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## Drugstore pioneer Stanley Goldstein looks back

BY PAUL GRIMALDI  
Journal Staff Writer



WOONSOCKET -- The city kid who became a business pioneer leaves behind today the company he helped turn into a corporate giant.

Stanley P. Goldstein, who cofounded the [CVS](#) drugstore chain in 1963, retires today from the Woonsocket company's board of directors. CVS will make note of the departure during its annual meeting at its headquarters in the Highland Industrial Park.

In an interview last week, Goldstein attributed the chain's growth to good timing, common sense and the understanding that shoppers value convenience as much as they value good deals.

"We were pretty fortunate. We got in the business just as Fair Trade was breaking down," he said, referring to the onetime policy governing retail pricing.

Retailers around the country were flouting the law, drawing in price-conscious consumers.

"With hundreds of people breaking the price, [manufacturers] couldn't enforce it," he said.

"The stores were an instant success."

In the early 1960s, Goldstein and his brother, Sidney, were running Mark Steven, a distributor

of health and beauty products. Things weren't going so well and they were looking for a way out of the business.

"It was basically breaking even," he said of the distribution company. "We were looking to do something different."

The brothers struck up a friendship with a dynamic Procter & Gamble salesman -- Ralph Hoagland. The trio decided to go into business together selling health and beauty aids at discount prices.

"The combination, in retrospect, was quite wonderful," Goldstein said of the partnership. "We never had a serious argument."

Hoagland was the big idea guy, always looking to launch into new sales efforts. Sidney was the conservative one. "I was in the middle and a bridge between the two," Goldstein said.

They opened their first Consumer Value Store in 1963 in Lowell, Mass., growing the chain to more than 400 units by 1980.

"We just used common sense in the way we treated people," he said.

The company threw Christmas parties where employees got free food and free drinks. It

offered them health-insurance coverage -- benefits mill owners were too miserly to provide.

"By comparison, we became a preferred place to work."

The company moved to Woonsocket -- the Goldsteins' hometown -- in 1981, building a headquarters at the eastern end of Route 99.

It was a coup for the city, which seems an unlikely place for a company destined to be among the Fortune 500 to call home, Goldstein said.

"The city was a textile city . . . dominated by the textile mills," he said, describing the city of his youth. "It was a boom-and-bust environment. You saw a lot of economic hardship at times."

Growing up in a tenement on Burnside Avenue, and elsewhere in the city, there were four Goldstein boys: Larry, Stanley, Sidney and Jason. Larry died in 1962 in a plane crash at what is now T.F. Green Airport in Warwick. Jason grew up to be a teacher and lives now in San Francisco.

Stanley Goldstein left Woonsocket for Philadelphia, where he graduated from the The Wharton School at the University of Pennsylvania. He did a stint in the Army after college before working as a stockbroker for two years.

He went into business with Sidney, in part Stanley said, because he wanted to come back to New England.

By 1969, Stanley Goldstein had become president of CVS.

He was its chief executive officer from January 1987 to May 1998 and was chairman of the board of directors from January 1987 to April 1999. That year, Goldstein handed over the reins to Tom Ryan, who continues as chairman, president and CEO.

Goldstein kept a seat on the CVS board, one he'll give up today.

He's the last of the three founders to have an active hand in the business. Sidney Goldstein

died in 1995. Hoagland, of Cambridge, Mass., is no longer associated with the company.

During Stanley Goldstein's tenure leading the company, he helped engineer the drugstore chain's emergence as it shed itself of Melville Corp., the New York conglomerate that bought CVS in 1969.

The holding company, based in Harrison, also owned Thom McAn, Footaction, Wilson's, Kay-Bee Toys, Linens 'n Things, This End Up, and later, Marshall's and Bob's Stores. Melville had a remarkable run of consistent returns, posting compounded earnings of 15 percent a year for about 20 years.

Business turned south in 1991, when recession hit. It took five years for Goldstein and his allies in the company to get rid of the other chains.

"The model wasn't working," he said. "The other businesses were up and down. In the mix was this gem -- CVS."

In 1996, Melville disappeared and CVS Corp. emerged as a standalone Rhode Island entity. The next year, the company bought the Revco drug chain in Ohio for \$2.8 billion in a stock deal and began its drive to the top of the industry.

CVS had about \$15 billion in sales and employed about 100,000 people in 1998 -- the year before Goldstein gave up the chairmanship.

Seven years later, the company took part in a multi-player transaction that will make it the nation's largest pharmacy chain in terms of stores -- about 6,100 -- when the deal closes later this year.

Now 70, Goldstein will devote his energies to education reform, he said, a cause in which the Providence resident has been particularly active through the years.

"The school system, to be kind, is not very good in this country," he said. "There are a million people with suggestions -- most not very good."

Goldstein has a hand in one of the more noteworthy reform efforts in the nation.

He helped start The Big Picture Co., the nonprofit education reform organization that developed the Metropolitan Regional Career and Technical Center. (CVS Corp. is a prime financing source for the organization.)

Big Picture began opening schools outside Rhode Island in 2002 and has a goal of opening 50 around the country.

Goldstein remains heavily involved, and is helping the organization raise \$20 million to finance the work.

"We wanted to prove the model works," he said. "We think the Met method has a place nationally and by example and success have other school systems say, 'This is a better way to go.'"

[pgrimald@projo.com](mailto:pgrimald@projo.com) / (401)-277-7356