

Management, on which the Taylor Society places its emphasis, is at the center of all these problems. The men in your Society have done as much as any other group of men in the country to lead men toward co-operative thinking. And it is this co-operative thinking that is the basis of our prosperity. It is the highest phase of civilization. When all men think co-operatively we shall have an ideal civilization; they will be thinking in terms of common humanity. When you examine businesses that are out of joint in this country, you will find that they are out of touch with their communities and with general conditions. There is no co-operative thinking in their organizations.

Norman E. Horn.⁴ When I first received the abstract of Mr. Freeland's talk I thought a book would be required to discuss it properly. And now that I have heard his excellent presentation and Mr. Dick's, I am inclined to believe it would take a library.

One of the things that occurred to me as I heard both of their talks was that in applying these principles, you have to have in mind the patient. A doctor would not prescribe in the same manner for an anemic child and for an apoplectic man. The same is true in industry.

In the industry with which I am connected we are organizing one of the institutes of which Mr. Freeland spoke. It is serving as a clearing house for ideas and methods and is proving of particular benefit to the small concerns who are not able to afford individual research departments.

Mr. Freeland also mentioned mergers. It is my belief that these frequently come about as a result of financial or geographic conditions and are not necessarily a proper part of a sales discussion.

As to national and sectional distribution, I think some manufacturers have been misled in the past. The inevitable goal has always been national distribution, but marketing counselors and experienced sales executives are curing us of this idea of the necessity for dominance. Many New England companies would have been more successful had they confined their sales efforts to the territories east of the Mississippi.

The question of whether or not it is profitable to go after greater sales volume has to be deter-

⁴Sales Manager, McCallum Hosiery Company, Northampton, Mass.

mined by individual plant capacity and existing overhead. It is not an easy or pleasant job to reduce organizations, though it is often necessary, as in the textile industry, for the general good. Either expansion or reduction has to be planned in relation to the needs of a particular business at a particular time.

From my point of view one of the most important things that Mr. Freeland spoke about was the sales forecast and its relation to factory problems. The Federal Reserve Banks, the Department of Commerce, Babson's, the Harvard Economic Service, and others are making all sorts of general information available. It is the business of each individual company to interpret these general facts in the light of its own current needs. The business in which I am engaged happens to be highly seasonal. Large sums of money are at times tied up in inventories and the results are partly a gamble. This is desirable and even imperative if a fairly even production rate is to be maintained, but a whole season's profits may depend on this gamble. If the whole organization is geared to make use of information and research service the gambling element is reduced. I think both Mr. Freeland and Mr. Dick will agree to the importance of having operating organizations so lined up that they are able, and *willing*, to take advantage of such information and research services as are available. There is no point in having them if they are not to be used.

I have not always been a sales manager. Before I was a sales manager I was a member of the Taylor Society! That is perhaps the reason for my point of view. I think it is even more important in sales than in factory work to use plans and schedules. Mr. Freeland spoke of written instructions. They, combined with a tickler system, may serve the purpose; or we may wish personally to establish and supervise a planning board. We must not call it "scientific," however, and thus frighten our organizations. Give them to understand that we are merely working out a practical method for keeping everything in mind.

We should have a written plan for each project that we undertake and set up a schedule for it. It is then possible to work back from that schedule and to say to the factory organization, for example, "On such and such a date we want samples for our sales convention." A final date must be set for

each assignment and a follow up or control system worked out. The minute we begin to talk about this system as scientific, however, we are going to hamper its progress.

I have had several years of experience in working with Mr. Freeland on sales quotas. You set up one kind of a quota when you are new to a business and another after you have learned something about it. The first is theoretical, based on census figures of wealth and population, statistical material on car ownership, analyses such as those furnished by the Curtis Publishing Company and Butterick, etc. After you have gone further into the work you will find your theoretical quota upset by various factors, and it is necessary to find the reasons for these upsets.

The Chairman of this meeting made a point which I should like to emphasize in closing. So many sick industries think that they can only be cured by some drastic, ultra-scientific plan or device, whereas what they really need is vigorous leadership. A good many New England problems, for example, would not be sales problems at all if the general management problems could be worked out. I am not belittling research and scientific methods, but I am trying to point out that the best plans, if never made effective, are no substitute for energy, vigor and hard work.

Carl Reimers.⁵ I want to say one thing about the institutes that Mr. Freeland has referred to. A good many of them have been formed lately in the textile and other industries which are supplying, to a large extent, raw material. I think they are running into one dangerous situation. They are considering their function to be one of promotion rather than research. I do not believe that the Cotton Textile Institute, for example, can conduct a co-operative or promotional campaign that will do the cotton mills, the cotton converters and the apparel industry any particular good, because they are selling a basic product, and the public does not recognize the finished product in terms of the basic product. The Cotton Textile Institute, the Wool Institute, the Silk Association, all these institutes, right now are considering spending a lot of money on such work.

The three functions of research that are pointed out in the illustration are splendid when we have

⁵President, Reimers & Whitehill, Inc., New York.

grown up to them. In so many businesses today, however, we need a small amount of research where we have none.

Mr. Shibley mentioned the textile industry particularly today. The experiences that we have had recently are, I believe, interesting. A great many of the textile concerns making staple goods, who control their selling, have found it very difficult to maintain a market price that will give them a profit on that staple goods. A plan was recently worked out which might prove of use in other fields. A particular line of staple textiles was footballed around the country, among the retailers and wholesalers, simply as a leader, to draw in customers, and get other business at a profit. The market price on that particular textile was pretty close, because it was a staple and competition made it close. There was no way that the manufacturers could get the wholesale trade or the retailers to maintain the price necessary for a normal profit. Two or three of the textile houses have entered into what is known as the agency plan, whereby they put the merchandise in the jobbers' hands, on consignment, and kept title to it until it was sold. The jobber/had to sell it at the full wholesale price in order to get his commission. In that way, the manufacturers controlled the price until the goods got to the retailer, at least.

The new plan that I wish to mention is a plan by which the wholesaler, the retailer and the manufacturer are all offered a bonus for maintaining prices and for complying with certain restrictions and specifications that form a part of the sales agreement at the time the jobber, the retailer or the manufacturer is appointed. If at the end of each six months' period, these channels of distribution are able to lay before the manufacturers, or the mill, bona fide data to prove that they have lived up to their agreement, then they get an extra discount on their merchandise which is an extra profit over and above what had been received before. This plan has been in existence now for the past year and is working extremely well.

A good many makers of basic cloths, even though they carry them through to style merchandise, have established a further control on their market by licensing manufacturers of apparel and household articles to use their trademark on the article and carry it through to the consumer. In some cases they permit a double trademark, one for