

this meeting. Today he will go a little more into the detail of keeping records for profitable selling. In other words, he will reduce the intangible quota to the tangible quota, and deal not only with the work of the salesmen, but the profitableness of salesmen to the local branch.

E. ST. ELMO LEWIS¹: Mr. Staubach has made a very interesting addition to his other two notable contributions to the subject of quota, and these reports in themselves will be well worth the entire price of membership in the Taylor Society to any American sales manager.

There is one thing that I should like to add to Mr. Staubach's statement about the development of the basis for quota. I think I joined the Burroughs Adding Machine Company, with which Mr. Staubach is connected, about the time Mr. Staubach joined it in 1904, and all through the intervening years, the Burroughs Adding Machine Company has been developing its quota system, analyzing territories, and digging for the facts upon which it now bases its quota; and each year has seen it a little more accurate, therefore more fair to the men and more productive of results.

I hope that the time will come within the next few sessions of this section of the Society, when we shall take the quota as a basis for advertising activities, formulating the principles upon which advertising shall in its turn, be controlled by those fundamental conditions that now control the selling activity, the charging of overhead, etc. As a man interested in the advertising business, I have always contended that advertising and selling, as Mr. Hugh Chalmers once said, are the husband and wife in distribution. They are inseparable and one is necessary to the other. They must be formulated on the same basis. There have been several significant changes developing within the past few years.

For one thing, the advertising agents, of which my company is a part, are no longer concerned solely with the selection of publications on a circulation basis, and the preparation of clever designs and clever copy, but they are making those intensive market researches which are the very essence of Mr. Staubach's message, for the purpose of deciding what is the kind of a message that should be written in order that it may help to sell goods, and I would emphasize that the advertising that doesn't help sell goods is not advertising, and that the advertising agency that doesn't recognize that

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fundamental principle in its work, and has not something more tangible to deliver to its client than general publicity—with all the crimes that are committed in its name—is failing to realize the economic necessity which now confronts business.

I am sorry that a representative of every advertising agency is not here. I am sorry that there are not more advertising managers present, because advertising needs just such viewpoint and material as are presented in Mr. Staubach's talk. The more advanced agencies are recognizing it, but they will not go far unless the general executives, the sales managers, and the advertising managers recognize that every dollar of expenditure must somewhere meet the supreme test of the net results, and that in the final analysis, the sales side of business must be able to justify its expenditures on something more definite than "general results." Just as the financiers forced the adoption of adequate accounting methods, and the discoveries of the cost accountants forced the adoption of scientific production methods, the same attitude of mind, expressed in rigorous thought, is going to force more consideration for the fundamentals of the whole distribution side of business. When it does come—as it will come—it will be because economic necessity is forcing it, and it will be the best thing that ever happened in distribution.

D. F. HOSKINS²: In every sales proposition one of the most fundamental and difficult problems to solve is the determination of the correct territory to be covered by the average salesman, so as to produce maximum business at minimum expense. The territory which is too large is just as serious a handicap as the territory which is too small. The average salesman usually looks with envious eyes on the other fellow's territory and goes on the mistaken assumption that the larger his territory, the larger his sales will be. The fundamental idea, as far as sales possibilities are concerned, is that the salesman should fit the territory and not that the territory should be made to fit the salesman.

Every sales organization, I believe, must be considered on a basis of operating the average salesman, this being determined on a basis of total volume divided by number of salesmen, which will be the average volume of each salesman's sales. Taking the individual sales of each salesman, it will be found that the organization is divided into three classes; a few above the average, a great number on the average, and a few below the average. Therefore, in considering

²Manager Sales Promotion, Hood Rubber Products Company, Watertown, Mass.

salesmen to fit the territory, we must think of the average salesman and not of the fellow below the line or the fellow above the line.

In every sales proposition in a given sales territory, the average salesman traveling on the proper basis can make just so many calls in a given time, and these calls must be made to cover the entire territory at necessary intervals so as to result in getting maximum business at minimum expense. The territory which is too large results in loss of business through the inability of the salesman to cover each dealer at proper intervals. A territory that is too small will naturally produce all the business possible, but, on the other hand, results in an excessive sales expense required to get the business.

Therefore, it is evident that this major problem can only be answered for each territory by careful, scientific study of the market involved, so as to arrive at a determination of sales possibilities based on population, number of dealer outlets, radius of operating from the central point, method of traveling, whether by railroad or automobile, amount of distribution and volume of competition, and many other factors of lesser importance.

One fundamental, I think, in arranging contiguous territories within the major sales area, is that the territories so arranged should contain approximately equal sales possibilities divided into yearly quotas based on unit of sales which can be translated into dollars and cents value. In this way there are no cream territories and no pet salesmen, so that each average salesman has about the same possibilities.

The problem of operating territories under the fundamentals mentioned is one that cannot be settled by sitting down before a map and marking off sections on a purely mathematical basis. The sales manager should make, or have made by competent assistants, a survey of the major sales areas and endeavor to compile some practical data, which represent the facts and conditions as they exist. This examination on the part of the management would undoubtedly occupy a fairly long period of time, and would embrace, in carrying out the conclusions reached by scientific study, a series of territorial changes, the object of which would be to reach the ideal individual territory; so that when this point has been reached the territory can be operated as set, with the knowledge that it will produce maximum business at minimum expense, being operated by the average salesman.

In undeveloped major sales areas this point can be

reached by what I would term, "progressive territory division;" and by this I mean that it is some times impossible, due to excessive immediate expense, to operate an undeveloped territory and cover it with sufficient salesmen. The other way out is to place a salesman on such an area with the understanding that it is not his territory, but a section in which he is to sell as directed. When the first salesman has arrived at the point where it is evident that two salesmen can get double the business, the major sales area is divided into halves and two salesmen cover it. Subsequently, it will be determined that four salesmen can cover the major sales area and get double the business that the two men had secured. In this way, at the end of the progressive division of territory, each man will be securing as much business as the man first put on to cover the entire major sales area; and from this point on the individual territories will be operated and the territory considered as having reached its ultimate stage of development.

There are many businesses that would show considerably more net profit if they should sell less goods and travel less salesmen and give up unproductive territories which, because of the sales possibilities, never will be able to produce sufficient business to warrant the expense to cover them. On the other hand, there are undoubtedly many concerns that could do a larger business at a satisfactory rate of profit if they had more territories and more salesmen. This seems to indicate that the matter of having the correct number of logical territories covered by the average salesman is a big question, and one which from a sales engineering standpoint can well occupy a very large measure of the sales manager's attention in attempting to solve some of the fundamental problems of practical and scientific sales management.

In carrying out such scientific sales management and engineering, I would sound a note of warning that we must not forget that the element of human nature involved in the solution of this problem is one which must be considered very carefully. As the management functions on a scientific basis, the best results can be secured only by laying the facts as they are discovered before the sales force and other operating units, so that they fully comprehend the purpose of the moves as made and are sold on the policy of the management.

The object of such management—the good of the business—can be shown to be also the increased earning capacity of each salesman.