tions. It will follow carefully-reported sales by chain stores and will put on the brakes when it sees only the lowest-priced chain stores making money. It will watch the mail-order business as a nearly perfect recorder of conditions in the farm belt. It will discount the increased sales of automobiles by exactly the amount represented in additional credit schemes. Until the department stores stop buying from hand to mouth, no go-ahead signal will be given. No matter what politicians may say or do, it will keep in mind always that 40 per cent of our wheat and cotton must be sold abroad if we are to have prosperity here. And coincidentally, it will realize that the payment of war debts by nations who usually purchase our grain, cotton and other great raw materials, will not leave these nations with anything but a still further decreased buying power. It will not under-estimate the present effect and the future potentialities of the cooperative buying movement, but will establish its price policies on a fair and understandable basis, alike to small buyer and to large buyer. It will recognize the fact that the specialty of today may become the commodity of tomorrow and that this change should be anticipated by a corresponding change in selling methods.

Efficiency Plus Understanding

This new sales machine must also accept the fact that when science is applied equally to all selling units, a new deadlock of competition will be reached which can be broken only by the application of something other than science. Fortunately, precedents are now established. We know by observation that of the four chain stores operating on the four corners of the square, that store will get the business that adds personality, fair dealing and human selling stimulus to its location, equipment and efficient management.

The Human Machine

So then, this new sales machine faces the necessity of creating a personality for its product among customers and prospects. This will demand skill, ingenuity and understanding. The sales manager's slogan has now become "Sales at a Profit." He no longer has the financial leeway to buy business. Accepting as a fact that he will have to compete with units as well organized as himself, he will be forced to develop ideas. He will probably forsake the golf links and join a library. He will likely abandon the office and seek the people. He will search for the truth as it applies to his business, and when he has found it his organization will reflect it, his public will recognize it, and his business will increase.

Personally, I am not sorry to see the expansion period passing. There is a dignity, a satisfaction, in doing business in the old-fashioned way, that is more worth while than all the profits of our recent slam-bang period. A good product made by an honorable concern, sold on its merits by men who believe in what they are selling, purchased by a retailer who also believes in the concern and who knows that the product he is selling his customers is a good product and will perform an economic good, makes business worth while. The new sales manager will use the slide rule and the Golden Rule together. He will accept the new responsibilities gladly since he can now feel that his business foundations are secure and that he is indeed performing a necessary service for mankind.

DISCUSSION

WILLARD E. FREELAND:[1] "Sales at a profit"—never a slogan more timely! And particularly appropriate for this meeting is the stress that Prof. Wellman has laid upon the necessity for research, analysis and planning as essential steps in securing business profits.

It seems to me that the stress placed upon the necessity of the financial division of the business appreciating merchandising and its problems is a point well made. But should finance have the power of final decision on budgets? I cannot see the wisdom of this. Possibly I do not read the section covering this subject as the speaker intended it should be read.

I believe that all such decisions rest upon management and not upon finance. Finance is only one division of the three broad divisions and the job of coordinating their programs is one of the chief duties of a managing executive.

The issue that arises is this: Shall we refrain from competing in undeveloped, high-cost-to-sell territories because we cannot get an immediate profit return? There is always a relatively high development cost of a new product—a cost that must be distributed over a considerable period of early production. We are familiar with the research and planning by which decisions to make such investments in production are justified. Given adequate research, analysis and planning, we can similarly justify investments in marketing. The decisions of this type belong to management.

If you apply Prof. Wellman's strictures on the weaknesses of the financial division to those businesses controlled by banking groups—particularly of the speculative and promotion type—then I agree with him fully. There you find policies decided by finance, which acts as administrator, and the management is responsible only for executing those policies. The crimes that have been committed in the past four years by organizations of this character merit far stronger language than the speaker has used.

It is true that sales research and sales planning are beginning to be accepted and adopted here and there. It is inevitable that general acceptance will come, if for no other reason than economic pressure. But my acquaintance with those companies struggling with this problem leads me to believe that sales research is only a part of a broader function which we may call commercial research, and that sales planning is but a division of business planning. This comment is to emphasize the fact that sales, production and finance are intimately concerned with and reacted upon by sales programs and operations. The requirement of close coordination of research or planning by divisional staffs becomes such that it forces actual unity of effort in the activities of these staffs. Management is beginning to see this clearly; it is to be hoped that finance will see it.

It is at least hazardous to say that we are approaching a saturation point in our domestic market. But it is not difficult to agree with Prof. Wellman that we are at a peak period in unwise expenditures for advertising and sales promotion. Part of it is merely an expression of that American obsession for dominance in an industry; the plain ambition to be biggest. In other cases it is, as Prof. Wellman so well puts it, a mistaken idea that money alone can buy and *hold* business.

It does not seem to me that the charge of paternalism rests upon a secure foundation. My observations of thousands of retailers leads me to believe that many of them never could have been credited with being "personal merchants." If the work so many manufacturers are doing to make retailers real merchants is paternalism, then I hope we have more of it. When the day comes that we have real merchants running our retail stores, many of the present economic losses existing in marketing will have disappeared. But I think that we can all agree that the present flood of direct sales helps, represents a huge economic waste.

No better analysis of the situation has been made publicly than the portion of Prof. Wellman's paper in which he discusses the changed signals under which the 1923 sales machine will operate. The financial papers and the forecasting organizations virtually ignore the "buyers' strikes" of this spring. But they are a signal.

I am a crank, possibly, upon the subjects of research and planning, of systems aiding management coordination, and of inspection of results through statistical records and accounting reports, but I can join sincerely in the statement that these things mean little unless there be a human stimulus that will create personality for a business and its products.

In closing I must spring to the defense of the sales specialist, a pioneer in a new profession, striving to lead others to see the light, though there may be a mote in his own eye. Have faith that out of great endeavor will come a little group that will be "every-day working models"—of which Prof. Wellman is a leader.

CREED W. FULTON:[1] Mr. Wellman's excellent paper on the 1923 Model Sales Machine throws some very interesting sidelights on sales developments of the recent past. It also emphasizes clearly certain tendencies which require the serious consideration of all distributors. The soundness of his conclusions on most of these issues is unquestioned.

However, it seems to me that the problems of paternalism in business, of overproduction, of driving for the last $100,000 worth of business and of advertising are merely symptoms of the disease from which the patient suffers and that these conditions which Mr. Wellman emphasizes so strongly result primarily from a definite lack of knowledge of the potential market and of how to determine a sales schedule which can be used with even a reasonable degree of certainty in setting up a production schedule.

If any manufacturer could determine the potential market for his products and estimate with reasonable certainty the proportion of the potential business which he could maintain and the cost thereof, would we see the paternalism, the desperate drive, the overproduction or the advertising excesses of which Mr. Wellman speaks?

It appears that a determination of the potential market and an estimate of probable sales therefrom is the key to this whole problem.

All of us are striving to secure maximum profits. In this attempt the value of a sales schedule which can be used as the basis for a manufacturing program can hardly be overestimated. This is a condition we should all like to attain.

However, this is an extremely complex problem. It would appear possible to approach it from two distinctly opposite directions; first, to establish a sales

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