

AN ADVERTISING CAMPAIGN INCREASES FINANCIAL RESPONSIBILITY.*

BY WILLIAM T. MULLALLY.¹

"Treasures in heaven" are not generally recognized as a bankable asset. On the other hand, earthly good-will, reputation, and fame are not only regarded as valuable but this opinion is backed by actual demonstrations of cash value, running into millions of dollars.

A man or an organization may have two types of assets—tangible and intangible. The experience of the past few years has shown us that tangible assets are not always as substantial as we had believed. We saw merchandise, real estate, and even more stable standards of value in a merry dance of fluctuating prices which left us with an uncomfortable feeling that the bottom had dropped out of everything.

We have been less accustomed to habitual consideration of intangible asset values. We are, as a nation, gradually learning, however, the lesson that credit is just as useful as money but we do not generally realize what this credit is based upon. Said the late J. P. Morgan:

"Commercial credits are based upon character, and money or property. The first thing—before money or property—is character. I have known a man to come into my office and I have given him a check for a million dollars when I knew he did not have a cent in the world. A man I do not trust could not get money from me on all the bonds in the world."

This credit—this intangible but immensely valuable asset—is based upon character, but, as Mr. Morgan implied, it must be known character. It is impossible to borrow money or do business on a character that blushes unseen or wastes its sweetness on the desert air.

When the world was smaller, character or reputation was spread by word of mouth and other devious ways. Even then it took a long time. Generally, the man died before his repute became widespread. That happens nowadays, too.

The progressive business man of to-day adopts a policy in accordance with his character and then he tells the world about it—by advertising.

Duties assumed and acknowledged are half accomplished. If we publicly announce a policy, we will carry it through. A man may misrepresent, consciously or unconsciously, in a personal conversation or even in a written statement to some person or organization, but very few men would attempt to misrepresent in a public statement that is seen and read by all sorts and conditions of men and that is sure to be checked up from every possible angle.

Some men have tried it, to be sure. But they did not last long. The rule worked—they acquired a reputation—but it was not the kind that is a bankable asset. They cannot borrow money on it.

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The manufacturer or the dealer who invests his money in setting forth the merits of his goods has announced his doctrines and shown his belief. He has taken his stand before the whole community. He has now waited for languid interest in him and his goods to turn in his direction. He has chosen to discard the neutrality of public indifference and to force people to have an opinion about him—be it favorable or unfavorable.

No sane man will pay to advertise a falsehood, for inevitably it will be proved and will serve as his own weapon turned against himself.

It has been said that the world values you at your own estimation. The public forms its opinions of a merchant or manufacturer very largely from statements he has made concerning himself and his goods in the public press.

And this reputation, credit, good-will, respect—call it what you will—can be shown to bear a definite relationship to the advertising that creates it, to the amount expended, the wisdom and skill with which it is planned and executed and the length of time it is continued.

Few would dispute the assertion that the words Kodak, Uneda, Ivory Soap—to mention but a few—are valuable though intangible assets. It is common belief that they are worth a million dollars per letter. And advertising created these assets. The good-will of many big concerns is valued at several millions—and worth it.

History proves that the maintaining and protecting of a treasure is a more difficult task than the gaining of it, whether it be material fortune or reputation. The life insurance companies and trust companies tell many sad stories of the dissipation of large fortunes—not by anything that was done but by the things that were not done.

So with intangible assets. The greatest treasure we can lay up is the good-will and respect of our fellow men. But the public quickly forgets—how quickly they do forget! Others are pressing for their attention every day. In a remarkably short time a name, an organization or a product passes out of mind to oblivion.

We insure our tangible assets against fire and other destructive influences—what insurance is there for good-will, for the trust in the manufacturer and the belief in the desirability of his product?

The same potent, living force that created will maintain and protect. Advertising will mount guard and will do its duty faithfully and well. But this guard must be continuous, for if it is relaxed or abandoned for a time, the enemy obtains a foothold and an advantage from which it is difficult and expensive to dislodge him—much more so than is a steadfast maintenance of the guard.

Business men generally now understand and appreciate these facts. What of the banks—appraisers of assets, dealers in credit?

Unfortunately there is not as yet any uniformity of recognition by banks of the asset values created and maintained by advertising. Francis H. Sisson, Vice-president of the Guaranty Trust Company, in a recent article citing some notable examples of large good-will valuations, says that there are any number of companies whose good-will is acknowledged by the shrewdest bankers in the country as their greatest asset.

Yet there are other bankers, presumably just as shrewd, who either do not

acknowledge this principle or at least do not act upon it. In too many cases they are like the old-fashioned doctor whose first advice, in case of trouble, was to cut out the appendix. They regard the advertising appropriation as an appendix—an interesting but worthless appendage. The first—the obvious—thing to do is to cut it out! Then we will see about the rest of the works!

And yet this advertising is the one thing that has the power to enhance and preserve the value of a manufacturer's product, reputation, and business. It is the best possible barometer that the banker can have of the manufacturer's intentions, principles, and planning ability.

When we say that a man is worth so much money, we mean simply that, if he does not live up to his agreements, we can take away from him this tangible evidence of his ability to keep his promises. But if he has impressed his name and his goods upon the minds of the buying community and thereby acquired a potential source of profits for the future, has he not acquired an asset that is just as valuable?

And yet to-day there are banks turning down loans to progressive business men because they feel that too much is being expended for advertising, or demanding that the advertising appropriation be materially reduced before a loan is granted.

It is time that bank directors should be impressed with the fact that in passing on loans, the best index they can have of the borrower's prospects is an outline of his advertising campaign and a set of the public announcements that he has made concerning himself and his goods.

If an advertiser believes in the asset value of his advertising—and he would be a fool to spend money for it if he did not—he has a definite duty to himself, to his business, and to other advertisers in insisting upon recognition of his advertising as an investment.

And so it is recommended that advertisers undertake this campaign of education by filing outlines of their advertising campaigns with their banks—particularly country banks—and that every director in these banks be placed or mailing lists to receive copies of each advertisement and piece of follow-up matter.

By educating the directors of our banks to the value of public good-will and esteem, we shall make more easy the task of opening the bank doors to legitimate advertising assets.

THE YOUNG MAN OF TO-DAY.

"A lot of respect is due to the young man of to-day who 'comes through' with his head up, his character four-square, his ambition firm and his vision undimmed.

"Probably one of the greatest problems which ever confronted young men in commencing their active productive lives is the problem they will find in the world to-day.

"It may be stated as this: the younger generation is naturally unformed and will take its mould from the customs and habits, the experience and work, in which it finds itself upon entering the arena of active affairs. 20 years ago the average habits of life, business methods and commercial intercourse were

reasonably steady and well defined. To-day the younger generation, still unformed, is coming into a world of conditions in a stage of flux more perturbed than the unformed desires of youth and adolescence.

"More important than ever before is it that young men and women to-day have some definite aim, some definite beliefs, a definite determination and the ability to hold to a course and trust.

"Twenty years ago you could sometimes trust to luck and opportunity. To-day we must trust to ourselves. It is harder work. May our young men and women make good."—Paul Hayden, "The Man at the Desk," *New York Commercial*.