once in two months. Then, as we get deeper into the subject, we find that we need to classify our individual customers and prospects, especially in the larger places, because the prospective business of one may demand a call once a week and another, perhaps only four blocks away, may have a normal prospective size of order that will warrant a call only once in two months. At about that point we probably have a growing suspicion that the jobber has not been killed off because he performs a genuine service more cheaply and efficiently than we can do the same work ourselves.

And now, having found out that we can profitably finance only a certain number of calls per year upon each county, town or customer—and that a salesman can make only a certain number of calls each year—we find it necessary to make an adjustment between the figures of attainable business and the fixed limit of calls. This adjustment usually means two things: a selection of the places and businesses we will call on, and the setting of a specific standard of salesman's cost for the type of territory being studied. This ordinarily leads to the classification of territories by types and the setting of a cost ratio standard for each classification so that we may compare the results of the work of individual men.

At this point another difficulty arises. The salesman is not necessarily gifted as an analyst and a planner. His routing and our call frequency standards do not coincide. So we find ourselves forced to make routing a staff job. Sometimes a simple zoning of his territory will serve reasonably well. Usually, however, we must lay out for him a cycle routing which is arranged to meet the necessary call frequency. The problems of cycle routing are too complex for discussion here. I can only say that when the method is once established, it becomes a simple matter to route a territory.

The net results of evaluation, frequency of call, and routing studies is often a revelation. In one case nine men are now working where three men were formerly thought to be getting all the business available. The cost ratio is slightly less. The house is in a far more dominant position than it was before and both mail orders and repeat business are now obtained that formerly went to competition.

If we are to have this close assignment of work, then reports and records become increasingly important as an element of control. Fortunately, when a business has advanced to this stage, the struggle with salesmen to obtain reports dies away because the house is prepared to repay in kind and to furnish reports and sales aids which compensate the salesman for his extra labor in report writing.

A striking feature of records today is the thoroughness with which the development of the individual customer's business is watched and recorded and the salesman supplied with definite, helpful information to aid him in getting orders. More than this, in some progressive marketing organizations one or more contacts with the customer or prospect are carefully scheduled to be made by mail between the salesman's calls.

An interesting development of these studies in a few organizations has been the creation of a sales promotion or "mail sales" division to carry on an active marketing campaign in those towns where the study shows a salesman cannot profitably make a personal call. The success of this "mail sales" work tells its own story.

This more intensive type of sales operation has naturally brought about a closer supervision. Essentially the condition is no different than accepted factory practice. The salesman is not only a human being; he is also one beset with influences peculiarly destructive to morale. It is easy for him to acquire unconsciously habits which may limit his efficiency. The solution often lies in a more active and direct supervision in the field. So we see a development of field supervisors who travel continuously with the men of a group of which they have charge. The groups commonly are composed of eight to twelve or more men, depending upon the congestion of the particular territory and the distance of travel necessary. This method is growing in favor because it is found profitable as the group functions enough better to more than pay the additional cost.

In the whole field of industry, one phase of scientific management that is having much attention is the establishment of standard tasks as a basis for incentive forms of compensation of workers. This phase of scientific management is almost sure to come up when sales managers get together. Not that you hear talk of standard tasks as such, for this phraseology is not common in marketing. The quota and the bonus are, however, familiar terms. The increasing need for control is sounding the death knell of the commission form of payment of salesmen. The salary-and-commission form often fails because the standard set has no scientific basis.

The unending contention over the fairness of methods of compensation is probably doing more to drive the marketing managers of the country to a study of what science may be able to contribute in the way of standards and methods than any other single factor.

Where some degree of scientific analysis and planning has been applied to marketing, one is almost sure to find a sincere attempt to establish standards of performance. In marketing, the "point" method is a favorite way of presenting the standard. A "point" is an arbitrary value and each element of the sales task is rated as worth so many "points." This method has the desirable feature of making possible a flexible incentive as the number of points may be varied without changing the basic element. Thus if it becomes desirable to move the surplus of a stock item, an increase in the number of points will usually produce prompt action. The basic task is the attainment of a certain number of points in a given period and a bonus is given for excess points. The effect of the point system is to produce balanced effort to meet the changing needs of any of the major functions of the business.

Merchandising as an Industrial Function

Long ago the administrator learned that one of his major problems was the maintenance of peace within the organization between production and marketing—two functions with strong tendencies to have opposing views, if not actual lack of co-operation. Each suffered because its executives had difficulty in envisaging the special requirements and limitations of the other function.

It was only as industry grew or combined into large units that an intermediate function began to emerge. This function is still mostly in the chrysalis stage and even its name has not been standardized. However, it is beginning to acquire the name "merchandising," one of those blanket names which needs identifying explanation every time it is used.

Several causes operating together brought this new function into activity. The sales department could not sell just what the factory could most profitably make, nor could the factory prosper if it attempted to make precisely what the sales department could or would sell. Peaks and valleys were the characteristics of the curves of both production and sales. Factory schedules were frequently upset by emergency demands from the sales group. Resistance to change in both groups gave competition an advantage here and there which took seasons or years to overcome. Current prices were a bone of contention between the two functions.

Probably the growing interest in the subject of psychological fitness for specific tasks played no small part in the establishment of the new function in the organization. The sales department was compelled to study human beings and their reactions in its job of selling, and to think in terms of material products in attempting to cooperate with production. A marketing executive's aptitude and interest was commonly directed toward one of the two phases while the other was largely neglected.

The new merchandising function is employed as a first aid to the administrator in his task of co-ordinating all the functional elements of the business. It is charged with initiating the development of new products. It is expected to specify to the designing engineers the merchandising factors which will help to build sales volume. It is held responsible for the character, size and balance of finished goods inventories and thus inherits the job of predicting future demand and translating it into current factory orders. It virtually controls prices and terms of sale.

The merchandising department aids production by early placing of stock orders and by controlling the acceptance of job orders, thus assuming a large measure of responsibility for steady employment of factory facilities. It gives early notice of raw material or equipment requirements—or of approaching obsolescence of products—thus enabling the production department to make early plans and schedules. Often it is of particular service to production in maintaining balanced output by its ingenuity in suggesting new products, or in searching out new or broader markets for existing products.

The merchandising department serves the sales department by maintaining better delivery service, and by cooperating to develop new markets and new products to expand sales volume or to fore-