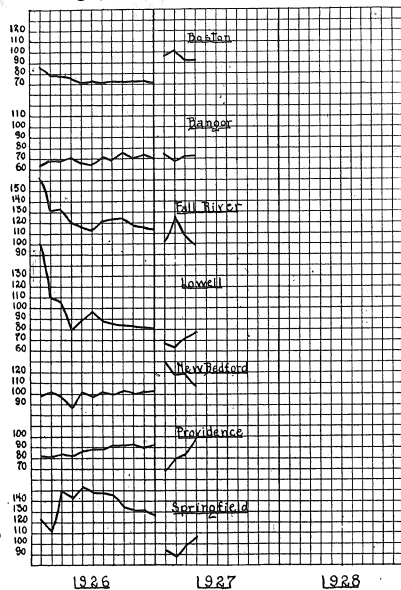


of the major cities of the country, a significant fact for our guidance.

The cost of getting sales is always of prime importance. Analysis of sales figures may show these costs from two very interesting angles. The first of these is to show the cost of population areas. In the study mentioned in the last paragraph, for example, it was shown that for traveling expenses, city sales cost about \$2000 while sales

DENNISON SALES—ACTUAL VS. POTENTIAL



made outside the cities cost \$200,000. That is to get half of our total sales we spent \$2000 in traveling, while to get the other half we had to spend one hundred times as much.

Within geographic areas it is worth while to know what it costs to sell individual trades. The following table shows what one analysis of sales figures showed us. To be able to distinguish high cost trades from low cost trades is an immense help

SELLING COST RESEARCH

Below is listed the cost per sale dollar by trades. The figures in italics show the trades whose total is more than twelve cents per sale dollar.

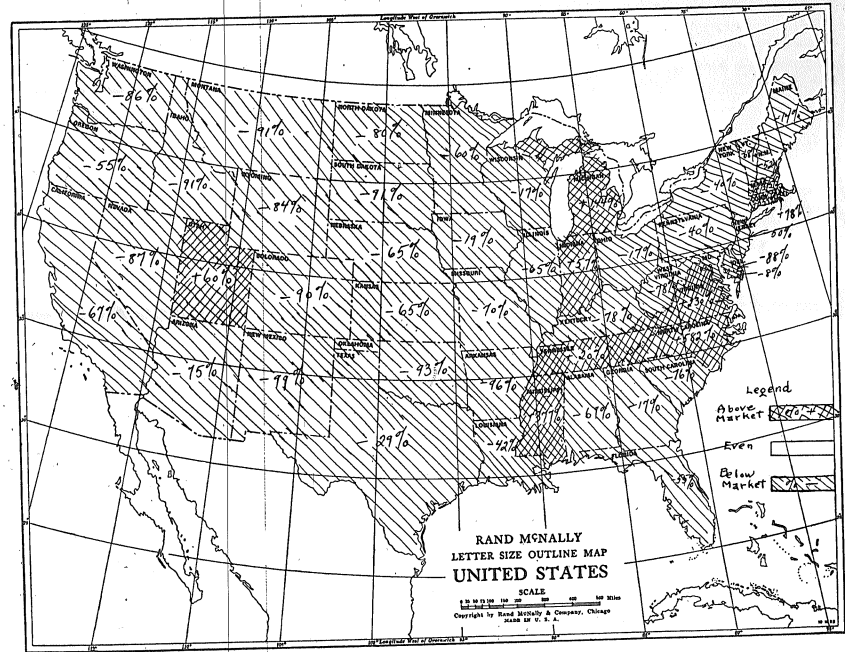
	1924	1925	1926
<i>Manufacturing Group</i>			
Mfgs. of Hdwe. & Elec. Goods...	.058	.16	.065
" " Cloth Goods.....	.023	.068	.03
" " Cloth and Yarn.....	.042	.066	.057
" " Rubber Goods.....	.038	.067	.041
" " Confections.....	.061	.112	.067
" " Heavy Goods.....	.167	.055	.086
" " Light Goods.....	.05	.097	.050
" " Fertilizer.....	—	.017	.017
" " Oils & Paints.....	.065	.072	.066
Brass, Iron & Steel Cos.....	.069	.064	.068
Ice Cream Mfgs. & Dairies.....	.107	.069	.088
<i>Retail Group</i>			
Department Stores.....	.092	.109	.098
Retail Clothiers.....	.18	.117	.149
Retail Furniture Stores.....	.182	.172	.178
Ladies Wear Stores.....	.154	.148	.152
Other Retail Stores.....	.24	.237	.24
<i>Miscellaneous Group</i>			
Wholesalers.....	.109	.102	.105
Produce Dealers.....	.32	.092	.165
Laundries.....	.116	.089	.091
Garages.....	.292	.157	.252
Public Organizations.....	.066	.153	.087
Bank and Insurance Cos.....	.11	.159	.12
Florists.....	.15	.119	.14
Storage and Transfer Cos.....	.147	.086	.11
Hotels and Restaurants.....	.061	.045	.055
Railroads.....	.092	.066	.078
Packing Houses.....	.035	.288	.043
Bakeries.....	.05	.087	.055
Miscellaneous.....	.174	.044	.084

in the entire effort to distribute merchandise in the most profitable fashion.

It has been said time and again that it is not the initial order that really counts, but the reorder, which is the symbol of a continuing relationship between buyer and seller that to be continued must be mutually beneficial. Analysis of sales figures

showing the proportion of reorders to new orders and the proportion of both to the total volume of orders is one very good objective standard of measurement for that vital but intangible element called the good will account.

volume without an increased cost in sales effort that nullifies the profit on this extra volume. On any type of merchandise this same thing is true to a degree. Continuing study should flag the danger points and possibly dictate a change in policy.



A study of the total volume of sales relative to net profits, often yields splendid dividends. The desire to get larger and larger volume of sales may very readily lead a company to the point of diminishing returns in net profits. Some types of merchandise inherently cannot go above a certain

The Moline Plow Co. in 1923 was capitalized at \$33,350,000. In 1925 most of the interests of the Moline Plow Co. were taken over by the Moline Implement Co. The Moline Implement Co. is capitalized at \$2,968,000. A recent magazine article stated the profits of the organization under the smaller capitalization to be much better than under the larger and the business to be much sounder generally.

5. Orders

There is a very important field for study in the determination of what constitutes a profitable order. It has been assumed that small orders are not profitable. Some large companies do not even post small orders as they feel that it would cost more to put the transaction through the regular routine than the money the order would bring in. And yet a small order for stock merchandise may be directly profitable if sold through mail solicitation or possibly even if sold by a salesman; it may be