

ADDITIONS TO OR CHANGES IN PRODUCTS MANUFACTURED BY VARIOUS COMPANIES
SHOWING SUBSEQUENT NET INCOME

Company	New Product	Approximate Date of Acquisition	Net Income (000 omitted)				
			1922	1923	1924	1925	1926
Savage Arms.....	Washing Machines.....	1923	\$ 168	\$ 404	\$ 694	\$ 523	\$ 627
Quaker Oats.....	Quick Quaker.....	1923	4,633	4,389	5,287	5,503	8,151.
Postum Company.....	Jello.....	Jan. 1926	2,497	2,881	4,105	4,684	11,317
	Swansdown Flour.....	Mar. 1926					
	Minute Tapioca.....	Oct. 1926					
du Pont.....	Gen. Motor Shares.....	1926	9,991	18,313	17,031	24,034	41,970
	Duco.....	1925-26					
	Fabrikoid Goods.....	1925-26					
	Ethyl Lead.....	1925-26					
Sears Roebuck.....	Rayon Manufacturing.....	1925-26	5,435	11,513	14,354	20,975	21,908
	Establishment of branch over the counter stores in various cities						

In some of these cases it took considerable time to get the development of the new product under way so that a noticeable impression was made in sales.

baking. Suddenly the fact that yeast contains a great deal of the Vitamin B opened up a whole range of new uses for this very ancient product. Alert merchandising has dictated that the total conception of what constitutes the market for yeast be revised on the basis of the new fields of utility that have been opened before it.

The trends of the market must be carefully watched. Items become obsolete very often through the use of substitute items that offer greater value in use and are many times accompanied by greater attractiveness in price. Some items it pays to drop; some it pays to fight for. Particularly is this true where the style element enters. The merchandiser must give the answer.

The second major element in the Dennison definition of merchandising is responsibility for the amount of production. The factory always wants to know how much production is to be expected of it over given periods. With this information it can plan for runs of production, size of operating crews, and equipment necessary to make the most profitable operation. Factory estimates, naturally, will always be guided by what is the best factory production schedule rather than by what the market demands. Salesmen, if asked to

estimate, often state views that are largely colored by the state of mind of the last two or three customers with whom they have talked. Neither factory nor selling organization can estimate dispassionately since both are directly interested parties. Consequently the job of estimating the production required over a stated period is best done by the merchandiser. He has a first hand knowledge of the market and both the selling and the factory organizations are freely consulted in the making of these estimates, as are the statisticians and economists. But the final estimate is made by the merchandiser. Inasmuch as careful figures are kept, showing the inventory of each line, the merchandiser has every incentive to estimate as carefully as he can, using all the tools that are available.

The third major element in Dennison merchandising is that of pricing. This has two angles. The first of these is the pricing of special orders. In certain market conditions estimates are made so that the order may be placed with Dennison even though there may be no apparent profit in the order as such. If the market is easier a better profit may be sought. But in either case, because he knows the market condition on the one hand and because he knows the factory condition on

the other, the merchandiser is in an excellent position to give a decision which will mean most for the business as a whole.

The orders which cover our standard merchandise are priced in standard lists. But market conditions affect standard merchandise as much as they do special goods. Moreover, changes in production methods often make profitable lower prices which enable other levels of purchasing power to be reached. Then, too, that which has been a novel unit of goods might have become standard and list prices must be made for it as standard goods. To decide just when these things come to pass is a function of the merchandiser. Being in the co-ordinating position, the merchandiser is not stampeded by customers' demands, and he can consider what price changes will mean in terms of factory production schedules. Price changes therefore are all given most careful consideration. But here, too, it must be borne in mind that while the decision is the merchandiser's, in arriving at it he may consult information sources of many types. It would be suicidal did he not do so, since his decision touches so many different branches of the organization.

The fourth major element in merchandising is the building up of a continuing interest in each line on the part of the men who actually sell the goods and on the part of customers who may give invaluable opinions about the goods. Merchandise men spend at least one third of their time in the field with salesmen and with customers. Salesmen are shown new facts about the particular lines of goods, old facts are repeated and new items are introduced. It is of real consequence that customers whose opinions are respected express these opinions in the most useful fashion. The obtaining and weighing of this customer opinion are responsibilities of the merchandiser. Because he is not bargaining with a customer as a salesman is the opinion he gets is not colored by the customer's desire to make a good trade or biased accordingly.

Merchandising, as described above, is truly a catalytic agent. It not only makes co-ordination possible, but is a positive force towards leadership and progress. It recognizes consumers' demands as the origin of economic impulse and as dynamic and changing. Production must discover these changing demands and adapt itself to them.

II. Selling

Sales operation has to do with the arrangement of territories and the management of salesmen. To these problems there are at least three units of scientific management practice which may be applied. These three are (1) the use of research and analysis so that precise data may be added to rule-of-thumb information (2) planning the work to be done and (3) the possibility of some degree of functionalization.

A. Research in Selling

The places where research in selling might be used are of course legion. For the sake of a working program, however, five fields of effort will be touched upon. These five are analyses of (1) the job of selling (2) salesmen's compensation (3) trading areas (4) sales figures (5) orders.

1. The Job of Selling

One of the first things which calls for research and analysis is the job of selling. Precisely what does a salesman do? Anyone can tell you in vague terms what a salesman does, but almost no one has ever written down the job item by item. As a first step a good many cases would have to be recorded before the common elements could be isolated and before a true list of unit operations could be found.

If the facts of what selling is are actually known, or perhaps even without this information, a study of the time it takes is another fruitful field of research. For example in our sales organization, a rather cursory type of general time study brought out the fact that only twenty per cent of a salesman's time was actually devoted to selling. The exact distribution of time to selling and to miscellaneous activities is shown in the following table.

In the more exact knowledge of what constitutes the task of selling, more accurate methods of compensating sales effort may be evolved than now exist.

2. Salesmen's Compensation

The problem of what constitutes proper compensation for the sales force as a whole and for individual salesmen in particular is an extremely important one. In the United States there has been