

## PROCEEDINGS OF A CONFERENCE OF SALES EXECUTIVES

CALLED BY THE TAYLOR SOCIETY, JUNE 25, 1920

### I. A STATEMENT OF THE PROBLEM

BY

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It is very inspiring and a good deal of a challenge to find so many men<sup>2</sup> responding to the call for a meeting on this particular subject.

I think the program sent out to you has made explicit the point that probably no one here has much of anything to teach the rest of us. The call for this meeting originated in a small group meeting in Rochester at which we discovered—not a very notable discovery—that none of us knows much about the very necessary process of selling, and that every one of us is extremely anxious to know something about it.

The point is about this, I think: that as we develop efficiency in production, as we go along the road of more scientific management of the production processes, we begin to come up against the difficulties which arise out of unscientific selling or which arise out of an absence of coordination between selling and manufacturing. So that at a certain stage of the game in most businesses advance along the lines of scientific production is made difficult,—it might even theoretically be made useless,—unless a parallel advance can be made in the other branches of the business. Therefore, it was very keenly felt by the group which met in Rochester, that the Society could well serve the business community by inspiring as many as possible to approach the selling problem along the same lines, probably, that Mr. Taylor approached the production problems. Or if the analogy is strained too far there, at least to approach our great American selling problem in a scientific spirit. That is to say to find out as nearly as we can, progressively better—never perfectly, of course—what it is we want to do with our goods after they are made, and to find out at the same time how we are doing it.

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<sup>2</sup>(There were present 105 sales executives. Ed.)

Now for convenience of preliminary discussion we have cut the subject into two parts, which I think we shall find it worth while to keep distinct, although, of course, they are intimately related to each other: one part the coordinating the sales process with the manufacturing process; the other part strictly the management of the sales process itself.

In our own business and in a great many others that I happen to know about, there are three definite and distinct, but coordinate branches. We have a manufacturing department, we have a selling department, —which manages the salesmen, routes them, schedules their work, controls their methods, their pay and all the rest; and equal with each of these we have what we call the merchandising department. The merchandising department controls the goods, their quality, their character, their price, their put-up, and at the present time it has the largest control of the scheduling of their manufacture,—that is, the quantity of those goods that must be made in any given period in the future.

All of us probably have had experience with a somewhat one-sided control, in which the merchandising policy is set too much by the factory or too much by the selling end, and so strains and forces the other branches of the business. One problem for scientific business management is the coordination of the two interests; a merchandising machinery which shall take into account as well as any human machinery can, the special abilities and the special disabilities and the special possibilities of the factory and of the selling department equally, so that the merchandising policy makes a team of those two branches of the business which pulls closely together. That subject Mr. Freedom will take.

We shall keep separate,—although we shall talk about it in the afternoon session almost in the same breath,—that other problem, the actual management of the selling end. There, it seems to me, Taylor men have a distinct challenge. The selling method

has, so far as I know, grown up just about Topsy fashion; there has been a very strong feeling that the salesman is born and not made, and that any sort of interference with his work would be detrimental. Of course there is a large measure of truth in that, but not a full measure of truth. In our own company we have found that there is a very considerable degree of interference, if you like to call it so, in control of the salesman's job, which is highly beneficial, not only to the concern as a whole, but to the salesman's job itself; that there is a degree of planning, of control, of scheduling for the salesman's job, that is possible and profitable.

So far as I know, that control has been as yet extremely crude in this country. It has been put into effect to some extent by furnishing quota for salesmen. But those of us who have had some experience with the old-fashioned way of setting piece rates by the foreman, must realize that a quota set by sales managers on rough, incorrect statistical information, is mighty little better if not a good deal worse than no quota at all. And factory experience has taught us sufficiently well, so that we need not go through the same, ugly mill again in the selling end, that it is a great deal better to run along on a happy-go-lucky time rate basis until one has studied sufficiently the details of the job, how it is being done and how it can be done, so that one can set a task rate to go with a task, and a bonus for its performance. In other words, to use the language of the selling end, isn't it true that commissions, that quota, that performance rates of all sorts, would best be left untouched unless they can be set on a basis that is sound, that is the result of thorough and scientific study?

Of course most of us find ourselves in the selling end, as we found ourselves in the factory, inheritors of some performance rate. Most of us perhaps here in the room already have the commission system as a fact to deal with. Well, hundreds of factories have found themselves with unscientific piece rates and have nevertheless worked out of that situation into scientific task and bonus rates by the use of extraordinary tact and skill. It is a great deal harder to turn from an unscientific piece rate to a well-founded task and bonus rate than it is to turn from time rate to task and bonus. But it is not impossible. A factory with an unscientific piece rate I think, is a much more inefficient production unit than a factory with a happy-go-lucky time rate, and it is all the more

insistently necessary to change from a poorly set piece rate to a well set task and bonus rate.

So, if we have already in our affairs a commission system, the old factory experience would dictate to us this: don't set any more. Don't increase a rough and ready commission system, or quota system, until one finds one's self with enough evidence to do it well. And meanwhile, build up a knowledge of the situation in such a way that one can finally choose the best rates.

After all, in the selling end I suppose we shall find, as we did in the factory, that rates are the less important part of the whole game. They certainly follow the most important part of the whole game. They follow an immense amount of management, of scheduling, routing, planning the work, of having the job come up to the performer with the material at hand when and where and as it is wanted. There are nine hours spent this way in any proper development of scientific management to one hour spent in setting rates.

So our problem here, the challenge to the Society that was given in Rochester, is just this: can the fundamental principles upon which Taylor did so much work in the factory be widely and rapidly applied to our selling problem? We don't believe in the Taylor Society that anybody is in a position to stand up and tell the rest of us just how to do it. But we have developed a method of approach to the various specific production problems of each business, a ground work of scientific principles pertaining to the order in which the whole production problem should be undertaken and studied.

Now the question today in which we ask all to join equally is: Can we apply to the problem of selling much the same method which has been so successfully applied to the production problems in a thousand different industries, and which is known as the Taylor system?

We have chosen two men to lead the discussion, one on the part of the problem which I have called "merchandising,"—the more specific job of coordinating selling and manufacturing,—the other on actual sales management itself. We have chosen two men to speak on those subjects not because they will settle the questions but rather because, we hope, they will unsettle the subject sufficiently to cause all of you at this afternoon's session to join in, either making such contribution as you can or raising such questions as seem to you of present eminent importance.

If this conference is a success it will result in many