

I have not prepared charts or schedules showing the actual application of the plan to recording profits and losses of branches or agencies, except as I will explain. Such applications are in effect, however, and I hope may be available at a future meeting of this Society.

The same plan can be used to advantage in the individual branch or agency, to determine which salesmen are making money for the branch and which are not.

The point I wish to emphasize is, that this cannot be properly decided on a basis of sales volume; or, in other words, ascertained by charging the general overhead against the various salesmen's territories proportioned in proportion to the sales they produce.

To find out, accurately, which men are making money for the agency, and how much, contemplates; first, crediting each territory with the entire earnings secured by the agency from the sales the territory produces; second, charging each territory with its direct expense, such as salaries, commissions, bonus, etc.; third, charging statistically each territory with its proper share of all general overhead, such as rent, office salaries, office expense, advertising, etc., strictly on a sales valuation or quota basis. The result will show the agency profit or loss on that territory.

Four charts will be shown which illustrate the operations of the various salesmen's territories that constitute an agency.

If your firm handles its business directly through salesmen, reporting to the home office, then these forms will illustrate your operations as a whole.

On the other hand, if you are more interested in tracing the operations of your agencies or branches, you have only to consider that each of the columns shown represents a branch, and the total column, the operations of your company as a whole, to see how readily what I have to say will apply as well to a comparison of agencies as to the comparison of selling territories that will receive our particular attention.

Please do not overlook the importance of an analysis, in any event, of the operations of the individual territories constituting an agency; because you cannot have a successful agency without successful salesmen, any more than you can have a successful company without well-conducted agencies or dealers handling your product profitably to themselves and to their selling force.

Chart I shows one month's transactions, and is a distribution of expense.

The total column represents the agency's operations for the month, and the numbered columns its various

salesmen. In the same way the form may represent a company's operations in its total column, and its various agencies, branches, or dealers in the numbered columns.

In the total column appear the figures taken from the books—against which they must prove.

DISTRIBUTION OF EXPENSE										
Salesmen										
	Total	No. 1	No. 2	No. 3	No. 4	No. 5	No. 6	No. 7	No. 8	No. 9
Month's Quota	1145	117	122	117	104	162	149	140	177	177
Per cent of Total		10.2	10.7	10.2	9.1	14.2	13.0	12.2	15.2	15.2
INDIVIDUAL SELLING EXPENSE										
Salaries of Ass'ts.	555.85	67.03	93.69	82.69	---	45.90	57.04	189.---	---	41.54
Travel Exp.	27.00	---	---	---	---	---	---	---	---	---
Special Ad.	12.00	1.10	1.02	1.06	1.28	1.04	1.46	2.00	1.34	1.34
Printing	2.22	---	---	---	---	---	---	---	---	---
Trains Service	25.04	---	---	---	---	---	---	---	---	---
Tickets Allow.	(2.47)	---	---	---	---	---	---	---	---	---
	(47.50)	---	---	---	---	---	---	---	---	---
GENERAL SELLING EXPENSE										
Specialist	315.15	---	---	---	---	---	---	---	---	---
Auto Exp.	20.---	---	---	---	---	---	---	---	---	---
Bus. Assn.	15.---	---	---	---	---	---	---	---	---	---
Advertising	10.75	---	---	---	---	---	---	---	---	---
Shipping	59.70	---	---	---	---	---	---	---	---	---
Miscellaneous	48.28	47.25	49.58	47.25	45.16	65.79	60.25	56.52	47.25	47.25
	437.28	---	---	---	---	---	---	---	---	---
TOTAL SELLING EXPENSE										
	1050.92	115.76	145.81	131.29	45.40	111.53	119.63	247.98	48.69	90.13
GENERAL AID OFFICE EXPENSE										
Salaries	715.50	---	---	---	---	---	---	---	---	---
Rent	122.68	---	---	---	---	---	---	---	---	---
Tras. & Stat.	42.77	---	---	---	---	---	---	---	---	---
Postage	20.00	---	---	---	---	---	---	---	---	---
Tele. & Tel.	30.99	---	---	---	---	---	---	---	---	---
Dep. Fr. P.	25.69	---	---	---	---	---	---	---	---	---
Interest	41.25	---	---	---	---	---	---	---	---	---
Insurance	7.15	---	---	---	---	---	---	---	---	---
Misc.	15.32	---	---	---	---	---	---	---	---	---
Total	1017.25	103.76	108.85	103.76	92.87	164.45	132.25	124.10	103.76	103.76

Note: Figures in parentheses are red-ink figures.

Chart I. Distribution of Expense.

You will note that at the head of the columns are shown the month's sales quota assigned to each territory, and the percentage that this quota bears to the total quota.

We first tabulate the month's expenses under three general heads: First, selling expense, falling upon the agency and not upon the individual territory, but incurred by individual territories. For instance, if the territorial salesmen are provided with assistants, part or all of whose salaries are assumed by the agency, such payments are readily apportioned, the salary of each assistant being charged to the territory in which he operates. You will note that in columns No. 4 and No. 8 no assistants are operated, or else the senior salesman's remuneration is on a basis providing that he pay the entire salary of his assistants.

Having, in the first section, taken care of all direct expense incurred by the individual territory, all other general selling expense is shown in the second section.

Office expense may be similarly divided into a direct and a general section provided any items belong to

certain territories only. In our illustration, we will, however, treat all office expense as direct, to avoid going into too great detail in the time we have available.

The general expense shown in the second and third sections is pro-rated against the various territories by multiplying the total expense by the territorial percentage of total quota.

Adding the first and second sections together in all columns, we have the selling expense of the agency divided properly into territories.

and their proper place as a direct or general statistical charge.

We shall now assume that we have determined the proper distribution of all expenses. Having done this, the next thing to do is to use the information.

Chart II is entitled "Territorial Income and Expense," and also shows territorial profit or loss.

The numbered columns represent existing territories. The lettered columns cover adjustments required in the accounts of former representatives no longer employed.

November	TERRITORIAL INCOME & EXPENSE									Former Salesmen			
	Total	No. 1	No. 2	No. 3	No. 4	No. 5	No. 6	No. 7	No. 8	No. 9	A	B	C
Month Quota	1145	117	122	117	104	162	149	140	177	177			
Points Sold	963	214	121	85	22	65	99	213	54	103	(9)		
Value Sold	24195.66	5359.75	3074.---	2075.08	560.---	1698.---	2556.---	5305.---	1337.63	2598.---	(228)		
Gross Profit	7010.09	1622.93	916.35	531.97	136.50	479.40	684.30	1534.50	391.19	779.40	68.40	(15)	16.95
Salesmen's Com.	3525.68	1078.35	455.48	263.30	77.25	316.---	449.---	255.75	250.40	419.75	(34.20)	(7.50)	
Balance	3486.51	544.58	460.87	268.67	59.25	163.40	235.30	1278.75	140.79	359.65	(34.20)	(7.50)	16.95
Salaries Paid	200.---	---	---	---	---	---	---	---	---	---	---	---	---
Total Revenue	3286.51	544.58	460.87	268.67	59.25	163.40	235.30	1078.75	140.79	359.65	(34.20)	(7.50)	16.95
Office Expense	1017.26	103.76	108.85	103.76	92.87	144.45	132.25	124.10	103.76	103.76			
Selling Expense	1050.92	115.36	142.81	131.59	43.40	111.53	119.53	247.98	48.69	90.13			
Total Expense	2068.18	219.12	251.66	235.35	135.97	255.98	251.78	372.08	152.35	193.89			
Net Earned	1218.33	325.46	209.21	33.32	(76.72)	(92.58)	(16.48)	706.67	(11.56)	165.76	(34.20)	(7.50)	16.95
Year to Nov. 1	13866.34	681.70	(294.65)	2624.88	836.16	425.07	(160.10)	7361.11	(85.04)	149.18	415.70	1049.08	664.25
Year to Nov. 30	15084.67	1307.16	(85.44)	2658.20	759.44	332.49	(177.68)	8067.78	(96.60)	314.94	381.50	1041.58	681.20

Note: Figures in parentheses are red-ink figures.

Chart II. Territorial Income and Expense.

The third section takes care of all other overhead. The plan contemplates division into any other sections or classifications that may be desirable, according to the nature of the product or selling plan.

The form, when complete, should absorb every expenditure of any kind, that falls upon the agency.

If used by the company, it would absorb every expenditure of any kind not included in manufacturing cost.

In utilizing this form, it will, of course, require considerable revision as to the selection of expense items,

The total column must agree with the books.

The "month's quota," "points sold," and "value sold" are matters of record, easy to obtain.

The same is true of the "gross profit," commission credited to the territory, and salaries paid. You therefore have no difficulty in getting the territorial "total revenue." If the commission credited, bonus credited, and salary paid, are less than the gross profit, the territory will show a profit, otherwise a loss.

There are many concerns that stop right here, and form conclusions accordingly.