

be led to consider the advisability of making an investment in the manner I have described, by setting the excess expense as a deferred charge to be amortized over a period of time.

Soon we shall make larger use of the flexible budget idea so that field executives can control the scope or character of activities on the basis of certain day by day figures, while the activities are in progress. No amount of historical figures can match this method of keeping informed on the profit angle of the work we are doing.

How easily we drift into doing certain things because they are customary, or appeal strongly to our imagination and pride! What I am thinking about is the number of mistakes which I have seen as a result of someone's being enticed into national advertising, when localized advertising and display would have been far more effective. The problem of how, where and when to advertise is a persistent problem. As we progress in our knowledge we are led to wonder if it would not, for instance, pay to have different copy for different markets. Or the problem may take the form of a decision as to whether the stress of the advertising should be upon the trade or the consumer; or whether our appropriation for space should be cut in half and the difference invested in direct mail advertising. These things are always problems. I sincerely believe that when we have sufficiently developed the tool of commercial research some of the complexities of advertising will disappear.

Sometimes our whole basic marketing policy comes up for review because we are jolted into new thinking. We read that Gotham Hosiery sells about \$30,000,000 a year without salesmen. They have made a great success of standard stocks in their agencies and of automatic reordering. Is that going to be the final answer to our marketing problem? Well, Ford's five dollars a day was a final answer—as long as it lasted. You know the answer just as well as I do. But I have experimented with standard stocks enough to know that in the field of branded, resale goods I am going to keep on experimenting, because the results so far have been astonishingly good—whenever I can fire the old sales manager, entrenched in his job and methods, and get a new one whose flair is primarily for merchandising and scientific management.

If you do not think that it is a genuine problem to try to increase the amount of time that a sales-

man can spend on actual selling, just try to solve it. Some of us feel that we may have gone a mile on a five-thousand mile journey. The problem is all tied up with a lot of the other problems which I have been discussing.

Most marketing managers will agree that new or junior salesmen need sales training, although relatively few actually carry out their belief. But you stir up a hornet's nest when you claim that the tried and true senior salesman also needs training. Few recognize that as a problem. As a road gets older ruts appear, and it must be scraped and rolled and resurfaced if it is to be kept in good condition. Ruts appear as men grow older, and they are prone to consider their education as finished. As a college teacher, I have learned the value of training and am painfully aware that, in successful lives, training never ceases. I wish that I could get more marketing managers to agree with me and to put training into their schedules of operation.

We all have that very human problem of proper compensation. Many methods have been tried and found wanting. Compensation should not merely be payment for work done; it should also be stimulation to do the work yet undone. I feel that our solution may depend upon borrowing from production its knowledge and use of the task and bonus plan, with its measurements and incentives.

As we develop our cost accounting, we find ourselves facing the problem of what to do about small towns and small accounts with their unprofitable showing, even though the addition they make to sales volume may be highly desirable if the cost of getting it could be cut. Here and there I find a successful effort to handle this class of trade by direct mail selling. There are possibilities, too, in the standard stock plan. There are even possibilities in the standard assortment plan. And there are still greater possibilities in the growing use of telephone selling. You can only wonder that the problem is so little recognized and that so little has been done about it.

Of late there has been considerable discussion about the real value of missionary salesmen. There are so many phases of this problem and it is so dependent upon special conditions, that I do not feel I can here discuss it at length. I do know, however, that missionary selling has run wild in many companies and that it is not always a success.

I suspect that a new type of jobber is coming into business who may provide part of the answer. I am quite sure that there will be a drastic reform in many present missionary sales organizations when the true story of costs and profits is known.

Out of our hand-to-mouth buying has come a problem of maintaining scattered service stocks. All that I can say about this is that it is another of the problems which is highly individual. One answer of increasing importance is the growth of merchandising warehouses, which in many cases are prepared to take over any work which a manufacturer would do in his own warehouse.

Shall we—how shall we—sell the chain stores? These are current problems of the manufacturer who has established good distribution of a branded line. This problem is closely allied to another that many managers are considering, and that is, how they can enlist the jobber to take care of the small trade and keep on selling direct to the cream of the trade. In either case, does it mean multiplicity of brands? I have no answer to these problems. Our literature of marketing assures us that all these problems of selling to chains and jobbers have been solved by some. Probably the right kind of research will help to solve the problem for those who now have it before them. Most of those I talk with have not even kept informed of the published material which has a bearing on the solution of such problems. How to make business men read business literature is in itself a problem.

There are some problems of display materials. One is how to make sure that they will be used. Sales training may help to solve this problem. Shall we give, loan, or sell our displays? There is no specific answer, but I am sure that a lot of display material which is now given away should be sold, and that both parties to the transaction would profit thereby.

If you want to hear a real problem, drop into one of the many gatherings of chief executives where the cash discount is being discussed. Have you solved the problem of the 6 to 8 per cent discount demanded by department stores, without going through the bother of making a special raised price to meet the situation? If you have, I would like to hear about it. I know that our large, well financed manufacturing institutions are quite unanimous in their belief that the cash discount has outlived its usefulness and are getting ready to do something.

Recently I have had before me the problem of distinguishing between good design and good style. Or, rather, I have had the problem of adding style to designs that were already 90 per cent right. This problem of styling a line has so many angles to it that it is virtually impossible to discuss it in a paper of this kind. Yet in many cases the difference between success and failure, between profit and loss, lies in that extra 10 per cent of style. When style brings color to the kitchen knife and cosmetics, to the bare leg, a good many industries are going to be interested in the problem of style and its effect upon their business.

And then Mr. Kettering, the head of General Motors Research Corporation, comes forth as an apostle of progressive obsolescence. Make the public dissatisfied with what they have and expand your sales volume! That is fine, but I should not be surprised if General Motors would welcome your solution to their problem of the near-saturation of the second-hand market for cars, so that progressive obsolescence might function without impediment. Yet, in spite of its bad side, I am a thorough believer in the doctrine of progressive obsolescence in a civilization marked by a constantly increasing standard of living. The problem is how to apply it to our own businesses. It is not so easy to find an answer.

There is another answer I should like. What are you doing to meet the problem of selling the department stores if you have a true style business? What are you doing to meet the growing power and license of buyers—particularly the unethical, and often corrupt, buyer who refuses to buy your American product because, by so doing, she would so deplete her budget as to endanger her opportunity to continue visiting Paris and Vienna? How are you handling the pressure for private brands, the unwarranted return of goods, the demand for special goods for special sales, and the purchasing of business through excessive entertainment, concealed rebates through advertising, the use of P.M.'s and gifts, etc. If you are not in lines which have these problems to contend with you are indeed fortunate. It is inevitable that co-operation arise between the manufacturers and the department store heads because the things mentioned are becoming open sores, and our American public is trained to apply commercial listerine or lysol, or more powerful medicines, to its open sores.