

simple matter to secure the figure on each factor that constitutes of its county total the share of each city and township. This to be multiplied by the fixed quota ratio of that factor.

In this way the county quota is prorated to its cities and townships, and the quota of each city or township assigned to the branch, dealer or salesman assigned.

To secure quotas:

Smith County	}	A	Agency	Count of Towns	× Fixed Ratios
Total Quota		B	Agency	Count of Towns	× Fixed Ratios

As some townships are somewhat scattered as to population, without towns of any size, it is desirable to group neighboring townships into "blocks" for statistical purposes. This, however, is merely a refinement of the entire plan.

IV. DIVIDING LARGE CITIES

Finally, we come down to the city that is large enough to be divided among two or more dealers or salesmen. If each is assigned to a certain definite part of the whole city, the city's quota can be divided proportionately. How to properly divide a city is an art in itself.

The answer is what is known as the "blocking system." This requires the securing of statistics on each city square and grouping the less productive squares into what are termed "blocks."

The process to follow is:

- (1) Secure a large city map.
- (2) Count the past sales, product in use or enterprises in each block.
- (3) Establish an average block valuation.
- (4) Combine blocks of neighboring blocks of small valuation to produce a "business block" of the average valuation established.
- (5) Multiply count of each "business block" by the fixed ratios.
- (6) The result is the block quota.
- (7) Each salesman's quota is the combined quotas of the business blocks assigned to him.
- (8) Total quota of all blocks is balanced against the city's total quota.

One statistical or sale "block" may contain one city square only or several. It has its individual block number and is a permanent unit which is small enough to prevent the necessity of being broken up at any time. Fixed blocks are desirable for the purpose of comparative records. In this way, the dealer or salesman in a large city is assigned certain blocks just as the county dealer or salesman is assigned certain towns, townships, blocks of townships, or counties.

Quotas for customers can be established if the busi-

ness is such that it has a limited buying field in each locality. Having established a quota for the county or subdivision, it must be more or less arbitrarily divided among the available customers. In some lines of business dependable information may be procurable.

V. DETAILS OF SECURING QUOTAS

As to methods of securing quotas, this has been covered to some extent in the foregoing. To recapitulate:

The sources of data for the computation of quotas may include the concern's own records of past performances according to styles and classes of goods, as to locality, and in some cases as to individual established dealers. Other sources are the national census figures as to classified population, financial reference books, such as Dun's, or Bradstreet's, to which must be added published lists covering, for instance, public service corporations, building and loan associations, and perhaps thirty other lines not listed or rated in the financial reference books, but which are available.

Count and classification of enterprises can be purchased from concerns who make it a business to supply them, or an actual count can be made by the company itself. In either case, several concerns, not necessarily competitive, can share certain lists and apportion the cost, which might otherwise be considered prohibitive.

It is possible not only to supply every branch, dealer, agency or salesman with the established quota for the territory assigned, but to go so far as to supply not only the quota of every one of his towns, large and small, but also the actual name and location of every prospective buyer included in the count, charged to such territory. It would rarely be necessary to go as far as this, but it is possible—and being so, gives a fine sense of satisfaction that the quotas are right and can, if necessary, be explained and defended.

As to results that have been secured from the quota idea, there are many concerns that attribute a large share of their success and of their steadily increasing volume to the use of the quota plan. Such concerns would never consider abandoning it and every man familiar with the operation of the plan, who has later transferred to any position of importance in another concern of similar or totally different market has promptly started a quota plan with gratifying and valuable results.

Perhaps the greatest results are the effect on the salesman himself—and consequently on sales production—proper valuation of the territory involved, and the feasibility of properly establishing and readjusting territory boundaries and the assignment of proper

selling talent to units of proper location and size. The plan is a measuring stick, the value of which increases steadily with experience.

VI. APPORTIONING SALES OVERHEAD

A new note of great potential value, particularly under present business conditions, is related directly to quota valuations of territory.

The manufacturer does not have to be shown the necessity of determining, accurately, the cost of manufacturing the various articles that make up his line. It is of equal importance that he should know not merely the cost of marketing his product, taking the field as a whole, but also just which selling agencies, branches and territories are making money for him and which are not. This can be done only by assessing in a statistical way, upon each selling unit, its proper share of the entire cost of marketing. In other words, distributing all overhead not included in manufacturing costs.

This distribution should not be made, as is so often done, on the basis of sales produced; otherwise an incorrect conclusion is arrived at as to the extent to which each selling unit is profitable or otherwise. To illustrate this, let us say that of two branches covering territories of approximately equal value, one is selling twice as much as the other. If we charge the first with twice as much of the general overhead, our conclusions will not be correct. Otherwise, in case one of these units sold nothing at all during a certain period, it would be charged with no general overhead whatever, concealing the actual loss and the other would be penalized by having to absorb an excessive overhead, reducing its showing as to actual profit earned.

Penalizing successful selling units by a statistical distribution of general overhead, based on sales does not locate the real source and extent of territorial profit and loss.

The proper method to ascertain the territorial profit or loss would seem to be only by crediting each unit with the entire revenue it produces and securing the net revenue by deducting its direct expenses, such as salaries, commissions, office expense, etc., etc. Next, by charging in a statistical way, against it, its proper share of all items of Home Office expense, field supervision and in general all expenditures and costs not already included in manufacturing overhead or agency expenses. Having done this, the share of this general overhead, apportioned to the unit, being deducted from its net revenue to the concern, indicates the extent of its actual marketing profit or loss.

What percentage of the total general overhead should be figured against each unit should be determined not by its sales, but by the sales valuation of the territory it covers; in other words, its sales quota. Quick figures can thus be secured, as the quotas of all units being fixed, are known long before sales figures are available, and as soon as the overhead for a month or other period has been ascertained, it can be at once distributed ready for application against the revenue produced for the period immediately on that being recorded.

This is an additional use for sales valuation or quota statistics that has not been realized to the extent it would appear it should be in business generally. The plan will be quite new to many and could no doubt be discussed to good advantage at a future meeting of the Taylor Society.

In past years a great deal of mysterious hocus pocus has been made over salesmanship and salesmanagement. It has popularly been supposed to consist mainly of personal magic—certain inborn qualities and certain charms and powers of personality which constitute something of an individual secret—something that "a man either has or hasn't got." Naturally, therefore, a surprising lack of organized knowledge of salesmanagement has existed. Salesmanagers hoard their knowledge like doctors in the old days when medicine was merely the practice of "black art." . . .

Successful salesmanagement and selling methods have been held to be business secrets to a greater degree than any other activity of business. . . . This has actually retarded the development of salesmanagement, and severely limited the number of able sales managers. There is now, and will be for some years to come, a dearth of really able sales managers, skilled in both the modern requirements of practical knowledge and of the deep-reaching matters which they will have to consider. (J. George Frederick, *Modern Salesmanagement*, pp. xi, xii).