

Introducing our distribution of expense as shown in Chart I, we are able to produce information of considerable additional value.

Deducting these expenses all across the line, we arrive at the *real net earnings* of each territory and locate our real red and black balances.

Of course we do not judge the territory by a single month's performance, so we show the "year to date," or six or twelve, or any other desired number of months' record, and our final totals give us a real comparison of utmost value.

Chart III shows a comparison of results by months for an individual territory. A sheet of this kind should be kept for each territory.

INDIVIDUAL TERRITORY ACCOUNT BY MONTHS						
	JAN.	FEB.	MARCH	APRIL	MAY	JUNE
Quota Points	136	252	368	484	600	731
Sold Points	212	370	495	605	666	1025
Per cent of Quota	155%	146%	135%	125%	111%	140%
Value Sold	5476.75	9486.50	18166.	20466.	22046.	27735.
Gross Profit	1851.	2274.56	2236.99	2960.14	3214.04	7318.14
Salesmen's Com.	784.27	1245.08	2627.22	2988.85	3156.10	3719.
Balance	766.73	1258.51	2609.67	2971.29	3148.54	3599.14
Salary	766.73	1258.51	2609.67	2971.29	3148.54	3599.14
Total Revenue	766.73	1258.51	2609.67	2971.29	3148.54	3599.14
Office Expense	135.66	254.42	444.53	560.43	694.78	811.43
Selling Expense	40.03	145.54	425.79	658.07	856.14	1025.39
Total Expense	175.69	400.96	900.32	1228.50	1550.92	1837.80
Per cent P or L to Value Sold	.10	.097	.093	.085	.072	.068
Net Profit or Loss	691.04	926.55	1709.35	1742.79	1597.62	1761.34
Reserve Com.	626.51	666.66	1915.73	1496.13	1247.10	1544.22
Drawing & Misc Acc. (1487.32)	(1476.30)	(2398.57)	(2206.55)	(2282.97)	(2460.32)	
Net Profit to Protect	(870.77)	15.91	2226.51	1033.88	562.16	825.24

Note: Figures in parentheses are red-ink figures.

Chart III. Individual Territory Account.

The upper part of the sheet contains the record of each month and should be wide enough to cover twelve months.

The lower part is an accumulative record of great value.

Looking across the "per cent of quota" line, we ascertain the "tendency." In the illustration, there is a steady decrease after the third month.

The line "net profit or loss" shows no appreciable gain after the third month.

The line "per cent of profit to value sold" shows a

steadily downward tendency from the start.

Such indications are most significant and point their own moral.

It is not enough, however, to determine net territorial profit or loss.

I want to know whether the profit shown is protected or partly dissipated by excessive drawing and expense accounts.

Assuming that we have a practical and fair "commission reserve" policy, we are able to enter at the end of this form, from our books as they stand on the last day of the month, the territorial "reserve" and the state of the territorial drawing account.

At the end of January the profit has all gone to the salesman and more. The territorial "profit" is an actual deficit. In February, the net profit is without protection. In March, a protected profit is shown, but is less than the profit earned. The figures shown are used to illustrate how an excessive drawing account can readily dissipate fancied profits, and how *exact figures* portray the all-important tendency.

Chart IV is a comparison of territories for a considerable period. Some of the columns cover partial periods only, due to personnel changes.

A "total" column for proof purposes, and an "average" column, can also be used.

Note that the net profits in territories 1, 3, 4, 5, 7 and 9 are fully protected. Territories 2 and 6 show profits not sufficiently protected. Territories 8, 10 and 11 are in bad shape and can be rescued only by reducing or cutting out the drawing account and paying part commission as new business is brought in, the balance gradually reducing the evident loss. These figures are exaggerated, but a condition like this may arise if records such as these are not kept.

If such records are kept, corrective measures are possible at a much earlier date than otherwise.

A territorial comparison like this shows where to "operate," but the operation must be made soon enough to save the patient many long hours of illness that might be prevented.

In closing let me say that records like these are also of great value when corrective measures are to be taken, because they are "cards" that can be "laid on the table." They can help to apply remedies without friction, and with real understanding of the necessities of the case.

These charts are made up from no printed form. These exact forms are not in print. They are suggestive only.

What I have told you this afternoon is no stereotyped process. What I have shown you is the product of actual personal experience, and as such is offered to you for just what it may be worth to you. If you find something in it that you can use, I shall be glad.

(Following this paper, Mr. Staubach answered questions for an hour or more on the charts, their application in various directions and on the quota subject as a whole. The session was one of keen interest and evident appreciation.)

that the Taylor Society itself recognizes the fact that none of these suggested changes should be put into operation until they have been fully explained to the sales people and other people concerned, and until a general acceptance of the plan is secured from those about to operate it. In other words, while no particular mention of this fact has been made, and while perhaps it has been a fair criticism to state that too much time has been devoted to technique and methods, it has been

ACCUMULATIVE TERRITORY COMPARISONS											
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 6	No. 7	No. 8	No. 9	No. 10	No. 11
Points Quota	632	2094	991	2154	1586	827	2404	691	292	1614	2017
Points Sold	678	2153	835	2867	1522	554	2064	388	245	839	1042
Per cent of Quota	107%	102%	84%	133%	95%	66%	85%	56%	53%	51%	51%
Value Sold	17061.98	54228.77	13859.53	71845.09	37909.23	14677.75	52217.34	9984.09	6411.35	21113.	26828.42
Gross Profit	4973.62	15656.39	4058.49	21332.82	10925.15	4227.27	15199.29	2956.75	1768.91	6000.	7986.62
Salesmen Com.	2436.82	8158.15	2205.33	14148.13	6739.61	1611.08	9996.89	1125.74	1172.60	3952.60	3723.96
Balance	2436.80	7500.24	1853.16	7084.69	4186.54	2616.19	5202.40	1830.99	586.31	2047.80	4174.66
Salary	2436.80	7500.24	1853.16	7084.69	4186.54	2616.19	5202.40	1830.99	586.31	2047.80	4174.66
Total Revenue	2436.80	7500.24	1853.16	7084.69	4186.54	2301.19	5202.40	1245.99	586.31	2047.80	3114.66
Office Expense	720.34	2054.57	840.45	2129.57	1669.08	927.75	2352.65	622.37	293.51	1836.88	2021.31
Selling Expense	674.88	2327.44	388.65	2022.06	1106.06	1018.94	1743.85	435.09	182.05	883.60	2295.06
Total Expense	1395.22	4382.01	1229.10	4151.63	2775.14	1946.69	4096.50	1055.46	475.57	2420.48	4314.37
Per cent P or L to Value Sold	.061	.057	.045	.0408	.037	.024	.021	.019	.017	(.018)	(.044)
Net P or L	1041.88	3118.23	624.05	2933.05	1411.40	384.50	1105.90	190.53	110.74	(372.68)	(1199.71)
Reserve Com.	28.81	983.84	542.91	864.49	905.83	95.16	1269.68	232.48	26.94	840.86	332.29
Draw & Misc Acc.	(8.59)	(2178.17)				(416.05)		(870.13)		(2357.65)	(2414.29)
Net to protect profit	1061.80	1925.90	1166.97	3797.55	1433.26	33.61	2375.58	(447.12)	137.68	(1516.79)	(2082.00)
	X		X		X		X		X		
	X Partial Period.										

Note: Figures in parentheses are red-ink figures.

Chart IV. Accumulative Territory Comparisons.

## DISCUSSION

H. R. WELLMAN<sup>1</sup> (Chairman's opening remarks): Before discussing the subject assigned for the afternoon conference, perhaps it would be well to clarify some apparent misunderstandings regarding the application of scientific management to sales planning or to sales engineering, if you please.

In all the discussions up to this point, it has seemed advisable to dwell particularly upon the method and technique of the planning rather than upon practical example or practical application. This has seemed to be necessary, due to the fact that the study itself is, of course, in its infancy. The practical application is being approached through a study of the general

However, I am quite sure that I am representing the Taylor Society when I make the unqualified statement

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clearly in the minds of the committee interested in this subject, that the first move in attempting the installing of any methods of this kind must involve whole-hearted acceptance by the people involved.

We have been told that production can no longer furnish the necessary economies to bring about the necessary reduction in prices to meet competition. We have been told that of all the unorganized, wasteful, extravagant, and generally useless branches of business, sales occupied the front seat. The lamentable part of it is, the statement itself is fairly accurate. However, in situations of this sort it is particularly pleasing to produce as a witness for the defense, a man and a business whose house has been put in order for a great many years, whose use of the quota and intelligent planning methods for sales and salesmen has been a landmark for the last ten years at least. Mr. Staubach, after his thorough and practical demonstration of the Quota System at Springfield, needs no further introduction to