the City of Cleveland and its people. This refurbished unit featured quality touches not seen in other units. They included such things as counter surfaces made of granite chips accentuated by Vermont marble facing and a large illuminated sign that proudly proclaimed “Revco Discount Drug Centers.” Bright green, white and olive colored stripes served to offset its tan colored interior wallcoverings. Other unique features found in this outlet were a raised center island for prescriptions, more specialty departments and three cashier counters with one serving as a photo pick-up station and the other two as checkout lines. (38)

By mid-1968, Revco D.S. and Raylan of Beverly Hills, CA. were engaged in a full-fledge battle. (39) A subsidiary of the Daylin Corporation, Rylan challenged Revco for the ownership rights to the Ryan-Evans Drugstore chain. Phoenix, AZ-based Ryan-Evans owned and operated 47 stores. Raylan initiated the fight with Revco when it offered to purchase 130,000 shares of Ryan-Evans’s outstanding stock at $8.35 a share. Revco D.S. countered by offering $7.50 a share with the contingency that the exact amount of stock purchased by Revco would be hinged on the liquidation of the Ryan-Evans chain of stores. The flexibility of the Revco deal impressed the Board of Directors at Ryan-Evans. The two corporations reached an agreement that July. Officials at Revco projected that this acquisition would add $3,400,000 in sales per year. (40)

The ink had barely dried on that merger agreement when executives at Revco Drug announced yet another acquisition this time with the Medical Center Pharmacy chain of Mooresville, N.C. This five store chain added an estimated $2,000,000 in annual sales. (41) With that addition plus two other small independents also located in North Carolina, the number of Revco outlets now exceeded 200. Board members proudly reported that net sales as of May 31, 1968 had surpassed earlier optimistic predictions. In fact, it reached a new record high of $70,129,054. That symbolized a 22.7% increase from $57,174,771 twelve months earlier. Net earnings, during that same period of time, stood at $2,501,914 or $1.65 per common share as compared with $2,350,840 or $1.57 per common share in FY 1967. (42)

One big announcement made on August 20, 1968, was to have a pronounced impact on the future of the Cleveland drugstore industry as a whole. Henry H. Gray, the person credited with lending his name to the Weinberger chain of drugstores in 1945, had just joined the Revco team as its new Administrative Vice President. (43) Mandatory retirement had forced the 65-year old Gray to leave Weinberger Drug earlier that same year. Gray had been with Weinberger Drug since 1929. That December, the Board of Directors appointed Marvin Solganic as its Real Estate Operations Director. (44) Solganic replaced Louis A. Klein who had been recently transferred to Arizona to serve as the new director for Revco Drug Centers of the West. The year ended on a very positive note with Revco D.S. being named one of the top ten drugstore chains in the U.S. It also gained admittance into the New York Stock Exchange in 1968. (45)

Board members, in February 1969, proudly reported that this up-and-coming chain now owned and operated more than 200 outlets. The Board of Directors also approved a special leasing arrangement with Jerome Schottenstein (1926-1992), the President of Value City Department Stores based–in Columbus, Ohio. (46) Over the next several months, Revco opened several outlets within this fast paced discount department store chain. Estimated sales in Value City stores were expected to top $2,000,000 by year's end. That March, officials announced that net sales for the period ending February 28, 1969 stood at $72,376,476 and that corporate plans now called for opening new drugstore outlets in Greensboro, N.C., Kannapolis, N.C. and Greenville, S.C. later that spring. (47)

In July 1969, the former President and Chairman of the Executive Committee at Cunningham Drug C. B. Larsen joined the Revco staff. (48) His responsibilities at the company included overseeing future development in Michigan as well as strengthening Revco's Community Affairs Department. The following month, board members approved the acquisition of out of Richmond, VA. The addition of the four Drug Mart outlets boosted Revco's net sales to nearly $100,000,000. This growing company now employed 2,500 in 212 stores. (49)

Revco D.S., in August 1969, hired Allied Advertising to handle its promotional activities. Its President Aaron S. Fox said that he looked forward to working with this dynamic company. Allied Advertising oversaw Revco's public relations efforts, coordinated all its advertisements and promotional campaigns and supervised its many job training sessions. (50) Revco D.S. operating revenues by August 31, 1969 had increased by a whopping 23% over last year's impressive figure of $24,190,059. The company's net sales also reached an astonishing new high of $1,439,574, while its net earnings that same year stood at $722,974. Plans called for opening another 17 to 20 new units by the end of the year. (51)

Corporate executives in November filed with the SEC in order to cover a new secondary offer of 74,000 shares of common stock. All shares were to be sold upon the exercise of warrants to purchase 74,000 shares of common stock for a specific selling stockholder. Under this agreement, the corporation was to receive $85,544. Kidder, Peabody & Company, a highly popular investment banking, brokerage and trading firm, served as its underwriter. (52) On November 9, 1969, nearly 250 Ohio-based Revco pharmacists voted to strike. That same group had established a non-affiliated labor union known as the Ohio Society of Pharmacists that past summer. (53)

The inability on the part of corporate officials and pharmacists to negotiate a new pension agreement prompted this walkout. Sick pay benefits proved to be the sticking point throughout this negotiating process. Striking pharmacists demanded a maximum of six sick days per year at $3.00 an hour. Under this arrangement, employees could accumulate up to 24 days of sick leave over a four year period. Revco executives believed that their counter proposal was far more generous. Management offered store managers an annual salary increase of $308 up to $16,016, while assistant mangers would receive a yearly increase of $283 up to $14,716. Unfortunately, those benefits only applied to full-time employees that worked a minimum 44-hour week. (54)

Allegations made by strikers that company officials intended to hire non-pharmacists to manage their stores quickly gained the attention of the Ohio State Board of Pharmacy. (55) The Public Relations Director at Revco Drug Charles Dehaven vehemently denied those accusations. A. Milton Cohen (1912-2000), a prominent member of the state board and owner of Seaway Leader, pointed out that one of the chief responsibilities of the Ohio State Board of Pharmacy was to investigate all complaints, such as the ones recently made by striking pharmacists at Revco, to ensure that no illegal activities were, in fact, taking place. (56)

Cohen further stated that the Ohio State Board of Pharmacy, in order to guarantee uninterrupted customer service during such a strike, had the legal authority to issue temporary drug licenses to non-pharmacists with the expressed purpose of having them process and distribute prescription drugs to shoppers. In some instances, that action by state officials might result in pharmacy owners being forced to hire outside workers some from neighboring states. The state of Ohio enforced rigid guidelines pertaining to job qualifications. Not everyone hired during the emergency period automatically qualified to dispense drugs. Only those that met the tough standards established by state officials would be allowed to handle prescription drug orders.

State board members considered such legal procedures as a matter of public health and safety. They found no health or safety violations at any Revco stores. (57) However, that assurance did not silence union representatives. On November 12, 1969, those representing the pharmacists argued that the state board had overstepped its legal authority when it brazenly issued temporary licenses to non-Ohio druggists. Union spokespersons went so far as to suggest that such state board action represented a direct conflict of interest. (58)

However, those idle threats had little impact on the Ohio State Board of Pharmacy who proceeded ahead with its previously announced plans. Strikers further contended that Revco had reneged on an earlier pledge it had made to sign an agreement drawn up that summer. (59) Corporate executives not only denied it; but also, made it quite clear that Revco D.S. would never acknowledge the right of the Society of Professional Pharmacists to act as the bargaining agent for the strikers. Fortunately, cooler heads prevailed and the two sides soon agreed on a new contract that included generous sick pay benefits.

The Board of Directors, in a very bold move, decided to retire some of its outstanding debt as a way of accumulating some much needed added capital. Revco again hired Kidder, Peabody & Company to underwriter this sale. This action involved 200,000 shares of common stock at $18.50 a share. The resulting capital retired some of the company's short-term debt. Other brokerage houses involved in this deal included Merrill, Lynch Pierce, Fenner & Smith; Paine, Webber, Jackson & Curtis; Bache & Company; Hayden, Stone, Ball, Bruge & Kraus;

Ohio Company; Prescott, Merrill, Turben & Company; Joseph, Mellon & Miller and J.N. Russell. (60)

Revco Drug reported net earnings for the 36-week period ending in February 1970 of $2,454,022 or $.73 a share vs. $2,094,010 or $.63 a share one year earlier. Those latest earning figures represented a new, all-time high for this fast-paced company. Corporate sales and operating revenues, over that same period of time, increased from $66,566,277 to $78,705,666. President Sidney Dworkin attributed much of the company's recent growth to its many well-orchestrated promotions, effective cost cutting measures beginning at the top and improved sales especially in the South and Southwest. (61)

Successful acquisitions in the recent past had apparently paved the way for additional growth at least for the foreseeable future. That June, Revco D.S. merged with the Hale Company of Nashville, TN. Officials paid approximately $450,000 in cash for that eight store chain. With the addition of the Hale Company, Revco now operated 235 stores in ten states. Corporate executives projected an additional $2,000,000 in profits that year based on this recent merger activity. The following month, Revco Drug commenced talks with the popular Knoxville, TN-based Cole Drug Company. The 28 Cole Drug units became part of Revco in November 1970. (62)

The Board of Directors, in November 1970, approved a motion that increased the number of common shares on the open market to 2,500,000. The capital derived from selling those additional shares would be used to finance additional acquisitions. Officials also increased the number of board seats from 9 to 11. (63) One of those newly created seats went to the former President of Cole Drug. Quarterly dividends for Revco D.S. increased from $.05 to $.07 per share. (64) That positive news also served to increase the value of Cole Drug stock. The Board of Directors authorized that each share of Cole Drug be converted into Revco stock at a ratio of $.90 to $1.00.

That same November, corporate officials mourned the loss of Charles F. Rosen. He had been the one responsible for developing Revco's highly successful Senior Citizen Prescription Program. Freelance work had consumed most of his time over the past three years. Revco D.S. net earnings for the 24 week period ending November 14, 1970 stood at $1,745,157 or $.50 a common share as compared to $1,473,378 or $.44 a common share one year earlier. Sales and operating revenues at Revco Drug, over the previous 12 month period, also increased from $49,812,775 to $57,590,666. Those operating figures did not include the recent Cole Drug merger. (65)

Board members, in June 1971, were saddened by the loss of their former President and Chief Executive Officer Sidney N. Amster. (66) Corporate executives announced, the following month, that Revco Drug had recently purchased five stores from Super-X of Indiana for an undisclosed amount of cash. (67) Revco officials also reported record high earnings and sales for the fiscal quarter ending May 29, 1971. Net earnings, over the past year, had increased from $4,339,747 or $1.02 a share to $5,231,314 or $1.20 a share. (68) By August 1971, Revco Drug owned and operated 284 units. That symbolized an increase of 58 outlets in just one year. The Board of Directors planned to add 30 more units by June 1972 as well as determine the appropriate site for its new computer center. By the end of that year, the number of Revco units had reached nearly 300.

Highly optimistic executives, in December 1971, predicted a net sale increase of about 15% for FY 1972 and the addition of at least 45 new stores per year over the next decade. Further board action at year's end led to the purchase of Private Formulations headquartered in Hempstead, LI, NY. (69) Private Formulations manufactured and distributed health food supplements and vitamins under various private labels. Figures for March 1972 indicated sustained growth. In fact, Revco D.S. for the 36-week period ending February 5, 1972 reported an increase of 21% to $4,215,667 or $.97 a common share vs. $3,493,362 or $.80 a common share one year earlier. (70)

The Revco Board of Directors, in July 1973, approved merger plans with White Cross Pharmacy a company originating out of Monroeville, PA. Under this acquisition agreement, the Revco board converted all shares of White Cross stock into Revco stock at a ratio of $0.75 to $1.00. Analysts, at the time, estimated that the current market value of White Cross Pharmacy stock stood at about $70,000,000. (71) One year later, Revco purchased Jacobs Drug out of Alabama, Georgia, South Carolina and Mississippi. That summer, net sales for those 25 stores topped $13,500,000. (72) For the 12 week period ending August 15, 1973, board members reported net earnings of $2,378,108 or $.38 a share on net sales of $75,610,602. That compared with net earnings of $2,170,523 or $.35 a share on net sales of $62,494,852 for the same 12 week period in 1972. (73)

One of its successful, regionally-based subsidiaries Revco Discount Centers of West Virginia, in April 1974, acquired five Keystone Center stores of Lebanon, PA. Details on that merger were not divulged to the public. (74) Two months later, the Cleveland-based subsidiary of White Cross Discount Drug became part of the Revco chain. (75) The next round of merger talks commenced in January 1976 when Revco executives announced their latest plans that called for purchasing all Cook United drugstores along with that company's health and beauty aid outlets and its many leased pharmacies scattered throughout the Greater Cleveland area. (76) At the same time, Revco Drug bid on eight other drugstores owned by H&B.

On March 22, 1976, the Antitrust Division of the U.S. Department of Justice (DOJ) went to court in an attempt to stop the upcoming merger between Revco-Cook United. (77) The DOJ argued that this acquisition, if left unchallenged, would result in Revco Drug controlling nearly 20% of Greater Cleveland's prescription business. Legal counsel for both Revco and Cook United claimed that the DOJ had not presented any conclusive evidence proving that this proposed merger would be detrimental to the public. They further stated that this deal focused primarily on seven stores that in all probability would have been closed if the merger had failed to occur. The DOJ requested a temporary restraining order, while its legal team sought out a permanent injunction. Judge William K. Thomas granted the DOJ its request. In 1975, Revco sales totaled $9,800,000, while Cook United sales remained firm at $2,100,000. (78)

On April 5, 1976, U.S. District Court Judge William K. Thomas ruled that Cook United could not, under the present terms of this agreement, sell its seven stores to Revco Drug. However, the judge would allow Cook United to sell Revco three other stores outside Greater Cleveland along with its health aid outlets located in Chester Township and Toledo, Ohio. The judge reiterated that if that earlier deal had been finalized, without opposition from the DOJ, then Revco D.S. would have indeed dominated the local market scene. That action would have seriously undermined future prospects for its many competitors.

Judge Thomas said that this merger could not be allowed to happen. However, the judge did point out that the court might be more favorably disposed to this merger if Revco Drug agreed to close one store in each of the disputed areas. Revco's Vice President Marvin Solganik countered the court's decision by arguing that 70% to 80% of all Clevelanders requiring prescription services lived within a 1½ miles radius of a nearby Revco store. (79) He wanted to know if Judge Thomas had taken that into consideration before making his ruling.

Revco Drug and Cook United then requested a recess in order to review the court recommendations before commenting any further on the ruling. In May 1976, the Revco Board of Directors authorized the purchase of the seven Cook United stores in question. (80) The actual price of those units was not revealed. Federal officials did not object to the sale. They said that it did not violate anti-trust laws in that the majority of those stores were located outside the city of Cleveland. Based on the court ruling, Cook United proceeded ahead with its earlier plans that had called for closing the prescription counters in those four remaining stores, while seeking out possible buyers for those same sites.

Net sales figures in June 1976 exceeded $550,000,000, while the number of Revco stores increased by 13% over FY 1975. (81) With no end in sight, officials approved the acquisition of the Kimbell Drug chain. (82) This highly successful pharmacy not only managed 19 outlets; but also, operated a popular health and beauty supply store called Thrifty. Nineteen seventy five net sales at this Fort Worth, TX-based drugstore chain topped $18,400,000. New and exciting retail changes occurred at Revco two years later. They included new Prescription Optical Centers. (83) Independent stores, often adjacent to large shopping centers and malls, these optical departments not only offered first rate professional eye examinations; but also, complete optical services.

Revco D. S. proudly announced the grand opening of its 1,000 store in a former A&P Grocery located at 9200 Madison Avenue. (84) An interesting side note, nearly all Revco drugstores, by the 1970s, were located either next to or near major supermarkets. Now ranked as the largest drugstore chain in the U.S., this Twinsburg Ohio-based corporation added an average of 120 new units per year. Future plans called for further expansion in the Deep South. Net sales at Revco approached the $759,000,000 mark by May 1978.

Throughout the decade of the 1970s, the Board of Directors often relied on nationally-recognized celebrities to promote their various products and services. Such was the case in February 1978 when Revco announced that one of this country's television legends Danny Thomas would officiate in the grand opening of its Revco Help Center. (85) That same month, Revco sponsored the "Festival of Stars" at the newly refurbished Palace Theatre, right in the heart of Playhouse Square. This event featured the special artistry of Victor Borge and Engelbert Humperdinck. (86) Officials, that May, introduced the city's first marathon. Known as the Revco Cleveland Marathon, this 10,000 meter downtown race attracted a star-studded field of national and regionally-recognized runners. It was one of the first times that a marathon and 10,000 meter race were combined into one event. (87) This highly successful event continues to the present day as the Rite Aid Cleveland Marathon.

Corporate President Sidney Dworkin expressed great pride that net sales at Revco Drug, from the mid-1960s to the mid-1970s, had soared from $71,000,000 to $568,000,000. (88) This multi-state company now owned and operated more than 1,000 outlets plus six warehouses. Its top-rated computer system enabled this pharmacy leader to consistently beat its competitors through such things as effective product placement, strategically-placed specialty departments and highly innovative promotions. Prescriptions now accounted for about 27% of its annual sales. (89)

The 1980s began with yet another merger this time involving May Drug of Iowaand Wisconsin. Analysts projected that the acquisition of this 20 store chain would bolster annual sales at Revco Drug by $20,000,000. However, abruptly changing business conditions obligated the Board of Directors to revise its aggressive business tactics. Such things as soaring interest rates on loans and an appreciable drop in the number of new shopping centers being built nationally convinced Revco executives to slow down their frantic pace of acquisitions. Perhaps the board's actions were correct, given the times. After all, Revco D.S. now operated over 1,300 units in more than 25 states. (90)

One new business approach, adopted by board members in 1981, called for softening the tone of their advertisements. Revco's latest advertising firm Nelson Stern announced that future advertisements would focus primarily on major life celebrations. A prime-time TV special commemorating the 25th anniversary of Revco introduced this new form of advertising to the public. The advertisements present throughout that prime time special continued to be aired for the remainder of the year. The company also used that television event to debut its anniversary logo, new employee buttons and $25,000 sweepstakes. (91)

Revco D.S. announced the purchase of Skillern Drug in February 1981. Part of the Zale Corporation, this 145-store chain located in Texas and New Mexico cost officials somewhere between $55,000,000 and $65,000,000. This merger agreement required Revco's board to relinquish 28 stores it currently operated in the state of Texas. (92) Corporate net earnings for the 36-week period ending August 22, 1981 increased by 7% to $9,800,000 or $.48 a share on net sales of $331,500.000. That compared with net earnings of $9,100,000 or $.45 a share on net sales of $268,700,000 one year earlier. (93)

Revco Drug now owned and operated 1,540 outlets. Corporate officials projected an increase of 135 new stores by the end of the year. Expecting a surge in sales, based on recently publicized expansion plans, led company officials to place $48,000,000 in reserve. They planned to use that cash reserve to renovate older stores, replace outmoded warehouses and update inefficient distribution networks. The board proudly reported the addition of 267 new stores in just one year. Revco's net earnings for the 24 week period ending November 14, 1981 reached a new all-time high of $20,017,892 with net sales standing at $672,963,318 or $.98 a share. Those new and impressive totals compared very favorably when measured against net earnings for the previous year that had stood at $18,686,810 on net sales of $547,819,982 or $.92 a share. (94) By June 1982, Revco D.S. operated 1,639 outlets in 28 states.

On December 6, 1982, the Twinsburg, Ohio Planning Commission approved preliminary plans submitted by the Board of Directors calling for a two story office building to be built on a site next to Revco's current headquarters. An enclosed 100 foot walkway would connect this new 65,000 square foot structure with the original building. Estimated costs for this project stood at about $6,000,000. (95) In February 1983, President Sidney Dworkin discussed some of the recent financial problems plaguing his company. (96) In particular, he blamed the current recession and the de-evaluation of the Mexican peso for slowing down store conversions at the former Skillern Drug.

In the early 1980s, corporate strategists strongly suggested that future business growth might well extend beyond the traditional limitations equated with conventional store expansion efforts. Dworkin went so far as to suggest that Revco might begin to manufacture and distribute its-own high quality prescription drugs as well as over-the-counter remedies. Who knew where the possibilities for future business expansion lay for this highly successful nationally-based pharmacy chain. (97)

Corporate executives expected to add 30 more stores by the end of 1983. Revco Drug also planned to allocate approximately $7,500,000 for major store remodeling efforts over the next decade. A proud board announced that one of Revco's many business subsidiaries called Carter-Glogan had just opened its brand new $15,000,000 factory in Phoenix, AZ. That company manufactured injectable drugs. The local press, in November 1983, praised this highly inventive, Ohio-based company for its high degree of efficiency as exemplified through the savvy efforts of many of its in-house managers including Henry S. Urycki. (98) A recognized transportation broker, Urycki relied on private carriers to shorten the transport time for merchandise being sent from its warehouses to its various distribution centers. With the addition of 87 more stores by the end of December 1983, Revco now operated 1,748 units in 28 states.

"Dial-A-Price" represented one of several new, highly publicized customer services to debut in January 1984. (99) It enabled shoppers to phone their local Revco drugstore and receive price quotes on thousands of items within seconds. That February, its Board of Directors proudly boasted that for the eighth consecutive quarter Revco Drug net earnings increased by a greater margin than its net sales. Unexpected high sales, over the Christmas season, had helped to increase profits by 32% during the fiscal quarter that ended on February 3, 1984. (100) With booming profits and the potential for even greater financial rewards ahead, Revco board members could not envision any major obstacles in their way.

The very idea that the current leadership at Revco might be challenged by a group of dissenting stockholders seemed unlikely in the early 1980s since everyone was profiting handsomely from the corporation's recent financial gains. But, as the Board of Directors soon discovered nothing was beyond the realm of possibility. A hostile takeover attempt in 1984, instigated by Bernard A. Marden (1919-2010) and Isaac Perlmutter (b. 1942), two principal stockholders in the Odd Lots Trading Company, forced officials at Revco Drug to call a special emergency board meeting that August. They discussed the various options available to fight this unpopular takeover attempt. (101)

Known today as Big Lots, this Columbus, Ohio-based company opened in 1967. Selling closeout items at rock bottom prices, this company, originally known as Consolidated Stores Incorporated, became the Odd Lots Trading Company in 1982. Problems first surfaced for Revco Drug in May 1984 when the Odd Lots Trading Company purchased 4,400,000 shares of Revco stock valued at more than $113,000,000. The ink had barely dried on this deal when those same stockholders started to exert pressure on the board. Wanting to become a major force in this drugstore chain, they were willing to do whatever was necessary to gain as much power as they could as soon as possible. That included the strong possibility of waging a long, drawn-out proxy fight with the intention of eventually taking over Revco D.S. (102)

Long-time board members thought that an exhaustive proxy fight was highly unlikely since there would be very little to gain from it. The old guard concluded that the strong arm tactics, currently being used by the Odd Lots Trading Company, to intimidate Revco D.S. officials, symbolized a feeble attempt by a group of eager new stockholders to secure additional representation and further power on the Board of Directors. However, as the summer months dragged on concerns intensified among traditional board members. Rumors started circulating that the Odd Lots Trading Company wanted much more than just additional seats on the Board of Directors. They wanted complete control of the company.

Tensions among board members reached a boiling point on August 16, 1984 when the principle stockholders at the Odd Lots Trading Company blocked every attempt made by Revco officials to issue board-controlled preferred stock. A spokesperson for the Odd Lots Trading Company strongly insisted that similar action by board members in the future would require the approval of at least 80% of all shareholders. They claimed that majority action by the board would ensure a “fair market price” for all approved future transactions. In an attempt to placate disgruntle board members executives at Revco Drug proposed a compromise in which the responsibility of stock purchasing would be transferred from Elliot (Bud) Dworkin, the son of the current Board Chairman, to someone else who might be more acceptable to this dissident group (103)

Those representing the Odd Lots Trading Company knew exactly what the old guard at Revco D.S. was trying to do, and they voted against it. Analysts understood that the business strategy being employed by the Odd Lots Trading Company was anything but a sure bet, too many potential loopholes in it. The options proposed by the Odd Lots Trading Company ran the gamut from initiating a prolonged proxy fight and unloading vast amounts of Revco stock on the open market to acquiring additional corporate shares and offering to purchase the company through a makeshift multi-corporation merger. (104) Revco stockholders cautioned the Board of Directors to be very careful especially when it came to removing Elliot Dworkin from his position. His sudden departure from Revco might be viewed as a sign of weakness on the part of the company’s board members. In the end, Elliot Dworkin did leave Revco D.S. for Stonegate Wholesalers.

Executives at Revco warned that no response by the board regarding a business challenge of this magnitude might rapidly reduce the value of Revco stock on the open market. Officials also reminded the board that if this issue remained unresolved then corporate earnings, over the next several months, might fall by as much as 45%. (105) In point of fact, Revco stock did fall by 1¾ points by early December, 1984. Everyone on the Revco Board of Directors fully realized that this struggle must be resolved quickly if this company intended to handle other, equally pressing issues. Unfortunately, both factions refused to compromise. In an attempt to break this stalemate, the Odd Lots Trading Company, with nearly 12% of the common stock, decided to take the lead by demanding a minimum of six seats on the board. (106) The board knew that if they gave in to that demand then principle stockholders at Odd Lots Trading Company would have achieved their goal namely seizing control of Revco D.S.

Officials at Revco also fully recognized that they must take decisive action now if they intended to block this takeover attempt. With that thought in mind, the old guard began the difficult task of finding investors who would be willing to buyout the Odd Lots Trading Company. Within the year, the Board of Directors and its allies did the impossible they purchased back all the stock once owned by the Odd Lots Trading Company. Those investors not only prevented a hostile takeover of Revco Drug by the Odd Lots Trading Company; but also, generated new economic and financial opportunities within this growing chain of pharmacies.

Revco D.S. executives had done what many considered virtually impossible they had acquired the Odd Lots Trading Company. Some analysts, at the time, thought that this buyout finally put to rest the notion that Revco was on the verge of bankruptcy. Others were not so sure about that. Critics claimed that the timing of this merger was suspicious. That merger seemed staged, as if it had been planned all along. It just did not add up. Perhaps those cynics were wrong and that this merger was, in fact, a brilliant move on the part of Revco. Only time would tell which group was correct.

Economic times were tough for many major retailers by the mid-1980s. The Odd Lots Trading Company and its many investors, including Revco Drug, watched with horror as they saw that discount store's earlier economic lead gradually slipped away. The attempted takeover of Revco Drug by the Odds Lots Trading Company represented much more than one large retailer trying to significantly improve its-own economic situation at the expense of another. With little fanfare, successful conglomerates throughout the U.S. had been engaged in similar activities since the mid-1960s.

This particular action instigated by the Odd lots Trading Company against Revco was different in that it represented an attempt by that discount retailer to offset its mounting debt. It was at best a calculated risk, with no guarantee of success. An early leader in discount retailing, the Odd Lots Trading Company's legendary high profit margins were fast disappearing. Over expansion within questionable markets, in the 1970s, made even worse by fierce new competition waged by a wide variety of equally savvy discount houses impacted that company's bottom line. Sluggish sales and hard-to-break contracts with manufacturers and distributors that had recently not furnished the kind of popular merchandise demanded by today's shoppers compelled this major discount store chain to lower its already rock bottom prices further.

Critics strongly suggested that the Odd Lots Trading Company must begin to sell better quality merchandise if it hoped to remain competitive in the market. However, changing long established business policies was not that easy to do. The high financial costs of breaking long-term business contracts with suppliers prevented this change from happening quickly. In particular, the reluctance of the Odd Lots Trading Company Board of Directors to act rapidly on this issue proved devastating for this discount department store leader. Ultimately, the business tactics employed against Revco Drug in May 1984 were prompted by very immediate financial concerns. Decreasing sales and mounting inventories had galvanized the conservative leadership at the Odd Lots Trading Company. (107)

Although the old guard at Revco D.S. had successfully fought off the hostile takeover attempt by the Odd Lots Trading Company, the board's win proved to be a hollow victory. A downturn in Revco sales during the 1st quarter of FY 1984 did not bode well for the future of this national pharmacy chain. (108) Bruce Grier, the Vice President of Research at the major Wall Street investment banking firm of Drexel, Burnham, Lambert Company, added insult to injury when he pointed out that Revco's recent downturn in sales ran opposite to what was occurring within the drugstore industry as a whole. That unexpected reversal in fortune continued for the remainder of that year with net income in the 3rd Quarter of FY 1984 decreasing by $7,956,419 over the same period in 1983.

The question posed to Revco officials, at this crucial juncture in the company's history, was what steps must they take right now to reverse this downward slide? After some careful deliberation, board members decided to dramatically cut prices. Corporate executives firmly believed that drastic action was warranted. They slashed prices up to 40% on more than 3,000 items including some of their most popular beauty and grooming aids. Initiated in January 1985, this latest marketing ploy also included a special $1,000,000 advertising and promotional campaign. (109)

In June 1985, the Revco board announced the acquisition of Carl's Drug. (110) This Chicago-based, 42-store chain reported net sales of $83,000,000 in FY 1984. Carl's Drug also operated outlets in the states of New Hampshire, New York, and Vermont. Pneuno, a subsidiary company of I. C. Industries, operated this popular pharmacy. At the time of the merger, Revco executives had not yet decided which Carl's Drug units would remain open, and whether those remaining pharmacies would operate under their own name or the Revco logo. President Sidney Dworkin informed the media that Revco Drug now owned and operated 1,946 units in over 30 states including 224 stores in Ohio. Its Board of Directors expected net sales to increase to $2,400,000,000 by July 1, 1985. Revco D.S. paid $.20 a share that summer. (111)

The following month, Revco Drug announced that the recently acquired stores would remain Carl's Drug, and that they would be placed under a new division yet to be created. (112) Executives next filed a shelf registration statement with SEC in order to sell $200,000,000 in debt securities that August. (113) Actions, like that, enabled the board to properly prepare their latest offering. It also helped to lessen the paper work. The net proceeds derived from selling those debt securities went towards retiring some of its outstanding debt and commercial paper borrowings.

In July 1985, Revco Drug reported $120,900,000 in short-term debt and $48,800,000 in long-term debt. That announcement, in itself, was not surprising. Everyone knew that Revco D.S. was in serious financial trouble. What shocked the investment community was that Revco Drug's debt had increased by a whopping $130,000,000 over the previous month's unprecedented high level. Revco's repurchasing of the 4,400,000 shares of outstanding stock, previously controlled by the Odd Lots Trading Company, and the acquisition of Carl's Drug prompted this sudden massive increase in debt. Mounting debt notwithstanding, Revco still operated over 1,900 stores throughout the country. It also held controlling interest in several other discount stores and manufacturing plants. (114)

Its Board of Directors, in September 1985, authorized the closing of a large number of underperforming units as well as the divestiture of other, non-retail related enterprises. (115) Subsidiaries divested included Revco's computer software holdings along with its health care products and vitamin lines. Those businesses accounted for about 5% of Revco's total revenue. In terms of modernizing its operations, corporate officials remained in the forefront when it came to designing efficient new outlets; unveiling new advertising campaigns and developing new business tactics designed to decrease its growing inventories. The board also established a new business objective that called for increasing individual store sales by $1.00 per square foot. Revco projected that it would generate about $200,000,000 in additional profits on an annual basis. (116)

That same September, Revco D.S. reported that corporate net earnings for the three month period ending August 24, 1985 had declined by 39% to $9,300,000 or $.27 a share as compared with $15,300,000 or $.42 a share twelve months earlier. (117) President Sidney Dworkin blamed this recent decline on lower gross profit margins within its drugstore division, accelerated interest costs on its many outstanding loans and sustained sales losses at the Odd Lots Trading Company. The purchasing of electronic registers with price code scanners and prescription drugs from outside sources was considered a wise move since it helped to lower overhead costs. (118)

A major controversy within the local drugstore industry suddenly erupted in January 1986 over a recently signed agreement between Revco D.S. and Health America, one of this nation's leading Health Maintenance Organizations (HMOs). (119) Over 72,000 people were enrolled in Health America at that time. According to this tightly-held agreement, Health America subscribers that had their prescriptions filled at their local Revco store enjoyed two decided advantages over those who took their business elsewhere. First, Revco's pharmacists handled all the paper work involved in processing prescription orders, and second Health America members only had to pay the deductible on prescriptions they had filled there.

Two other local chains Gray Drug Fair and Discount Drug Mart vehemently opposed this agreement. They claimed that it gave an unfair advantage to Revco even though 30% to 40% of all Health American subscribers already had their prescriptions filled at Revco. (120) Competing pharmacies wasted little time before notifying Health America customers that they too provided the same kind of prescription drug service. (121) Gray Drug Fair and Discount Drug Mart also requested the Greater Cleveland Academy of Pharmacy Board to investigate the legality of such action. The ensuing uproar was not based on this contract itself; but rather, the fact that Revco had signed similar business agreements with other HMOs.

Prevailing thinking, at that moment, strongly suggested that if that business move between Revco and Health America had remained unchallenged that might have forced many independents to declare bankruptcy. But, it was more than just the fear of possible bankruptcy that brought a response from competing drugstore chains. If that practice persisted unchallenged then high volume leaders, such as Revco Drug, would not only receive the best wholesale prices available for its prescription drugs; but also, would get an added $2.80 filing fee for all prescriptions submitted to participating HMOs. (122) Smaller pharmacies would not be able to compete in such a closed market. Those in opposition to this cozy business arrangement firmly believed that it violated antitrust laws. Competing pharmacies went so far as to suggest that such an agreement might have even overstepped the federal statute regarding freedom of choice especially for the many Medicaid recipients who were currently enrolled in HMOs such as Health America.

Potential antitrust violations and business ethics notwithstanding, the Department of Labor (DOL) upheld the right of HMOs, such as Health America, to enter into such agreements with large drugstore chains such as Revco. (123) Counsel for the Ohio Department of Human Services claimed that this contract did not, in any way, infringe upon the legal rights of Medicaid recipients in that those enrolled in that program still had the right to choose any HMO or pharmacy they wanted to patronize. (124) The court, in August 1986, finally put that issue to rest by permitting Health America subscribers to have their prescriptions filled at any drugstore of their choosing without incurring penalties from their individual HMO provider.

On a positive note, Revco Drug reported that its net earnings for the quarter ending May 31, 1986 had increased by 46% over the previous year. (125) Corporate sales, over that same period of time, reached a new, all-time high of $2,700,000,000. The Board of Directors had not yet decided whether to accept or reject the latest buyout attempt as presented by Revco's President Sidney Dworkin and several of his top executives. (126) Dworkin's first proposed buyout, presented in September 1985, only received a lukewarm reception from board members.

However, that business setback did not stop Sidney Dworkin who submitted a revised plan in March 1986. This second proposal called for shareholders to receive $3.00 in cash per share plus $3.00 per share in exchangeable preferred stock. Although more warmly received by officials than his first offer, it was also rejected. However Dworkin's persistence soon paid-off. In June 1986, the board approved his latest buyout plan. Under this arrangement, Sidney Dworkin's group purchased all of Revco's outstanding stock for $33.00 in cash per share along with a specified share of the corporation's preferred stock valued at $3.00 per share. It further recommended that Revco go private. This buyout went into effect in December 1986. (127) Other conglomerates including a large pharmaceutical company called Dart Industries tried unsuccessfully to join in on the Dworkin deal prior to the board's acceptance. (128)

Dworkin's buyout did not impress a great many large investors who began divesting themselves of their various holdings. For example, New York-based Jaime Securities informed the SEC in the summer of 1986 that it intended to sell its extensive Revco holdings. (129) Jaime Securities had owned approximately 25% of that company's outstanding stock. Dworkin's takeover bid was not the only reason behind this recent spurt in sales activity. Further discouraging news forced many savvy investors to rid themselves of their Revco stock.

The Odd Lots Trading Company debacle had not inspired great confidence among many major investors. In fact, the stock at the Odd Lots Trading Company had bottomed out at $.26 a share. (130) Other alarming business trends, such as the unexpected divestiture of several non-retail subsidiary businesses including the once highly prized alarm division of the General Computer Company, led many shrewd investors to re-evaluate their current investment portfolios and seek out other more lucrative stock options. (131)

Revco D.S. officials posted $6,400,000 in net earnings for FY 1986. That represented a 26% drop from 12 months earlier. (132) Chronic financial losses in the spring of 1986 convinced Revco's Board of Directors to approve Dworkin's buyout plan. The earlier pressure to liquidate holdings only quickened when the courts levied massive fines against Revco D.S. for continuing to sell defective batches of E-Ferol baby vitamin formula in the open market. That product had been responsible for the death of 38 infants over the past two years. (133) In May 1987, the board scrutinized store operations and business practices in light of the recent buyout. The new business strategy called for selling off low volume stores, revising outmoded marketing tactics and establishing closer ties between store managers and corporate leaders. (134) Revco's latest President William B. Edwards (b. 1941) wanted the company to return to what it did best, namely, selling low priced drugs and quality merchandise within a friendly retail environment.

However, before any sweeping business reforms could be successfully instituted by its eager management, Revco D.S. had to stop its current financial downturn, while paying off some of its massive debt that now totaled a whopping $1,200,000,000. That sizeable debt was closely tied to Sidney Dworkin's successful buyout attempt. That business undertaking was no small matter even for the likes of a large national corporation such as Revco Drug. Through its divestiture efforts, the Board of Directors hoped to accumulate more than $255,000,000 in additional capital by year's end. (135) Board success might enable Revco to survive this ordeal. It was purely a gamble, but its competent board members believed it was the right move to pursue at this crucial time.

A major component of their new marketing strategy involved selling several previously profitable subsidiaries as soon as possible. Whatever profit they could derive from those sales might prove very beneficial for Revco Drug, at least for the interim. Selling some well-known companies such as Carter-Glogan Laboratories, Private Formulation and Barre National would undoubtedly play a crucial role in any future business restructuring effort. (136) However, Revco board members had no solution to the growing economic and financial dilemma plaguing the Odd Lots Trading Company.

The uncanny ability of Revco Drug in recent years to successfully sell-off short-term debt for quick profit had been its financial saving grace. Whether that same business approach might work during these uncertain economic times was anyone's guess. However, the majority of analysts, in the early months of 1987, remained guardedly optimistic about Revco's future prospects. In fact, corporate officials soundly predicted that by summer's end Revco D.S. should not only be able to generate $30,000,000 in much needed additional capital; but also, secure a new line of credit worth more than $78,000,000. (137)

In early 1987, its corporate leadership authorized the closing of more than 100 underperforming Revco pharmacies. Fortunately, Greater Cleveland remained unaffected by that action. Other new marketing approaches focused specifically on the proper methods in utilizing both prescription drugs and over-the-counter medications. Special emphasized was also placed on selling Revco's many luxury items. They ran the gamut from expensive cosmetics to costly greeting cards. Long-term strategic plans called for opening 100 more stores over the next 12-month period. (138)

That September, Revco Chairman Sidney Dworkin along with his son Executive Vice President Marc Dworkin (1946-2005) resigned from the Board of Directors. Sidney Dworkin's successful buyout prompted their action. (139) Part of the deal required both officials to surrender their 8.1% stake in Revco D.S. for an undisclosed amount of cash and other corporate assets. Based on this buyout agreement, Sidney Dworkin received $625,000 a year in compensation, while his son Marc Dworkin got $225,000 annually. Analysts, well-versed on such matters, projected that this buyout cost Revco Drug more than $40,000,000. It not only included Dworkin's stake in Revco Drug; but also, the corporation's 22% interest in General Computer and four other independently-owned drugstores.

Its Board of Directors then named Boake A. Sells (b. 1937), the former President of the Dayton Hudson Corporation, as its new Chairman and President. (140) Sells immediately embarked upon a major restructuring effort. It included streamlining present business operations in this now privately-owned, chain of 2,000 stores. In February 1988, Revco D.S. reported net losses for the 24-weeks ending November 14, 1987 of $33,500,000 on net sales of $1,060,000,000. (141) Escalating interest costs resulting from the buyout accounted for those record high losses.

Board members, in 1988, appointed Jeffrey R. Dashan, formerly of Dayton Hudson's Target stores, as their new Vice President and General Merchandise Manager. (142) Other new appointees that year included Jim Adamson as Executive Vice President of Marketing, Dwayne Hoven as Senior Vice President of Distribution and Arthur Maine as Senior Vice President of Human Resources. Three longstanding board members A. Richard Butler, John Crowley and Michael Miskell announced their resignations. (143)

Corporate President Sells underscored the pressing need to not only increase Revco pharmacy sales; but also, continually strive to improve its operational efficiency. As part of a newly touted efficiency program, Sells insisted that the Board of Directors take immediate action to divest itself of the Odd Lots Trading Company. (144) The Odd Lots Trading Company represented an albatross around the board's neck. Sells also authorized rigorous new training sessions for all store managers. Well regarded within the national business community, Sells reached out for help from other well-known experts in this field. That action by President Sells resulted in Carl A. Bellini (b. 1934), the former President of Gray Drug Fair, joining his management team as his new Executive Vice President. With a debt now exceeding $1,200,000,000, Revco Drug, in March 1988, began the unenviable task of unloading many of its most desirable holdings. By the end of the year, board members had been able to accumulate more than $255,000,000. (145)

At that point, Revco D.S. operated 2,000 outlets and its workforce exceeded 28,000. The board, in March 1988, voted to divest itself of Carl's Drug and adopted a new pre-employment screening process. Officials also agreed to sell controlling interest in Insta-Care Pharmacy Service. That Boston-based company furnished pharmacy services to both nursing homes and state prisons. In March 1988, recently appointed Revco President William B. Edwards and his Chief Operating Officer Vito A. Cardace (b. 1940) resigned from the Board of Directors. (146) Board members also announced the sale of Carl's Drug to Victory Markets for $26,000,000 in cash. (147)

Unfortunately, this large infusion of new capital failed to make a dent in Revco's huge debt that now topped the $46,000,000 mark. In a very important efficiency move, the Board of Directors dramatically diminished the daily duties of their regional managers by decreasing the number of stores they handled from 35 to 24. (148) Board members also reduced the number of regional districts from five to four. (149) Another major business move resulted in Revco selling 29 of its Metro Detroit pharmacies to a popular regionally-based chain called Bismack Enterprises. (150) Those 29 units cost somewhere between $10,000,000 and $15,000,000. (151)

Corporate executives also met with employees and venders in order to quiet their mounting fears regarding the future of Revco D.S. The pressing need by Revco Drug for ready cash to meet growing expenses compelled this chain to restructure its debt. Board members instructed Salomon Brothers, a well-known Wall Street investment banking firm, to handle all the details. (152) Part of this reorganization effort required bond holders to exchange any junk bonds they might currently own for newly-issued corporate bonds. Those new corporate bonds represented a combination of equity and debt.

The idea of turning in traditionally high yield junk bonds for questionable new corporate bonds was viewed as unprecedented. Once considered an easy way to generate quick capital, junk bonds were usually fixed income instruments with substantially low credit ratings. Often subject to default, due to insufficient funds or lack of collateral upfront, junk bonds still had a sizeable following in the 1980s especially among wildcat investors. Revco viewed their latest bond offering as a much safer investment. Those investors willing to exchange their current junk bonds for these newly issued bonds would be ranked higher in the pecking order of creditors if the company went into bankruptcy.

With all that set in motion, Revco began preparing to file for Chapter 11 protection. Chapter 11 is a type of bankruptcy that provides a company that qualifies some much needed breathing room in which to reorganize its business affairs, review its assets and restructure its debts. Named after the U.S. bankruptcy code 11, Chapter 11 offers a large scale debtor, such as Revco Drug, a fresh start provided that the company, in question, fulfills its specified legal obligations under an approved reorganization plan. Accepted business plans include effective ways in which to downsize current operations, reduce expenses and reorganize the debt. Revco Drug needed this option.

Revco reported a net loss of $88,600,000 in September 1988. (153) Court issued stay temporarily released Revco Drug from having to pay its many creditors. Board members took that opportunity to devise a new business plan geared specifically towards paying off its enormous debt. Unfortunately, its earlier $1,450,000,000 buyout package had started to unravel under mounds of debt that now totaled more than $1,000,000,000. A weakened cash flow and an over paid staff did not help this situation.

In December 1991, the U.S. District Court in Cleveland, Ohio ruled on a class action suit leveled against Revco by 1,000 plaintiffs that previous April. The plaintiffs contended that this pharmacy along with Salomon Brothers had knowingly defrauded them. The court ordered Salomon Brothers to pay the plaintiffs $29,750,000 in damages. Investors had purchased more than $800,000,000 in junk bonds and preferred stock in order to finance Dworkin's bailout. (154) The Board of Directors, in January 1989, reported that corporate sales at Revco Drug during the previous month had increased by 7% over the same time period in FY 1988. (155) A sudden upturn in sales meant very little at this point, and on April 10, 1989 Revco formerly declared bankruptcy.

The board placed the blame mostly on its major shareholders who had unmercifully demanded immediate payment on those newly-issued corporate bonds worth that were estimated to be worth $400,000,000. The reluctance of Revco to honor those claims quickly convinced small investors to also demand payment. In July 1989, the SEC charged several Revco executives along with a select group of major stockholders of being involved in inside trading. (156) Most of them worked out plea bargain agreements.

That summer, strategists introduced a new marketing app\roach that emphasized a friendlier Revco Drug. Apparently, that strategy worked with prescription sales, in August 1989, increasing by 40% over the previous year. With that new business approach in place, officials then authorized major store renovations. They also directed their attention towards improving the overall health care of their many customers and speeding up prescription orders. That December, Revco Drug reported that second quarter net losses in FY 1989 stood at $8,700,000 as compared to net losses of $17,900,000 in FY 1988. (157)

Revco executives, in March 1990, sold 700 outlets in the Midwest, South and Southwest. (158) Officials also hired a well-known assets management firm called Lazard & Freres, to handle all future divestitures. Requiring more capital quickly, led Revco D.S. to sell 221 additional stores. Those units were formerly part of the Reliable Holding Corporation of Fort Worth, TX. (159) Major drugstores bidding on Revco stores that same year included Jack Eckerd and Rite Aid. In May 1990, Detroit-based Perry Drug purchased 16 Revco outlets in the state of Michigan. That acquisition increased the number of stores owned and operated by Perry Drug to 186. (160) The Board of Directors, that June, approved the sale of more than 236 stores, with the majority of them going to Jack Eckerd. (161) Two Alabama-based pharmacies the Big B and Harco Drugs purchased the remaining units. (162) Revco Drug operated 1,100 stores by year's end. Its executives viewed those store sales as the first in a series of major business changes intended to pull Revco D.S. out of bankruptcy.

In what many experts considered a very interesting business move, Rite Aid filed a plan with the SEC to purchase Revco D.S. The date was October 30, 1991. That proposal called for paying Revco creditors $440,000,000 in cash, assuming all Revco debts and offering Rite Aid stock, in lieu of cash, to Revco's many anxious creditors. At that time, Rite Aid owned and operated 2,440 stores in more than 20 states. It also hoped to gain vested interest in a number of profitable, non-drug related businesses currently controlled by Revco. Those businesses included such things as auto parts stores, book stores and dry cleaners. The initial Rite Aid proposal went absolutely nowhere. Critics were not surprised by the response. A week earlier, Revco creditors had rejected a similar offer by Jack Eckerd. Had that proposal been accepted it would have required Jack Eckerd to issue $970,000,000 in debt securities. That corporation also would have been forced to release approximately 200,000,000 shares of its-own stock with the intention of retiring some of its-own outstanding debt as well as much of Revco's accumulated debt.

Jack Eckert received $7,500,000 in compensation from Revco Drug for its efforts. (163) Eckert's failed merger attempt enabled the Board of Directors at Revco to proceed ahead with its-own business reorganization plan. It also placed a temporary hold on all outstanding bills and loans. Board members took full advantage of this new economic opportunity to try and improve their financial situation. Additional acquisitions of other, successful smaller pharmacies might be the answer to getting them out of bankruptcy quickly. Under this arrangement, the capital received from those buyouts would be applied towards reducing its debt. It was certainly worth a try. With that idea in mind, Revco acquired a small chain of Georgia-based stores called Rupert Heller Prescriptions. (164) A 7-store chain it cost Revco D.S. $79,000,000 in cash. That same summer, the board approved the acquisition of People's Drug. Apparently, this gamble seemed to paying off.

In August 1992, Revco emerged from bankruptcy with its remaining 1,148 stores generating more than $2,100,000,000 in net sales annually. Revco board members also approved the appointment of Carl A. Bellini as their new Executive Vice President of Marketing & Stores. (165) The unexpected resignation of President Boake A. Sells that same year, based in large measure on growing business pressure exerted by a leading Chicago-based investment fund called Zell/Chilmark, helped this struggling company to regain its financial footing. To guarantee that Revco would raise the necessary $110,000,000 in equity, this major chain, in December 1992, signed a standby purchase agreement with Zell/Chilmark and another investment advisor a New York-based company called Magten Asset Management.

Two and a half year later, both those companies exercised their rights under the base subscription privilege and the oversubscription privileges afforded them under the Rights Offering Act of 1992 to purchase up to $150,000,000 in unsold Revco shares. (166) Going rate at this first offering stood at $8.00 a share. Zell/ Chilmark and Magten Asset Management also received a standby purchase fee from Revco D.S. that totaled $1,452,448.

In the end, Zell/Chilmark purchased 19.5% of Revco's outstanding stock worth $120,000,000 in the open market. Revco used that new infusion of capital to add 20 stores to its chain. In September 1992, Revco net sales topped $2,242,000,000, an increase of 7.5% over the same period 12 months earlier. (167) Revco was now the 9th largest chain in the U.S. Revco D.S. and several other pharmacy chains, the next month, successfully sued seven major pharmaceutical companies for overcharges.

Executives, in April 1993, announced plans to purchase Hook-Super X stores of Cincinnati, Ohio for $600,000,000. (168) Corporate leaders at Revco paid a 50% premium for Hook-Super X stock which was valued at $13.75 a share. (169) Revco Drug also assumed that corporation's debt that now exceeded the $300,000,000 mark. That merger included 2,374 stores in more than 30 states. With net sales of $4,700,000,000, Revco announced, in July 1994, that it planned to divest itself of 272 Hook-Super X stores including 219 units in New England all under the Brooks logo. (170) A U.S. affiliate of a Canadian-based company called the Jean Coutu Group bought those New England sites.

In September 1994, Ro Tech Medical Group purchased Revco's home health care subsidiary. (171) Sensing Revco's vulnerability, Rite Aid, two months later, tried again to acquiring this struggling drugstore giant. This second attempt involved a combination of cash and stock transactions worth $1,800,000,000, and called for reducing overall expenses by a whopping $156,000,000. (172) Viewed as an austere business move by many experts in the field, that merger would have eliminated more than 1,000 jobs in the Greater Cleveland area as well as close the Twinsburg, Ohio headquarters and streamline its current distribution system. This latest proposal called for Rite Aid to purchase 50.1% of all Revco stock at $27.50 a share. Under this arrangement, Revco would have retained control of about 20% of its assets. (173)

Economists thought it was a reasonable offer especially if Revco intended to keep its stores opened. If that merger had occurred as planned, Rite Aid, with its 2,829 drugstores in 25 states, would have generated more than $11,000,000,000 in sales annually. Even more importantly, its net sales volume would have surpassed its closest rival Walgreens by about $600,000,000. However, the Federal Trade Commission (FTC) questioned the validity of such a merger arguing that it would lead to unfair price hikes especially on valued prescription drugs. The FTC finally voted against it forcing Rite Aid to withdraw its tender offer in April 1996.

Consumer Value Stores (CVS) of Woonsocket, RI eagerly watched those business developments unfold. (174) CVS knew that a merger with Revco would not only increase the number of its outlets to more than 4,000; but also, boost net sales to above $11,000,000,000 annually. (175) The CVS board, in February 1997, acquired Revco Drug for a whopping $2,800,000,000. It paid approximately $40.64 per share. (176) CVS also assumed Revco's enormous debt that now surpassed the $900,000,000 mark. (177)

Now ranked as this nation's second largest pharmacy chain, CVS projected that its annual revenues might well exceed $13,000,000,000. (178) The CVS business plan was straightforward, no hidden gimmicks here. It planned to eliminate competition by building a network of easily-recognized pharmacies that catered to the specific needs and wants of its many shoppers. Not exactly viewed as a new, groundbreaking approach towards business, this strategy worked quite well for CVS. Also, the Great Lakes region represented a major market well worth pursuing.

The joining together of Revco and CVS represented the largest single merger in the history of the U.S. drugstore industry to date. Retail sales-per-square foot for this CVS chain stood at a whopping $440 per square foot. Unlike many of its closest rivals, including Revco, CVS prided itself on its ability to sell large volumes of high-priced items throughout its chain. However, its board readily admitted that it could learn some valuable lessons from companies, like Revco, especially in terms of successfully operating lower volume stores found in smaller markets. (179) in regards to the percentage of prescriptions filled annually, CVS led Revco D.S. by nearly 12%. Following its merger with Revco, CVS generated more than 50% of its business from prescription drug sales. That symbolized a 5% increase for CVS over record high levels in that same department in FY 1996.

The new CVS President Thomas Ryan (b. 1953) in a special newspaper interview conducted in May 1998 made it quite clear that Revco epitomized the quintessential drugstore of the 20th century with its well-attuned leadership, fair pricing, quality merchandise and solid reputation for top notch service. (180) He said that it was incumbent upon CVS, in the years ahead, to incorporate the excellent business legacy left by Revco Drug into future business decisions.

In Ryan's mind, the main focus of the new and improved CVS should be to uphold Revco's celebrated traditions of high quality products and customer services, while developing new business approaches and techniques designed to better serve the ever changing needs of its many shrewd shoppers. If done properly, it would represent a fusion of ideas and principles that have emanated from two vastly different business cultures that were brought together at the beginning of the 21st century. It would, undoubtedly, provide an enriching and important business experience for customers and employees alike.

Thomas Ryan then elaborated on the noticeable differences between CVS and Revco. Unlike Revco D. S. that relied heavily on carefully orchestrated promotional campaigns to generate phenomenal sales activity within certain areas at specific times, CVS depended on a far more subtle business approach that encouraged its many customers to repeatedly shop at their local CVS for their everyday necessities. In the mind of CVS executives, such things as convenience, item availability and a welcoming environment frequently outweighed price considerations.

CVS President Ryan further suggested another major difference between his chain and Revco concerned locational choices. CVS's marketing and real estate departments carefully analyzed potential sites before choosing what they believed to be the best possible location for a new store. More often, than not, they were correct in their choices. Found mostly at busy street corners or in densely packed commercial and residential districts, CVS enjoyed consistently high sales volume due in great measure to its prime locations. Not unlike their CVS counterparts, centrally-located, high volume Revco stores also did quite well financially. As the old adage said, "Good planning is profitable planning."

Unfortunately, Revco had an additional burden that rarely affecting CVS when it came to deciding future sites. Revco executives, unlike CVS officials, often inherited existing drugstores through their various mergers. Revco had little direct input on the operational efficiency of those pre-existing stores. In point of fact, those hand-me-down units reflected the needs and wants of their original owners. As such, some of them might be easily refurbished to meet Revco's high quality standards, while many others could not. The high costs involved in refurbishing older outlets often made renovation highly impractical.

In terms of the actual site itself, some adopted Revco units were located in the heart of their respective communities, while many others served less desirable areas. Unfortunately, many of those branch stores, and especially those far removed from the mainstream of heavy pedestrian or vehicular traffic, repeatedly failed to generate the high sales volume hoped for by their parent company. CVS President Ryan fully realized that poor locational choices not only limited sales prospects for the stores in question; but also, undermined the financial security for the entire chain. Revco D.S. had been over burdened by large numbers of low volume stores for years. He promised that CVS would do everything in its power to avoid that kind of financial dilemma in the future. He said that this chain would strive, to provide the kind of high quality drugstores that 21st century Clevelanders deserved.

In the final analysis, what business lessons might be learned from the Revco experience, and most importantly, how did that major chain impact the drugstore industry as a whole? Revco D. S. began as a new marketing experience, a departure from earlier, more staid approaches towards both business and sales. Unlike most of the earlier, well-established neighborhood pharmacies, where quality service came first and discount pricing second, Revco dared to be different in that it focused on discount pricing above all else. Its founder Bernie Shulman took the discount drugstore concept to an entirely new dimension when he flatly rejected the prevailing business models of the 1950s. Mid-century models claimed that loyalty by shoppers along with name brand recognition and personalized customer service overshadowed other business considerations such as store convenience and low product pricing.

Shulman's revolutionary idea notwithstanding, Revco Drug did not originate the concept of discount pricing. In fact, successful pharmacists since the early 20th century had practiced discount pricing through periodic sales. Those sales not only represented a very efficient way in which to dispose of slow moving items and mounting inventory; but also, generated much needed additional capital that a pharmacist could use to either expand the variety of items available in a particular store or refurbish the premises. However, only a hand full of chains, prior to the Revco era, had dedicated the bulk of their energies towards improving the customer's discount shopping experience.

Revco's no frills approach towards retailing, recognized by its wide aisles chocked full of low-cost, popular items ranging from beauty aids, cosmetics and greeting cards to household detergents, tobacco and over-the–counter remedies, especially appealed to patrons with minimum time to shop. For them, their local Revco epitomized the very best in one-stop shopping. In their minds, its rock bottom pricing was just an added bonus. Equally important, Revco's highly qualified pharmacists not only knew what their customers needed and wanted; but also, provided them with vital information on a variety of issues such as the proper usage of prescription drugs.

With all that going for this chain of drugstores, why did Revco lose its competitive edge so rapidly? Several unexpected developments undermined its earlier phenomenal success. When Revco D.S. first introduced its no frills business formula nearly everyone in the pharmacy industry wanted, in one way or another, to emulate it. The fact that many of its staunchest competitors copied much of the Revco model, illustrated its fantastic impact industry-wide from the very beginning. Where would the pharmacy industry be today without the many business advances first introduced by Revco Drug?

However, as everyone knows nothing lasts forever. Its many competitors closely studied the Revco business model, and added their own special touches to it. Those highly appreciated personal touches evident in such things as specialized customer service, even deeper price discounts and a less sterile retail environment soon left no frills pharmacies, like Revco, behind. By the mid-1980s, Revco Drug seemed out of step with the world around it. National chains such as CVS, Rite Aid and Walgreen, along with a host of local favorites including Discount Drug Mart, Gray Drug, Leader Drug and Medic Discount, were beating Revco Drug at its-own game. In fact, those challengers not only set the stage for even greater price reductions on a wide range of popular, non-medical items; but also, led the vanguard when it came to lowering the high cost of prescription drugs and over-the-counter medications as well.

Sharp competitors did all of that, while still offering customers a first class shopping experience with each and every visit. The attention Bernie Shulman had paid towards cost cutting was an important lesson not lost on his many financially successful rivals. Modifying his original business model, shrewd competitors gained considerable economic ground during the late 1970s and early 1980s. By the 1990s, large pharmacy chains such as CVS, Rite Aid and Walgreens were in firm control of an industry that had once been dominated by Revco Drug.

Some of the financial problems facing Revco D.S., in the late 1970s and early 1980s, might have been averted had its Board of Directors remained vigilant in meeting the growing business challenges posed by their many formable competitors. Unfortunately, it did not unfold that way. Instead its board members firmly believed that few of their chief rivals could equal Revco's many business achievements. After all, the majority of their competitors, especially in the early to mid-1970s, did not possess the kind of extensive financial resources necessary to sustain any long-term rivalry against the leader. It was virtually impossible for them to do it. On the other hand, Revco had a great deal of financial resources that it could draw upon at any time. Board members concluded that as long as Revco maintained the status quo then everything would work itself out in their favor. And they might have been correct in that assumption had it not been for a series of crucial financial setbacks beginning with the Odd Lots Trading Company debacle and ending with the leverage buyout by Sidney Dworkin.

Those unexpected business developments sapped Revco's economic and financial vitality at a time when its rivals were assuming greater economic importance within this changing market scene. The decisions made by the Revco Board of Directors, at that juncture, marked the beginning of the end for this national pharmacy chain. Unable to generate the kind of extensive additional capital necessary to pay off its rising debt and still keep up with its ambitious competition, Revco eventually found itself forced to declare bankruptcy. Failed merger attempts by other leading national drugstore chains such as Jack Eckert and Rite Aid, left Revco Drug on the lurch. Ultimately, CVS won out.

Close scrutiny suggests that Revco's board might have averted bankruptcy had it paid more attention to the signs of economic trouble early-on. For example, had its board members adopted a less ambitious business strategy that limited the number of annual acquisitions and new store openings then Revco Drug might have been able to better handle its mounting debt, while continuing to build up sizeable profit. A reasonable debt level, in turn, might have enabled Revco Drug to embark on far more practical expansion efforts when the opportunity presented itself. Unfortunately, the financial panic that set in when the Odd Lots Trading Company tried to gain control of Revco Drug followed by Sidney Dworkin's successful buyout triggered a series of economic and financial reversals that ultimately destroyed this once vibrant corporation.

Although Revco closed its doors for good in the 1990s, its legacy of rock bottom item pricing presented in an informal, self-service retail environment lives on in the many different modern-day discount drugstores found throughout this nation. Today's successful discount pharmacies owe much to the insight of business legends such as Bernie Shulman and the many dedicated employees that made Revco such an important part of the local and national drugstore scene for so many years.

Figure 22: Architectural rendering of new Revco headquarters, ca. 1965

Figure 23: A neat and orderly Revco Drugstore, ca. 1970

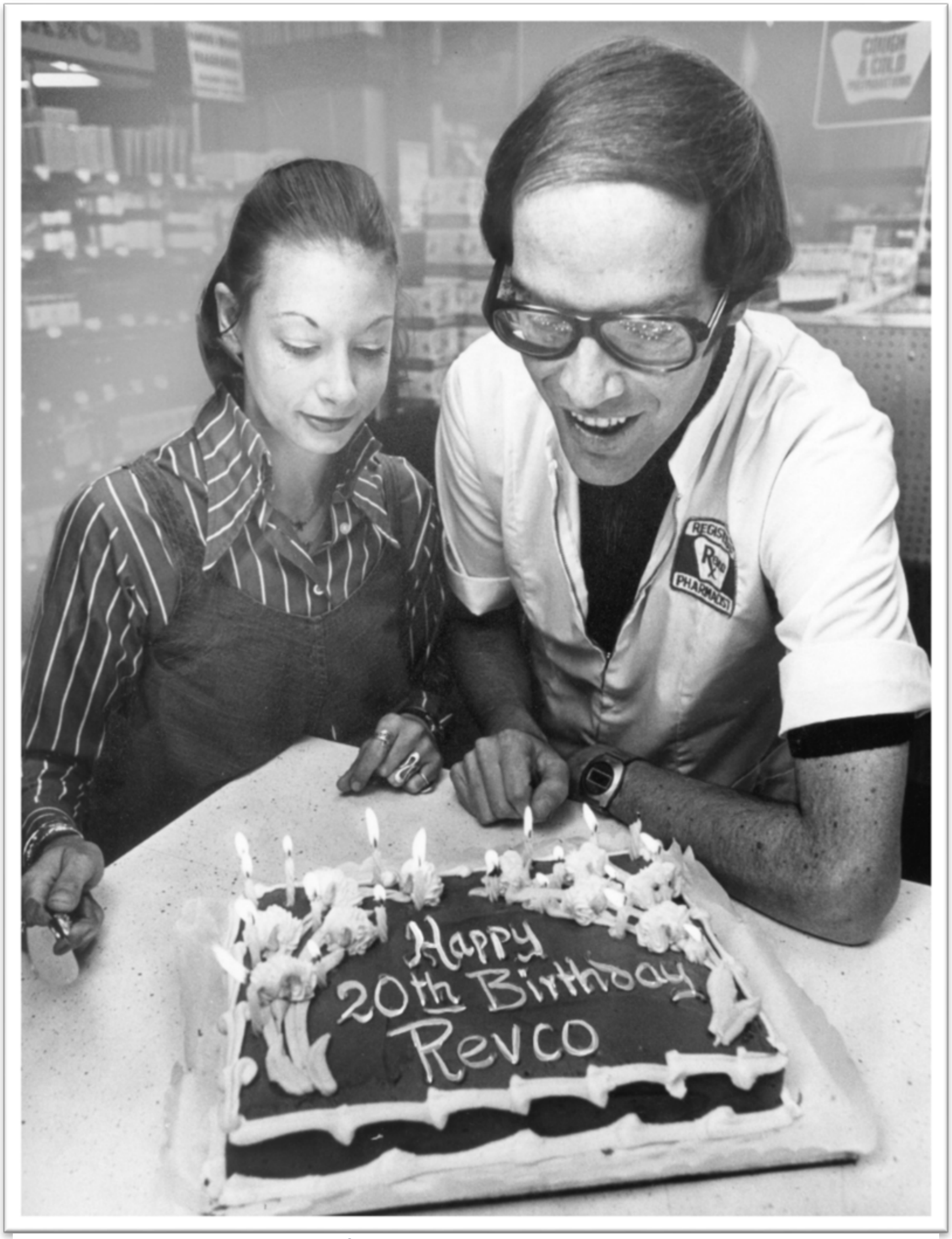

Figure 24: 20th birthday celebration for Revco D.S.

Figure 25: Proposed store front design for Revco Drug at corner of East 9th and Euclid Avenues, Cleveland, Ohio

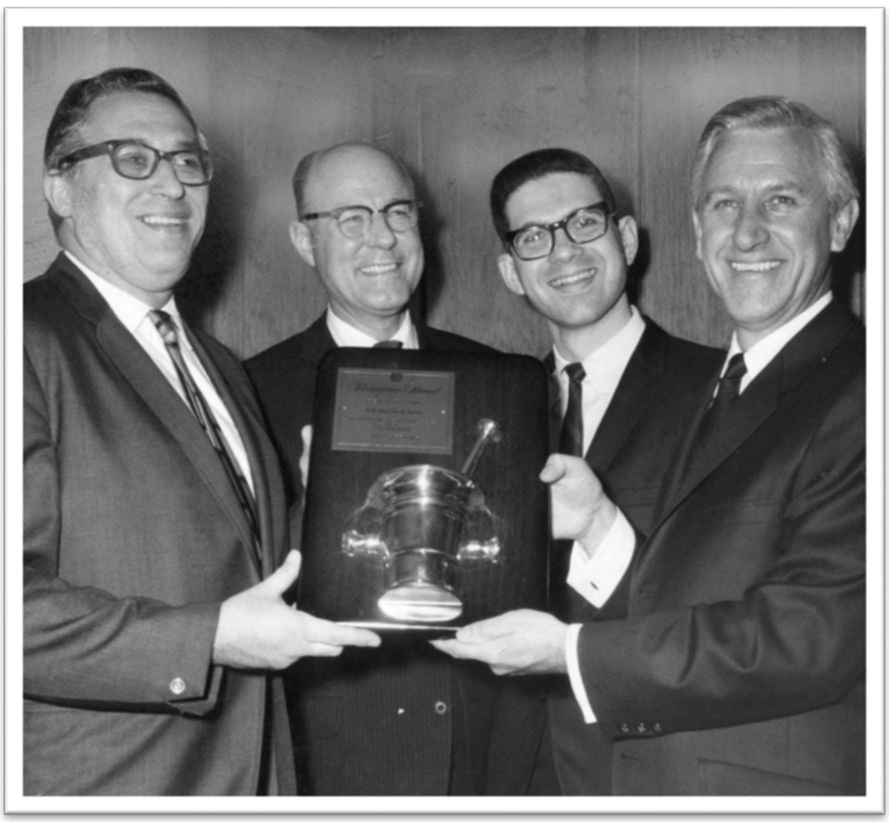

Figure 26: E.R. Squibb and Sons honor 20 million prescriptions filled at Revco, 1967

Figure 27:300,000,000 RX customer receives an award from Revco officials

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CHAPTER FIVE

WEINBERGER DRUG IS GRAY DRUG

Adolph Weinberger, the founder of Weinberger Drug, was born in Hungary on January 5, 1891. He came to Cleveland, Ohio at the age of 14. After graduating from the Western Reserve School of Pharmacy, Weinberger served as a pharmacist at Benton & Hall Drug at 839 Woodland Avenue for $18.00 a week. In 1912, he opened his first drugstore at 3100 Scovill Avenue on the city's east side. (1) A friendly druggist with a fine business sense, he wasted little time before purchasing a well-known downtown pharmacy called Federal Drug. Located in the Hickox Building, at the corner of East 9th Street and Euclid Avenue, Federal Drug featured five full-time pharmacists plus a wide assortment of quality prescription drugs, the latest over-the-counter medications and popular selling household products. (2)

A brief recession immediately following the First World War along with unanticipated additional overhead costs convinced Adolph Weinberger to relocate to a smaller facility located at 817 Prospect Avenue in 1922. This less expensive site suited his modest budget needs at that juncture. However, as his business began to grow so did his need to expand his operations. Over the next six years, Weinberger opened new outlets at 206 Prospect Avenue, 1960 East 105th Street, 1929 West 25th Street, 2020 East 105th Street and in Akron, Ohio. A Cleveland investment firm called Middleton, Worthington & Company financed his expansion efforts. (3)

Part of his initial success rested on the fact that he cared about his customers' welfare. For example, he often provided free of change a wide range of necessities, including prescription drugs, to his financially-strapped shoppers during hard financial times. His ability to stimulate friendly competition among his many highly motivated store managers was second to none in the City of Cleveland. He firmly believed that good natured competition among his staff encouraged inventive thinking in many crucial areas including product promotion and budget cutting. He often promoted his most resourceful managers. Also, his choice of employees was excellent. Some prominent local pharmacists once employed by Adolph Weinberger included Lester Kahn, Louis P. Miller, Walter Treadon and Herman Wilfert. (4)

With the expressed intention of expanding his profit while limiting personal liability, Adolph Weinberger incorporated his chain of drugstores in November 1928. The new, privately-held Weinberger Cut-Rate Drug Company soon went public. Coordinated through Merchants Trust & Savings Bank, his first public offering resulted in the sale of 10,000 shares of no par common capital stock. Adolph Weinberger sweetened this deal further when he approved the sale of an additional 30,000 shares. He used the capital derived from that sale to acquire six more pharmacies and a major distributor. (5)

By the mid-1920s, many local business leaders viewed Weinberger Drug as a very sound investment option. High returns, based on heightened sales activity, especially appealed to moderate investors. Net sales in 1927 reached a new record high of $331,882.97 while net earnings that year stood at $27,942.63. Net sales for the first nine months of 1928 were equally impressive at $378,930.21, while net earnings over the same period reached $52,593.20. Stock dividends increased from $1.35 a share in 1927 to $3.51 a share by 1928. (6) In November 1928, Weinberger Drug reported a 6% increase in net earnings over the previous year's high level with net earnings totaling $58,154. (7) To celebrate this corporate milestone, Adolph Weinberger opened his seventh store at 4189 West 25th Street. Nineteen twenty-nine began with the opening of outlets at 2175 Lee Road and 15001 St. Clair Avenue. In the case of the Lee Road site, Weinberger Drug had signed a five year floating lease with monthly rents ranging from $209 to $225. An addendum to that lease provided a five year extension with rents running anywhere from $250 to $309a month. Cedar-Lee Realty brokered the Lee Road deal, while John Stark drew up the $125 a month rental agreement for the new St. Clair Avenue unit. (8)

In February 1929, Weinberger Drug reported record net sales of $88,045, a major sales increase over the past 12 month period. (9) Adolph Weinberger, that August, proudly announced the grand opening of his latest store at 12505 Superior Avenue. Arranged through the S. H. Kleinman Realty Company, this $20,000 lease was for ten years. (10) The Stock Market Crash, on October 24, 1929, did not seem to adversely affect the fortunes of this well-managed enterprise.

At the company's annual meeting, in January 1930, stockholders approved a motion that increased the number of corporate shares from 30,000 to 160,000. Newly elected board members, at that session, included L. J. Wolf, a senior partner in the Cleveland law firm of Mandelbaum, Wolf & Lang and Edwin G. Tillotson (1868-1950) the President of E.G. Tillotson & Company. The Board of Directors also named William Handler as the Vice President of its Research Laboratory. (11)

Net sales in 1929 reached an impressive new high level of $1,538,510, while net earnings stood at $120,167. The company declared a quarterly dividend of $4.76 a share. Board members also approved $12,000 in Christmas bonuses. The amounts ranged anywhere from $100 to $2,000 depending on job status and the number of clocked-in hours per week. (12) In January 1930, a new store opened at the corner of Shaw and Hayden Avenues in East Cleveland, Ohio. Weinberger Drug reported that net earnings for January 1930 were $145,237. That was a 94% increase over that same period in 1928. Officials estimated that over 180,000 customers had shopped in their stores the previous month. Weinberger Drug, in June 1930, leased another outlet at 299 Euclid Avenue. Four months later, the Board of Directors announced the grand opening of its latest unit on Market Street in Pittsburgh, PA. That was the first Weinberger Drug outside Ohio. (13)

In February 1931, officials appointed Thomas H. Jones (1888-1948) a senior partner in the law firm of Tolles, Hogsett & Ginn and E. L. Worthington of E.G. Tillotson & Company to the board. It also unanimously re-elected Morton Jacobs, Joseph Spivack, E.G. Tillotson, L. J. Wolf and Adolph Weinberger. (14) As the Great Depression of the 1930s dragged on corporate executives instituted temporary pay cuts for full-time employees. (15) Salary reductions ranged from 10% to 20% again based on position and seniority. Current austerity measures notwithstanding, Weinberger Drug for the 19th consecutive time paid a quarterly dividend of $.25 per share. (16)

This pharmacy now owned and operated 26 stores throughout Greater Cleveland. In September 1933, this chain announced that it planned to lease the former Selzer Pharmacy at 10536 Euclid Avenue. Haddam Improvement Company handled this five-year leasing agreement. Under this arrangement, Weinberger Drug agreed to pay $1,800 the first year and $2,400 for the remaining four years. This deal also included 6% of the store's first year's gross receipts, projected to be between $30,000 and $40,000, and 7% of gross receipts earned above $40,000 for years two through five. (17) The company continued to pay Christmas bonuses to managers and supervisors. (18) Weinberger Drug offered employees group-based life insurance policies beginning in 1933. This insurance package paid workers their weekly salaries and benefits up to 13 weeks. Officials paid the bulk of the premiums as determined by the Prudential Life Insurance Company. (19)

Weinberger stock paid $1.65 a share in 1935. That represented a $.54 increase over the previous year. (20) Executives announced in June that they had no immediate plans to reduce employee wages further. At the August board meeting, executives reported that net earnings, over the past six months, had totaled $57,586.72 or $.76 per share. Corporate assets and liabilities, over that same period of time, stood at $936,381.81 and $359,608.86 respectively. Net working capital that year was $576,772. (21) That December, the Board of Directors proudly announced that all employees who had worked at Weinberger Drug for a minimum of three years would be receiving an extra week's salary at year's end. Non-tenured workers would receive a $5.00 bonus also at the end of that year. (22)

In November 1936, board members unveiled plans to remodel the former Mayell-Hopp Drugstore at 1315 Euclid Avenue. Corporate officials had just concluded a five year $75,000 lease on that site. The board hired a local contractor H. G. Slatmyer & Son to handle the entire project. The refurbished store would feature an ultramodern soda fountain, new lunch equipment and air conditioning. (23) As discussed earlier in this writing, merger talks between Weinberger Drug and Standard Drug ended in a stalemate that December. Although the merger never occurred that did not signal the beginning of the end for this enterprise.

Adolph Weinberger now operated 33 drugstores half of them located in the City of Cleveland. The other stores were in Canton, Ohio; Mansfield, Ohio; Pittsburgh, PA; Sandusky, Ohio; Steubenville, Ohio; Warren, Ohio and Wooster, Ohio. (24) An unexpected surge in sales activity at year's end proved beneficial for that company's investors. Corporate profits in 1936 reached $50,151 or $.63 a share on 80,030 shares of outstanding stock. Those returns were remarkable especially when measured against profits of $35,721 or $.47 a share one year earlier. (25)

Nineteen thirty-seven saw the debut of another store at 670 East 185th Street. This outlet contained an efficiently-operated soda fountain geared for the fast-paced lunch crowd. Its five year floating lease required Weinberger Drug to pay $225 to $250 a month in rent. This lease closely resembled earlier arrangements made at 1515 Euclid Avenue and 15954 St. Clair Avenue sites. As the national economy started to rebound so did the fortunes of Weinberger Drug. Its Board of Directors reported that net profits in 1937 had reached a record high of $120,820 or $1.51 a share with net earnings equaling $1,136,037. Additional corporate assets, that year, included $96,681 in cash reserves and liabilities of $496,595. To offset mounting deficit, Weinberger Drug, in August 1938, secured a series of short-term bank loans totaling $300,000. (26)

As discussed earlier in this study, a union-led strike by local pharmacists marred the Greater Cleveland drugstore scene during the first months of 1939. Weinberger Drug postponed dividend payments until the end of the strike that May. (27) Upon the resolution of the strike, the Board of Directors unveiled a new profit sharing program for its full-time workforce. It replaced year-end bonuses. Employee distribution ranged anywhere from $12,000 to $15,000 based on job responsibilities and salary. (28) Nearly 800 employees qualified for it in the first year. (29)

With the onset of the Second World War, Weinberger Drug initiated a series of austerity measures intended to help the war effort. That included not over stocking shelves, shorter store hours and no Sunday hours. Corporate leaders further encouraged employees and shoppers to purchase war bonds and stamps whenever possible. Officials proudly reported in 1942 that over the past five year period the value of the company's inventory had increased from $984,182 to $1,581,308, while expenditures for operational equipment had dropped from $480,419 to $195,754. (30)

Without a doubt, the short-term bank loans received just prior to the Second World War set the stage for future store expansion in the post-war years with one noticeable exception. The $80,406 in profits gained by the sale of 10,000 shares of corporate stock in FY 1940 enabled that pharmacy to open several new stores immediate after the war. Corporate net earnings reached a respectable $137,580 or $1.53 a share for the eight month period ending February 28, 1942. The Board of Directors approved a dividend of $.12½ per share payable on April 1, 1942. (31) The end of the Second World War ushered in a new era of corporate growth reflected through massive store expansion. It began in April 1945 when Weinberger Drug acquired Widmann Drug. A 23-year old company, Widmann Drug consisted of 27 outlets in New York and Pennsylvania. Experts in the field projected that this merger would result in annual sales surpassing the $15,000,000 mark. (32) A short time later, Weinberger Drug purchased Mykrantz & Sons of Columbus, Ohio. This 11-store chain included a large centrally-located warehouse. (33)

Board members, in June 1945, unveiled a $100,000 improvement program aimed at rejuvenating one of their most popular stores located at East 105th Street and Euclid Avenue. (34) Two other significant business developments changed this drugstore chain forever. That August, stockholders approved a proposal that called for changing the company's name from Weinberger Drug to Gray Drug. (35) Ostensibly named for one of Weinberger Drug's most popular pharmacist Henry H. Gray (b. 1904), the name had already appeared on 27 of its 81 outlets. Supporters claimed that the simpler name made for a better logo. At that same meeting, the Board of Directors at Gray Drug approved a dividend outlay of $.32½ per share. (36) Executives also announced the purchase of another pharmacy in Erie, PA. Known as Kapo Cut-Rate Drug, this unit was only four years old at the time of the merger. (37)

Nineteen forty-six saw net profits at the new Gray Drug soar to $15,000,000. The earlier high profit projections made by experts in the field had been correct. The Board of Directors, in May 1947, named Lloyd C. Douglass (1905-1988) as its new Corporate Controller. Prior to joining the Gray Drug staff, he had been an industrial management expert in the accounting firm of Ernst & Ernst. (38) A member of the American Institute of Accountants, Douglass was also the former Director of the Cleveland Chapter of the Ohio Society of Certified Public Accountants. Officials that year also approved the appointment of E. E. Barker (b. 1901), the Vice President of the Cleveland Trust Bank, to their board. Board members also re-elected Carlyle W. Evans (1906-1986), J. J. Gasling, Henry H. Gray, Thomas H. Jones, Charles B. Merrill, Adolph Weinberger and L. J. Wolf. (39)

In an unexpected move, Gray Drug, in December 1947, sold 12 outlets in Pennsylvania to Widmann Drugs for approximately $500,000 in cash. (40) One of its many post-war business strategies called for closing some of its low volume stores especially in remote areas. Executives viewed it as a very effective way in which to gain additional capital that could be directed towards modernizing many of its highly profitable outlets. (41) The recent purchase of several medium-sized pharmacies in Mansfield, Ohio brought the total number of Gray stores in Ohio to 67. Gray Drug also owned and operated 12 other sites in New York and Pennsylvania. (42) Corporate plans called for adding five more units including a new, signature store inside the recently completed Greyhound Bus Station at 1465 Chester Avenue.

This brand new, air conditioned drugstore received a great deal of public attention when it opened in 1948. It not only featured three large entrances, slim-line interior illumination and terrazzo floors; but also, a stainless steel soda fountain, oak fixtures and paneled mirror walls. This 24 hour facility also included a large humidor room, open-end prescription counter and well-stocked confectionary and tobacco departments. (43) In November 1949, the Ohio State Board of Pharmacy elected Adolph Weinberger its President. He replaced a respected pharmacist from Cincinnati, Ohio named William P. Murray. (44)

Gray Drug net sales, by June 1951, reached an extraordinary $16,833,818. That represented a 10% increase over the previous year's total. In fact, net profits equaled $324,702 or $2.32 per share on 140,150 shares as compared to $281,995 or $2.03 per share in June 1950. Net operating income that year stood at $637,886 or 3.79% of total sales vs. $406,429 or 2.66% of total sales 12 months earlier. (45) Keeping abreast of the latest business trends led officials at Gray Drug to sell five of its older units, close two underperforming stores, open four new sites and remodel nine others. With great fanfare, Gray Drug, in November 1951, announced the grand opening of another store at 1958 West 25th Street. This ultra-modern, 6,000 square foot unit replaced an earlier facility across the street. With more than 10,000 items for sale in this new outlet alone, Gary Drug did indeed have it all!

Local shoppers marveled at this new West 25th Street store with its striking interior décor that was done in tasteful gray and Tuscan red colors. (46) Its highly functional interior with its overhead florescent lighting and strands of lights placed delicately inside display cases reflected the latest in mid-century commercial design. Gray Drug's financial success continued on. With net sales of $19,268,081 and net earnings of $250,767, corporate officials, on June 30, 1953, approved further expansion plans in Northeast Ohio. (47) Over the next two years, Gray Drug opened units in Akron, Canton, Cuyahoga Falls, Painesville, and Warren, Ohio.

Over the past quarter of a century, Gray Drug had experienced record breaking corporate growth with net profits soaring from $1,531,636 to $7,558,081. Throughout it all, its highly competent board played an increasing role in that phenomenal success. By the early 1950s, its list of corporate executives read like a *Who's Who* of Cleveland business. Noteworthy leaders included Executive Vice President Carlyle Evans, Vice Presidents Henry H. Gray and Milton M. Neibauer (1898-1969), Treasurer Lloyd C. Douglass, Secretary Louis Berwitt (1913-1998) and Assistant Secretary Joseph Valins. Additional board members lending their own business expertise included Charles B. Merrill (1885-1956), the President of Merrill, Turben & Company, George F. Pryor (1898-1976), Vice President of Cleveland Trust Company and John W. Reavis (1900-1984), a Senior Partner at the local law firm of Jones, Day, Coakley & Reavis. (47)

The Board of Directors reported net sales of $22,578,421 in 1954. That signified a new all-time high for the more than eighty pharmacies that comprised this growing chain. Net income, that same year, increased to $407,643 or $2.85 a share vs. $327,898 or $2.32 a share 12 months before. Net operating profits in 1954 remained firm at $875,643. That symbolized 3.88% of total sales as compared to $713,203 or 3.38% of total sales for the same quarter in 1953. (48) The following year, Gray Drug net earnings increased by 12.2% to reach $470,560 or $3.20 a share. In June 1955, corporate officials proudly unveiled their latest, and perhaps, most ambitious expansion program to date. It included opening five to six new units by the end of FY 1956, as well as remodeling seven others. (49) The Board of Directors also announced that nearly half of all Gray Drug stores were located in major shopping centers, and that many of their most popular outlets were, in fact, modern self-service entities.

Adolph Weinberger in an unexpected move stepped down as Corporate President in August 1955. Being recently elected the new Vice President of the National Association of

Chain Drug Stores may have prompted that decision. Adolph Weinberger now assumed the role of Board Chairman and Chief Executive Officer. (50) The Board of Directors named its Vice President Carlyle Evans as President. Evans had joined the Accounting Department at Weinberger Drug in 1930. Officials overwhelmingly approved the appointment of Jerome Weinberger (1928-2017) as the new Assistant to the President. The son of Adolph Weinberger and a recent graduate of the Wharton School of Business at the University of Pennsylvania, young Weinberger was an ideal choice for that post. Gray Drug, with its more than eighty stores, ranked as this nation's 8th largest chain. That autumn, American Greetings honored Adolph Weinberger for being one of its most loyal customers. (51)

On January 5, 1956, the Greater Cleveland business community honored Adolph Weinberger for his many years of devoted public service at a special 65th birthday dinner. Held at the Oakwood Country Club, some of those attending this most gala event included Rabbi Abba Hillel Silver (1893-1963) of Temple Tifereth Israel, Rabbi Rudolph Rosenthal (1906-1979) of Temple B'Nai Jeshurun and the Editor and Chief of *The Cleveland Press* Louis Seltzer (1897-1980). (52) Weinberger was honored a second time on February 9, 1956 at a special testimonial dinner hosted by one of the leading pharmaceutical companies McKesson & Robbins. That event featured a film tribute to Adolph Weinberger narrated by the legendary Westbrook Van Voorhies (1903-1968). (53)

Gray Drug net sales for the fiscal quarter ending June 30, 1956 had increased by 9.2% over twelve months earlier. Net sales, that same year, topped $25,543,059, while net income increased to $576,429 or $3.92 per share. High earnings like that were unparalleled in the history of this company. Six new stores also opened that same year. In fact, the Board of Directors was so impressed with the recent upsurge in corporate earnings that it not only approved opening eight new stores for FY 1957; but also, redecorating six others. (54) That September, Gray Drug announced the completion of a second story annex at its Superior Avenue warehouse. This 17,000 square feet addition housed its corporate offices. (55)

Adolph Weinberger, in May 1957, became President of the National Association of Chain Drug Stores (NACD). That prestigious organization represented over 600 chains nationwide. Its membership included prominent U.S. pharmaceutical manufacturers that specialized in toiletries, tobacco and sundries. Gray Drug remained the 8th largest pharmacy in the U.S. with 85 outlets and 18 superstores. Net income and net sales at Gray Drug continued to climb during the second half of the 1950s. (56) For example, profits in FY 1957 increased by 20% over FY 1956 levels, while net sales increased by 15% to reach $29,333,474.

New stores in Cincinnati, Chillicothe, Hamilton, Sandusky, Warren, and Willoughby, Ohio opened in 1957. That same year, the board approved extensive renovations for six outlets in Cleveland and Akron. Corporate assets as of June 30, 1957 were $7,034,855, while its liabilities stood at $3,525,537. Shareholder equity was equally impressive at $9,883,411. It was based on 156,164 shares of outstanding stock. Gray Drug declared a quarterly dividend of $1.40 per share for the 29th consecutive quarter.

Part of its continued financial success rested on the fact that Gray Drug controlled the majority of its investments. Its use of the latest technology, such as the Univac electronic filing computer system, helped them to achieve their business aspirations. Interesting side note, this represented the first time that Univac had been used for such a strategic purpose by a major U.S. drugstore chain. (57)

In May 1958, the NACD Board of Directors unanimously re-elected Adolph Weinberger as its President. (58) Gray Drug, that same August, signed a franchise agreement with Rexall Drug. Under this arrangement, this leading Cleveland pharmacy began selling a wide variety of Rexall products in its many stores. (59) Gray Drug now operated over 100 stores in Kentucky, Ohio and Pennsylvania. In the autumn of 1959, corporate executives approved a 25% increase in quarterly dividends. The fact that net sales at Gray Drug in FY 1959 had reached $32,249,706 prompted such action. Its consolidated net income for that same year stood at $768,591 as compared to $693,322 the previous year. On June 30, 1959, Gray Drug paid dividends of $4.75 per share on a total of 161,925 shares vs. $4.43 per share on 156,414 shares 12 months earlier. (60)

Gray Drug opened 11 new outlets and rejuvenated ten others in FY 1959. Board members proudly boasted that their regional company now owned and operated 107 units. Future plans called for extensive renovations in many older sites. That same year, company officials embarked upon a major business reorganization initiative. (61) They placed all operations under four new divisions. Each division reported to one of the following corporate executives: Vice President of Divisional Merchandising Marvin Kahn, Divisional Administrative Lloyd Douglass, Divisional Operations Controller Henry H. Gray or Divisional Planner Jerome Weinberger.

In April 1959, board members issued $2,313,500 in 25-year convertible debentures at a 5% interest rate. The company used the capital from that sale to retire some of its outstanding debt. (62) Gray Drug's 2,200 employees served about 3,000,000 households throughout the Great Lakes region. In March 1960, the board appointed Ervin Reeves as the manager of its newest store in the Longwood Shopping Center. Located at the corner of East 40th Street and Scovill Avenue, this 4,000 square foot facility was a semi self-service outlet. (63)

Five months later, the Gray Drug Board of Directors approved a 3-for-1 stock split along with a 20% dividend increase on its 162,303 shares of outstanding stock. (64) Prior to that stock split, dividends varied from $.50 to $.60 per share. Under this new arrangement, officials raised dividend rates to anywhere from $2.00 to $2.40 per share. (65) Corporate earnings in FY 1960 stood at about $36,000,000 with dividend payments of $4.75 per share. In September 1961, Gray Drug announced that those investors holding 25-year convertible debentures, issued two years ago, currently had three options available to them. One enabled them to redeem those debentures at the earlier agreed upon interest rate of 5%. A second possibility was to go full term and receive 104% of the principle plus all the accrued interest. A third alternative involved converting those debentures into common stock at a rate of 63.1711 shares for each $1,000 in principle. Debenture holders had to choose one of those three options by October 30, 1961. (66)

When asked by reporters which one of those options made the most sense, a spokesperson for Gray Drug replied the third. The logic behind that choice was simple. Assuming that the market price of Gray Drug stock remained higher than $16.53 per share, and all indications at that time were pointing in that direction, then those investors choosing to convert their holdings at the present rate price of $15.83 per share would receive common shares worth far more on the open market than the actual cash value they would have received if they had surrendered their convertible debentures at this juncture. (67) Many investors agreed with that line of reasoning and surrendered their 25-year debentures for common stock.

Executives, in September 1961, unveiled their latest plans that included opening 12 new outlets mostly in shopping centers. Net sales for that quarter totaled $39,629,661, an increase of 5.52% over the same period in 1960. (68) Unfortunately, it did not last much longer. Net earnings for FY 1961 dropped to $707,793 or $1.42 a share vs. $793,989 or $1.63 one year earlier. (69) The recent conversion of most of their conventional drugstores into self-service enterprises had cost much more than was originally projected.

This company also ventured into previously unchartered business waters when it invested in a new kind of small discount pharmacy located within a number of popular department stores and specialty shops in California, Ohio and Texas. Putting their hard-earned investment dollars into small discount drug centers, such as those, was a very smart option in the early 1960s. In fact, its profit potential seemed unlimited especially for shrewd investors who committed to it early-on. Experts in retailing predicted that every one of these small pharmacies had the profit potential of generating more than $400,000 a year. Highly profitable returns were exactly what Gray Drug investors wanted to hear. (70) Gray Drug began investing heavily in these Californian-inspired enterprises by the autumn of 1960.

As expected, Gray Drug net sales increased substantially from $33,617,922 in March 1962 to $38,974,443 one year later. (71) Unfortunately, corporate net earnings, over that same period, dropped to $318,815 or $.51 per share as compared to $481,671 or $.73 per share 12 months earlier. Economists attributed those recent losses to fierce competition being waged by traditional and non-traditional sources. Throughout it all, Gray Drug's cogent Board of Directors remained optimistic, and why not? Officials argued that even the most minuscule upturn in sales, over the next several months, would be an indicator that better times lay ahead.

The ability of Gray Drug to successfully weather past economic storms demonstrated that this chain had a strong tradition of not giving up even during the bleakest hours. Corporate assets in FY 1963 remained strong at $15,730,311, while its liabilities were $4,311,233. (72) On the positive side of the ledger, Gray's discount drug division in FY 1963 enjoyed a 15% increase in sales volume, over the same period in FY 1962, with net sales topping $15,000,000. This successful pharmacy now owned and operated more than 150 stores nationwide. Board members expressed great hope for the future, as sales continued to grow. By June 30, 1963, net sales at Gray Drug had reached an unprecedented new high of $51,875,334.

Regrettably, mid-year profits for FY 1963 had bottomed out at $662,366 or $1.05 a share vs. profits of $801,113 or $1.27 per share in FY 1962. (73) Again, the Board of Directors blamed those recent setbacks on savvy competitors who had successfully opened a large number of pharmacies within regional department stores and locally-based supermarkets. In the summer of 1963, Gray Drug assets remained firm at $17,352,759. This steadfast corporation now owned and operated 109 pharmacies under its-own banner plus 32 other units, strategically-placed inside popular discount department stores, and 11 discount drug houses under the King name. (74)

That August, the board named Jerome Weinberger as its new Executive Vice President. (75) The grand opening of its newest store at Severance Shopping Center in Cleveland Heights, Ohio took place on October 16, 1963. This new, state-of-the-art facility not only offered a complete line of affordable prescription drugs and a wide range of popular over-the-counter medications; but also, a full array of appliances, cosmetics, gifts, and records. It also proudly sold Fanny Farmer candy. Its new prescription counter featured two full-time pharmacists, the latest refrigerator system for perishable drugs and prompt delivery service. (76) Nineteen Sixty-Three ended on a very positive note with Gray Drug posting substantial gains. Net sales that year increased to $30,081,916 as compared to $26,705,984 in FY 1962. Net income also improved over that same 12-month period from $317,052 or $.50 a share in 1965 to $360,851 or $.57 a share in 1966. (77) Everything was looking up for this ever improving local pharmacy chain.

An April 1964 newspaper article reaffirmed the fact that sales at Gray Drug had indeed improved significantly over the past decade. For example, net sales of $51,875,334, posted in February 1964, were nearly double the $23,390,391 in sales reported for that same period of time in 1955. This popular chain of pharmacies now proudly owned and operated 150 units in 11 states. (78) Its President Carlyle Evans noted that many other large, conventional drugstores in Greater Cleveland that had originated as small, cut-rate enterprises were now reverting to their historic roots and re-emerging as far better-organized, smaller discount specialty houses. He further suggested that quality customer service was returning to the local drugstore scene. That same April, Adolph Weinberger received a presidential recognition award for his outstanding service on the NACD board. Headquartered in Washington, DC, the NACD boasted that its combined sales now exceeded $1,750,000,000. It had a total of 3,400 members in FY 1964. (79)

Two months later, the Board of Directors approved the acquisition of Rink's Bargain City Department Stores out of Cincinnati, Ohio. (80) Under this merger agreement, Gray Drug paid an undisclosed amount of cash plus 30,000 shares of common stock for those stores. Board members projected that this acquisition would add more than $11,000,000 in sales annually. With its five full-line outlets and other leased departments, Rinks Bargain City Department Stores specialized in a wide range of popular goods. Executives at Gray Drug first recognized that company's profit potential several years earlier when this pharmacy first rented space in their stores.

Gray Drug officials reported net sales of $43,800,000 for the nine month period ending March 31, 1964. Its net profits over that same time span were firm at $479,836 or $.78 a share. (80) With extra funds in their coffer, officials began investing extensively in its new King Discount Drug Stores Division. Located throughout the Southwest and West, King Discount Drug operated small, no frills stores in several important discount department stores. Renting space in large retail establishments, with the expressed intent of selling high volumes of reasonably priced drugs, proved to be a winning formula for Gray Drug in the mid-1960s. Busy shoppers enjoyed this one-stop shopping experience and its sales continued to soar into the late 1960s. King Discount Drug soon operated 12 outlets. (81) Gray Drug not only operated King Discount Drug and Rink's Bargain City Department Stores; but also, more than 100 conventional drugstores throughout the nation.

Nineteen sixty-six began with a major announcement. Adolph Weinberger had proudly donated $500,000 towards the construction of a new pharmacy school at the Hebrew University in Jerusalem, Israel. The school's Board of Trustees thanked him for his generosity by naming the school after him. In August 1966, the Board of Directors voted to increase quarterly dividends. They also authorized a 3-for-2 stock split. Gray Drug sales in FY 1966 stood at $83,352,705. (82) That symbolized a 13.3% increase over the $73,570,697 sales figure recorded the previous year. Net income, over that same 12 month period, grew by 34% from $2,176,053 to $2,912,432. Dividends also increased from $2.51 per share to $3.36 per share. Increasing the total number of outstanding shares to 866,688, prior to converting $4,978,100 in convertible debentures, while, concurrently taking full advantage of non-secured capital gains, produced much larger returns than was initially anticipated.

The latest quarterly dividends reflected that unprecedented growth. Dividends increased to $.33¾ per share in FY 1966 vs. $.30 a share one year earlier. That represented the third increase in dividends over the past 15 months. Board members then doubled the number of available outstanding shares from 1,000,000 to 2,000,000. That latest stock split enabled Gray Drug to meet its obligation to the New York Stock Exchange in terms of the minimal number of outstanding shares a company must have in its possession in order to qualify as a member. Previously, Gary Drug had only traded on the Midwest Stock Exchange. This highly successful pharmacy currently owned and operated 173 outlets, an increase of 15 sites in less than a year. (83)

In September 1966, board members named Jerome Weinberger as their latest President. Former Gray Drug President Carlyle Evans became the new Board Chairman and Chief Executive Officer. (84) Corporate officials in a very bold business move registered a secondary offering with the SEC in February 1968. The offering involved 129,294 shares of outstanding common stock. The international investment banking, securities and investment management firm of Goldman, Sachs & Company, along with the Cleveland-based, full service investment firm of McDonald & Company, served as its underwriters. Gray Drug did indeed have a diverse business portfolio by the late 1960s. It included 113 pharmacies and 21 other specially-leased facilities. (85) Those leased shops specialized in numerous items ranging from beauty products to health aids and from hard-to-find prescription drugs to photographic equipment. Board members also maintained controlling interest in King Discount Drug Stores and several small department stores.

On April 7, 1968, Henry H. Gray, the pharmacist who had lent his name to this very successfully chain of drugstores, announced his retirement. (86) Having reached the company's mandatory retirement age of 65, Gray resigned as Vice President. Previously, he had served as District Manager and Vice President of Operations. As pointed out earlier in this writing, Adolph Weinberger in 1945 had wanted to adopt a more concise business name for his growing enterprise and for the modest consideration of $1.00 Henry H. Gray relinquished his legal right to use his-own name. Henry H. Gray also served as divisional head for King Discount Drug. Under his insightful leadership, annual sales at King Discount now surpassed the $28,000,000 mark. He also operated the company's Superior Laboratories. That laboratory, by the late 1960s, had become, among other things, a highly sophisticated photo developing processing center. (87)

In September 1968, Gray Drug celebrated its 40th anniversary. Pfizer Laboratories acknowledged another major corporate milestone, later that same autumn, when this popular drugstore chain processed its 40,000,000th prescription. Gray Drug filled approximately 5,000,000 prescriptions a year in its nearly 200 outlets. It currently employed 350 pharmacists. It had indeed become a highly dynamic business force within the growing local drugstore industry. Gray Drug net sales, in 1969, reached an extraordinary new high level of $125,000,000. (88)

Rumors began surfacing in the autumn of 1968 that Gray Drug and Cook Coffee Company were about to merge. If that merger had occurred as planned, then their new combined annual net sales would have been greater than $500,000,000 with net profits topping $10,000,000. (89) Cook Coffee operated many highly successful locally-based enterprises including the Pick-n-Pay Supermarket chain and Uncle Bill's Department Stores. It also manufactured and distributed hardware, sporting goods and wholesale foods. In addition, Cook

Coffee operated successful home service routes. Gray Drug owned and operated a large number of conventional pharmacies along with King Discount Drug, Rink's Bargain City Department Stores and Superior Laboratories. Cook Coffee currently employed about 8,000, while Gray Drug's workforce stood at 4,000.

In terms of its current financial condition, Cook Coffee, as of October 31, 1968, reported a net income of $3,909,850 or $3.27 per share based on net sales of $301,242,811. (90) Its net income 12 months earlier had stood at $3,589,125 or $.99 per share based on net sales of $278,359,054. Gray Drug net earnings, on the other hand, were $607,136 or $.37 a share on net sales of $31,738,964 as compared to $557,979 or $.34 a share in FY 1967. Cook Coffee closed on the New York Stock Exchange at $41.75 down $.12½ on November 12, 1968, while Gray Drug, on that same day, advanced to $1.125 per share closing at an all-time high of $48.00. (91) On January 16, 1969, the two sides reported that they had reached a tentative agreement with the final details to be worked out over the next several months. Unable to reach an amicable agreement, merger talks between these two companies ended abruptly in the spring of 1969.

In response to this failed merger attempt, the Board of Directors, in June 1969, decided to expand the corporate responsibilities of its President Jerome A. Weinberger. He now served as both Chief Executive Officer and Chief Operations Officer. Carlyle Evans remained on as Board Chairman, and as the head of the new Corporate Acquisitions Search Team. Board members projected that net sales for Gray Drug in FY 1970 might well surpass the $140,000,000 mark. (92) That would represent a 13% increase in sales over the 1969 level if that did indeed occur. Speculation ran high that corporate dividends for FY 1970 might well exceed $2.52 per share. In anticipation of this projected windfall, corporate officials approved a massive expansion plan that called for leasing eleven additional stores and increasing the size of its discount store division being operated by Rink's Bargain City Department Stores.

The 1970s began with the Board of Directors hosting a groundbreaking celebration at the site of their new $4,500,000 distribution center in Valley View, Ohio. This 276,000 square foot facility was located at the intersection of Canal and Rockside Roads. A well-known local contractor the Leonard H. Krill Company built it. (93) The decade of the 1970s represented a period of great business changes for Gray Drug. Those changes manifested themselves in many different ways. For example, officials, in 1971, approved a plan that called for Gray Drug to acquire nearly 30 Cunningham pharmacies in the state of Florida. Board members also opened up a number of small outlets in non-affiliated discount department stores throughout the country.

Increased competition forced the Board of Directors to seek out large loans from local lending institutions. Unfortunately, all-time high interest rates on commercial loans adversely impacted the bottom line for Gray Drug and its many subsidiaries. For example, corporate earnings for FY 1973 were slightly above the $2,000,000 mark. That represented an appreciable drop of about 50% from FY 1972. (94) That plunge in profits compelled officials to lower dividends and to curtail expansion plans for the foreseeable future. As stringent as those actions might have been they did not prevent officials from converting many of their conventional pharmacies into self-service units. Also, the board wholeheartedly supported a new advertising campaign directed towards senior citizens.

Major corporate changes did not begin and end there. Officials called for a major shakeup in the corporate structure with the intent of further streamlining business operations. That led to Rink's Bargain City Department Stores being placed under a new Toledo, Ohio-based discount store division. Business moves, like that, enabled Gray Drug to rebound from recent financial losses fairly quickly even if profits for FY 1973 paled when compared with the financial strides made by many of their chief rivals. Fortunately, positive thinking prevailed among board members as corporate profits at Gray Drug continued to rebound.

To illustrate this last point, the Board of Directors reported that for the 26 week period ending on October 29, 1977 net earnings had increased to $2,700,000 or $1.59 a share vs. $2,100,000 or $1.26 a share over the same period in FY 1976. (95) Net sales for that same 12 month period had also improved from $149,000,000 to $168,000,000. Analysts projected that the annual growth rate for the next several years should remain fairly steady at about 15%, and that dividends should level off somewhere between $4.05 a share to $4.20 a share over that same time span.

Everyday items such as candy, cosmetics, stationary, tobacco and toiletries accounted for approximately 75 % of all Gray Drug sales by the mid-1970s. (96) Higher priced items such as cameras and electronic gadgetry did not do fare as well. On December 16, 1977, officials mourned the passing of their company's founder Adolph Weinberger. He was 86 years old and had been living in the Gates Mills Manor Nursing Home for the past several years. His first wife Minnie Jacobs Weinberger had died in 1964. He was survived by his second wife Lillian, two sons Carl and Jerome, two daughters Ruth Herman (1917-1992) and Elaine Berwitt and his sister. (97)

In the late 1970s and early 1980s an unexpected price war erupted among some of the local chains. With its more than 180 outlets, Gray Drug found itself facing mounting competition from a wide variety of new, highly energized retailers. Large pharmacy chains, such as Revco Drug, may have posed a direct threat to regional giants such as Gray Drug. (98) However, the greatest threat of them all was not being waged by chains such as Cunningham or Revco Drugs; but rather, a highly aggressive newcomer to Northeast Ohio called K-Mart. Founded in 1977 and headquartered in Troy, MI, K-Mart was the successor of an earlier, highly profitable national department store chain called S.S. Kresge. The new, dynamic leadership at K-Mart wasted little time before expanding their pharmacy division into the Greater Cleveland area. By the late 1970s, the total number of K-Mart pharmacies had reached the 400 mark. (99) Executives at K-Mart had no intention whatsoever of stopping at that number. They planned to add 200 new stores to their growing chain of pharmacies by the end of FY 1980.

Gray Drug's dedicated President Jerome Weinberger announced that his pharmacy would fight back against this mounting competition. His latest plan called for expanding his current merchandise line, refurbishing older stores and accepting a full-range of credit cards. (100) New practical items added at Gray Drug included auto parts, bicycles, electrical tools, eye glasses, radios and televisions. Major renovations in more than 80 units, over the next four month period, boosted sales at Gray Drug by 25%. Owning and operating Rink's Bargain City Department Stores gave this Northeast Ohio-based chain a decided economic edge over many competitors including the newly arrived K-Mart chain. Also, Gray Drug no longer relied on jobbers to supply its prescription drugs. Its new, laboratory admirably fulfilled thet growing demand for quality drugs at reduced cost. (101)

In August 1978, the Board of Directors unanimously re-elected Jerome Weinberger as its Chairman. It also named Frederick W. Barney (b.1930) as its new President and Chief Executive Officer. Barney had previously served as Vice President of Division Operations. Net sales fluctuated over the next three years. However, the financial picture brightened considerably when the board reported that net sales for the first quarter of FY 1981 topped $95,440,000. That represented a 16% increase in sales over the previous year's total. (102)

A number of very prosperous corporations, in the early 1980s, intent on diversifying their business portfolios seriously weighed the possibility of acquiring this chain especially if the price was right. After some careful deliberations, Gary Drug decided to merge with Sherwin-Williams. (103) Upon joint-board approval, the new parent company on Carl Bellini, the former President and General Manager of the Sherwin-Williams chain of stores, to serve as the head of the soon to be established Sherwin-Williams and Gray Drug store division. Fred Barney, the recently elected President and Chief Executive Officer of Gray Drug, agreed to stay on as the President and General Manager of this new Gray Drug division. The Board of Directors at Sherwin-Williams also named Jerome Weinberger as one of its new Vice President. Weinberger also agreed to lend his expertise to Sherwin-Williams regarding issues related to future acquisitions. Executives at Sherwin-Williams then purchased more than 93% of Gray Drug's outstanding stock. Economists projected that by FY 1982 their combined sales should easily exceed $1,000,000,000. (104)

Gray Drug officials, in April 1981, sold their controlling interest in Rink's Bargain City Department Stores to Cook United for $35,000,000. (105) Four months later, National City Lines, a Dallas, TX-based company, attempted a hostile takeover by purchasing over 30,000 shares of Gray Drug stock at $.15 a share. (106) Jerome Weinberger responded by obtaining a federal injunction that prevented National City Lines from proceeding ahead with its plans. Later that same year, Gray Drug acquired the 175 stores comprising Drug Fair of Alexandria, VA. This newly revitalized local pharmacy chain then changed its name from Gary Drug to Gray Drug Fair. (107)

The Board of Directors at Sherwin-Williams next approved a $55,000,000 cash merger with the former Gray Drug. Less than three months later, Alvin Towle (b. 1937), the former head of Boca Raton, FL-based Drug Mart, replaced Frederick Barney as the President of the new Gray Drug division. MacAllen Culver (b. 1942), formerly of Payless Drug Stores Northwest, took over the helm at Gray Drug Fair in 1983. Carl Bellini soon replaced Culver and James P. Mastrian (b.1943) quickly followed Bellini. (108) In September 1985, Sherwin-Williams purchased 25 Cunningham stores which it subsequently added to the growing list of outlets under the new Gray Drug Fair banner. (109)

The administrative hierarchy at Sherwin-Williams firmly believed that the future of the Gray Drug Fair would hinge on successfully executed new marketing campaigns. With that objective in mind, its board terminated its earlier contract with Ketchum Advertising. Marcus Advertising Company replaced it. This new advertising concern firmly believed that it could make its newly acquired $1,000,000 account far more competitive in the local market. (110) Sherwin-Williams leadership knew full-well that traditional advertising a longtime staple of Gray Drug no longer worked in today's more sophisticated society. Marcus Advertising new, hard-hitting approach towards advertising paid-off. Net earnings at Gray Drug Fair for the second quarter of FY 1982 increased by nearly 23%. Hoping to stimulate more growth in the Southwest Ohio market, Sherwin-Williams authorized Gray Drug Fair to sell 11 of its underperforming sites in that area to one of its chief rivals Super-X. The details related to that particular transaction were not revealed to the public.

In January 1983, Jerome Weinberger announced his retirement in order to pursue new business opportunities with the Midwestern Land Development Corporation. That company specialized in acquiring and refurbishing old shopping centers. (111) Executives at Sherwin-Williams, in April 1984, expressed grave concerns about the future of Gray Drug Fair as sales continued to plummet. Officials attributed those recent losses to the inability of divisional officials to successfully integrate the latest technological advances into their many stores. Those complaints seemed legitimate given the fact that profits at Gray Drug Fair had dropped by more than 40% from $13,900,000 in FY 1982 to $5,800,000 by FY 1983. (112) Most at Sherwin-Williams agreed that drastic changes were in order if the chain intended to survive this latest round of financial reversals. However, they disagreed as to what business strategy might produce the best results the quickest.

The Board Chairman at Sherwin-Williams John G. Breen (b. 1934) had determined that the crux of the problem was inadequate gross profit margins, the direct result of grossly ineffective inventory controls. The budget imbalance that currently existed at Gray Drug Fair must be rectified immediately or all would be lost. Breen concluded that although the more than 400 stores under the Gary Drug Fair banner had generated almost 30% of the company's sales that year, it still only accounted for 4% of the parent company's total operating income. (113)

John Breen's latest findings proved very disconcerting as competition among rivalry stores picked up. Net sales at Gray Drug Fair in FY 1984 stood at $623,000,000. (114) Hoping to stimulate its rather lackluster performance record, as of late, Sherwin-Williams announced, in January 1985, that it planned to open an additional 45 Gray Drug Fair stores as well as refurbish 40 older units by year's end. Perhaps such forthright action by the Board of Directors might be all that was needed to stimulate sales. It was certainly worth the effort.

As was noted earlier, both Gray Drug Fair and Discount Drug Mart, in January 1986, notified their many Health America customers that they, as patrons, were only responsible for paying the deductible on prescriptions filled at either chain. Their joint actions stemmed from an earlier lawsuit that Gray Drug Fair had won in the U.S. District Court regarding an exclusive business agreement that had been signed by Health America and Revco Drug. (115) Sales at Gray Drug Fair improved following that announcement; however, not enough to offset earlier losses. The board at Sherwin-Williams, in 1986, decided to place Gray Drug Fair on the selling block. Rumors began circulating that several national chains were about to bid on it. However, nothing transpired until June 1987 when the Board of Directors approved a merger package presented by Rite Aid. (116)

Alex Grass (1927-2009) founded Rite Aid in 1962. (117) Originally Thrift D Discount Center, this Scranton, PA-based pharmacy went public six years later under its new banner the Rite Aid Corporation. It soon owned and operated 267 sites in ten states. In 1983, its Board of Directors proudly reported that corporate sales, for the first time in its 20-year history, had surpassed the $1,000,000,000 mark. Subsequent mergers with Gray Drug Fair, Harco, Hook Drug, K&B, Lane Drug, Perry Drug, Read Drug and Thrifty Payless enabled Rite Aid to expand from 267 units to over 4,000 units.

This popular chain of Pennsylvanian pharmacies began diversifying its portfolio after acquiring General Nutrition Company (GNC) in 1999. That merger resulted in Rite Aid opening GNC stores nationwide. A major scandal involving Rite Aid unfolded that same year. It resulted in its President and Chief Executive Officer Martin Grass (b. 1954) serving prison time for participating in what the courts called "accounting irregularities." Those irregularities included, among other things, submitting false filings with the SEC. However, court action had very little direct bearing on that chain's bottom line. In fact, Rite Aid had acquired more than 1,500 outlets prior to its merger with the profitable Brooks-Eckerd drugstore chain in 2015. At that point, Rite Aid was the third largest drugstore chain in the U.S. just behind CVS and Walgreens. (118)

Rite Aid officials knew that drugstore rankings might change in an instance. Its Board of Directors grew increasingly concerned over the recent actions taken by Walgreens executives to challenge CVS for supremacy within this growing industry. Following the acquisition of a popular European-based pharmacy called Boots Alliance in 2014, Walgreens set its sights on Rite Aid. At the time of this writing, Walgreens had just unveiled a plan that called for purchasing 50% of the stores owned and operated by Rite Aid for $5,100,000. An earlier $9,400,000,000 merger attempt by Walgreens had failed to materialize. Apparently, the FTC did not approve of such a large merger. (119)

The acquisition proposal as submitted by Rite Aid pharmacy, in 1987, called for that company to purchase 105 Gary Drug Fair outlets with the remaining 358 units to be transferred to another investment group headed by Carl Bellini, the former President and General Manager of Gray Drug Fair. It sounded good on paper. Unfortunately, the plan fell through. Unable to secure the extensive financial backing so essential for a smooth transition, Bellini's group withdrew its offer. (120) Bellini's withdrawal provided Rite Aid the golden opportunity it had been looking for to purchase the remaining 358 unsold stores at somewhere between $115,000,000 and $130,000,000. Rite Aid then merged with Gray Drug Fair.

The seventy-five year evolution of Gray Drug followed a reasonable course. It began when a highly ambitious young pharmacist named Adolph Weinberger opened his first pharmacy on the east side of Cleveland in 1912. A shrewd businessman, Weinberger over the next fifty years created one of Northeast Ohio's largest and most successful drugstore chains. Gray Drug prided itself on not only offering the best in merchandise, prescription drugs and over-the-counter medications all at affordable prices; but also, quality customer service. Their pharmacists took a personal interest in the well-being of their many loyal shoppers. For example, during the Great Depression of the 1930s Adolph Weinberger, whenever possible, offered his many financially-strapped patrons either free or reduced–priced drugs along with other household staples.

His friendly staff often delivered prescriptions free of charge to their many customers. That kind of personalized service pleased a great many that made Gray Drug their pharmacy. Even during the bleakest economic times, Weinberger's hardworking staff still received such things as Christmas bonuses and profit sharing programs. If a store employee came up with a worthwhile suggestion that in some way improved current business operations then the Board of Directors not only adopted the idea; but also, acknowledged that individual's contribution through an increase in salary or a major job promotion.

Gray Drug embodied a tightly-woven business partnership forged among its ownership, pharmacists, store managers, non-professional employees and most especially, its many satisfied shoppers. Trust and understanding enabled this partnership to work. Although Gray Drug no longer serves the needs of the Greater Cleveland market, its business legacy of excellence has not been totally forgotten in today's fast-paced world. Its highly valued business traditions live on through the many Rite Aid pharmacies found throughout Northeast Ohio. Those stores continue to reflect the many sterling business qualities first evident over a century ago in a small drugstore on Scovill Avenue. It all began with its insightful founder and first President Adolph Weinberger and the many proud men and women that once served under the Gray Drugstore banner.

Figure 28: Downtown Cleveland Weinberger store in the aftermath of a bombing strike, 1939

Figure 29: Weinberger Store window display, New Year's 1953

Figure 30: Weinberger Store grand opening window display

Figure 31: Popular wines at Gray Drug Stores

Figure 32: Gray Drug Store's Toyland, ca. 1950

Figure 33: Gray Drug window display, National Pharmacy Week, 1955

Figure 34: "Where Spending is Saving" at Gray Drug, ca. 1960

Figure 35: A modern prescription counter, Gray Drug Store, ca. 1960

Figure 36: Gray Drug Store self-service comes of age, ca. 1965

Figure 37: Cosmetic and cologne counters at Gray Drug Store, 1955

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CHAPTER SIX

POST-WAR INDEPENDENTS IN CLEVELAND COME OF AGE

The highly profitable Cleveland pharmacy industry became even more competitive following the Second World War as new drugstore chains infiltrated the local market scene. Hoping to gain a greater percentage of this new and expanding pharmacy market, a group of highly dedicated independents met in Eastern Drug at East 38th Street and Payne Avenue in 1949. (1) After discussing various business options available to them, this group of savvy pharmacists decided to establish their own, locally-based business cooperative. Known as Leader Drug, this cooperative venture would enable those druggists to purchase large quantities of name brand items, high quality prescription drugs and popular over-the-counter medications at greatly reduced cost. The savings they derived from buying items in bulk were to be passed on to their shoppers in the form of lower priced merchandise. That idea definitely had merit.

Business cooperatives of all shapes and sizes had existed since antiquity. They provided smaller enterprises with much appreciated additional economic clout. In the late 19th century, powerful agricultural alliances throughout the American Midwest and South had depended on that kind of arrangement to significantly expand their economic horizons. Many pharmacies, including the Rexall chain, had relied on similar business tactics to promote their products at the start of the 20th century. New drugstore cooperatives following the Second World War successfully improved upon those earlier business models. Ample supplies of credit at war's end certainly helped them achieve their intended goals. Leader Drug was no exception to this rule.

As the number of repeat customers increased so did the economic opportunities for shrewd cooperatives such as the Cleveland-based Leader Drugstore chain. Their pharmacists soon found themselves playing in the big leagues without the financial headaches of having to commit upfront substantial amounts of yet to be realized capital. However, this tightly-woven business relationship represented much more than the opportunity to negotiate great business deals with some of the foremost vendors and wholesalers in the district.

In many ways their business actions ascribed to the principles of Economies of Scale in that these small independents now enjoyed the many economic benefits and financial rewards of sound investment. In all probability that would not have happened if those independents had not pooled their resources for the "common good." It enabled them to dramatically increase their buying power and their chances for even greater future wealth literally overnight. The cooperative's original Board of Directors included Louis Golenberg of Ejbl Leader at 7008 Broadway Avenue as President, Joseph Friedman of Siers-Harvard Leader at 20300 Harvard Avenue in Warrensville Heights, Ohio as Vice President, Harold Cadkin of Wilton Leader at 4562 West 130th Street as Secretary, Joseph Dworkin of Bedford Leader at 631 Broadway Avenue in Bedford, Ohio as Treasurer and Philip Weinberg of Gordon Square Leader at West

65th Street and Detroit Avenue and Harry Zake of Lorain Leader at 6500 Lorain Avenue as Co-Advertising Managers. (2)

Undoubtedly, these druggists firmly believed that their combined business efforts would generate sustained profits as long as they stayed the course. Staying the course, within this context, meant remaining vigilant when it came to promoting their personal touches, keeping overhead costs down and maintaining flexible business hours. (3) As shrewd business leaders, they also fully understood the critical importance of effective advertising. It could make or break a drugstore. With that understanding in mind, Leader Drug began sponsoring several popular radio shows such as "Jim Ameche's Hollywood Open House." (4) Strategically-placed advertisements throughout those shows helped to make Leader Drug a household word. In January 1953, the Northern Ohio Druggists Association (NODA), recognizing the many business advances made by Leader Drug over the past four years, elected Joseph Dworkin of Bedford Leader as its Vice President. (5)

A number of highly successful independents soon joined the fold. This cooperative was definitely gaining momentum by the mid-1950s. Hoping to lessen its overhead costs further, the 17-store Leader Drug chain merged with a well-known wholesaler called Allied Drug in 1957. That merger cost Leader Drug approximately $90,000. (6) The national pharmaceutical fraternity Alpha Zeta Omega, in 1958, honored A. Milton Cohen for his distinguished service as Supreme Director. Cohen owned and operated the Seaway Leader Drug Store located at the corner of East 9th Street and Superior Avenue, (7)

The number of Leader Drug outlets continued to grow into the 1960s with the addition of new stores in Garfield Heights, Lakewood, Parma, and Richmond Heights, Ohio. This 29-member cooperative celebrated its 12th anniversary in 1961 by adding five more units. (8) Much of the financial success enjoyed by this neighborhood-oriented enterprise stemmed from its uncanny ability, as a group, to sell high volumes of merchandise at rock bottom prices, while still maintaining large inventories of some of the popularly prescribed drugs and over-the-counter medications. Without question, ample supplies of highly sought after items guaranteed sustained success. This was especially important when it came to selling time sensitive products such as prescription drugs. By closely monitoring customer spending habits, those independents stayed abreast of the changing needs and wants of their many patrons which ensuring their long-term business success.

To illustrate this last point, the sudden surge in sales of polarized cameras in the early 1960s did not leave shoppers at Leader Drug wanting. (9) Store managers made sure that they stocked plenty of them. The same could be said for other popular items of that day such as hula hoops, Duncan yoyos, Timex watches and G.I. Joe action figures. In January 1962, Leader Discount Drug reported that net sales for the previous 12 month period remained around $8,000,000. Market forecasts indicated that net sales for FY 1962-63 might well surpass the $10,000,000 mark. (10)

Nineteen sixty two represented a watershed year for Leader Drug. That year it became Cleveland's largest chain of independent stores. Newly elected officers in 1962 included Rudy Shor as President, Harry Zake as Vice President, Henry E. Agin as Advertising Manager, Harold Cadkin as Secretary and Joseph Dworkin as Treasurer. Louis Golenberg, Frederick Kahn, Philip Weinberg and Bernard Branden also joined the board that year and A. Milton Cohen, Joseph Friedman and Frank Spiegel were re-elected. (11) That March, two pharmaceutical fraternities Alpha Zeta Omega and Rho Pi Phi held their annual convention at the Hotel Carter in downtown Cleveland. Henry Agin of Garfield Leader Drug served as convention manager. The Local Chapter of Alpha Zeta Omega elected Joseph Friedman of Siers-Harvard Leader Drug as its President. (12)

Like its staunchest rivals, the Leader Drug chain often relied on special customer contests to stimulate business. One of its most popular contests occurred in March 1962. Called "A Week-End on the Town, " the winning couple received dinner for two with cocktails at the Kon-Tiki Room in the Hotel Sheraton-Cleveland, two tickets to a Loew's Theatre Party and a double room in that same hotel. Prize winners also received Sunday morning brunch and two tickets to the Ice Follies that same afternoon. (13) The generosity of Leader Drug did not begin and end with company-sponsored contests. It went far beyond that. The personal touch was evident in each-and-every store. Leader Drug was one big family. For example, Ted Pollock of the Gordon Park store threw a surprise birthday party for one of his 15-year old customers on March 28, 1962. The birthday girl loved it and thanked the druggist for thinking of her. When asked why he threw such a party, Pollock said he liked helping young people. (14)

In April 1962, one of the local newspapers devoted a special section to the friendly pharmacists at your local Leader Drugstore. It recognized the outstanding contributions made by Bernard Applebaum, Merrill Brooker, Joseph Dworkin, Fred M. Kahn, William Kutler, Bernard Levine, Ted Pollock, Bernard Nebel, Max Roth, Rudolph Schor, Henry G. Stone and Jay E. Stone to their shoppers. (15) Leader Drug, later that same month, announced the grand opening of its newest outlet at 7072 Columbia Road in Olmsted Township, Ohio. A part of the recently completed Town and Country Shopping Center, this spacious unit was owned and operated by William K. Tisza. A graduate of the School of Pharmacy at the Ohio State University, Tisza and his business partner Joseph C. Paull had previously operated Madison Leader Drug in Lakewood, Ohio. This new Olmsted Township facility featured a modern lunch room, huge perfume counter and centrally-located prescription department. Tisza specialized in selling tasty candies, unusual gifts and popular toys, all at affordable prices. (16)

Popular in-house promotions guaranteed repeat business. One highly successful promotional campaign, in August 1962, involved magazine sales. Leader Drug prided itself on carrying a wide assortment of reasonably priced magazines. As a special "Back to School" promotion, Leader Drug gave everyone that brought in a special newspaper coupon a free copy of one of their many magazines. (17) This promotional ploy introduced their magazine collection to their many, eagerly awaiting shoppers.

In the early months of 1963, customers marveled at the many renovations recently completed at Vine Leader Drug in Willowick, Ohio. Located at 31132 Vine Street, this modern store now featured large cosmetic and gifts counters. Its store managers Kenneth Ferrante and Marvin Snyder significantly increased their retail space by moving their prescription station from the center of the store to its rear. The addition of much prized Rexall drugs at that outlet was just an added bonus. (18) Similar renovations, costing more than $50,000, dramatically changed the interior of Green Leader Drug at 5418 Euclid Avenue. That store's highly inventive management team of Ben Levy and Michael Green increased the size of their unit by more than 300 square feet with the addition of the former Clark Restaurant next door. Levy and Green not only relocated the prescription counter from the overhead balcony to the rear of their building; but also, invested heavily in brand new fluorescent lighting and brightly painted interior wall surfaces. (19)

Leader Drug, on October 20, 1963, welcomed Park Pharmacy at 11001 Woodland Avenue into their fold. Its two very capable pharmacists Milton A. Sheir (1918-2007) and Sidney M. Schwartz (1920-1994) showed great generosity when they donated all the money they had collected from selling trick-or-treat candy that Halloween to the Kidney Disease Foundation. (20) That December, the Board of Directors proudly announced that Solon Rexall at the corner of SOM Center and Aurora roads had just joined their cooperative. Operated by Marvin Felman and Nathan Shagrin, this 40-year old pharmacy continued to offer affordable products and quality customer service all within a welcoming retail environment. (21)

Board members elected Marvin Snyder of Vine Rexall Leader as their new President in November 1963. Others named to the board that same year included Harold Resnick of Kamms Corner Leader Drug as Vice President, Fred Kahn of Southside Leader Drug as Secretary and Joseph Dworkin of Bedford Leader Drug as Treasurer. Officials also approved the appointment of Edward Bayer (1918-2001), the former Vice President and General Manager of Giant Eagle Stores and Gray Drug, as the cooperative's new General Manager. (22) Annual net sales for Leader Drug in FY 1963 approached the $9,000,000 mark. (23) Now with 33 members, this business venture continued to grow and prosper. Increased demand for its many discount priced goods reached unprecedented new highs in the mid-1960s.

In January 1964, Edward Bayer officially joined this highly motivated cooperative. His job responsibilities included coordinating advertising campaigns and supervising overall store operations. (24) The financial success of Leader Drug continued into the late 1960s. Being able to anticipate future overhead expenses with a high degree of accuracy enabled Leader Drug to provide quality merchandise and top notch professional services at greatly reduced costs. That might not have been the case had they remained totally independent drugstores. Decent profit margins, enhanced by moderate inflation increases and reasonable overhead costs, meant that the majority of Leader Drug affiliates, in the 1960s, easily met the many economic and financial challenges posed by emerging large chains such as Gray Drug or Revco D.S.

Hoping to gain an even larger percentage of the Greater Cleveland prescription business, Leader Drug, in January 1971, introduced Receipt-A-Tax. (25) This revolutionary idea enabled those shoppers having their prescriptions filled at Leader Drug to receive, for no additional cost, their family's medical history. That record of prescription expenditures might prove very valuable at tax time. If benefits, such as Receipt-A-Tax, were not enough of an incentive to shop at Leader Drug, the addition of Eagle Stamps might seal the deal.

This cooperative also provided free prescription pick-up and delivery service and most members accepted both Americard and Mastercard. A part of the NDCA, Leader Drugstores provided a 10% discount for all shoppers over the age of 60. (26) As a community service, Leader Drug, in March 1973, launched a two-week campaign to collect as many leftover prescription drugs and over-the-counter medications as possible. Participating stores received a total of 1,500 to 2,000 bottles of pills. Leader Drug managers provided gift certificates for every bottle of pills collected. It cost the cooperative approximately $12,000. (27)

The phenomenal success of rival discount pharmacies, during the late 1970s and early 1980s, adversely affected Leader Drug's bottom line. Finding it increasingly difficult to compete within this radically charged retail environment, where incredible breakthroughs in such things as communication technology left many in awe, the cooperative's membership rapidly dropped from 26 to 17. In an attempt to counter growing competition, Leader Drug began offering inexpensive generic drugs in 1978. (28) In terms of prescribed drugs and special medical preparations sold at Leader Drug, many of its practical pharmacists started to rely on less costly chemicals and compounds. Members also tried to stimulate business by selling a wide range of new items such as convalescent aids, lottery tickets and money orders. One of its downtown outlets, in what many at the time considered to be a very bold business move, remained open 24-hours-a-day, seven days a week.

On August 26, 1978, the Board of Directors proudly announced the grand opening of its newest outlet at West 117th Street and Detroit Avenue. (29) It replaced an earlier store that had been destroyed by a fire. This new 4,000 square foot site featured three pharmacists and 14 employees. It catered to young and old alike by offering such things as a first class beauty and cosmetics department, an ultra-modern photography and film processing center as well as a large selection of the latest magazines, and of course quality beer and wines. The addition of Davis Bakery further distinguished this new unit from its many of its nearest rivals.

One of the many new advertising campaigns launched in FY 1979 offered free breakfast at a local family style restaurant chain for those shoppers who brought their prescription orders to their neighborhood Leader store. (30) Their advertisements also reminded customers that Leader Drug was one of a select group of pharmacists known as "Designated Home Care Center." That meant that this cooperative had access to a wide array of special medical equipment. (31) Patrons could either purchase or rent the medical equipment they needed directly from Leader Drug. Over the next decade, this group of dedicated independents took every economic opportunity available to bolster profits including marketing their unique brand of generic drugs. (32)

Unfortunately, it was too little too late. By the late 1980s, Leader Drug found it increasingly harder and harder to compete against more upscale rivals. Conventional Leader Drug appeared out of step with the times. The baby boomer generation, in particular, wanted a greater array of low-cost, name brand items minus traditional customer service. The heyday of conventional, neighborhood-oriented drugstores appeared to be ending. Customers no longer wanted the same kind of personalized professional service that had been a longtime staple of the local pharmacy industry.

In its wake, patrons clamored for efficiently-operated self-service stores, places where they could purchase their prescription drugs and essentials in a few minutes. Unable to compete in this new, fast-paced world, Leader Drug all but disappeared from the local pharmacy scene by the turn of this century. A clever twist on predictable pharmacy practices, this cooperative venture had successfully served the needs of many Clevelanders for nearly fifty years. Of equal importance, Leader Drug had set an example of business excellence that other conventional and discount pharmacies continue to subscribe to the present day.

Unlike Leader Drug that had begun as a group of independent pharmacists bound together by mutual business needs, Medic Discount Drug originated in the 1960s as a conventional drugstore chain out of Toledo, Ohio. Wanting to become an important regional force within the Greater Cleveland market, Medic Discount Drug Vice President Burt R. Smith, in the mid-1960s, started to direct his business efforts away from Toledo, Ohio towards Northeast Ohio. (33) The actual transition took place in 1967.

Medic Discount Drug, that year, opened its first Greater Cleveland outlets at Shoregate Shopping Center in Euclid, Ohio; Southland Shopping Center in Middleburg Heights, Ohio and Lakeshore Boulevard in Mentor, Ohio. (34) This exciting new drugstore chain wasted little time before opening additional sites at Mentor Shopping Center in Mentor, Ohio; Town Square in Wickliffe, Ohio and Kentown Plaza in Parma, Ohio. These 4,000 square foot units featured well-stocked prescription departments and a wide assortment of household goods.

Without question, Medic Discount Drug fulfilled its intended goal of becoming a major drugstore chain within Greater Cleveland rapidly. By 1969, it operated eight stores with more expected soon. Its motto said it all "Medic Discount Drug Centers, The Beautiful Store Where Your Dollar Buys More, Get the Medic Habit." (35) In September 1970, the number of Medic Discount Drug units increased to nine with the grand opening of its newest store in Ledgewood Plaza in Strongsville, Ohio. (36) Hoping to entice more shoppers into its many outlets, this chain claimed to have the best prices in town especially when it came to popular over-the-counter remedies and special grooming aids. In fact, their prices were so low that managers at Medic Discount reserved the right to limit the amount a single patron might purchase of a particular item fearing that the shopper might try to sell that same item on the open market for a substantial profit. (37)

Although that scenario seemed highly unlikely, boasts, like that within the less sophisticated world of the late 1960s caught the public's attention far faster than other, more subtle advertising ploys might have done. The phenomenal success of Medic Discount Drug in Greater Cleveland also bolstered sales in its units in Maumee, Oregon, Point Place, Sandusky, Sylvania, and Toledo, Ohio. (38) In fact, the entire chain of stores profited from this impressive new windfall. It stemmed from that pharmacy's rare ability to offer reasonably priced, name brand items not readily found elsewhere.

Undoubtedly, much of their initial financial success rested on clever marketing campaigns as launched by the local advertising firm of Wininger-Stoller. (39) Through the efforts of that company's media specialist Jerry Leslie, Medic Discount Drug, embarked upon a major advertising and marketing campaign through WGAR-radio beginning in 1971. Rated Cleveland's Rock-n-Roll leader in the AM band, at that time, WGAR regularly broadcasted Medic Discount Drug advertisements to its thousands of listeners. Over time, the local radio audience began to equate rock bottom prices and quality services with Medic Discount Drug. This advertising strategy worked well in the early 1970s as Medic Discount Drug continued to grow and prosper.

To remain a competitive business force within this rapidly changing retail scene, Medic Discount Drug soon discovered that it had to continually reinvent itself. The question posed to officials, in the early 1970s, was what new business tactics might they embrace to further enhance their decided economic advantage over others? Fortunately, a fantastic business opportunity soon unfolded from a most unlikely source Uncle Sam. When the federal government imposed across the board wage and price controls in August 1971, Medic Discount Drug took decisive action. Corporate executives immediately reduced the cost of many of their most popular prescription drugs including birth control pills. It proved to be a very shrewd business move as corporate profits continued to climb for the reminder of that year. Wanting to bolster its prescription business further led Medic Discount Drug, in 1972, to unveil a brand new co-payment prescription plan.

On December 28, 1972, Medic Discount Drug opened its newest outlet at Southland Shopping Center in Middleburg Heights, Ohio. Called "the drugstore of tomorrow," this new, state-of-the-art facility at 13373 Smith Road featured six checkout lines, prompt pharmacy service and a fine selection of affordable beverages and popular convenience foods. (40) Another unit opened three months later at Tanglewood Square in Bainbridge, Ohio. (41) That April, a third site debuted at 15700 Broadway Avenue in Maple Heights, Ohio followed in August by the reopening of its newly renovated facility in Strongsville, Ohio. (42)

The number of customers shopping at Medic Discount Drug continued to grow into the mid-1970s. Corporate executives proudly reported that more than 100,000 customers shopped in their stores each and every week. That sustained financial growth reflected the inventive thinking of prudent business leaders who had their pulse on their community. They knew the products and services Clevelanders wanted, and most importantly, how much their patrons were willing to pay for them. Its growth potential did not escape the attention of a number of ambitious leaders. In fact, several other pharmacies had considered purchasing it. But, inadequate resources prevented them from doing it. That is, until four savvy pharmacists named Paul Geilman, Norman Leibow, Nathan Lipsyc Jerry Zlotnick acquired Medic Discount Drug in 1976. (43)

Like their predecessor, these new aggressive owners recognized the economic importance of continual store expansion. The more stores they owned and operated the better the chances of high profits. Where they differed, from many of their contemporaries, was not in their business goal, but rather, the pace of development they chose to follow to attain that goal. Rather than being caught up in the frenzy of the day that encouraged rapid expansion mostly within emerging suburban shopping centers, these pharmacists firmly believed in analyzing the profit potential within a neighborhood first, as measured by the success and failure of existing drugstores within that area, before investing hard-earned dollars there.

One of their chief business concerns was saturating the market. If projections indicated a strong retail market potential, regardless of the amount of competition existing there, then, in all probability, that district was ripe for this kind of development. However, if profits suddenly dropped over the past year or two then the market was most likely saturated. In the mid-1970s, many other local druggists were more than eager to assume the financial risks associated with expansion into uncertain markets, regardless of the profit potential. They figured, rightly or wrongly, that if the store should fail then they would simply take a tax write-off on it and move on.

However, the new ownership of Medic Discount Drug knew better. The idea of taking tax write-offs to offset recent losses, resulting from ill-conceived notions regarding the potential for new economic opportunities within certain high risk areas, was not a wise business strategy at any time. In fact, reliance on tax write-offs to offset mounting losses, without first assuring sizeable returns from other high volume stores in one's chain, would inevitably result in bankruptcy. One can only shore up massive losses so long before reaching that inevitable financial breaking point. Sound investment in expanding markets represented the best path to follow in the late 1970s and early 1980s. The cautious business approach, practiced by the new owners of Medic Discount Drug, appeared very reasonable when viewed in that perspective. Their corporate motto "good people, good places, good products, good prices and good neighbors" reflected their prudent thinking throughout this torturous period of change and uncertainty within Greater Cleveland. (44)

Medic Discount Drug may not have the vast financial resources to draw upon like some of its wealthier competitors; however, that did not negatively impact potential future growth for this small chain. Headquartered in Mayfield Heights, Ohio, Medic Discount Drug continued to acquire stores even during the 1974 recession. By 1977, it had added the owner's original store at the corner of West 41st Street and Clark Avenue plus the former Leader Drug at 17400 Lorain Road, Bedford Drug at Columbus Road and Broadway Avenue in Bedford, Ohio and Jephson Drug at 15519 Waterloo Road. (45)

Its Board of Directors, in June 1978, proudly announced the grand opening of its 18th unit at 1495 Columbia Road in Westlake, Ohio. This outlet featured two full-time pharmacists, a computer terminal that contained the medical profiles of its many shoppers and free deliveries of prescription drugs. (46) Its many departments provided a full selection of popular merchandise ranging from cosmetics and dairy products to photo finishing and school supplies. The company's continued financial success prompted major renovations in several of its older outlets beginning with one of its original stores in Lakewood, Ohio. (47)

As noted earlier in this writing, the 1980s symbolized a time of extraordinary advances in both communication and technology. New, state-of-the-art pharmacies, such as Medic Discount Drug, capitalized on those advances whenever possible. For example, affordable replacement contact lens became one of several hot items to catch the public's fancy. Medic Discount Drug and Youngfellow Drug of the Greater Akron-Canton area took the lead in this by selling inexpensive replacement lens. (48) Local optometrists expressed outrage claiming that participating pharmacies offered very poor service and no guarantee whatsoever against defective lens. In June 1984, one of the leaders of the Cleveland Board of Optometry Dr. William Parisi said that those drugstores failed to provide adequate professional follow-up sessions for those buying their contact lens there. (49) They also lacked the kind of professional training necessary to fit the lens properly.

Proponents of less expensive replacement lens argued that pharmacies, such as Medic Discount Drug, had no intention whatsoever of replacing professional optometrists. Those druggists only began selling contact lens after they discovered that many of their customers found it next to impossible to obtain prescriptions quickly from their personal optometrists. When asked why customers chose to purchase their replacement lens at pharmacies, rather than from traditional supply houses, respondents overwhelmingly replied that the replacement lens offered at those drugstores cost 50% less than suppliers. The Ohio Optical Dispensers Board tried to stop those pharmacies from selling low-cost replacement lens. Much to its dismay the board quickly learned that prosecutors in both Cuyahoga and Summit Counties were reluctant to indict local pharmacies engaged in such activities. (50)

The main concern of that board involved the dispensing of contract lens without a licensed professional present. One of the founders of Medic Discount Drug, Nathan Lipsyc claimed there was no basis for those concerns. He said his pharmacies, like optometrists, purchased the same kind of contact lens from the same reputable distributors. If that was in fact true, then what difference did it make as to where the customer bought the lens? In Lipsyc's humble opinion the answer to that question was absolutely nothing. (51)

That August, the Ohio Board of Pharmacy appointed Norman Leibow, one of the co-owners of Medic Discount Drug, to its board. (52) This board determined policies and procedures for the drugstore industry statewide, as well as upheld rigid state standards pertaining to the dispensing of prescription drugs. (53) The growing popularity of Medic Discount Drug led corporate officials to lease a 9,600 square foot space in Euclid Beach Plaza. Located at 16122 Lakeshore Boulevard, this new unit opened for business in July 1988. (54)

When asked by the local press, in May 1990, as to what accounted for the phenomenal success of Medic Discount Drug over the past 15 years, Nathan Lipsyc and Jerry Zlotnick said that much of their success resulted from strict accounting practices. They hated to owe anyone money. (55) That meant that they paid their bills in full, and on time. They rarely, if ever, bought anything on credit. The ability of those owners to operate their business successfully within very strict, prescribed budget guidelines permitted Medic Discount Drug to generate more than sufficient profit, while maintaining a reasonable level of debt.

During times of economic uncertainty when high inflation appeared to rule the day, their conservative business practices repeatedly produced solid returns. They also emerged themselves in every aspect of their business. That included regular visits to their many sites. Staying abreast of the latest retail trends enabled them to satisfy the many needs and wants of their diverse customer-base. (56) Medic Discount Drug also believed very strongly in community spirit. As a locally-based company, they sponsored a number of popular events. Not only did such activities keep their name fresh in the mind of the public; but also, gave them the opportunity to give back to the community they so loved. With those thoughts in mind, this chain sponsored the Cleveland Grand Prix at Burke Lakefront Airport in 1995.

Medic Discount Drug was proud of the fact that its employees were non-union. They knew that the vast majority of employees enjoyed their work experience which included, among other things, periodic visits to corporate headquarters to learn more about the latest marketing trends and corporate procedures. In fact, the generosity shown by the owners towards their many employees never faltered. This was especially important when expensive medical bills suddenly appeared or when household emergencies struck. In the same breath, corporate executives had absolutely no tolerance for employees who stole from them. Any molesting of employees by fellow workers was also not tolerated. Executives at Medic Discount Drug thought of themselves as one big happy family where the owners and workers worked together to achieve common business goals and objectives.

Those philosophical beliefs, so much a part of the business traditions of Medic Discount Drug, continued into the 1990s as profit levels remained quite impressive. Corporate giants such as Revco, Rite Aid and Walgreen, with their hundreds of outlets scattered throughout Northeast Ohio, might have afforded shoppers greater convenience when compared to the 28 stores that made up the Medic Discount Drug chain. However, the sheer number of units, in itself, was not the only criteria used by patrons in determining which drugstore they would patronize regularly. Their decision was predicated on more than convenience.

Other personal considerations equally impacted their choice. Such things as friendly service, and the fact that particular name brand items were only found at certain smaller chains, might well determine it. Those little extras often enabled smaller chains, such as Medic Discount Drug, to remain highly competitive, especially as the number of rival stores lessened. Whether that business formula for success would see them through into the 21st century was anyone's guess in the late 1980s. However, corporations, such as Medic Discount Drug, remained guardedly optimistic about their future as they approached the last decade of the 20th century. Its officials would do the best they could to sustain their loyal customer-base.

The mid-1990s industry-wide threat, resulting from the impending merger between Revco and Rite Aid, led to widespread speculation on the part of smaller chains including Medic Discount Drug. No one knew for sure what lay ahead. (57) That merger if successful might significantly improve the bottom line for smaller chains especially if Rite Aid should decide to either close the majority of Revco outlets or sell them to other, local pharmacies. Either way, such action by Rite Aid would have helped to level the playing field. Unfortunately, Rite Aid did not have that in mind. Instead, its board wanted to use the former Revco D.S. stores as leverage to increase, not decrease, their economic presence throughout the Northeast Ohio region. Converting Revco stores into Rite Aid outlets would nearly double the number of their stores overnight. Such action would undoubtedly make Rite Aid a leading retail force within this still highly lucrative market.

Philip Muldoon of McDonald & Company Investments did indeed view Rite Aid as a new driving force within the local pharmacy industry. (58) He also reminded everyone that 50% of Rite Aid business came from drug prescriptions, and that many HMOs favored Rite Aid over other qualified druggists. This acquisition attempt by Rite Aid was part-and-parcel of what Phillip Muldoon called Economies of Scales in that the merger of these two formable giants would provide immediate financial benefits for the corporate buyer, Rite Aid. It would enable Rite Aid to spread out any-and-all of the additional costs, engendered from this merger, throughout its entire chain of stores. It would result in miniscule price increases on nearly every item sold at Rite Aid units. (59) Minor price increases, across the board, should not, in any way, negatively impact Rite Aid's bottom line. Looking at it from another perspective, such actions would extend that chain's immediate service area by enabling Rite Aid to incorporate a much wider market base and that would commence on the day of the merger. (60)

Practically speaking, Rite Aid would enjoy the best of all worlds. It would maintain its commanding business lead, while still generating more than sufficient profits during this critical period of transition. However, it was not a foolproof plan. If local competitors, such as Medic Discount Drug, could somehow convince large numbers of Revco customers to patronize their stores rather than join Rite Aid's bandwagon, then the potential loss of business, resulting from Rite Aid's sudden increased presence within this district, might be far less than was first envisioned. However, if those smaller drugstores failed to gain the loyalty and trust of former Revco shoppers quick enough then any of the potential profit gains they might be accrued during that initial phase of transition might be lost to them forever.

The failure of Revco and Rite Aid to reach an agreement in 1995 did not lessen growing anxiety among local small chains. Everyone knew that it would only be a matter of time before a similar scenario would unfold again. (61) Locally-based smaller chains, such as Medic Discount Drug, found themselves in an untenable financial situation at the turn of this century. The acquisition of Revco Drug by CVS in 2000 demonstrated, beyond a shadow of a doubt, that large national pharmacies were here to stay, and that smaller chain stores must learn to accept it. National chains not only provided greater choices of reasonably-priced merchandise and higher quality of personalized service than the majority of smaller concerns; but also, afforded the bulk of shoppers more pleasant settings.

Sensing that its earlier economic advantage was slipping away fast, officials at Medic Discount Drug pulled out all the stops. The company's future economic survival depended on it. The Millennium brought with it a brave new world that had little appreciation of the nostalgic days of yesterday when small drugstores, such as Medic Discount Drug, ruled the roost. As everyone in the field knew today's shoppers demanded so much more from their local pharmacies than had been the case just a few years ago. In an October 2000 newspaper interview, Nat Lipsyc announced that he was going to close the drugstores he owned and operated. (62) When asked if that signaled the beginning of the end for Medic Discount Drug, Lipsyc pointed out that although recent financial problems may have forced him to close his units that did not mean that the chain was going out of business. He contended that his action might well have prevented chain-wide bankruptcy. (63) His arguments appeared very sound given the fact that Medic Discount Drug at the beginning of the 21st century controlled about 6% of the local pharmacy trade. Its annual net sales stood at about $2,300,000,000. (64)

The acquisition of Revco D.S. by CVS, that same year, guaranteed the Woonsocket, RI drugstore chain nearly 25% of the Greater Cleveland market. CVS began in 1963 as a modest Massachusetts-based retail enterprise specializing in beauty and health supplies. Its two founders Stanley P. Goldstein and Sidney Goldstein wasted little time before expanding their operations from one to 17 outlets. (65) In 1969, they sold their controlling interest to Melville Corporation for $20,000,000. (66) Having surpassed the $100,000,000 mark in net sales by 1975, CVS continued to grow. Its net sales topped $1,000,000,000 in less than ten years later. Over the next 25 years, CVS acquired Revco Drug, Arbor Drug, People's Drug and Stadtlander Pharmacy. Through its Caremark Division, it not only owned and operated the highly profitable Prescription Health Services; but also, initiated its-own very successful on-line prescription service.

The Millennium witnessed the development of CVS Quick Med-X clinics, the forerunner of today's Mini Clinics. The corporation also acquired a number of other highly successful, regionally-based pharmacies including Eckerd Drug, Eckerd Health Services, Long Drug, Osco Drug and Sav-On. In 2016, CVS reported annual revenues of more than $153,000,000,000. It currently operates more than 9,600 stores including 1,100 walk-in clinics and a pharmacy benefits management program with over 80,000,000 members. (67)

The rivalry existing among many Cleveland drugstore chains, at the turn of the 21st century, extended far beyond those individually-owned and operated units controlled by corporate giants such as CVS. It also included small outlets found inside department stores and supermarkets. First popularized in the 1960s by insightful chain stores such as Gray Drug, these profitable outlets were now commonplace. Their many economic advantages and minimum overhead costs encouraged many national chains to open hundreds of them by the turn of this century.

In order for smaller enterprises, such as Medic Discount Drug, to survive the on slot of this freewheeling competition, corporate officials had to find an effective, new way in which to lower growing overhead costs immediately. That meant, among other things, cutting back on customer service. Sacrificing customer service proved to be a very bad decision since it was what distinguished that pharmacy chain from others. Another financial problem plaguing Medic Discount Drug involved what constituted appropriate reimbursement from HMOs for services rendered by small chains such as Medic Discount Drug.

High volume drugstores, such as CVS and Walgreens, continually applied pressure on HMOs to guarantee that they would receive generous reimbursements for all services they performed. (68) Like so many other smaller chains, Medic Discount Drug found itself at a decided disadvantage when it came to negotiating reimbursements with large HMOs. Their lack of business clout nationally translated into modest compensation, at best. Less than adequate reimbursement for services rendered did not bode well for the future of Medic Discount Drug as annual profits plunged anywhere from 8% to 20%. (69)

In October 2005, Medic Discount Drug, faced with the distinct possibility of bankruptcy, merged with Walgreens headquartered in Deerfield, IL. (70) Its founder Charles R. Walgreen (1873-1939) opened his first drugstore in Chicago, IL in 1901. His chain grew very quickly to exceed 100 sites following the First World War. In the late 1940s, this company led the pharmacy field when it introduced its-own brand of self-service shopping. It became the standard business model that others followed. Walgreens continued to grow with net sales at the $1,000,000,000 mark by the 1970s. This corporation proudly opened its 2,000th store in 1994. In acquiring Medic Discount Drug, the number of Walgreen outlets now topped 4,000. (71)

Under this acquisition arrangement, Walgreens immediately converted eight Medic Discount Drug sites. The Board of Directors at Walgreens also purchased the prescription files from the remaining units, while encouraging Medic Discount Drug to operate its well established home health care division. This privately-held local chain, with a workforce of 650, reported net sales in 2004 of approximately $110,000,000. (72) Following the Medic Discount Drug merger, Walgreens share of the Greater Cleveland market increased from 4.8% to 16.3%. It trailed behind Marc's Discount Drug at 20.4% and CVS at 19%. (73)

Parviz Boodjeh (1928-2015) migrated to the U.S. from Iran in 1948. After graduating from pharmacy school, he worked at both Gray Drug and Jay Drug. Following a change in ownership at Jay Drug, in the late 1960s, Boodjeh decided to invest in his-own pharmacy at 474 Abbe Road in Elyria, Ohio. (74) Known as Discount Drug Mart, this unit was a favorite with many customers from the first day it opened. Parviz Boodjeh wasted little time before expanding his initial operations. He owned and operated stores in Amherst, Ohio; Avon Lake, Ohio; Brunswick, Ohio; Lakewood, Ohio; Medina, Ohio and North, Olmsted, Ohio by 1977. Headquartered in Medina, Ohio, Discount Drug Mart soon emerged as a leader in the local pharmacy industry. His growing store chain not only provided quality prescription drugs and desirable health and beauty aids; but also, a wide choice of groceries, excellent beers and wines and numerous household goods.

An innovative businessman as well as a leading pharmacist, Boodjeh soon introduced his-own discount optical department, a place where the whole family could buy reasonable priced, fashionable eyewear. The opening of his latest store in Westlake, Ohio, in June 1977, symbolized a major breakthrough in local retailing. (75) This 17,000 square foot facility at 17815 Puritas Avenue not only featured friendly pharmacists ready on a moment's notice to fill any prescription order; but also, dependable sales clerks prepared to assist customers in a variety of things including cashing checks, providing money orders or issuing postage stamps.

This newest outlet also offered parcel post pickups, accepted utility bill payments and sold state lottery tickets. (76) Davis Bakery operated its-own counter at this site, while sales representatives from Sherwin-Williams assisted its many patrons in choosing the correct paint, oils and varnishes for their home or office. That same unit also sold a wide range of first rate electrical and plumbing supplies as well as a complete line of affordable American Greeting Cards.

In order to handle the growing needs and wants of its many shoppers, Discount Drug Mart soon opened a new combined office and warehouse at 26055 First Street in Westlake, Ohio. (77) This massive structure with its new, state-of-the-art computerized inventory system paved the way for future corporate expansion. Local newspapers also started carrying daily specials offered exclusively at Discount Drug Mart. Those specials ranged from Bonnie Bell Makeup Clinics and Chantilly Cream Perfume to a wide assortment of quality Sealtest Ice Cream and desired auto accessories. (78) As the number of shoppers increased, so did the need for further store expansion.

Progressive thinking led to the August 1979 grand opening of their newest Discount Drug Mart at 6160 Brecksville Road in Independence, Ohio. (79) Located on the former site of the

Rockside Market, this brand new outlet combined the best traditions of a family-oriented grocery store with the many recognized advantages of a modern drugstore. Executives prided themselves on treating their many customers as if they were family. This new 31,000 square foot drugstore featured a delicious bakery, large frozen food section, numerous groceries and top quality meats. It also sold automotive accessories, cameras, electronics and radios. This drugstore's dry cleaning service and sporting goods department were second to none. (80)

Discount Drug Mart emphasis on affordable items and high quality service paid-off well. By the early 1980s, this 13-store chain not only served the many shoppers living and working in Cleveland's south side and west side communities; but also, those in Erie, Huron, Lorain and Medina Counties. (81) Needing additional office space and warehouse space, the Board of Directors at Discount Drug Mart, in the 1980s, partitioned Medina County for industrial revenue bonds totaling $1,900,000. County officials approved the board's petition, and this newly enlarged building was destined to serve as corporate headquarters and warehouse space. (82) As discussed earlier in this writing, Discount Drug Mart and Gray Drug Fair became embroiled in a business controversy over the recently signed agreement between Health America and Revco D.S. The courts upheld the right of Discount Drug Mart and Gray Drug Fair to offer its HMO customers the same benefits as Revco. (83)

Over the next three year period, the number of Discount Drug Mart stores increased from 13 to 26 units, while its net sales, over that same period of time, topped $120,000,000. According to one of this country's leading accounting firm Arthur Andersen, this drugstore chain, by the mid-1980s, ranked 15th out of Cleveland's top 100 privately-held companies. (84) New services available at Discount Drug Mart included UPS and Parcel Post delivery services and a seven day a week prescription service. In a special October 1988 newspaper interview, Discount Drug Mart Vice President and General Manager John C. Wright noted that his company, over the previous year, had opened two brand new outlets and that it expected to open more very soon. (85)

In the late 1980s, its staff of 1,200 still prided themselves on its exceptional customer service. Top notch service had helped to make Discount Drug Mart a leader in the local pharmacy business for the past 20 years and the company had no plans whatsoever to change it. This corporation's enormous retail setting represented yet another bonus for its many satisfied shoppers. With nearly 18,000 square feet of retail space, each Discount Drug Mart was nearly three times the size of most other conventional stores. Those outlets contained a wide array of popular merchandise ranging from work clothing, special hardware and toys to automotive accessories, convenience foods and dairy products. Recent additions included such things as video rentals and greeting cards. Steady growth, determined in large measure by what its many customers needed and wanted on a daily basis, served to differentiate Discount Drug Mart from many of its closest rivals.

This company's phenomenal success continued into the 1990s. Now employing more than 1,700 workers, it was one of Northeast Ohio's top employers. To illustrate its growing importance within Greater Cleveland, a prominent local developer Clifford Hershman proudly announced that Discount Drug Mart had just signed a rental contract with his company making it the first major tenant in his future shopping center in Bainbridge, Ohio. (86) It was July 1993. Hoping to attract even more shoppers to its growing chain, its Board of Directors, in April 1995, hired a new and aggressive advertising agency called Rosenberg Advertising. This firm specialized in radio and television advertisements. (87) Discount Drug Mart, on May 8, 1999, served as one of the primary sponsors for an event presented by the Anthem Blue Cross & Blue Shield Osteoporosis. Held at Ursuline College and initiated by Dr. David R. Mendel, a well-known local rheumatologist, this event focused on the risks and treatment options available for those suffering with osteoporosis. (88)

Noteworthy changes in customer shopping habits, during the late 1990s, convinced officials at Discount Drug Mart to adopt a more focused approach towards business. This led corporate leaders to order a major reduction in both the price of prescription drugs and over-the-counter medications. This chain also started selling a wide variety of herbs and vitamins on-line. In September 1999, this highly inventive pharmacy unveiled its latest business plan that included, among other things, introducing Greater Cleveland's first Internet Order Center. Located in a large site that once housed a Fisher Big Wheel Department Store at 33381 Walker Road in Avon Lake, Ohio, this 48,000 square foot facility sold a wide range of specialty items such as top-of-the line cosmetics and highly desired hardware. It also included an UPS mail-order operation. A well-known regional architect named David Howell supervised this renovation effort. At this juncture, Discount Drug Mart operated 45-stores and employed more than 2,600. (89)

The Millennium led to further changes at Discount Drug Mart. It began in 2001 when store officials accepted more than $656,000 in additional tax incentives. Those new tax incentives would help this company cover the expenses incurred from a special three-year expansion project scheduled to begin at its headquarters in Medina County the following year. The plan called for adding a 165,000 square foot annex to its present warehouse. Those tax incentives, a part of a newly revised addendum to the Community Reinvestment Act of 1977, saved Discount Drug Mart approximately $405,000 over the next nine years. In 2010, that same pharmacy chain received yet another ten year tax break valued at $2,510,000. (90)

Discount Drug Mart proudly supported many community-related programs. Nowhere was its community spirit more evident than in 2001 when its store at 5500 Wallings Road in North Royalton, Ohio sponsored a highly successful Kiwanis Club Food Drive. (91) Shoppers donating to that most worthy cause not only received an autograph from the legendary quarterback of the Cleveland Browns Bernie Kosar (b. 1963); but also, a free hot dog. (92) In January 2003, a Solon, Ohio-based consulting firm called Member Health, announced that new, state-sponsored prescription cards for senior citizens would not be available until that March.

(93) Under this new Golden Buckeye Discount Plan, participating drugstores would receive a 5% rebate for each prescription filled, plus a $3.50 added fee for each prescription processed. Some smaller chains, including Discount Drug Mart, initially complained about the state's reimbursement formula. They claimed that it limited the amount of their reimbursements. However, state officials disagreed. The claimed that the reimbursement formula fell in line with other similar state programs.

The United Food and Commercial Workers Union Local #880 proudly represented workers at Discount Drug Mart. Pro-union sentiment notwithstanding, when it came to hiring carpenters for its major, new warehouse project in Medina County, Discount Drug Mart officials relied on less-costly, non-union help. (94) On a more positive note, several local newspapers applauded Discount Drug Mart for providing its many customers affordable movie rentals. In fact, this chain only charged $2.00 per movie. (95) The local press also commended Discount Drug Mart for selling the highly popular Pantina makeup. Similar to other, more expensive makeups, the price of Pantina products never exceed $6.00.

Discount Drug Mart's 68-stores maintained their early 21st century business lead by following two simple rules. First, they never aspired to become a "super store" chain. They were satisfied with being a mid-level pharmacy. Second, they never wavered in their commitment to their many shoppers especially when it came to providing top quality merchandise at reasonable prices. The same could not be said about some of their nearby competitors. Discount Drug Mart also promoted its unique beauty and health products as well as appropriate greeting cards and delicious groceries. (96) This successful pharmacy chain shied away from selling high priced, heavy maintenance items such as lawnmowers and major appliances. This targeted approach towards marketing, that preferred to concentrate on selling low-cost merchandise in large volume, effectively served that company in that it offset any unexpected overhead costs the chain might have incurred as of late.

Other highly successful locally-based chains such as Revco and Medic Discount eventually closed due to unmanageable deficits, but not Discount Drug Mart. It avoided that same fate by always staying one step ahead of their nearest rivals. For example, when its executives discovered the high profit potential in selling hard-to-find home health care products, it wasted little time before obtaining the necessary state accreditation to do just that. State accreditation enabled Discount Drug Mart to sell those special items to Medicare and Medicaid recipients alike.

Robert Antall of C3 Management Consulting LLC, in April 2009, claimed that much of the recent success enjoyed by Discount Drug Mart originated with its unrivaled ability to keep overhead costs down. (97) He further stated that operating no frills outlets required far less expenditure per unit than other, higher maintenance stores. This pharmacy's matchless ability to profit handsomely from selling large volumes of inexpensive items was like no other local drugstore chain. Most importantly, it empowered Discount Drug Mart with the ability to remain financially solvent even during the worst of economic times. Its Chief Executive Officer Thomas McConnell claimed that the company's core business and ethical values distinguished it from others. Discount Drug Mart never wavered when it came to providing their many loyal customers with the very best in medically-related services.

This strong commitment to the well-being of its many shoppers encouraged Discount Drug Mart to open its-own mini-clinics beginning in 2012. Originally staffed by nurse practitioners from Parma General Hospital, these mini-clinics handled a wide range of first aid emergencies. (98) Mini-clinics first appeared in its stores in Independence, Ohio; Parma Heights, Ohio and Olmsted Falls, Ohio. Its executives also closely monitored the daily business activities of their closest rivals. If a competitor added a new product line or introduced a new service then Discount Drug Mart rapidly followed suit. If a rival pharmacy suddenly stopped carrying a product line or no longer provided a specific service then Discount Drug Mart began offering a similar item or service. That made perfect business sense.

Just such a development occurred, in February 2013, when Giant Eagle Supermarket announced that its pharmacies would no longer be offering certain kinds of inexpensive antibiotics and diabetes drugs. Executives at Giant Eagle attempted to soften the blow by saying that it would keep future cost increases to a minimum. Prices for those particular drugs at Giant Eagle would now range anywhere from $4.00 to $10.00 based on the product itself and the quantity of the individual purchase.

The Director of Pharmacy Operations at Discount Drug Mart Thomas Nameth made it quite clear that his chain would continue to sell a wide array of popular drugs at the cheapest possible prices. The cost of those same drugs at Discount Drug Mart ranged anywhere from $1.99 to $9.99. (99) Similar low prices applied to hundreds of other popular prescription drugs as well as a wide number of over-the-counter medications. Thomas Nameth encouraged Giant Eagle customers to start shopping at Discount Drug Mart where drug prices were always affordable and service was always first rate.

In what its board members viewed as a major breakthrough in retailing, Discount Drug Mart introduced Wi-Fi photos in 2013. This popular chain hooked into wireless connectivity via Kodak picture kiosks. This new technological wonder allowed Discount Drug Mart patrons to transmit images from their Android and Apple smartphones into this special kiosk while shopping at that store. Users could also download the free Kodak Kiosk Connect App from Google Play or the iTunes store. (100)

In 2015, Metro-Health Systems unveiled plans to launch its-own primary care units in selected Discount Drug Mart locations. This latest action by Metro-Health officials represented the culmination of a much larger business agreement negotiated between Metro-Health Providers and Care Source, Ohio's largest Medicaid provider, the previous year. Those new, walk-in clinics found in Discount Drug Mart stores in Independence, Ohio, Parma Heights, Ohio and Olmsted Falls, Ohio were successful from the first day they opened. (101) Discount Drug Mart continues to provide a wide array of customer services and affordable name brand items. It currently operates more than 70 stores throughout the state of Ohio.

Leader, Medic Discount Drug and Discount Drug Mart symbolized three locally-based chains that grew and prospered during a period of unprecedented changes within the local pharmacy trade. The fact that only Discount Drug Mart remains in business today does not detract from the important roles once played by Leader and Medic Discount pharmacies in satisfying the many needs and wants of Northeast Ohio residents. In fact, all three performed quite well for many years. The City of Cleveland, during the second half of the 20th century, experienced a series of unexpected demographic and economic reversals that shook its very urban core. The focal point of the city's economy rapidly shifted from heavy manufacturing, banking and regional trade to health-related industries, medical facilities and other entrepreneurially-inspired business enterprises.

That major demographic and economic transition was anything but quick or smooth. This guarded approach towards change continues to the present day. Changes occurring within Cleveland's suburbs were equally unsettling especially for the local business community. Those inner-ring suburbs suffered a mass migration the likes of which they had never experienced before or since. Economically speaking, many of this area's most promising businesses availed themselves of one of the three options. They closed their doors; relocated to new peripheral communities in and around the I-90, I-271 or I-480 corridors, or moved to more prosperous areas in other parts of the country. The late 20th century proved to be a most unsettling time for many traditional businesses located in Greater Cleveland.

Yet, in spite of those dramatic demographic and economic reversals, smaller, locally-based pharmacy chains such as Leader, Medic Discount Drug and Discount Drug Mart managed to survive that ordeal. Not only did they personify the very best in customer service and fair pricing, during a time when big chains were indeed making significant inroads into the Northeast Ohio market; but also, set the pace for successful discount drugstores in the future. Today's cut-rate pharmacies appear to acknowledge the importance of their predecessors, even if it is only in subtle ways. The very fact that many of them have incorporated some of their most successful past retail strategies into their modern business plans demonstrates more than a superficial understanding of the important business role once played by these chains within the highly innovative, homegrown pharmacy industry.

Their actions, in those regards, strongly suggest that many of today's pharmacies are fulfilling their daily obligations to their many shoppers by utilizing some of the successful business models first perfected by earlier local store chains such as Leader, Medic Discount Drug and Discount Drug Mart. They are to be commended for recognizing that sound business practices never truly die. In the final analysis, many contemporary pharmacists modify long accepted business beliefs and principles to serve the continually changing needs and wants emanating from our highly sophisticated world.

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CHAPTER SEVEN

BERNIE SHULMAN'S & MARC'S DISCOUNT DRUGSTORES

The Cleveland Plain Dealer, in July 1975, eagerly reported the return of Bernie Shulman to the Northeast Ohio pharmacy scene by announcing the debut of his latest discount drugstore at Eastgate Shopping Center in Mayfield Heights, Ohio. (1) The founder of Revco Drug, Shulman remained that company's President and Chief Executive Officer until 1966 when Sidney N. Amster purchased his 90,044 shares of outstanding stock for $1,500,000. (2) Following a brief period of retirement, Shulman became enmeshed in a major power struggle that was being waged between dissenting stockholders at Cook United and their President Roy B. Miner (1924-1996). Those investors wanted Bernie Shulman to become the company's new head. Word first leaked out about their plans when they filed Schedule 13-D reports with the Securities and Exchange Commission (SEC) in 1973. The SEC strongly recommended that those stockholders immediately divest themselves of about $2,000,000 in corporate stock, something they refused to do. (3)

In a surprise business move, Roy Miner announced, on January 14, 1974, that Cook United had just negotiated a $33,000,000 revolving credit arrangement with nine local banks. (4) Led by Cleveland Trust Company, this new line of credit would enable Cook United to pay-off some of its outstanding debts, while obtaining much needed additional capital for further store expansion. (5) Pleased with the announcement, the Board of Directors gave Roy Miner its vote of confidence. However, that successful business move did not end earlier criticisms. (6) In a counter move, a determined business coalition made up of prominent board members and leading investment bankers loyal to Roy Miner sued Bernie Shulman in U.S. District Court in New York. (7) They wanted the court to issue an injunction stopping this hostile takeover attempt. Specifically, the plaintiffs intended on preventing Shulman from acquiring additional large blocks of company stock or engaging in any other kind of business entanglements that might result in him gaining control of Cook United. (8)

That action infuriated Bernie Shulman who then purchased 25,500 additional shares of Cook United stock. (9) Many analysts, at that time, firmly believed that his recent actions signaled the beginning of what might well become a very heated proxy fight. Corporate officials, in a last ditched effort to avert such a fight, issued 4,400,000 shares of outstanding common stock and 30,863 shares of preferred stock. Each one of those shares afforded the bearer 1/5 of a vote on the board. (10) In February 1974, President Roy Miner reported that net sales at Cook United, over the previous 12 month period, had increased by more than 18%, while the company's operational efficiency, a true indicator of potential corporate growth especially over the short-run, had improved by over 6%. (11) Unfortunately, that positive news did not quiet the malcontents. U.S. District Court Judge Thomas D. Lambros (b. 1930), in March 1974, ordered the Board of Directors to furnish Shulman's dissenting group with a current list of shareholders directly. (12)

Now calling themselves "the Shareholders' Committee to Improve Management of Cook United," Bernie Shulman's group of dissenting stockholders had already informed the SEC of its intention to conduct a proxy solicitation. (13) The committee's intentions were simple and direct. It wanted to remove Cook United's President Roy Miner. The action to oust Miner followed on the heels of a notable presentation made by Shulman on April 24, 1974 in front of the entire Board of Directors. At that meeting, he had revealed his slate of "preferred" board members. Bernie Shulman also insisted that mail-in ballots be sent to all stakeholders as soon as possible. Shulman additionally recommended that his committee, and not the company's staff, handle all the details. He hoped that such careful calculated actions might stymy any attempts by the old guard to tamper with election results. (14)

Bernie Shulman argued that ineffective leadership at the top had made this proxy fight inevitable. The shareholders' committee further contended that inconsistent stock prices, along with erratic corporate earnings beginning in FY 1967, demonstrated the inability of the present management team to achieve its intended business goals. (15) According to Shulman, the company was spinning out of control. Dissident stockholders wanted to right this wrong now. At this moment, Bernie Shulman's stockholders controlled a total of 87,582 shares of Cook United stock.

Those supporting Roy Miner carefully pointed out that the failure of the opposing slate of candidates to gain the required approval of the majority of stockholders upfront would undoubtedly result in additional corporate debt and legal fees totaling more than $225,000. (16) Those supporting Roy Miner took that auspicious moment to remind the stockholders that Bernie Shulman had no professional experience whatsoever when it came to operating such a diverse corporation such as Cook United. They also reminded board members that Bernie Shulman was only one of several candidates that had been discussed as a possible replacement for Roy Miner at an executive board meeting held earlier that year at the law offices of Ginsberg, Guren & Merritt. (17)

The entire issue might have been laid to rest at that April 1974 board meeting had it not been for an alleged breach of ethics on the part of Roy Miner. Apparently, he had been in receipt of an annual bonus of anywhere from $4,000 to $5,000 from Scot Lad, one of Cook United's primary food suppliers. (18) That bonus was in addition to the $11,000 in annual compensation that Miner was already receiving from that same vendor. Roy Miner defended his most recent actions in a formal deposition he filed with the U.S. District Court. He claimed that all the compensation he received from Scot Lad was the end result of personal, not corporate, stock transactions between himself and that vendor.

He held a document in his hand that detailed his current business actions. (19) Miner claimed that the compensation he derived from selling his-own stock back to Scot Lad had absolutely nothing to do with his position at Cook United, or any other compensation he might be entitled to receive from that same vendor. However, the old guard at Cook United was not so easily convinced of his innocence in this matter. They viewed his actions as a serious breach of ethics that Miner must own up to right now if he intended to remain corporate head at Cook United. His spokespersons had no comment.

Two other pressing matters facing officials at Cook United concerned increasing the number of seats on the board, and scrutinizing corporate earnings over the past seven years. Bernie Shulman firmly believed that a diverse board would guarantee future financial success for Cook United. (20) The lame duck business strategy, currently in fashion at the top, was no longer effective given the growing economic uncertainties of the mid-1970s. Appointing well-qualified, outside leaders as new corporate board executives made perfect sense economically if Cook United wanted to continue to grow and prosper in the years ahead. In fact, seeking competent outsiders to serve on its Board of Directors would appreciably strengthen that company's financial situation. Shulman further argued that the majority of successful corporations in the U.S. encourage qualified outside business and civic leaders to serve on their boards. (21) It was viewed as an essential part of today's changing corporate culture.

The ensconced management team at Cook United raised a number of pertinent issues that Bernie Shulman had not addressed at that April board meeting. The first involved an age old question facing many large businesses in the past and present, namely the possibility of conflict of interest on the part of Bernie Shulman and his group of "preferred" candidates. Those supporting President Miner pointed out that three of those alleged "preferred" candidates already served on other boards including U.S. Realty Investment. (22) Being on both boards might pose a direct conflict of interest especially for those three in that U.S. Realty Investment had vested interest in eight major shopping centers where the anchor stores were known rivals of Cook United. (23)

Entrenched officials also insinuated that those "preferred" candidates might profit monetarily if they were elected to the board. That would be highly unethical if that was allowed to occur. Shulman's opponents concluded that it cost him approximately $300,000 to wage this unwanted proxy fight. (24) The high cost of litigation notwithstanding, many traditional board members frowned upon such actions saying it was completely unwarranted. Shulman did not respond to those critics even though he remained highly vocal on a wide range of other pertinent issues affecting present and future company policies.

When asked by the press as to what he would do as Cook United President to increase corporate viability, Bernie Shulman replied that his first step would be to reduce growing overhead costs. However, he carefully pointed out that he would not make any other significant changes within the present corporate structure without first gaining the wholehearted support of the Board of Directors. (25) Shulman also believed that Cook United must closely examine current national business conditions and internal operational procedures. In particular, business functions such as product distribution, inventory control, item pricing, product sales and purchasing methods must be painstakingly monitored before initiating any momentous changes.

Bernie Shulman also expressed grave concerns about recent loans Cook United secured from local banking institutions. What were board members thinking when they approved them? Did they not realize that the company had only $8,200,000 in cash reserves? (26) Bernie Shulman also balked at the lopsided business arrangement that currently existed between Cook United and Scot Lad. Scot Lad sold Cook United food stuff valued at about $49,800,000, while Cook United sold Scot Lad merchandise worth only $1,800,000. (27) He said that this present business imbalance must be rectified immediately.

In the first months of 1974, Cook United faced an uncertain economic future even though the past seven years had been very profitable for this corporation. Net sales between FY 1967 and FY 1973 had grown appreciably to reach the $3,813,000,000 mark. The same could be said for net earnings that had topped the $54,000,000 level. (28) Dividends at Cook United, at that juncture, stood at $19.50 a share. Repeatedly high earnings enabled officials to successfully meet their financial obligations to their many stockholders for 24 consecutive quarters. (29) Unfortunately, the recent takeover attempt by Bernie Shulman and his group of dissident stockholders shook the very financial core of this rock-solid institution. Net losses for Cook United for the first quarter FY 1974 totaled $2,200,000. (30) That resulted in a $.51 drop in dividends over the previous quarter. High interest rates along with the forced closing of several underperforming stores in Texas accounted for those recent losses. (31)

Financial ups and downs, like that, were not uncommon in large companies such as Cook United. Periodic periods of readjustment often helped strong corporations to become even stronger. Such efforts eliminated some of the dead wood that might have been undermining profit potential. Most investors willing endured temporary monetary setbacks, resulting from self-imposed readjustments, because they knew that it was the right thing to do. However, Bernie Shulman did not choose to view the recent financial losses at Cook United in such a philosophical way. He did not believe that it was merely a brief setback that one must shoulder for the long-term economic good of the company. Shulman claimed that the recent financial setbacks at Cook United represented much more than a mere readjustment initiated by well-intentioned board members who wanted to right what they considered to be a grievous wrong. It was far more insidious than that. The problems originated with its highly inept leadership at the top that found itself caught up in the whirlwind of an ever changing, ever uncertain international business climate. They did not know what to do. Who knew when it would end, and whether the company would be able to absorb those losses during the interim? The Board of Directors may not have had the answers to these germane questions, but they did know one thing. Many other highly successful companies had declared bankruptcy due to the inability of their corporate heads to adopt modern business tactics fast enough. Was that going to be the ultimate business fate for Cook United? Shulman's reputation for stirring up trouble was also very well-known among national leaders in the retail field. However, when it was all said and done, the bleak picture Shulman had painted, regarding the future of Cook United without his leadership, compelled the majority of board members to set aside their earlier concerns regarding his leadership abilities.

In May 1974, the Board of Directors approved his appointment as President of Cook United. (32) Many firmly believed it was the only option left for this company if it intended to ride out the present economic storm. Newly elected board members that same year included Leonard Jaffee, Harry M. Broder, Calvin B. Dalton, Stanley M. Fisher, George Herzog and Robert N. Lehmann. Re-elected officials included Daniel R. Freedman, Joseph H. Jackier, Ralph R. Luffler, Roy Miner, Walter R. Schaub, Allan W. Shaw, Fred R. Silverstein and James Williamson Jr. Both Daniel Freedman and Joseph Jackier had been outspoken members of Shulman's ad hoc committee. (33)

The board also appointed the former President Roy Miner as its new Chairman of its Executive Committee. Under this carefully worked out arrangement, Minor had the option of staying on at Cook United for two more years with a salary of $110,000 for the first year and $64,600 for the second. The former Executive Vice President James Williamson Jr. also remained on at Cook United under a separate two year agreement. In the event that Williamson decided to resign before his two year term expired, then he had the option of becoming a corporate advisor. He received $4,500 a month for his efforts. With those agreements firmly in place, District Court Judge Thomas D. Lambros dismissed the earlier lawsuits. (34)

In August 1974, Cook United reported a disastrous drop in net earnings. For the 16-week period ending July 13th, officials posted a net income of $429,000 or $.10 a share on net sales of $191,021,000. That compared with a net income of $2,546,000 or $.56 a share on net sales of $182,987,000 for the same period in FY 1973. (35) Hoping to reverse this serious downward trend, the Board of Directors approved a sweeping reform that called for stockholders to receive a 6% stock dividend. Bernie Shulman justified his stern action based on escalating interest rates and decreasing corporate profits evident on a multitude of levels. To illustrate this point, the high profit margins achieved within the company's long held hard goods distribution system failed to offset mounting deficits in other divisions such as its Kozloff Seafood line. However, Shulman expressed every confidence that Cook United would be able to successfully weather this latest economic crisis without significantly altering current business strategies. (36)

Totally baffled by the unexpected business changes occurring within the American retail sector, due to the economic instability and financial uncertainties equated with the recession in 1974 and its aftermath, Bernie Shulman failed to develop a feasible new business plan that could bring Cook United out of its financial doldrums. (37) Furthermore, he acknowledged that his hold on the Board of Directors was at best tenuous. That meant that he could be ousted at any moment for any business impropriety. Unable to turn around the fortunes of Cook United quick enough for its many eagerly awaiting stockholders, Shulman resigned in October 1974.

Officials voted to keep him on as Board Chairman. (38) Speculation ran high among stockholders as to who might replace him? Experts narrowed the choices down to Joseph A.

Buscemi or Martin M. Lewis (b. 1918). The board had recently appointed Buscemi as Group President and Lewis as Executive Vice President. After some heated discussions that focused primarily on the future direction of their company, and who might best suit those upcoming needs, the Board of Directors finally decided to name Martin Lewis as President. (39)

Later that same year, Bernie Shulman began building another business venture that culminated in the establishment of a new discount drugstore in Mayfield Heights, Ohio. Located in Eastgate Shopping Center, the new Bernie Shulman Drugstore was opened seven days a week from 9:30 a.m. to 9:00 p.m. This pharmacy did very well financially from the beginning. For most entrepreneurs facing a similar financial dilemma, the immediate success of a new retail enterprise, such as the one just opened by Shulman, would have been more than sufficient to erase any doubts they might have regarding their ability to rebound successfully within the new, highly competitive retail industry of the 1970s. In fact, Bernie Shulman had successfully overcome many economic challenges posed by the complex business world around him. After all, many business leaders had experienced similar devastating losses one year, only to rebound the next. It was what made capitalism so great in their eyes. Shulman had indeed passed the test with flying colors.

Yet, Bernie Shulman appeared despondent throughout it all. Somehow his heart was not in it. On his 12th wedding anniversary, June 18, 1976, he left the City of Cleveland never to return. When people asked his wife Theresa (Terry) Shulman (1932-2004) what happened, she would say that he had a great deal of his mind and that he needed some time to work it all out. (40) Before leaving Cleveland, Shulman left a note behind in which he asked his wife for her forgiveness and gave her power of attorney. Bernie Shulman died in a San Francisco, CA motel room on November 28, 1976 from an apparent drug overdose. He had been at that motel for more than a month. Bernie Shulman was only 51 years old. (41) Led by his capable widow, his family successfully operated the Bernie Shulman drugstore into the 1980s.

When asked in a *Cleveland Plain Dealer* interview as to what accounted for her great financial success among ever mounting competition, Mrs. Shulman said that it began with the product manufacturers who regularly approached her with great deals. (42) She said that her secret for success was very simple namely purchase six month's-worth of great buys and then sell them at the same low price until they were gone. Her present retail success notwithstanding, rumors began circulating in the early 1980s that the Shulman family wanted to sell the company. One of Shulman's former employees Marc Glassman (b. 1945) acquired it in 1983. Neither the Shulman family or Glassman released any details regarding the sale. The final stock transfer occurred the following year. Under this agreement, both the Bernie Shulman name along with the original store manager William Weinstein stayed on with the new company. Also, other members of the Shulman family continued to work in the pharmacy.

In August 1983, *The Cleveland Plain Dealer* wrote a lengthy article on one of this area's up-and-coming new business leaders, Marc Glassman. He had been recently named one of this nation's top one hundred entrepreneurs. (43) After filing articles of incorporation on August 31, 1978, Glassman focused his primary attention on opening and operating his new store. (44) Known as Marc's Discount Drug, this pharmacy, a part of Southland Shopping Center in Middleburg Heights, Ohio, grossed approximately $30,000,000 in net sales in 1982. His workforce of 280 worked very hard to make it a success. (45) Marc's Discount Drug, over the next three years, expanded from one to five units. By 1985, this growing concern controlled approximately 14% of Greater Cleveland's drugstore business. It trailed behind Revco D.S. that owned 70 stores and controlled 25.4% of the market and Gray Drug Fair that operated 50 outlets and controlled 17.1% of the market. (46)

A graduate of the Harvard University School of Business, Marc Glassman began his career in the fast-food business in the state of Vermont. After working for Bernie Shuman Drug, and briefly running his-own discount outlet in Las Vegas, NV, Glassman returned to Cleveland. He believed that large numbers of repeat customers represented the key to success within the emerging local discount drugstore trade. Once that pattern of repeat business had been firmly established then other retail perks might be gradually introduced as additional shopping incentives. With that kind of clear business strategy in mind, he invested $750,000 in his initial Southland Shopping Center store. (47) Unfortunately, a $1,000,000 fire, on October 20, 1983, destroyed both Marc's Discount Drug and the J.C. Penny Company outlet next door. Lacking insurance, Marc Glassman knew he must act quickly if he hoped to rebound from that loss. In what many experts considered a very bold business move, he convinced his creditors not to sue him. That business tactic enabled him to reopen at the same shopping center within months of that devastating fire. (48) His new store at Southland Shopping Center grossed more than $68,000 on its opening day.

His immediate financial success encouraged Glassman to open two more outlets one at the corner of West 137th Street and Lorain Avenue and a second at Great Northern Plaza in North Olmsted, Ohio. He also purchased the original Bernie Shulman's drugstore at Eastgate Shopping Center. Glassman viewed that store in Mayfield Heights, Ohio as the launching pad for further store expansion throughout the east side of Cleveland. This entrepreneur soon opened another Bernie Shulman unit at the former site of the Bi-Rite Supermarket at 13883 Cedar Road in South Euclid, Ohio. Through a series of prudent business moves, that included securing additional warehouse space near Cleveland Hopkins Airport, Glassman kept his inventory low and overhead expenses down. (49)

Three new units opened in September 1986. Located in the Chapel Hill district of Akron, Ohio, Cuyahoga Falls Plaza in Cuyahoga Falls, Ohio and Fairlawn Plaza in Fairlawn, Ohio, they symbolized his first ventures into the Greater Akron-Canton area. (50) Glassman also operated Marc's Rock Bottom Close Outs. Further plans later that autumn called for enlarging his original site at Southland Shopping Center. Glassman estimated that net sales for FY 1987 stood somewhere between $80,000,000 and $100,000,000. (51) On June 30, 1988, Marc's Discount Drug announced that it had merged with its parent organization Marbal Drug.

Like other astute entrepreneurs of the 1980s, Marc Glassman had to carefully weigh the many options available to him in terms of future store expansion. Franchising operations appeared to be a viable choice well worth pursuing. It would enable him to expand the number of his stores quickly without placing any undue financial burden on his present corporation. As a franchiser, Glassman would lend his company name to those outlets as well as provide customized finance packages and many of the business amenities considered so essential in operating a successful pharmacy such as Marc's Discount Drug.

Expansion plans in the 1980s projected anywhere from 10 to 20 new franchise holders per year. (52) High volume sales prompted by rock bottom prices remained the guiding economic principle behind this effort. Under carefully articulated business arrangements, franchisees would invest $900,000 upfront and pay an additional $100,000 in royalty fees. Once those operations reached a minimum annual sales level of $5,000,000, then franchisees would pay the parent company an additional royalty fee of 1% on gross sales. (53) By the end of FY 1986, Marc Glassman had secured two new franchisees using that well thought out business formula. Harold Pinker operated two Drug Warehouses in Texas. Glassman expected a third franchisee to be in full operation by the next year. (54)

Further store expansion occurred in May 1987 when Marc's Discount Drug opened its 9th pharmacy, a Bernie Shulman outlet at Lakeshore Plaza in Euclid, Ohio. (55) Marbel Drug also announced plans to open two more pharmacies by the end of that summer. Rumors surfaced that same summer that this successful company was about to go public. Corporate officials responded by saying that they had no intention of doing that at all. In 1987, the company unveiled its latest expansion plans that called for a brand new store in the Pleasant Valley Shopping Center located at the corner of Broadview and Pleasant Valley Roads in Parma, Ohio. (56)

This growing chain of local pharmacies wanted to make shopping fun for the entire family. Such was the case when Marc's Discount Drug sponsored its-own Halloween celebration in 1987. (57) That year, store managers not only sold a wide variety of candy and other holiday-related paraphernalia to its many excited shoppers; but also, provided free trick or treat bags to the first 500 costumed children who came into their stores on October 30th. For as little as $.50 a picture, parents could also have their children photographed in their favorite Halloween costume. All proceedings from that event went to the Children's Miracle Network Telethon and Rainbow Babies and Children's Hospital.

Like any successful retailer, this popular discount chain had to deal with incidents of petty larceny, mostly in the form of shoplifting. That was not totally unexpected by officials. However, they were not prepared for what transpired in December 1987 when several of their teenage employees stole drugs from the Eastgate Shopping Center store. They took over 6,000 Valium tablets. The Gates Mills police recovered the majority of those pills while in the process of arresting them. (58)

In April 1988, Reisenfeld & Company reported that Bernie Shulman Drug had just signed a new, long-term lease on a 32,000 square foot site in the recently expanded Garfield Mall in Garfield Heights, Ohio. (59) In an attempt to lure more sophisticated shoppers into its stores, Marc's Discount Drug, that same year, began offering deep discount prices on Neutrogena products. (60) In 1989, Bernie Shulman's and Marc's Discount Drug sold "mix and match" cases of favorite soft drinks at great savings. (61) A Christmas blowout sale, held that same November, provided loyal shoppers phenomenal savings on a wide assortment of items. (62) This up-and-coming pharmacy also sponsored a special sweepstakes that included such things as a roundtrip airfare to anywhere in the continental U.S., a trip for four to Disney World, a Lane Lounge Recliner, an RCA remote television and a home redecorating package. (63)

As part of a new state-wide promotion called "Keeping Ohio Beautiful," Marc's Discount Drug initiated its-own plastic bag recycling program starting in 1990. (64) In an effort to aid his shoppers even more, Marc Glassman, that same year, announced that his pharmacy would absorb the costs resulting from the recently imposed sin taxes on all beer and wine sold in Cuyahoga County. County officials used the revenue derived from those sin taxes to help finance their portion of the Gateway Project that was currently under construction in downtown Cleveland. County officials projected more than $275,000,000 in additional tax revenue over the next several years. (65)

In February 1991, this pharmacy chain opened its 21st store thus time in the Puritas Plaza Shopping Center at West 150th Street and Puritas Avenue. Marc's Discount Drug also operated Jotes in Willowick, Ohio along with ten other Marc's outlets, six Bernie Shulman's stores, Marc's No Name Restaurant, Marc's Funtime Pizza Palace and three XPect Discount outlets in New England. (66) This pharmacy played an important role in the relief efforts following in the wake of Hurricane Andrew in August 1992. It sent non-perishable food to its many victims. (67) The following May, Marc's Discount Drug moved its corporate headquarters into the former Pitney Bowes Building at 5841 West 130th Street in Parma, Ohio. (68)

Net sales, in the autumn of 1993, topped $410,000,000. (69) That was a 26% increase over the same period in FY 1992. Its 31 area-wide outlets now controlled 21% of the local drugstore business. That now surpassed Discount Drug Mart, Revco D.S. and Rite Aid. Still a privately-held corporation, Marc's Discount Drug maintained its lead over others by negotiating fantastic deals with manufacturers directly. That targeted business approach enabled this fast growing chain of drugstores to undersell many of its closest rivals. The key to its long-term financial success originated in its uncanny ability to sell large volumes of closeout merchandise and discontinued items at greatly reduced prices. (70)

This finely attuned business strategy ensured a steady flow of repeat customers for Marc's Discount Drug. After all, everyone loves bargain prices. Although stiff competition prevailed throughout Greater Cleveland, Marc's Discount Drug with its shrewd buyers and cost-efficient management team repeatedly outsold others. (71) That kind of business flexibility, determined in large part by high volume sales that transcended merchandise categories or particular product lines, further enhanced that pharmacy's reputation as a business leader always in the forefront of change. Most importantly, that kind of bold initiative served to continually improve that company's bottom line as overall sales continued to soar to unprecedented new high levels.

In April 1994, this pharmacy established a new precedent when it began advertised on television. Under its latest slogan "Have Fun for Your Money and Save at Marc's" the company debuted humorous commercials many of which were home grown. (72) That company's matchless new approach towards advertising represented a major departure from the norm. However, store officials believed that their timing was right, and they were correct in their assumptions. The public loved those new advertisements as well as the other, well-targeted promotional campaigns happening within their many outlets themselves. (73)

One of its most successful new promotional campaigns concentrated on selling children's apparel and toys. Initially introduced in 1994 at the Brookpark Shopping Center outlet in Parma, Ohio, it was an immediate hit with shoppers. In fact, its popularity convinced store officials to offer similar close out specials on children's attire and toys throughout the chain. (74) Success prompted more success. By the late 1990s, corporate officials firmly believed that they could successfully meet any new business challenges posed by competitors simply by selling higher volumes of quality merchandise at rock bottom prices.

Hoping to gain an even larger percentage of the lucrative drugstore business in Cleveland's southeast suburbs, this discount pharmacy, in May 1995, opened yet another outlet this time at 550 West Aurora Road in Sagamore Hills, Ohio. (75) On the former site of the Country Corners Supermarket, this unit featured spacious aisles brimming with all kinds of low-cost merchandise, the very items that had made Marc's Discount Drug so famous. As an additional customer service, this pharmacy and Cleveland-based National City Bank signed a business agreement in December 1996 that called for National City to operate ATMs in all 43 stores. (76) The last decade of the 20th century ended with an announcement geared for shoppers in Geauga County. Marc's Discount Drug had just signed an extended lease to occupy the former Rini Rego Stop-n-Shop Supermarket in the soon to be renovated Chardon Plaza in Chardon, Ohio. The plaza's new owner Mark Fuerst of Bull Run Properties planned to refurbish the shopping center for $5,200,000. (77)

In November 2001, officials mourned the passing of Jack C. Hosier. This 54 year old advertising executive had begun his career nearly thirty years before with a local advertising firm called Azure Blue. (78) After stints with both Liggett Advertising and the Jayme Organization, Hosier then led the advertising team at Revco D.S. He became the Vice President of Marketing for Oregon-based Thrifty Payless in 1995. As Advertising Manager at Marc's Discount Drug, Jack Hosier had been responsible for coordinating all its recent advertising campaigns.

Being a privately-held company, its officials did not favor unionism. They saw no reason for it. In 2003, Marc's Discount Drug employees earned anywhere from $7.00 to $8.00 an hour with no pension or health benefits. Although critics complained that the store's pay level was not overly generous, it was $1.85 to $2.85 higher than the federal minimum wage level that stood at $5.15 per hour that year. The fact that many workers were long-standing employees indicated to Marc's sharp management team that their workforce was satisfied with its salary levels and work conditions. The cordial work relationship that existed between managers and workers at Marc's Discount Drug was a source of great pride for all involved. Marc Glassman also enjoyed doing the little extras that were so important to his employees. They included such niceties as free turkeys at Thanksgiving. Those special touches distinguished this family-owned drugstore chain from most other union-run operations at that time.

Local union leaders disagreed with that brand of thinking. They claimed that when asked, the majority of employees at Marc's Discount Drug were more than willing to hold a government-supervised election in order to determine the possibility of future union affiliation. The year was 2002. With that thought planted in its mind, United Food & Commercial Workers Local # 880 filed a petition with the National Labor Relations Board (NLRB) in February 2003. (79) The petition called for a special election to be held at Marc's Discount Drug at 4494 Mayfield Road in South Euclid, Ohio to discuss the possibility of unionizing that store's work force. The subsequent elections did not result in unions. (80)

Marc's Discount Drug owned and operated 48 non-union stores throughout Northeast Ohio by 2003. Store officials remained firm in their opposition to unionism. However, union organizers refused to back down, and they held a pro-union rally outside Marc's Discount Drug in Brooklyn, Ohio that December. (81) They also asked customers to boycott that particular store. Public response to the union's request was mixed. At that time, this pharmacy employed approximately 5,000 non-union workers. Spokespersons for Marc's Discount Drug expressed every confidence that their work staff would not cave in to mounting pressure by union organizers. Management was entirely correct with workers voting down the union.

In a valiant attempt to fight-off growing competition from other chains, executives at Marc's Discount Drug, in March 2006, revealed their latest massive renovation plan. (82) It called for drastically enlarging and updating their dairy, meats and produce departments. Officials wanted to transform their many discount drug stores into an all-encompassing, entirely new shopping experience for their many loyal customers.

The store in Solon, Ohio led the way in this revolutionary effort. Located at 6231 SOM Center Road, this renovated outlet featured a wide array of new conveniences such as extra wide aisles, easy to reach display cases and bright lighting throughout the premises. Its new and expanded deli counter, along with its greatly improved dairy and frozen food departments, offered a full range of fresh foods geared for the most discriminating palate. (83)

Marc's Discount Drug Regional Manager Mike Shoemaker indicated that refurbishing efforts in all outlets should be completed within a year. He hoped that these improvements might eliminate the need of many of their customers to shop at other locally-based supermarkets. Why go elsewhere when Marc's Discount Drug has it all! This new approach towards marketing symbolized a radical departure from earlier business models followed by this leading pharmacy chain. No longer would this well-respected discount pharmacy concentrate the bulk of its efforts on selling closeout items and discontinued clothing lines at rock bottom prices; but rather, widen its initial retail base to embrace a wide variety of new goods and services geared for a much broader base of customers. (84)

It appeared to be the right thing to do then. In fact, many retail experts in the beginning of the 21st century fully subscribed to that kind of progressive thinking. However, not everyone in that field agreed with that line of reasoning. Those that disagreed with that logic believed that this new marketing approach had definite limitations and shortcomings. Critics contended that most customers expect retailers to provide them with very specific items and/or services. Those shoppers have absolutely no intention of purchasing additional products and services offered at those outlets. Opponents further pointed out that many popular pharmacists, in the recent past, lost their cutting financial edge when they strayed too far from the proven business models of their day.

The following example illustrated their point. Would anyone purchase an expensive mink coat at a small hardware store, if for some reason that enterprise should suddenly decide to sell such a prestigious item there? The answer is probably not. Yet, those same shoppers do not show any hesitation when buying an expensive set of tools at that same hardware shop. The reasoning prompting their shopping decision is easy enough to understand. Hardware stores specialize in selling quality tools. That is what they do. However, that same store has virtually no retail experience when it comes to selling mink coats. For that kind of costly item, customers must patronize a local furrier or an upscale specialty shop in a fashionable part of town.

Some critics wondered if Marc's Discount Drug might be making a serious error in turning their backs on something they did so well, namely selling large quantities of inexpensive closeout items and discontinued lines to embark upon the highly unpredictable grocery business. They went so far as to suggest that venturing wholeheartedly into that part of the retail sector might mark the beginning of the end for this once highly popular discount chain. A unique retail entity that specialized in selling a certain kind of merchandise that shoppers both wanted and needed afforded Marc's Discount Drug a decided business advantage over many of its closest rivals. It certainly distinguished it from the crowd at a time when a multitude of new pharmacies intent on specializing on low-priced merchandise and quality customer service were bombarding the highly lucrative Northeast Ohio retail scene.

Disagreements lodged by leading critics notwithstanding, those in favor of this new business approach believed that Marc's Discount Drug was indeed appropriate in expanding the focus of its business to better met the growing challenges posed by an ever changing local market. National trends supported that kind of business diversity as well. They said that chain stores, such as Marc's Discount Drug, must continually update their business tactics if they hoped to remain competitive within this ever changing scene. Marc Glassman never lost sight of the fact that customers buying habits, and not arbitrary business decisions made by ambitious retailers and their avarice boards, ultimately determined what a particular pharmacy chain sold. That obvious business truth was often downplayed or overlooked by some of Marc's Discount Drug's closest rivals.

The one-stop shopping approach adopted by Marc Glassman early-on has served him well. It symbolized an effective way in which to ensure a steady flow of repeat customers for many years yet to come. That company's approach closely resembled a business model first advanced by a number of highly successful national supermarket chains in the immediate post-war years. In the case of the food stores, high volume and quick turnover occurring within the business confines of a self-service retail environment ensured their success for decades even when competition reached a feverous pitch.

Savvy market analysts, at the turn of this century, pointed out that pharmacy chains, such as Marc's Discount Drug, must regularly increase their merchandise selection if they planned to deal with the on-slot of growing competition in the immediate years ahead. Name recognition, based on successful past performance, no longer guaranteed future success. Nothing was ever etched in stone. Customers wanted local retailers to compete against each other for their hard-earned dollars. In the Greater Cleveland area, many local pharmacy chains, including Marc's Discount Drug, were compelled to meet growing competition by offering many of the same high quality foods found in area-wide supermarkets at slightly lower costs.

Again in an attempt to separate itself from the growing rivalry posed by recently-arrived discount department stores, retail warehouses and convenience stores, Marc's Discount Drug launched its-own unique rewards program. Begun in 2007, this program, among other things, provided customers with savings of $.10 per gallon on every gasoline fill up at their nearby Speedway station. Those who paid $25.00, $50.00 or $100.000 received special fuel cards redeemable at those stations. (85) That same pharmacy started selling low-cost generic drugs through its-own discount drug plan in 2008. Shoppers now enjoyed the option of purchasing more than 400 prescribed generic drugs for $3.99 or less. (86) Marc's Discount Drug currently operated 45 pharmacies throughout Northeast Ohio and four outlets in Connecticut.

That company's exceptional success did not escape the attention of the Greater Cleveland business community. In April 2009, Robert Antall, senior partner at C3 Management Consulting LLC, praised this highly inventive drugstore chain for being able to grow from a small, local retail establishment into one of this nation's most envied large businesses. (87) He claimed that much of this phenomenal growth occurred during the first decade of the 21st century when its leadership boldly expanded its highly successful retail base to embrace such things as low-cost drugs, quality groceries as well as close-out and discontinued specials. (88)

Marc's Discount Drug ranked as this nation's 5th largest local pharmacy chain in 2009. Other local leaders at that time included CVS with 72 followed by Walgreens at 51, Rite Aid at 49 and Giant Eagle Supermarkets at 34. Chains trailing behind Marc's Discount Drug included Discount Drug Mart at 31, Wal-Mart Discount Department Stores at 21, Target Department Stores at 17 and K-Mart Stores at 8. (89) Beginning in 2011, Marc's Discount Drug changed its policy on selling generic drugs. (90) Shoppers now could now purchase up to 50 dosages of 30 different kinds of medication at rock bottom prices. They also had the option of buying 90-day supplies of those same medicines for as low as $5.86. (91) As always, Marc's Discount Drug accepted Discover cards and personal checks. Lowering prices certainly caught the attention of consumers, as more and more people brought their prescriptions to this chain. (92)

Marc's Discount Drug sponsored the 24th Annual Great American Rib Cook-Off on Memorial Day weekend in 2015. (93) This four-day festival had traditionally marked the official beginning of summer. It included headline entertainers as well as world renowned grillers each vying with the other for special prizes. Visitors from as far away as Buffalo, NY and Detroit, MI came to this event. Unfortunately, growing competition from other locally-held events over that same holiday weekend led officials at Marc's Discount Drug to cancel it in 2016. However, store executives have not rule out the possibility of sponsoring a similar event in the future.

This well-known discount pharmacy continues to serve large numbers of shoppers seven days a week. Its high quality meats, fresh fruits and delicious vegetables are hard to beat. The introduction of specialty food counters such as Corbel bakery has added a special touch, not readily found elsewhere. Also, Marc's Discount Drug courteous employees are always there to assist. Recent additions and renovations in many of its older units have not only modernized those sites; but also, enable them to offer a wide range of new customer services and special products not previously available there. Such additions as Cardtronic ATMs, money grams, and in-house clinics take this retail experience to an entirely new level of excellence.

For the convenience of its many shoppers, Marc's Discount Drug not only accepts cash, checks and Discover cards; but also, Mastercard, Visa and Social Media. But, above all else, it is its rock bottom prices that bring shoppers to Marc's Discount Drug. Low prices are found everywhere in the store from prescription drugs to baby food and from soft drinks to canned goods. Also, Marc's Discount Drug close-out specials change regularly. Unlike some other popular local discount drug outlets where boxes of products are often strewn throughout the aisles and the only way to get a true bargain is to buy large quantities of the item or items in question, Marc's Discount Drug places their many affordable products in easy to reach shelves.

Easy to read signs above the aisles make shopping even simpler. Late night hours enabled those customers who are unable to shop during normal working hours the same opportunity of enjoying the many bargains that have made this pharmacy so famous. This corporation's latest slogan "Fresh Savings and Smart Living" says it all. Easy to access and always fun to shop, Marc's continues to epitomize the very best in a modern pharmacy. Most importantly, it exemplifies the finest in retail traditions within a highly competitive industry that traces its origins back to Colonial America.

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CHAPTER EIGHT

GROWING ROLE OF PHARMACIES IN OUR LIVES TODAY

Throughout its history, the American people have relied greatly on local pharmacies to provide them with ample supplies of valuable items ranging from prescription drugs and over-the-counter remedies to everyday household goods and personal grooming aids. Over that same time frame, the American drugstore industry has evolved successfully from small, individually-owned chemical shops to conventional, full-service operations and most recently to modern-day, self-service entities. That retail-oriented progression is analogous to mainstream economic and scientific advances occurring worldwide.

In a very true sense, the pharmacy industry represents a synthesis of the latest scientific and technical breakthroughs carefully entrusted to a very dynamic, highly flexible marketing network that embodies our modern retail sector. As such, the best and brightest pharmacists succeed in their efforts, while the less adept fall behind. Each phase, within this carefully orchestrated development process, shoulders the responsibility of disseminating the latest, complex medical and scientific discoveries into their simplest denominators with the expressed intention of incorporating those advances directly into the public's buying experience. Attuned druggists accomplish this monumental task through recognizable steps occurring at regular intervals.

Their well-articulate methodological approach towards marketing makes it much easier for the average shopper to embrace those many, fast-paced changes than would be the case without it. This entire metamorphous begins with the pharmacist providing an extensive collection of affordable medications intended to handle a wide range of common illnesses and injuries. Once the medical side of their business is firmly ensconced, then the shrewd pharmacist introduces an array of merchandise geared for the precise needs and wants of their many customers. The merchandise they peddle covers a broad spectrum of both name brand and in-house items. Many of those items are exclusive to that drugstore. A targeted market approach, such as that, often guarantees economic and financial success especially for the innovative pharmacist who seizes upon the moment by offering the best possible deals to the widest number of consumers within a specific district. However, the legacy of the local pharmacy industry does not begin or end here.

It represents much more than individually-owned, conveniently-located establishments that specialize in selling large amounts of prescription drugs, over-the-counter medications and other daily necessities. As admirable as that goal might be, its overall economic impact as a retail phenomenon, within its respective community, would be miniscule especially when measured against the remarkable achievements made by other, non-related retail concerns within those same cities and towns. The drugstore industry epitomizes much more than just a group of highly dedicated, locally-based retailers committed to making a success out of their business by providing desirable customer services and special items. It goes far beyond that rather time worn business axiom.

The local pharmacy directly reflects its local cultural legacy in many dramatic ways. It touches upon the spirit, the very essence that serves to distinguish one urban setting from another. That readily identifiable cultural heritage transcends both time and space. Most importantly, it embraces the many business traditions that are exclusive to that city or town. Strongly upheld community ties and highly prized personal and professional ethics play indispensable roles in defining the multifaceted approaches that a pharmacist might use in conducting daily business. The enduring commitment, on the part of the local druggist, to fulfill the many needs and wants of their shoppers, enhanced even further by the loyalty shown that pharmacist by his or hers customers, symbolizes a mutual respect that is rarely seen in other quadrants of the U.S. retail sector.

That kind of mutual respect, born out of convenience and necessity, grew overtime as local drugstores became more deeply rooted within their respective urban settings. From the very beginning, both groups seemed to know instinctively what was expected from the other. With time, pharmacies became much more than quaint chemist shops far removed from the mainstream of society. They developed into large, centrally-located gathering places where people met regularly. Not only did these new drugstores provide goods and service not found in other nearby establishments; but also, afforded pleasant surroundings where customers could leisurely chat about the issues of the day. Specialized departments inside those well-appointed stores sold a wide range of highly desirable items, while their beautifully appointed soda fountains served up sumptuous ice cream floats and numerous other delicious sandwiches and unique salad combinations often on a moment's notice.

Those highly profitable, locally-based enterprises that first appeared on the U.S. scene in the mid-19th century only grew in intensity and scope with time. During the first two decades of the 20th century many of the wealthiest people living in large metropolitan areas, such as Cleveland, began leaving the confines of crowded, older inner-city neighborhoods for the more spacious, newer climes of inner-ring suburbs. Innovations within the building trades, major breakthroughs in transportation and the advent of new communication systems prompted this first wave of migration from the central city to the suburbs. That pattern of outward migration persisted into the 1920s as larger and larger numbers of affluent, inner-city residents left older urban districts for newly emerging fringe areas.

This sudden outpouring of people and wealth to the suburbs soon gained the attention of the pharmacy industry. Pharmacists located in large cities, such as Cleveland, knew full-well that the future of their industry rested with those pharmacists who possessed the keen insight necessary to take full advantage of these new business opportunities. Investing in chain stores, whether franchised-oriented or not, enabled savvy pharmacists to participate in the many lucrative business advantages awaiting them in those highly popular suburbs. It did not take long before familiar inner-city pharmacies started appearing in those same outlying areas. However, these new suburban pharmacies were not exact replicas of earlier, central-city drugstores. They differed from older establishments in two remarkable ways. First, unlike older, more crowded inner-city shops, these new retail settings boasted modern, free flowing interiors, plenty of space for everyone. Second, these new entities offered a wide variety of top shelve items not readably available in many of the older stores.

Not only did these suburban pharmacies provide previously unimaginable new items within a clean, pleasant retail environment; but also, a host of specialized customer services never seen before. They offered such things as same day delivery service on prescription drugs as well as hard to find medical supplies. Many pharmacies went the extra distance for their shoppers by initiating customer credit lines and Christmas layaway programs. Beginning in the 1920s, many large city pharmacists sold a plethora of new specialty items. They ranged from radios and toasters to washer/dryers and vacuum cleaners. Local drugstores also developed arrangement packages for those shoppers wishing to rent costly medical devices. Some hospitals even rented space within their facilities to neighborhood pharmacies. The number of successful pharmacies grew throughout the 1920s as affluent shoppers placed additional demands on local drugstores for a multitude of new goods and high quality services.

The fast pace of both business expansion and technical advancement, equated with the blossoming pharmacy industry of the Jazz Age, fell-off appreciably during the Great Depression of the 1930s and the Second World War. It was inevitable. The economic devastation wrought by the Great Depression of the 1930s forced many drugstores to declare bankruptcy. Those stores able to survive did not fare much better. Yet, many pharmacists managed somehow to give away limited supplies of prescription drugs and other items to financially-strapped shoppers. It was the charitable thing to do.

During the Second World War, many pharmacists voluntarily shortened store hours and reduced the quantity of items they sold. They also refurbished old products and conserved valuable natural resources. The prosperity of the post-war era led to a wide range of innovative business changes industry-wide. It was as if the economic and financial curse of the recent past had been suddenly lifted and a new dawn was breaking. The public responded to this new prosperity by demanded more pharmacies chocked fill of reasonably priced merchandise. Convenience, product choices, fair pricing and value determined the economic fate of many local drugstores in the post-war years. Pharmacists fully recognized the crucial importance of keeping pace with the growing demands of their many customers. The question they faced, in the immediate post-war years, was how best to institute those numerous requested changes without incurring enormous amounts of new debt. Easy access to credit enabled many pharmacists to open numerous new stores on a regular basis. Each one of those new units served the precise needs and wants of the many shoppers that lived and worked within that specific locale.

Leading Cleveland pharmacists were totally committed to post-war store expansion efforts. National chains, such as Rexall and Walgreens, had been following that business strategy for years. Over the next three decades, CVS and Rite Aid were to actively join the fold. Large chains offered a full range of prescription drugs and over-the-counter medications at great savings. Those same stores also prided themselves on carrying a wide assortment of the most sought after health and beauty aids of that day as well as the very best household products and finest personal grooming aids available.

Long-established drugstore chains throughout Greater Cleveland tried to remain a breast of the latest post-war advances within the pharmacy industry with mixed results. Traditional chains such as Gray, Marshall and Standard may have survived the on-slot of additional competition in the immediate post-war years only to succumb to new outside pressures during the latter years of the 20th century. Through a series of mergers, the original big three soon disappeared. However, a new group of ambitious pharmacies soon filled the void created by their absence. The emergence first of Leader Drug and Revco D.S. followed by Medic Discount Drug Mart, Discount Drug Mart, Bernie Shulman's and Marc's Discount Drug set the pace for today's local pharmacy business.

In reviewing the evolution of the local drugstore industry one thing stands out above all others. Those highly motivated business leaders, easily identified by their exceptional customer service and numerous specialty items presented within an inviting retail environment, not only played critical roles in successfully preserving the status quo of those individual pharmacies for many years; but also, guaranteed them a substantial following founded on anticipated, as well as, immediate realized business goals and objectives. Intuition seemed to guide their every move. This was especially true when it came to purchasing the kind of items their shoppers needed and wanted. Call it ESP, or just plain common sense, the majority of those pharmacists repeatedly profited from their many hunches.

As pointed out throughout this writing, the mutual respect that existed between pharmacists and shoppers was anything but a stagnant thing. It required continued nurturing determined in large part by what shoppers needed and wanted. The actions of local pharmacists closely mirrored business developments occurring throughout the retail industry. If industry-wide changes were not enough to encourage rapid changes then there was always a far more consuming economic force lurking in the wings namely fierce competition posed by ruthless competitors. Rivalry among competing pharmacies evoked a strong sense of customer obligation, a seemingly never ending commitment to each and every shopper by every druggist engaged in this business. It required the pharmacist to radically alter current business objectives and/or operational procedures in order to better serve the growing demands of their patrons. A truly successful pharmacist regularly updated his or hers business objectives and marketing strategies often on a moment's notice. It was viewed as an essential component in operating a successful drugstore.

Unfortunately, the same could not be said for locally-owned and operated department stores. Beginning in the 1970s, many prominent department stores began closing their doors as competitors began to flex their economic muscles. Traditional department store owners increasingly failed to heed business warnings that indicated that major changes were about to occur. Equally important to this evolutionary process, this demand for massive restructuring within the retail sector did not emanate from leaders within the department store industry itself. It originated from a brand new breed of shoppers who insisted upon cheaper priced items without the falderal of traditional customer service. That jarring business realization led some department store owners, during the last three decades of the 20th century, to totally dismiss conventional wisdom as to what constituted effective retailing practices. They were forced to act in that way as elaborate, conventional department stores gave way to no frills, discount outlets.

Staunch supporters of the old school viewed this enthusiastic, new approach towards shopping as little more than a momentary inconvenience, a blip on the radar screen. It would undoubtedly come to an abrupt end once consumers fully realized the many advantages of purchasing high quality merchandise from long-established, locally-oriented department stores. Many conventional store owners, as late as the 1990s, held firm to an archaic business belief that future demands for high quality items and top notch customer service, as only presented through traditional department store settings, would ultimately win out over today's more sterile discount environment.

Therefore, few traditionalists dedicated themselves to the onerous task of discarding worn out business practices and procedures. Many conventional retailers soon discovered that what they thought was sound business thinking, based on numerous examples of how traditional department stores in the past had successfully bucked similar formable challenges, no longer applied to the new, highly diverse retail scene of the 21st century. Their once faithful patron-base had no intention whatsoever of coming back to them. Why should they?

Droves of former department store customers now shopped at local discount warehouses, buyer's clubs and on-line shopping services. Those national retailers able to survive the initial round of store closings in the 1980s and 1990s such as J.C. Penny's; K-Mart/Sears, Kohl's, Macy's and Target have had a very difficult time adapting to this new, freewheeling retail atmosphere. The grim business reality facing many of them is that traditional retail practices are less than applicable in today's highly mobile global economy.

The recent plight of modern-day department stores notwithstanding, what separates today's pharmacies from other retailers in the U.S. is not the business models they use. If the truth be told, the business models employed by the majority of today's pharmacies are not that radically different from the ones they relied on a century ago. Presentation, rather than form or procedure, distinguishes modern-day drugstores from the chemist shops of yesterday. Most 21st century drugstores depend on modern electronic gadgetry and highly technical information systems to meet the many daily needs of their shoppers. Efficiently-operated pharmacies encourage their customers to purchase a wide variety of items in the most effective way possible. Prepackaged, well-marked merchandise arranged on easy to reach shelves expedites the process. Fast check-out lines, direct on-line ordering, drive-in prescription service, special credit options and additional store bargains awarded through various specially-targeted incentives make shopping fun.

Add into this new retail mix other desirable business elements such as fresh groceries, competitively-priced beers and wines and winning state lottery tickets and their shopping experience is complete. Being able to pay utility bills or purchasing concert tickets and movie passes is just another benefit derived from shopping there. Those business conveniences are undoubtedly indispensable in promoting long-term financial success. Chain stores such as CVS, Rite Aid and Walgreen depend on them to stimulate local sales regularly. That is precisely why their many loyal customers receive so many perks each-and-every time they shop at their local pharmacy.

With over 9,600 stores, CVS has the distinction of being the largest U.S. chain in 2017. It uses its phenomenal economic and financial advantages to offer such things as $5.00 extra buck rewards for every ten prescriptions filled. Not to be outdone by its competitor, Rite Aid, the third largest national pharmacy chain with over 4,621 stores, provides its-own courtesy refill service for prescriptions as well as free shipping on orders of $34.99 or more. It also honors the Plenti Points program, and a whole host of other customer incentives including its-own Wellness Program. The Rite Aid slogan “With Us, It’s Personal” says it all.

Being the second largest national chain with more than 8,000 units, Walgreens provides similar deep discounts on prescription drugs along with a multitude of desirable household items and personal grooming aids through its Balance Rewards Card. Its catchy slogan “At the Corner of Happy and Health” is prominently displayed in all its advertisements. These national chains, along with most local pharmacies, urge their patrons to place their individual orders through mobile apps and social media. Such amenities eliminate the hassle of everyday shopping especially for those customers who are unable to engage in lengthy trips to their neighborhood drugstore.

As beneficial as those customer services may be in today’s world, none of them would have happened without the guidance and patience of dedicated pharmacists in the past that had relentlessly fulfilled the many needs and wants of their active customer-base. Contemporary drugstores whether conventional or self-service, whether a part of a national chain or independently-owned, are much indebted to their predecessors. Early leaders in this field set the criteria, manner and tone for the entire industry. The majority of today’s consumers take all of that for granted. They expect their local pharmacies to stock whatever items or products they need on a moment’s notice.

What many shoppers may never realize is that their ability to purchase those reasonably price items is anytime but happenstance. The majority of local druggists pride themselves on being able to carry the properly proscribed drug or appropriate household item. Through past experience most know what their shoppers need and want. Most importantly, they are uncanny in determining when customer demand for certain items is high, and when it is not. That special business insight enables them to purchase large quantities of items when patron demand and wholesale costs are both low with the intention of stocking their shelves with those same items when both shopper demand and profit potential are high. This occurs enumerable times over the course of a year.

In the final analysis, pharmacists offer the kind of prescription drugs, over-the-counter medications and household items that their shoppers need and want on a daily basis. Where would their customers be without them? Druggists not only serve the everyday needs and wants of their patrons; but also, afford them a “calming effect” in a world overwhelmed by economic, political and social turmoil. They are indeed an admirable lot. The local pharmacist truly epitomizes a highly dedicated business and community leader that strives to offer the very best in customer service and finest merchandise. That kind of reliable service and fair item pricing on a 24/7 bases might well serve as an excellent business model for other retailers to emulate in the years ahead.

Figure 38: CVS Pharmacy, 2017

Figure 39: Walgreens Pharmacy, 2017

Figure 41: Rite Aid Pharmacy, 2017

Figure 40: Drug Mart, 2017

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