

schedule based upon what one is at present best fitted to build; second, to establish a sales schedule based on the assumption that one will equip and organize to build that which can be sold to the best advantage.

In the average case, it seems reasonable to assume that a compromise between these two will be made. It is hardly possible in the average business to radically change equipment and organization to sell an entirely new line. Financial conditions frequently prohibit. Therefore, most of us have to compromise at this point and adopt the first method, of selling what we are best fitted to build.

Assuming we follow this course, we are confronted by the fact that we have a plant of a certain definite type and size. We may be making one article only or hundreds of different articles.

The plant may be, and most plants usually are, so equipped and organized that some lines are highly profitable while others are merely burden carriers.

Most managing executives are anxious and are striving by every possible means to increase the sale and production of those lines which naturally are the most profitable.

Under these circumstances, therefore, the sales manager has to confront the very definite problem of securing a certain amount of business in each particular product which he sells. Further, he must face the problem of deciding where he can obtain this business at the lowest sales or distribution cost.

How can these problems be solved? Just how can this highly desirable sales schedule be worked out in my business? That is the concrete practical and highly difficult task which faces each of us who sells either his own or some other man's products.

No doubt many of us have endeavored to make up a sales schedule for our business using the various statistics available concerning the consumption of staple articles and goods.

The statistics available concerning articles of daily personal wear or consumption may perhaps be used with a reasonable degree of certainty to forecast the potential sales per capita in any territory.

However, a large number of us are making products which are not for direct personal use or consumption. Their sale is not, for instance, directly proportional to the number of people in a given territory.

How then can we determine the potential sales of such articles in a given territory?

The trouble with most of the sales statistics available today is that they do not apply to and, therefore, can-

not be used in many of our businesses.

In our own particular case, for instance, it is an extremely difficult problem to forecast sales based on the information now available. Many other concerns are facing exactly the same problem. Their products are used in numerous lines of industry. They are sold through various channels of distribution. The manufacturer is frequently far removed from the consumer.

As a contribution given for what it may be worth in helping to solve this problem, let me say that from my own personal experience in attempting to analyze the market for our products, I have reached the definite conclusion that the first step is to determine the actual use or uses to which each article is put by the ultimate user or consumer.

This involves a detailed knowledge of the different processes in various industries and an analysis of each industry to determine the extent to which each article is used in the industry.

Now this is a tedious and expensive proposition but how can any sales schedule be prepared unless you know the use to which your products are put in whatever fields they may be sold?

And knowing the use, how can one arrive at the volume of business except to analyze the size of each using industry, or ultimate consumer.

By analyzing the ultimate use of the product and the size of the field as suggested above, one may determine, with a degree of accuracy which certainly is superior to a purely guess-work method, the potential annual business.

For instance, take the paper industry where various types of machinery are used in fairly large quantities. An analysis as outlined would disclose the total number of machines of each type installed at the present time. The life of each machine may be determined by analysis with a fair degree of accuracy.

From these figures, a reasonably accurate estimate may be made of the replacements required annually.

To the annual replacement should be added the further demand caused by expansion of the industry which varies from year to year.

A final estimate of potential sales may thereby be made which will be reasonably accurate.

As a check on the estimate obtained by the method suggested above, most sales managers can obtain information giving the total sales of his type of articles in any field.

The Department of Commerce reports, census statistics, economic service courses and finally, but not least,

a close contact with competitors will provide a check-up on this suggested method of forecasting sales with actual results which have been obtained in any given territory.

It should be kept clearly in mind that the first primary purpose of analyzing a market is to determine the potential business in it. Most of us have available complete statistics on what we have done. We know, in a fairly general way at least, what our competitors have done. But relatively few, however, have approached the problem with the object of determining what we should do.

Mr. Wellman has emphasized the point that sales managers of today must deal not in figures of the past but figures of the present and future and the determination of the potential business in a territory appears to be one of the first steps in the right direction.

Having made this estimate of potential business, the sales manager is next confronted with the problem of determining his proportion of that business. "How much would it cost me to get what I want, what I need, to profitably run my plant?" "How is the best way to attain and maintain my share of this potential business at a reasonable sales expense?"

And also, "What is a reasonable sales expense?" Certainly, 68 per cent is not reasonable. In some instances, 3 per cent is considered a normal sales expense, others 10 per cent to 15 per cent is a fair average. What will fit your business and my business after all depends partly on competition and partly on the particular internal conditions peculiar to each business.

No doubt, most sales managers have various ways, not mentioned here, of checking up potential business

and probable sales but it must be admitted frankly that the average sales manager talks and figures largely in a comparative way.

Business is either good or bad, or is going to be better or worse.

Why not be perfectly frank about this so-called "Art of Selling?" Why so much mystery? Why still cling to the belief that a salesman was born not made? Why assume that it is all in the man, not the product and service given, when, as Mr. Wellman has so truly pointed out, the essential elements of merchandising now, as heretofore, are goods where they are wanted, when wanted, at a reasonable price.

I have one other conclusion which has been reached from personal experience that I present for what it may be worth. It is that a definite sales plan based on an analysis of the uses of the product and the size of field, as briefly outlined above, can be made to actually produce a material increase in sales at a reasonable sales expense in an old established territory where the competition has been keen for several years.

Gentlemen, this sales schedule is the missing link in the problem of merchandising today. It is the key to increased profits in the business of practically every one of us.

We ought to know, we want to know, how we can solve this particular problem.

Can Mr. Wellman be specific on this point? Can any members of this association contribute the necessary detailed information to assist other members in solving this problem? If any member can, he will have rendered a real service.

HIS (Taylor's) reputation does not depend upon the fact that he designed and built the most successful big steam hammer in the world, or that he developed a method of treating tool steel that trebled its cutting power, or that he determined the laws of cutting metals, or even that he was the father of scientific management. These were incidents in his career, and only the logical results of his methods. At an early date he realized how much of the world's work was based on precedent or opinion, and undertook to base all his actions on knowledge and fact. (Henry L. Gantt in Taylor Memorial Volume, p. 61.)

IN short, almost no one gains long or gains much either from rising prices or falling prices. Either implies enormous social wastes. Therefore, to society as a whole, there is a great net loss, just as there would be from confusion and uncertainty in the yardstick of length or in the pound of weight. Stabilizing the monetary units is a reform on which all classes should unite—debtors and creditors, bondholders and stockholders, employers and employees, rich and poor. (Irving Fisher in The Stabilization of Business (Edie, editor) p. 82.)