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(For Branch Offices see page 308)

## Goods—Not Gimmicks

IF ONE FIRM could secure a patent on extended credit terms, and could use such terms on an exclusive basis in its sale of agricultural chemicals, that firm would have a competitive advantage—at least while its funds held out. Credit is not patentable, however, and competition through credit terms yields only a drain on industry profits.

This homely observation, presented with conviction by general credit manager J. A. Walker of Standard Oil (Calif.) at last month's National Agricultural Chemicals Association meeting in San Francisco, could be directed with equal appropriateness to a number of the practices that have brought economic woe to the industry. Price cutting and consignment selling, to name two of the leaders, are gimmicks that anyone can use, and hence—like loose credit—offer only the most transitory advantage when first adopted as selling aids.

Merchandising goods and services is the industry's proper selling function, in Walker's view, and in this view he found strong support among other NAC speakers. That questionable selling practices do not, in fact, produce the desired results was emphatically spelled out in the presidential address by NAC president Fred Hatch, manager of Shell's agricultural chemicals division. Having examined a number of factors that must influence planning for the next two or three years, Hatch declared "better selling" to be the industry's most potent weapon for the improvement of its economic health.

It is significant that he said *better* selling, rather than merely *more* selling. For it has already been found that increased sales alone cannot assure increased profits. A survey by Hatch early this year revealed that while agricultural chemical manufacturers' sales volumes were universally higher in 1956 than in 1955, profits were consistently reported to be lower—and in some cases nonexistent.

Some of the causes of the squeeze on profits are beyond the industry's direct control. Increased costs of labor, materials, containers, and shipping, not yet reflected in consumer product prices, have made serious inroads on profits. But selling costs have been higher, too, and in this area some control is possible.

Now is the time for truly objective study of present merchandising practices and their respective costs, along with those of possible alternatives. After studying most of the year-end financial statements, top executives of many chemical companies are no longer entranced by the prospects of greater volume alone. The pertinent figure is net profit per capital dollar invested, a figure that shrinks when too many dollars are involved in merchandising costs.

Inadequate supervision of credit and inventories has been repeatedly cited as a major factor in raising the cost of selling agricultural chemicals. But improved selling effort means more than the correction of these abuses, important as that correction is. Hatch urged more accurate measurement of potential markets and of the extent of present penetration of those markets (statistics again!); improved public relations programs in which the existence of the Miller Amendment and the work of the industry in its support are turned to good account; and better training of sales organizations right down to the dealer level.

Probably the fastest and most easily discernible improvement will come from the sales training efforts. Sales volume, believes Hatch, should develop in direct ratio to the extent that sales representatives—including distributors, dealers, and technical service personnel—equip themselves to educate growers to follow label instructions and extension service recommendations.

When sales personnel are equipped to demonstrate to the farmer the higher return he can expect from increased yields and improved product grades for each pesticide dollar he invests, they are equipped to sell products and services instead of gimmicks. *Improved* selling effort, perhaps coupled with *intensified* selling effort, should indeed assure the industry of continuing growth and a satisfactory profit.