

to assign to each unit of selling territory its proper proportion of the task.

The proportion of the entire volume of sales desired, that is assigned to each selling unit, is the sales quota of that unit. To judge rightly the results produced by each unit, it is necessary to compare its results with its quota, and then assign it to its proper place strictly on a basis of percentage of sales quota secured.

"Master Task" is a somewhat scientific term indicating what may be otherwise described as the "quota of the sales department."

The quota idea starts at the point where a business enterprise realizes the desirability of a definite estimate of the task in hand. Applied to sales, it is necessary to place a reasonably accurate estimate on what is to be expected of the distributing force for a given period. This estimate must be in proper relation to manufacturing possibilities as to volume, to the merit of the product, and its market, based on experience or research, or both. Distribution may be through dealers, direct branches or both.

Assuming that the concern has a clear idea of the volume of business that it can reasonably expect to secure and take care of, the company first establishes a total company sales quota. This may be the amount it confidently expects or hopes to sell, or it may be arbitrarily placed above or below that volume. If placed above, it is on the theory that the higher we aim the greater are our results likely to be. But we must not discourage the average selling unit at the outset by setting a mark which only a part of the force can hope to reach. If placed below, it is because quota is to be regarded as a minimum to be exceeded as far as possible, and not in any sense a maximum.

Perhaps the best basis is a quota beyond the previous year's results but below the current year's expectancy. When men know that this is the basis, they realize that the company quota is a minimum; that it is not unreasonably above the previous year's actual results, and that they have every chance to make better than quota. Every man likes to reach and then exceed a 100 per cent estimate of his powers and possibilities. No one wants to feel that quota can be reached only by terrific effort or unusually favorable conditions. A fair distribution is of utmost importance.

Proper territory units may consist of states, counties, townships, towns, or city blocks, singly or in groups. If our dealers or branches are so few in number that each covers one or more states, we need not go beyond determining what part of the company quota should be allotted to each state; but, even in this case, it is important to know that not only each state,

but also each part of each state, is being properly covered as indicated by results secured.

For this reason and because state lines are not good agency dividing lines, it is desirable to consider parts of states rather than states as a whole. In dividing the state, some kind of geographical unit that is generally recognized is necessary, especially in order to secure dependable statistical information. We find the answer in the "county" unit which all states recognize.

In assigning territory to dealers or branches, it is customary to consider which counties are most readily accessible to each agency, irrespective of the state in which the counties happen to lie. It is rarely necessary to split counties between agencies although there are a few desirable exceptions to the rule. Taking it as a settled fact, therefore, that the county forms the ideal unit, we have only to assign to each county its proper share of the company quota.

It is, of course, impractical to give all counties an equal task. They differ too widely in possibilities. New York County, New York; Cook County, Illinois, and many others, are empires in themselves, while localities like Pike County, Pennsylvania, are barely above zero in the salesman's chart.

Admitting, therefore, that we must establish approximations of the relative productive value of counties of varying size, location and composition, our task is to find bases of comparison. Up to this point all that has been related applies to practically any line of business; beyond this point, the nature of the product, and the composition of the sales force and of the factors that constitute the market must be considered.

If the company is a going concern it may have one or more items of information available that are largely denied to a new concern, and particularly one handling a novelty.

Various factors that may be used in establishing territory valuation and quota are as follows:

a. Single Factors

1. Past Sales
2. Product in Use
3. Industry Past Sales
4. Industry Product in Use
5. Population
6. Business Enterprises

b. Composite Factors

Past Sales	50%
Population	20%
Business Enterprises	30%
<hr/>	
Product in Use.....	50%
Population	20%
Business Enterprises	30%
<hr/>	
Industry Past Sales.....	50%
Population	20%
Business Enterprises	30%

Industry Product in Use.....	50%
Population	20%
Business Enterprises	30%
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Past Sales or Product in Use.....	50%
Business Enterprises	50%

Or any other combination of factors and of ratios.

In some cases one factor only may be sufficient, consisting of our own past sales or product in use; past sales of the industry or its product in use, if available; population, or business enterprises, etc.

Past sales or product in use are necessarily matters of statistical records. If not available, they would have to be estimated or disregarded.

Population is a matter of public record. This can be rated at par for whites and relatively for Indians, Chinese, etc.

Business enterprises may include every one in business, or only the selected lines that can use or handle our product.

If more than one factor is desired, each should be figured as though no other factor is to be used, and the result discounted by an arbitrary percentage as in the illustrations covered by the foregoing table.

1. The Past Sales Factor

Taking first a going concern, it knows or should ascertain from its records, its sales by counties, in the past, as to volume, classes of goods and money value. If the article is something that is consumed, such records must necessarily cover past sales over given periods.

Having county records as to past sales or quantity in use, as to quantities or money value, as best fits the product, these are divided into the classes of goods into which our commodities are habitually grouped.

Sales Quantity	}	Class A	Quantity or Value
or Money Value		Class B	" " "
County Totals		Class C	" " "

Combining county records in each state we build up a national total, in each class of goods, thus:

Total of all counties equals state total.
Total of all states equals national total.

Assuming that the national total past sales for the period considered, of our entire product or of one of the several groups of our product, handling each separately, may be represented by the fictitious value of 100,000 points, and that our estimated or desired sales for the coming year is to the value of 25,000 points, it is obvious that we must sell one point next year for each four points previously sold. Our ratio is 0.25, secured as follows:

Total U. S. Sales	}	Total U. S. quota 1922	}	Quota Ratio
100,000		25,000		0.25

Apply this ratio to the individual county, we secure its quota readily, this way:

Smith County	}	} × { Quota Ratio } equals { Smith County
Past Sales		
200 points		50 points

In other words, the quota of each state, county, or other unit will be the point value of its past sales, in any one commodity group, multiplied by 0.25, the figure that represents the ratio between the national past sales of this group to the national quota decided upon.

If the commodity is one of comparatively long life and use, such as machinery and most office specialties, then one more valuable factor is secured, based on a record of what is actually in use, after eliminating units taken in exchange for new equipment.

In this case, if the total product in use were valued at, say, 50,000 points, each locality would have to produce one-half of the value of the product now in use within its boundaries.

Illustrating this:

Total in use	}	Total Quota 1922	}	Quota Ratio
in U. S. A.		U. S. A.		0.50
50,000		25,000		

Applying this ratio to the individual county:

Smith County	}	} × { Quota Ratio } equals { Smith County
In use		
150 points		75 points

It will be noted, in the illustration given that the quota of Smith County may be 50 points, based on past sales, and 75 points, based on product in use. If both factors were to be used and considered of equal value as a guide, the composite quota would be 62½ points. This would vary if one factor was to be given a relatively higher rating as a guide than the other. This idea applies as to any two or more factors. The two just noted would not be both used, as a rule, the "past sales" applying properly to commodities that are consumed, and the "product in use" to permanent equipment.

Some concerns may also have a close line on past sales of all its competitors and on the quantities of competitor's merchandise that is in use. In this case it can practically establish an "industry quota," and assume what it considers its proper share. This latter factor can be largely disregarded, however, as few concerns have records of the accomplishments of the entire industry, or at any rate equally dependable data as to all state or county units.

In assigning territory according to past sales, or merchandise in use—which is to some degree the same thing in another form—a quota can be established based on this single factor, if desired, disregarding all others. In this case, dividing past sales into their proper counties, we have a record of the percentage of the whole which each county has secured, and can assign the company quota for the current year in the