

THE 1923 MODEL SALES MACHINE¹By HARRY R. WELLMAN²

MOST of us here tonight have lived through the most interesting cycle in the sales history of this country. It seems but yesterday when the sure sign of spring was the arrival of the tin peddler with his assortment of household wares. Yet, since yesterday, we have seen the growth and development of the great department stores, the mail order houses emerging from back rooms to become giants in the selling field, the modest beginnings of the chain stores followed by the self service stores, and finally, "Lockwood's Store at Your Door," a self service tin peddler if you like, who has swapped his horse for a motor and now arrives on rubber tires. These changes are indeed revolutionary. Yet, when one stops to analyze these changes, one finds the original merchandising fundamentals unchanged: merchandise where it is wanted, when it is wanted, and at the right price. The self service store on the motor truck is delivering the self-same commodity as the tin peddler; namely, service.

Post Roads to Boulevards

Apparently, we have now reached the point where we appreciate that interesting and spectacular as facts may be, they are tame indeed if compared to the causes of the facts. The westward expansion of population, the development of our great railroad and other transportation systems, the introduction of rural mail and parcel post systems, the growth of advertising, and the more recent development of motor truck delivery, are the causes without which we would not have had this spectacular sales development.

Each improvement has expanded the selling radius. As long as the increase in population was constant, these selling districts did not much overlap; or rather, the resulting competition of overlapping territories was not particularly serious. There were always new fields for all. Why then should sales managers pay any attention to the various new-fangled ideas of market research and analysis supposedly useful in reducing the cost of

sales or of reaching new markets at a profit? If these sales managers found their known markets were getting a bit cramped, they sent a man to Texas or some other uncovered territory, and presto! the added sales brought up the figures to the year's 10 per cent estimate—and the sales manager slumbered on. However, about 1912 some one discovered that figured in terms of profits these new sales often appeared in red ink! A few businesses that had been thought tremendously successful on account of their sales activities, went to the wall and the post-mortem showed wonderful sales but no profits.

The Beginnings of Sales Planning

Examples of this type caused a number of our more serious thinkers to begin a mild sort of analysis of the cost of selling. At the same time, one St. Elmo Lewis dared to state publicly that it was about time for a sales manager to find out what sales really cost him and to figure out intelligently sales costs in a new territory before he attempted to try to operate this new territory. And so through 1913, 1914 and 1915, we find various businesses beginning to put in a research man, occasionally a market analysis man, and in very rare cases indeed, complete sales planning units. Thanks to the efforts of the Taylor Society and others, it was beginning to be generally understood that something had to be done about constantly increasing sales costs. Unfortunately, the war occurring at this point, serious sales planning was set back at least four years. Why have foolish departments like that when there was more business than one could supply anyway? The answer was unanimous and these departments were largely given leave to withdraw. The year 1921, however, brought back the problem of sales, and today we find an acceptance in theory at least that sales planning is an essential part of sales management.

The Sales Specialist

Unfortunately, this situation offered a wonderful opportunity for those optimists who always appear as specialists. In fact, the parallel was nearly perfect between sales planning experts and scientific management ex-

perts during the same period of the development of scientific management. As soon as Taylor's theories had been reasonably accepted, there were countless efficiency engineers, industrial engineers, and "scientific experts" who came into the field prepared to save business—at, of course, so much per save. Their several careers were meteoric. Business is sound at bottom and it did not take long for business to understand that there was a great difference between principles and prophets. The false prophets have perished. The principle of scientific planning remains. During this evolution, the production engineer has changed from a specialist to an every-day working model.

Scheduled Production and Sales

In sales, we are just now suffering the specialist period. Possibly these newer experts are a little more clever in their selection of titles, but other than that, they seem to be almost a reincarnation of our old friend, the efficiency engineer. Sales will of necessity have to endure them for a little longer and then they, too, will pass on or lie dormant until some other crying need hits the business world. However, in spite of this unfortunate condition it is fair to say that sales departments generally have accepted certain principles of management and are now beginning to apply them. It seems to be evident that scheduled sales and scheduled production make profits. It seems also to be an accepted fact that neither department can operate at a profit by itself. While the results of this type of planning are not as apparent as they should be, nevertheless the start has been made, and it seems reasonable to assume that the same development will characterize sales planning as has already characterized scientific shop planning and management.

The Dead Level of Efficiency

With the acceptance of the general theory of scientific planning in the sales department, we at once encounter a new problem which, while it may not appear as important at the moment, nevertheless will be of increasing importance as the years go by. Picture, if you will, all of the manufacturing plants in this country manufacturing on the same high-grade, planned-production level.

Assume then, that sales planning has made the same advances. Just how will this situation affect the general business of this country? If you think this picture is too far in the future, consider today's situation when you have four chain stores each operated scientifically, competing on the four corners of a city square! It is generally admitted, too, that mail-order costs have been

worked out scientifically and that they are efficient units. Besides the two great competing mail-order houses, there are today over three hundred substantial mail-order concerns. It does not seem unreasonable in the light of these more recent developments to assume that it will not be very long before we may reasonably expect intense competition between well organized and scientifically operated units of distribution.

With this increasing efficiency in production and distribution, it might be well to make a hasty market analysis in an endeavor to forecast the possible additional consumption for this new outfit. The war left us a world shortage of fifteen million men. Our immigration has turned to emigration and has shown a net loss in numbers for a little over a year. The percentage of increase in population has not only not been maintained but has fallen behind. We find the average increase in manufacturing capacity around 30 per cent. We reach a point then where it becomes apparent that science will not alone solve the problem of distribution.

Over-Production

Ever since the war we have heard discussions regarding over-production. Many of our sales managers have taken the point of view, as have our economists, that over-production or saturation is impossible. Those of us who have warned against what we were pleased to call saturation, have received very little consideration. Nevertheless, while saturation may not be possible from the economic point of view, it is quite possible and is very much in evidence in certain lines from the business point of view. With all of this warning, however, we have had the constant urge for more production and more sales. This has come from the banking group. Broadly speaking again, the banks have had very large investments as a result of unwise war expansion and more unwise after-war expansion. Disregarding the facts in the case, they have tried to keep up production and keep up sales.

The Drive for Sales

The other day I was talking with one of the most successful sales managers in this country regarding today's problems. He said, "In my opinion at least, most of the sales problems of today could be solved if the bankers could be brought to see the cost of getting the last \$100,000 worth of sales." He went on to say that the sales of his company had equalled the figures set by the bank but that the bank itself had lost money on the last \$1,000,000 worth of business that it had forced him to get.

Fortunately, this condition is not general. It is

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