

Why connect this group with sales? Because virtually all the influences that shape the program of a business are at work in the world outside, and it is through sales that their actions and reactions are made known to the business. The amount of products that can be sold determines budgets and production programs. So if you accept the common division of a business into three major functions—sales, production, finance—it is sales that must furnish most of the information upon which a master plan is founded.

You may say that the master planning is a function of management. I cannot agree. The job of management is coordinate, to establish policies. It would be a physical impossibility in a business of any size for the general manager to do the research and statistical work underlying planning, not to speak of the magnitude of the job of writing master plans. He should approve or veto. There is just as definite a place for sales engineering—the planning of programs, as there is for industrial engineering—the planning of methods or systems, or for manufacturing engineering—the planning of products and processes.

If a master plan and schedule is in existence, there is still need for detailed planning in sales and advertising. In a sales organization of size, there should be a planning section. That there is a definite increase in the number of such planning sections is a recognition that the job cannot be delegated to the doer type of man.

There is another definite phase of engineering work in the sales activities of many industries. It is the initial planning of new products or the re-designing of old products for new uses. This task requires the sales angle and ordinarily the information required by the manufacturing engineers must come from sales. The job is true sales engineering.

Again we can support an argument that lack of standardization of products and selling methods is a direct cause of inefficiency and high cost. Another job for the sales engineer.

The gathering of statistics may possibly be done by more or less mechanical methods. And sometimes they are used mechanically. But the big job is the interpretation of statistics and this is a job for the thinker or engineer.

The answers to the questions under group "C" give little opportunity for analysis but much opportunity for discussion.

It appears that control of the sales organization breaks sharply into two types: control by a dominant executive or control through committees. The more technical the article the more does committee control

appear. And it appears quite true that the committees perform largely the engineering functions. Without more knowledge of the circumstances in each individual case, there can be no decision whether the meetings of committees can adequately supplant the work of an engineering group which concentrates on highly specialized study and planning.

There also appear to be endless combinations of functional, product and geographical forms of sales organization. Where varied lines of products are made it is common to find the product type of control through merchandising sections, each responsible for distribution of specific classes of product. The section heads are staff and not operating officials. Combined with this in the highly organized industries are functional divisions in the home office (sometimes in the field divisions also) and geographical division of the sales operations.

Where a single product is widely distributed, the functional form of organization is employed, with or without geographical divisions.

Where the same class of product goes to different classes of consumers, the product specialist appears within the functional form of organization, usually specializing on sales promotion but not forming the contact with the production organization.

A sharp distinction should be drawn between decentralization of operation and decentralization of control. Centralization of control means economies and maintenance of standards. Sometimes, however, it means suffocation of that initiative which is the very great asset of decentralized control. Centralization of control means little unless it is based upon an organization with functions so clearly defined and charted that the very perfection of the routine gives men time to do creative thinking.

The replies to the questionnaire indicate that in a surprising number of organizations action is based upon group decisions rather than upon careful compilation and analysis of facts. Research has little definite recognition. I suspect that business conditions of the present and future will help to right what may be wrong in this condition. I foresee a greatly increased interest in research as sales managers begin to run out of alibis for decreased distribution.

There are few organizations that have recognized any distinction between planning for current and future problems. There is a very great distinction. It is this distinction that has caused some companies to create both sales engineering and sales planning divisions. Sales engineering should be largely interested in future plans and programs. It should be engaged in

laying a strong foundation upon which later the operating divisions will build a superstructure. It must, if it is to succeed, occupy an independent position, parallel with the sales operating, advertising and other units.

Economists (and business leaders, too!) are attacking the cost of distribution. By the adoption of scientific study of organizations, systems, tools and operations, American industry has been able to obtain low unit costs of production while paying the highest wages. Management, having been thus successful in attacking the problems of production, cannot be expected to long refrain from turning loose their engineers upon the distribution function. They will find ways to cut the cost of distribution and their reports will lay bare the skeletons in many a sales organization closet. Shall we wait to have the engineer imposed upon us by general management or shall we invite him in?

Our standing as a profession with management does not now compare with that of the heads of production and finance. We show a splendid capacity for spending any profits the business may make. Proponents of optimism, filled with ever-cheerful confidence, skilled in the craft of getting an idea across, we do not hesitate to announce plans and establish quotas and to promise all things, and then when we gloriously fail, we are able to produce alibis with which to salve our conscience and to explain to management and directors the red ink figures with which dividends cannot be paid. And then we wonder that the management considers us unreliable and hesitates to hand us that \$2,000,000 budget with which we are going to put Atlas fluid soap into every kitchen, laundry and bathroom in the land. We must devise ways to measure the returns that are to come from the budgets we spend. We must learn to talk the language of finance, of production, of management. We must bring our organization into line with the scheme of organization that prevails elsewhere in the business. We cannot justify a claim that our work is so exceptional in character that we must be different and our activities shrouded in mystery. We must clean house.

There will arise criticism of the work of this committee. I can foresee now that there will be complaint that we suggest measures that can be made operative in large industries but are hopeless for the small organization.

If we were discussing plans of organization and operation solely, we should find it difficult to refute the charge. But we are primarily discussing functions and not methods. The functions exist and must be recognized in every business, regardless of its size.

We are striving to draw attention to the importance

of thinking in terms of functions. We do not necessarily need a distinct head for each function. The fact that one man can head two or more functions is clearly seen in the charts of highly functionalized organizations.

What we need to realize is that the man at the head of two or more functions must clearly recognize in which function he is operating when engaged on any task. Many men have attributes that enable them to operate successfully in several functions. Probably the true measure of real executive ability can be found in the success with which an executive can supervise, if necessary, the operation of all functions.

So the organization and methods of large-scale marketing organizations hold no lesson that cannot be directly applied in an organization of any size. If we will first define the functions of our task, the job of management is then only to assign the supervision of each function to the personnel available. This may sound involved. In reality it is not so if we conceive of every task breaking down into certain definite elements or functions. In the company with which I am connected we recognize that every task breaks into five elements or functions and that these functions—planning, preparation, scheduling, production and inspection—exist in all cases. Accordingly we are organized on the basis of these five functions.

We break our organization into divisions along the major functions of business—selling, advertising, engineering, production, etc.—and then organize these divisions so that the tasks of each division will be attacked through the agency of the further functional treatment of each element of the task as outlined in the preceding paragraph.

I am somewhat familiar with the sales problems of the middleman and the retailer. Fundamentally their sales problems differ only in degree and not in kind from those of the manufacturer. In their organizations the recognition of functions grows day by day. Probably it has been more stress of circumstances and initiative of individuals than logical thinking that has brought this about, but it indicates a trend that will accelerate as scientific teachings spread through our marketing organizations.

IV. DISCUSSION

E. ST. ELMO LEWIS:¹ I think there are several very important points to bear in mind in the report of this Committee.

1. The self-evident condition among the sales departments in the country, which clearly show a lack

¹ Campbell-Ewald Co., New York.