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# Training
# for the Modern Office

# TRAINING

*for the*

# MODERN OFFICE

BY

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*The Liquid Carbonic Company*

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# Preface

The most difficult task of the teacher of commercial subjects has been to ascertain definitely just what employers want taught to the students who will apply to them for work after or before graduation. Attempts to find out what is desired have not been wholly successful, since employers often disagreed or were not quite sure themselves.

In this book the author has approached the problem from an angle entirely different from that usually employed. In his experience as manager of both large and small offices, he found that the greatest obstacle confronting the beginning office worker was not so much a lack of skill as a lack of understanding of the meaning and importance of the work of the office and of the duties performed by the individual office worker. To so many workers these duties seemed to be not much more than a dull round of routine, something to be performed over and over again, without end and without significance. The author's success in training hundreds of office employees for nearly every type of office work has demonstrated to him that it is possible to put a real interest into the work, an interest which will make the worker eager to get busy instead of remaining diffident about the whole thing.

Underlying the author's philosophy of modern management applied to the training of office workers, is the realization that an intelligent understanding of the objectives of business is essential to effective office work. Following closely upon this realization is an acceptance of the real function of the office in business. Too often the office has been confused with business itself, whereas the office is but

an adjunct—a very important one, to be sure, but nevertheless not so important as business itself, and in many cases not nearly so important as some other departments of business; for example, selling.

Once the embryo office worker possesses clearly the concept of the office as a facilitating function, the rest of the task is much easier. He will see and understand that office work is not an end in itself; that it has a far more vital objective, namely, serving all other parts of the business, so that departments may function more effectively in their respective spheres of activity.

In this book the author has assayed each function and each department and has assigned to each the relative importance which it deserves. In other words, there is established a point of view which also becomes a point of departure.

Fundamental business policies are developed without the complications which frequently ensue when an attempt is made to explain policies. Here we have a gradual unfolding of the reasons for the office, without which the study of the office and of its work becomes devitalized and lacks stimulus.

Office training does not always mean to the teacher what it does to the office manager. To the teacher it means the development of certain attitudes, knowledges, and skills, which are measured by grades. To the office manager, office training is the means by which he makes it possible for his office force to do a stated amount of work of a certain kind and of a definite standard of quality during a given time. Often this means simply to "get today's work done today." To the teacher, the bright student who learns quickly represents a standard, while every office manager knows that without the steady routine worker, who turns out work faithfully, accurately, and in volume, day after day, the turnover of the office force would be terrific.

Thoroughness, accuracy, speed, intelligence—these are the requirements today, and perhaps too much emphasis has been placed on speed and accuracy at the expense of the other two. In emphasizing thoroughness and intelligence, teachers will find an abundance of supporting help in the standards which form an important feature of each chapter. With respect to every point let the teacher ask himself "Why?" and let him encourage the students to do likewise. The resulting ability to reason out solutions of office problems will be gratifying indeed. A vocabulary exercise at the end of each chapter stresses the importance of a thorough understanding of the text.

The lists of questions for discussion provide material which will usually be found more than sufficient for the purposes of review and testing. The questions are so arranged that a systematic review of the ground covered is possible; or certain questions may be selected here and there for "spot checking," similar to that made by an office manager from time to time.

At the end of each chapter are presented suggested reading assignments. They will be found helpful in rounding out a complete discussion, especially since varying viewpoints are given. Some of the better students may experience a keen delight in digging into some of the reference books as well. The teacher himself will find the additional references of real value to him. Particularly recommended are the proceedings of the annual conferences of the National Office Management Association, which commenced in 1920; these are available to teachers from the Secretary of the Association, Mr. W. H. Evans, Philadelphia, Pennsylvania.

In selecting problems and topics for special reports, an attempt has been made, as far as possible, to give the student experiences which will cut away the mystery with which business operations are often surrounded. By doing

these problems, the student will develop confidence in himself and in his ability to make progress. An ounce of successful experience in solving a seemingly difficult problem will accomplish more than almost any number of precepts in overcoming discouragement or an attitude of fatalism. The problems and reports will require the student to put forth a positive, definite effort; he will have to exert himself. Such a requirement is good for him, because the student in too many instances, finds it hard to overcome what one educator has termed "inertia studentis."

Where the exertion calls for visits to local business houses, the teacher might well consider the advisability of letting students organize themselves into committees, as explained in detail on page 466. This procedure will help to establish principles of organization and co-operation, and in addition will tend to make fewer demands upon the time of local business men than if the work is done individually.

After all has been said and done, teachers will find that the book will simplify and clarify their teaching of the subject. That is the opinion of the teachers who have read the manuscript.

Properly to acknowledge the invaluable assistance and hearty co-operation of all who have contributed in any way to the making of this book would require almost a chapter in itself. Much of this assistance and co-operation has been extended over a period of years.

William H. Leffingwell was the first man to give the author a vision of the possibilities of properly organized and administered office work. Mr. Leffingwell believed thoroughly in carefully training office workers; but he was equally careful to ascertain the best method of doing the work before attempting to show others how to do it.

To Harry A. Hopf, who first induced the author to undertake the teaching of office management, at New York

University, is due a debt of gratitude for the friendly counsel given at that time and many times since. That debt is now gratefully acknowledged.

Among the firms to whom acknowledgements are due are: The Liquid Carbonic Corporation; B. Kuppenheimer and Company; Remington Rand, Inc.; Postindex Company; Globe-Wernicke Company; National Protective Insurance Company; Ditto, Inc.; Telautograph Corporation; Hibbard, Spencer, Bartlett Company; Curtis Publishing Company; Recordak Corporation; Sortergraf Company; Dun & Bradstreet, Inc.; American Telephone and Telegraph Company; New York Telephone Company; New England Telephone and Telegraph Company; Postal Telegraph Company; Western Union Telegraph Company; Jamestown Metal Desk Company; Art Metal Construction Company; Massachusetts Mutual Insurance Company; General Fireproofing Company; International Business Machines Corporation; Shaw-Walker Company; Carborundum Company; Westinghouse Electric and Manufacturing Company; The Maccabees; Ford Motor Company; Sampson and Murdock Company; Yawman and Erbe Manufacturing Company; Dictaphone Sales Corporation; Guide System and Supply Company; Commercial Travelers Mutual Accident Association of America; Dictograph Products Company, Inc.; Burroughs Adding Machine Company; Underwood Elliott Fisher Company; Columbia Steel Equipment Company; Office Equipment Company of Louisville, Kentucky; Monroe Calculating Machine Company; Railway Express Agency, Inc.; Automatic File and Index Company; Pennsylvania Railroad; Pullman Company, United Air Lines; Parker Marshall Company; National Cash Register Company; A. B. Dick Company; National Postal Meter Company; Visible Records Equipment Company; Western Electric Company; George La Monte and Son.

Among the individuals who have helped with their suggestions, comments, and criticisms are: N. Mae Sawyer, Director of the American Institute of Filing, Buffalo, New York; Herbert Pritchard, Chairman of the Commercial Department, North Division High School, Olga E. Schlueter, Juneau High School, Clifford C. Seifert, Washington High School, and Prisca Batz, Bay View High School, Milwaukee, Wisconsin; Frank C. Phillips, Head of the Commercial Department, Medford High School, Medford, Massachusetts; Harold E. Cowan, Head of the Commercial Department, and D. J. Keegan, Dedham High School, Dedham, Massachusetts; Max B. Greenstein, Franklin K. Lane High School, Brooklyn, New York; Susie E. Jones, Peoria High School, Peoria, Illinois; Emily Walter, Head of the Commercial Department, and Gertrude Merritt, Senior High School, Dubuque, Iowa; Daisy M. Bell, Head of the Commercial Department, J. S. Morton High School, Cicero, Illinois; Philip I. Towle, Director, Department of Business Education, East Orange High School, East Orange, New Jersey; R. E. Davey, East High School, Rochester, New York; Louise L. Magraw, Senior High School, Quincy, Massachusetts; Edna Berwald, Hutchinson High School, Buffalo, New York; Harry R. Myers, Head of Department of Commercial Education, Poughkeepsie High School, Poughkeepsie, New York; E. W. Alexander, Hadley Vocational School, St. Louis, Missouri; Adrian E. Holmes, Head of the Commercial Department, Burlington High School, Burlington, Vermont; S. B. Norcross, Head of the Commercial Department, Central High School, Kalamazoo, Michigan; Mary L. Hickey, Head of the Commercial Department, Watertown High School, Watertown, New York; Stanley D. Birath, Simon Gratz High School, Philadelphia, Pennsylvania; Raymond S. Frazier, Assistant Principal, Kenmore High School.

Kenmore, New York; Benjamin J. Knauss, formerly Director of Commercial Studies for the Chicago High Schools, Chicago, Illinois; Raymond C. Goodfellow, Director of Commercial Education, Newark, New Jersey; Paul M. Boynton, Head of the Commercial Department, Central High School, Bridgeport, Connecticut; Jeanette C. Hall, Head of the Commercial Department, New Rochelle High School, New Rochelle, New York; Sherwin Cody, Yonkers, New York; and C. W. Toepfer, Toledo, Ohio.

The author hopes that this book, by its friendly attitude of counsel and instruction, will make other friends. With that sincere wish, he offers it to the teachers of our coming business men and women.

EDWIN M. ROBINSON

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# To the Student

Any young man or woman who intends to take up office work without training will find himself at a disadvantage in competition with others who have been trained. This statement is true not only with respect to the first position, but also with respect to subsequent ones, whether secured by transfer or by promotion. Without training there will always be hesitancy about what to do next.

A moment's thought will show that in any one office you can learn only the work of that office. To learn the work done in any one office, however, or even a large part of the work, would necessitate moving around from one position to another. Only exceptional persons are accorded this privilege. They are few.

It is true, of course, that you can not expect to know much, if anything, about the actual details of any specific office before working in it. On the other hand, if you can learn the principles which lie at the bottom of all office work, by absorbing the suggestions presented in this book, you can advance much more quickly than if you lack such preparation.

Many a new office employee starts work "wondering what it is all about." This book explains what is done in business offices and why it is done, as well as how. Things which were mysterious and puzzling become clear and reasonable. The organization charts show how each department organizes its work; the relation between departments is shown. The purpose of each department is stated clearly, and the methods of doing the work are explained so that you can quickly become familiar with them.

In connection with the work of each department you will also find standards which have been established for that department. These standards are especially important; if you should become thoroughly familiar with them, you could easily outdistance other workers who, although they work hard, may not appreciate as you will, what it is they are trying to accomplish. In business, as in baseball, it is necessary to "keep your eye on the ball." These standards will help you do just that.

What would it mean to you if you could sit down with an experienced office manager and ask questions about office work and the opportunities for capable persons? What a privilege it would be to sit and listen as the manager explained how an office really works. What a help he would be to you in getting started!

And yet such a man could tell you no more about office work and office positions than you will find between the covers of this book. Every word here is written out of the actual experience of the author and of hundreds of other office managers—an idea here, a method there—all brought together and organized to help you find your place quickly, and then to *start to grow.*

But that is not all—

The author of this book has trained hundreds of office employees. As an office manager he has hired many office workers and, occasionally, fired some. He knows what it takes to be successful in an office. And he tells you in these pages. It is for you to say whether you will put these ideas to work for you, or whether you will let someone else beat you to it.

# TRAINING FOR THE MODERN OFFICE

# CHAPTER I

# How Business Is Organized and Carried On

*Aims for Study of This Chapter*

To acquire a background for the study of the work done in a business office

To find out what business is and its relation to the social sciences

To see what the purpose of business is

To examine some business activities and discover their social and economic significance

To learn how business is organized

**Definition of business.** "Business" is the name given to all activities concerned with or related to buying and selling. In a retail store, for instance, merchandise is bought; then it is displayed on the counters and in the windows; finally it is sold to the customers who come in to the store.

The retail store furnishes a clear illustration of business activities, whether the store is a corner grocery, a unit in a big chain-store system, or a huge department store like Marshall Field's in Chicago, Bullock's in Los Angeles, Macy's in New York, or Jordan's in Boston. All retail stores, whether large or small, perform the same business activities concerned with buying and selling.

**Different kinds of business.** The establishments from whom the retail stores buy their goods are also business concerns, engaged in buying and selling. The dress manu-

*Ewing Galloway*

Retail selling is one of many different business activities. What others would precede and follow such a transaction as this?

facturer, from whom the retail merchant buys his dresses, has to buy cloth, thread, trimmings, buttons, and so forth. He has sewing machines operated by men and women who make the dresses. He has salesmen who take their samples to the retail stores and bring back orders for dresses to be made up and delivered to the stores. Thus, we see that manufacturers are also engaged in business activities, even though they do more than merely buy and sell.

Then there are companies which do not buy and sell merchandise or manufacture things. Their business is rendering a service; such are the telephone and telegraph companies, the railroads and express companies, the taxicab companies, and so on. Other illustrations are the

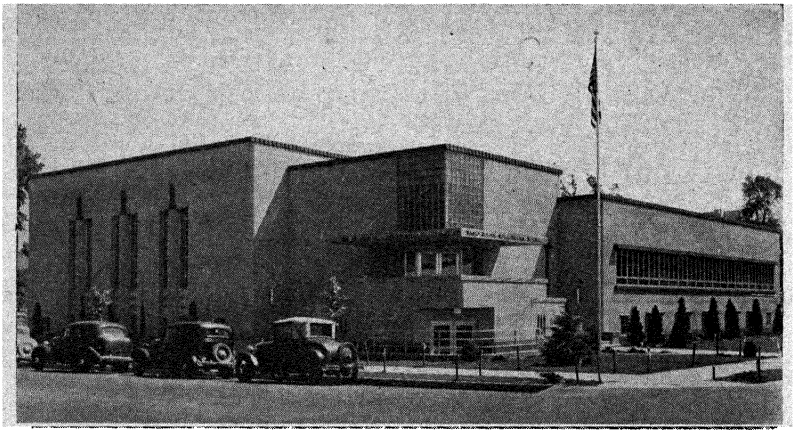
banks, the investment houses, and the insurance companies. They have nothing to sell but service.

From what has been said it may be seen that business activities concerned with buying include procuring that which is to be sold, doing whatever is necessary to put it in shape for sale, and storing it until it is sold. Business activities concerned with selling include finding persons to whom the product or service can be sold, advertising to them, selling them, and making delivery.

**Activities related to business.** There are also many other activities related to business. Among them are financing (money procurement and management); bookkeeping (recording transactions and the results of transactions); correspondence (writing and answering letters); clerical work (typewriting, telephoning, filing papers, messenger work, duplicating, computing, carrying on office systems). These activities are all included in what is known as "office work."

**How business is conducted.** Business activities are carried on largely by persons who work under the direction and supervision of other persons. Generally speaking, those who do the work are called workers (salesmen, clerks, employees), while those who direct and supervise the workers are called managers (supervisors, department heads, employers). For example, the sales manager directs and supervises the work of his salesmen; the credit manager directs and supervises the work of the credit department; the office manager directs and supervises the office work. The workers are responsible for doing the work; the managers are responsible for seeing that the work is done, and that it is done correctly and promptly.

*The importance of correct methods.* Formerly there were no uniform methods of doing work. Each person did his work about as he pleased. As long as he did the work, no question

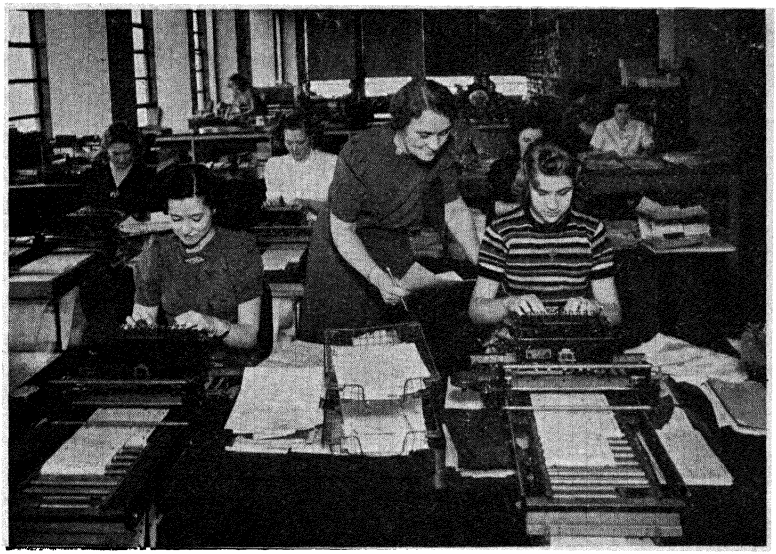


*Courtesy "American School Board Journal"*

Almost every phase of modern life involves some business activities. For example, this school administration building houses the buying, bookkeeping, and clerical activities needed in the school system of a small city.

was raised as to how he did it. Gradually, however, it was found that there is a best way of doing any kind of work. Good managers now make a point of finding out the best way of doing each kind of work, teaching that way to their workers, and making sure that the workers not only understand what work they are to do and how to do it, but that they do the work in the way specified.

*Why managers are necessary.* If workers could work without supervision, managers would not be needed. But most people do not work well of their own accord; they need someone to show them what to do, how to do it, and to see that they do it. Furthermore, if the responsibility for making decisions were left to the workers, each person would have a different idea from every other person; there would be a lack of agreement, resulting in discord, dissatisfaction, and lack of accomplishment. No one would get anywhere. Leadership is necessary.



Competent management and supervision make for efficiency in all business activities.

This need for leadership explains why a baseball nine or any other athletic team has a captain—someone to whom the players can look for direction. Obviously, every player can not be captain; therefore, the players choose someone who can lead them to victory, and in whose ability to lead them they have confidence.

**Social and economic significance of business.** Now we begin to realize the social and economic significance of business activities, since they affect all of us in some way or other, directly or indirectly. We are all buyers—of food, clothing, services; and we are all sellers—of our own services. The merchant buys the merchandise which he believes his customers will like; he hires (i.e., buys) the services of salesclerks to sell the goods for him. The salesclerks are not only selling goods; they are also selling their services to their employer. Employers depend upon their

employees to do the work that needs to be done; employees depend upon their employers for their jobs—their means of livelihood. No employer wants to keep a worker who does not do his work well; and no employee wants to work for an employer who does not pay his workers a fair wage or treat them fairly. There are obligations on both sides: the employer wants competent and willing workers, and the employees want fair pay, good treatment, and steady employment.

Business is, therefore, very important to every community. Without business there would be no employers; without employers there would be no workers; without work, or the proceeds of work, people could not live.

**Prices and costs.** A business concern wants to make a profit on its activities. A profit, generally speaking, is what is left over after all the bills have been paid. To make a profit requires that the concern sell its goods or services for more than it costs to produce and deliver them. In other words, the selling price must be high enough to pay all the costs of purchasing, transportation, manufacturing, selling, delivering, office work, and supervision. If the selling price is not high enough to include all the costs, then the concern suffers a loss; eventually, if the loss continues, the concern must go out of business. This throws out of work all the employees who depended upon the concern for their bread and butter. The selling price must, therefore, be high enough to cover all costs of doing business, and a profit, in addition.

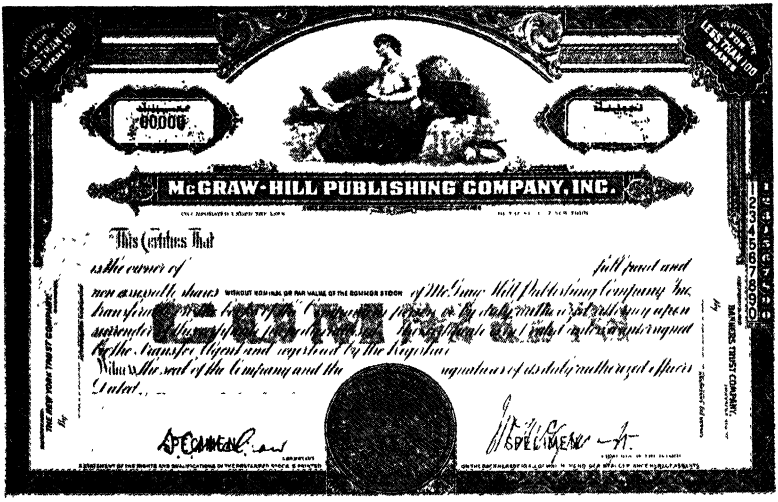
*The effect of high prices.* On the other hand, if the selling price is too high, there will be fewer buyers, if any. No one is willing to pay a higher price than he thinks is reasonable, or than he would have to pay elsewhere for the same thing. The concern whose prices are too high will have to get them down or go out of business for lack of customers. The

only way to get prices down is to cut costs; this is most effectively brought about by increasing the efficiency of the workers. That is, if a worker can be trained to do work in such a way that there is no waste of time or motion, he can do more and better work in the same or less time, and he can do it without increased fatigue. Thus he becomes more efficient.

**The attraction of business.** What is it about business that attracts men of ability? Probably it is the hope of making a good profit. If a man felt that the best he could expect to get from hard work and long hours was a bare living, he would probably feel that the effort was not worth while; as the saying goes, "The game would not be worth the candle." So it is the hope of an adequate reward in the form of a profit that makes men go into business. If the hope of a profit is taken away, capable men will not be willing to put into business the time and energy needed to make a success.

**How business is organized.** Businesses are organized in two ways. One way is called "organization for ownership," and the other way, "organization for operation." We shall consider both ways.

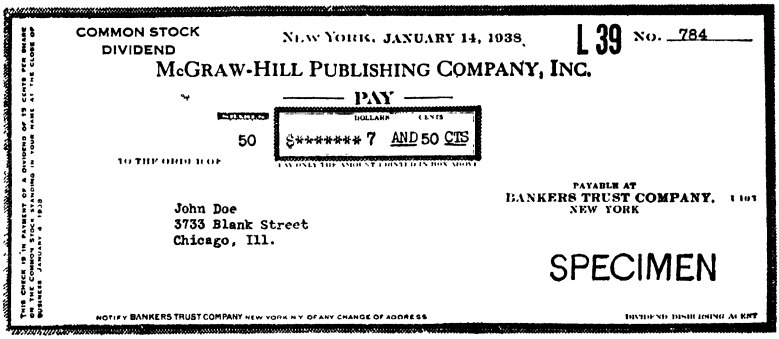
*Who owns a business?* Organization for ownership is concerned with the way a business is owned. If it is owned by one person, it is called an "individual proprietorship"; the owner can do anything he chooses and he is responsible only to himself. If the business makes money, it is his money; if the business loses money, the loss falls on him. In a small business the individual proprietorship is an advantage, since the owner can keep in touch with and actively direct all parts of the business. In a large business individual proprietorship is a disadvantage, since it is difficult for one man adequately to carry the whole burden of large affairs.




When you become a stockholder in a corporation, you receive a stock certificate like this one.

*Partnerships.* As an individually-owned business grows, therefore, it is not unusual for the proprietor to look around for another man of ability, on whom he can place responsibility and in whom he can have absolute faith. When he has found such a man, he takes him into partnership with him. The business is then owned by both partners jointly, instead of by a single individual. A partnership may also consist of more than two individuals. All profits and all losses of the business are shared equally by the partners unless they have agreed otherwise.

The two most significant features of a partnership are: first, that each partner has full power to act for the firm and bind it; and second, that each partner is absolutely liable for all the debts of the partnership. These two features explain why one should be very careful before entering into a partnership with anyone about whom he does not know everything he should know, and with whose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character he is not thoroughly familiar. A partner should be one in whom he has and can have implicit confidence.

*Business corporations.* In addition to the individual proprietorship and the partnership, there is a third form of business ownership which has become very popular and widespread. That form is the corporation.

A corporation can engage in any business authorized by the charter it receives from the state in which it is incorporated. It can conduct its business in any state or foreign country by complying with the laws of that state or country. As long as the corporation stays within the law, its owners (the stockholders) are not liable for the corporation's debts. This feature of limited liability of the corporation stockholder is in marked contrast to the unlimited liability of a partner. It is what makes possible large corporations with thousands of stockholders, none of whom are liable for the corporation's debts. The only loss stockholders can ordinarily sustain is their original investment in the corporation.

On the other hand, corporations are subject to heavy taxes by both state and federal governments. Many complicated and expensive reports have to be made to

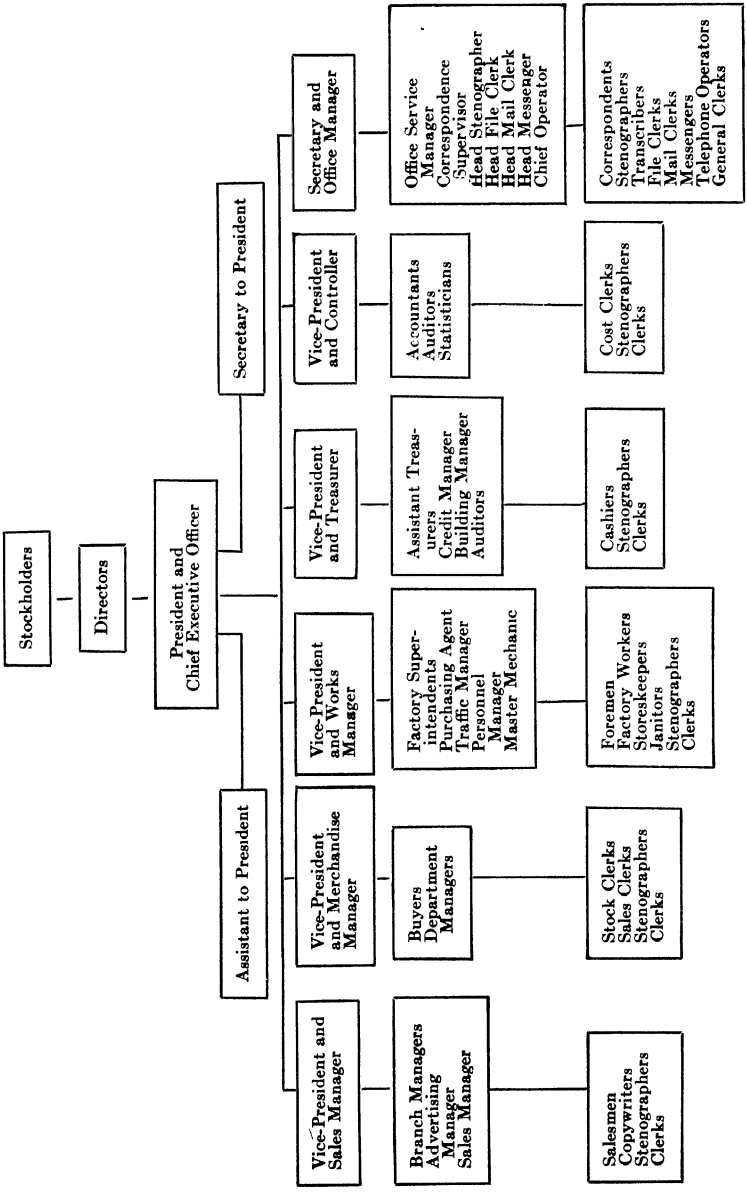
these governments. A small corporation would find these taxes and reports a very heavy burden; and yet, the limited liability makes the corporate form of ownership so attractive that thousands and thousands of businesses are incorporated. If a corporation fails without leaving any assets, only the creditors lose; the stockholders escape liability.

**Business organization for operation.** So much for the ownership organization of business. Now let us consider for a moment the organization of business for operation; that is, how it is organized to carry on its business activities.

Regardless of the form of ownership organization, the organization of a business for operation is very much the same in all concerns. Indeed, between large and small businesses about the only difference is in the number of people employed and the volume of business done.

*Departmental organization.* In every business there are persons who do the selling. There are those who do the buying. Someone has to take in and pay out money, make loans, and deal with banks. Usually, people who are concerned with the same activity are brought together in groups called departments. The sales department thus contains all the persons concerned with selling activities; the purchasing department, all those concerned with purchasing activities; and the treasurer's department includes all who handle money. There is always a bookkeeping and accounting department to keep the accounts. There may be other departments, as shown in the organization chart on page 13. Later on, we shall examine in detail the work of the departments which are common to most businesses.

*Why departments vary in size.* The number of people in a department depends on the volume of work going through the department. Some departments may have only one or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Secretary to President
Assistant to President
Vice-President and Sales Manager
Branch Managers
Advertising Manager
Sales Manager
Salesmen
Copywriters
Stenographers
Clerks
Vice-President and Merchandise Manager
Buyers
Department Managers
Stock Clerks
Sales Clerks
Stenographers
Clerks
Vice-President and Works Manager
Factory Superintendents
Purchasing Agent
Traffic Manager
Personnel Manager
Master Mechanic
Foremen
Factory Workers
Storeskeepers
Janitors
Stenographers
Clerks
Vice-President and Treasurer
Assistant Treasurers
Credit Manager
Building Manager
Auditors
Cashiers
Stenographers
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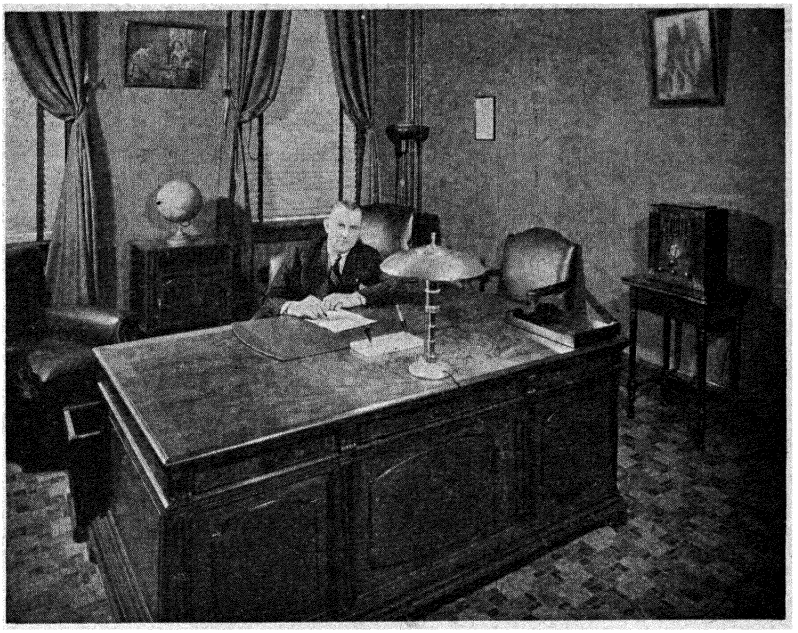
Vice-President and Controller
Accountants
Auditors
Statisticians
Cost Clerks
Stenographers
Clerks
Secretary and Office Manager
Office Service Manager
Correspondence Supervisor
Head Stenographer
Head File Clerk
Head Mail Clerk
Head Messenger
Chief Operator
Correspondents
Stenographers
Transcribers
File Clerks
Mail Clerks
Messengers
Telephone Operators
General Clerks

two persons; others may have several hundred. Even in concerns of about the same size, the size of departments varies. In the credit department of The Liquid Carbonic Corporation, for instance, there are nearly sixty persons; while in the credit department of B. Kuppenheimer & Company, a concern doing about the same volume of business, there are only four persons. This variation is explained by the fact that one concern is handling a large number of small orders, while the other is handling a small number of large orders. It takes a larger department to handle one hundred orders of $50 each than to handle two orders of $2500 each.

*The department head.* In charge of each department is a man or woman called the department head. Frequently the department head bears a title, such as credit manager, purchasing agent, and so on. A large department is usually divided into sections, each section being in charge of a section head, who may be called a supervisor, a chief clerk, a boss, or a foreman or forewoman.

**The general officers.** Over all departments are one or more general officers, such as vice-presidents. In one company, for instance, one vice-president is in charge of all sales activities; under him are the sales manager, the advertising manager, and the branch managers. Another vice-president is responsible for all manufacturing activities; under him are the plant superintendent, the purchasing agent, the storeskeeper, and the traffic manager. The treasurer handles all financial and money matters, including the credit department, the cashiers, the voucher section, and so on.

*The president.* At the top of the concern is the president and general manager, who is held responsible for the success or failure of the business. He it is who must see that the business functions smoothly, that all departments



*Courtesy Office Equipment Co., Louisville, Ky.*

This is the private office of a corporation president.

do their work properly and promptly in co-operation with each other.

In an individual proprietorship the president is usually the owner of the business. In a partnership one partner may be president and another, treasurer. In large partnerships like J. P. Morgan & Company, for example, there may be several partners, each with his special responsibilities, which may or may not be indicated by his title.

**The board of directors.** If the business is a corporation, there will be a board of directors to whom the president is responsible for the results he gets or fails to get, and from whom he takes his orders. The board of directors is elected by the stockholders at the annual meeting and has full power and authority over the affairs of the corporation

*Courtesy "Burroughs Clearing House"*

A corporation is managed by its board of directors, who meet at regular times to consider reports and plans.

from one annual meeting to the next. Directors are so powerful, in fact, that in the absence of proved fraud, stockholders have practically no say whatever in the affairs of the corporation whose stock they own. This fact explains the importance of stockholders' choosing as directors men of integrity, ability, and character.

**Trustees.** Sometimes an enterprise is neither a corporation nor a partnership, but a trust. That is, one or more men, called trustees, agree to conduct the affairs of the enterprise. The trustees have all the responsibilities of directors within the limits of the trust agreement which creates the trust.

**Summary.** Business includes all activities concerned with or related to buying, selling, manufacturing, financing, and transportation. It is carried on, primarily for profit, by

individuals, partnerships, corporations, trusts. Most business enterprises are organized by departments, which are simply groups of people doing the work connected with one function, such as sales, purchasing, credit, or accounting. Managers are necessary to show workers what work they are to do, and how to do the work, and to see that the work is done.

## Vocabulary Exercise

Define or explain:

| | | |
|---|---|---|
| business activities | efficiency | operation |
| charter | employee | organization |
| department | function | supervisor |
| directors | office work | trustee |

## Questions for Discussion

1. What was your idea of business before you began this course? From whom did you get your impression? Where have you heard anything about business?
2. Define business.
3. Name as many different kinds of businesses as you can.
4. Name several activities related to business.
5. How is business carried on?
6. Why are correct business methods important?
7. Are managers necessary? Why or why not?
8. What is the social and economic significance of business?
9. What is the effect of costs and prices on the success or failure of a business? Why?
10. Why is business attractive to some people and not to others?
11. Distinguish between the ownership organization of a business and its organization for operation.
12. Explain three forms of ownership organization and state the advantages and disadvantages of each.
13. Why do most businesses have departments?

14. Who is responsible for the success or failure of a business? Why?

## Topics for Special Reports

1. From the daily newspaper select five topics relating to business activities. Tell why you think these are concerned with business. With what aspect of business do you think each is concerned?

2. List at least five important public questions of the day. Do any of them involve business? If so, how? If not, why not?

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## Problem

### GOING INTO BUSINESSES

"One of the questions asked at one time or another by most men is as to the advisability of going into business for oneself. The successful head of a business is apt to owe his success more to a well-rounded balance of qualities than to any one ability. If he is a manufacturer, he must know something about the technical design of his product. He must be intelligent on accounting and financial questions. He must be something of a salesman, or at least possessed of a sales sense. He must get along with people and command their confidence. He must be an organizer, capable of seeing the correct relationship between individuals and the activities of the business. Similarly, with the merchandiser, sales ability alone is not sufficient to secure success.

"One often wonders why salesmen who have made spectacular successes on the road sometimes go under so quickly when they start their own stores or factories. Sometimes, of course, it is temperament—for a successful salesman is apt to be a confirmed optimist, a special pleader, or a plunger—of diametrically opposite type to the balance and unflinching acceptance of fact that is characteristic of the successful executive. But often it is simply that he does not know the business. He knows selling, but he does not know credits, or buying, or finance, or management,

or some other of the abilities vital to the running of a successful business.

"It may well be that a man's special abilities are worth more to society when he is employed by a large balanced organization with the capital and resources necessary to exploit them to the utmost, than they could possibly be were the individual to attempt to use them alone. Many executives, engineers, and specialists are given by their position as members of a great organization a scope for the effective exercise of their special abilities which would be quite impossible to them as individuals.

"Of course, there is such a thing as undue conservatism and timidity. Determination and a ready wit may compensate in part for lack of experience, and the responsibility and stimulus of planning and managing and meeting the crises which arise in one's own business sometimes bring out abilities that would otherwise remain latent. Sometimes they do not, as appears to be true of the farmer who turned down an agent selling books on agricultural science, and being pressed for a reason, replied in a discouraged way, 'I ain't farming now as well as I know how to.'"[1]

1. What qualities are necessary for success in one's own business?

2. Should every individual go into business for himself sooner or later? Why or why not?

3. Why do salesmen not always make good business managers?

4. What are the advantages of working for a large company?

5. How would you apply the farmer's answer to a person who did not believe in studying business and office methods?

6. Write a thirty-word summary of this article.

[1] Dutton, H. P., *Business Organization and Management*, pp. 109–111 (New York: McGraw-Hill Book Company, Inc., 1929).

## CHAPTER II

# The Place of the Office in Business

*Aims for Study of This Chapter*

To realize the importance of office work
To see how the office is organized
To classify the kinds of office work
To find out what "office system" is
To examine some of the opportunities in the business office
To learn the latest developments in office practice

**The increasing importance of office work.** In the preceding chapter it was stated that office work includes: the recording of transactions and the results of transactions, writing and answering letters, filing papers, typewriting, telephoning, messenger work, duplicating, computing, carrying on office systems. When it is realized that in the United States alone there are nearly 4,000,000 people doing office work, compared with less than 200,000 only fifty years ago, it will be seen that office work is becoming more and more important. What is the reason?

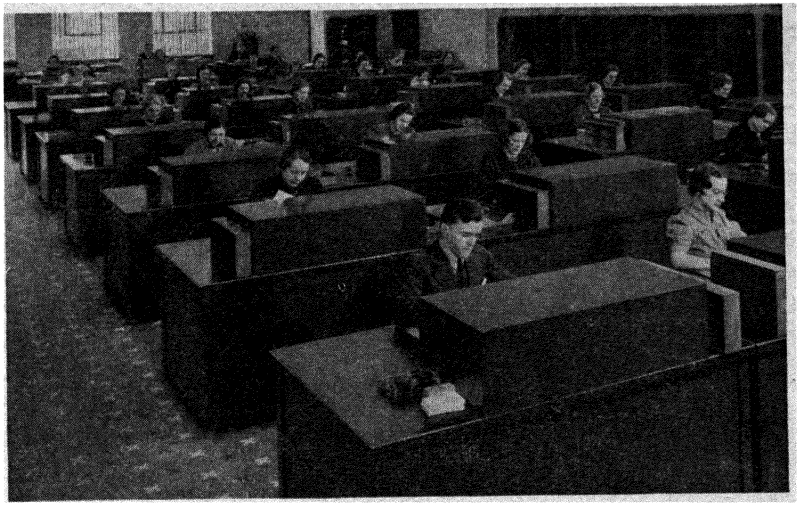
To understand why office work is so important, it will be helpful to examine a simple business transaction and see what happens.

**A cash transaction.** Let us suppose that Mr. Spencer is a cabinetmaker, an expert in the use of woodworking tools, turning out exquisite pieces of furniture, such as chairs, tables, bookcases, and so on. Mr. Spencer does all his work himself in a shop back of his house. One day a neighbor

of Mr. Spencer named Bowers calls at Mr. Spencer's shop to buy a table. He sees a particularly fine table that attracts him and on asking the price is told that he can have it for fifteen dollars. Mr. Bowers pays Mr. Spencer fifteen dollars and takes away the table. The transaction is completed, since each person has received what he wanted and nothing remains to be done by either one. As cash was paid, the deal is known as a cash transaction.

**A credit transaction.** Suppose, however, that instead of paying cash for the table then and there, Mr. Bowers had said, "I'll pay you in thirty days." In that case Mr. Spencer would write down the fact that he had sold the table to Mr. Bowers for fifteen dollars and that Mr. Bowers was to pay for it in thirty days. The reason for making this written memorandum is so that Mr. Spencer would not forget to whom he sold the table nor the price and time of payment. If Mr. Bowers did not pay in thirty days, Mr. Spencer would remind him of the obligation and ask him for payment. As a matter of good business practice, Mr. Bowers also made a note of his indebtedness to Mr. Spencer and of the time that payment was due, so that he would not forget it.

**The need of records.** The transaction between Mr. Bowers and Mr. Spencer illustrates the difference between cash transactions and credit transactions. If all of Mr. Spencer's sales were for cash, he would not need to record to whom he sold his tables and the prices. The great bulk of business today, however, is not conducted on a cash basis, but on a credit basis. That is, instead of the buyer paying for his purchase at the time he makes it, he agrees to pay for it later at a time mutually agreed upon. A record is made of the purchase or sale and of the time when payment is to be made. The seller writes down what he sold, to whom he sold it, the price, and the date payment is to be



*Courtesy Commercial Travelers Mutual Accident Assn. of America*

The employees in this busy office are working at desks designed to meet their special requirements.

made. The purchaser writes down what he has bought, from whom he bought it, the price, and the date payment is to be made.

*Other necessary records.* These simple records of purchases and sales are the foundation of all office activities. Probably the most important records of a business are those of purchases and sales; and the place where these records are made and kept is called the business office. In a large office these records are kept by the accounting department, which also keeps track of all moneys received, paid, owed by us, and owing to us—in other words, "keeps the accounts." This department handles the important functions of recording, tabulating, and reporting the results of all transactions. Reports prepared by the accounting department show the past successes or failures and help to determine the future activities of the company. For example, figures show whether prices quoted and obtained

*Underwood-Stratton*

Letters are essential in almost every business. The person who dictates and the stenographer who transcribes both strive to make these letters represent the highest standards.

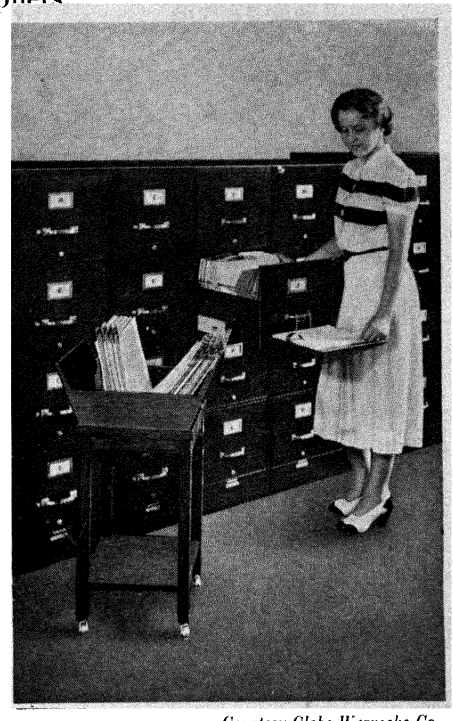
are high, low, or normal; whether particular departments are falling below or rising above the average in effectiveness; and whether expenses for certain periods are in proportion to the income in comparison with other periods.

**Writing letters.** In connection with the business done, there is always more or less correspondence—letters received and letters written. Letters and business papers must, of course, be used in business even when the transactions are confined to a limited scope and area; when transactions take place at long distances, the only practical method is by correspondence. Even when the long-distance telephone and traveling salesmen are employed, it is usually necessary to put contracts in writing and to

answer many questions by mail. This work requires one or more stenographers.

Orders are confirmed or claims adjusted by letters, which are often the only records of the dealings. Announcements are made, prices quoted, estimates furnished, promises given, circulars distributed, prospects made customers, purchases completed, and money collected through correspondence.

In large offices several persons may do nothing but handle correspondence, that is, read incoming letters, dictate answers, take letters down in shorthand or on the dictating machine, and transcribe them on the typewriter.

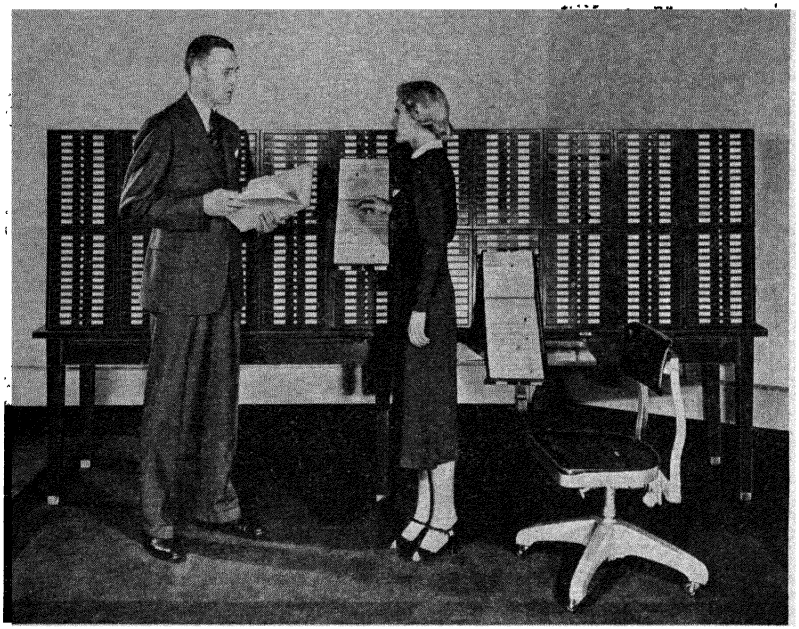


*Courtesy Globe-Wernicke Co.*

Both good equipment and high standards of accuracy are needed in the filing department.

**The filing of papers.** After letters are answered, they must be put where they can be easily and quickly found, since oftentimes letters previously received must be referred to. This necessitates care and system in keeping track of and storing letters. This work is called "filing" and is carried on in the filing department, sometimes also called "the files."

Frequently the importance of keeping business records is not appreciated until some special information which is



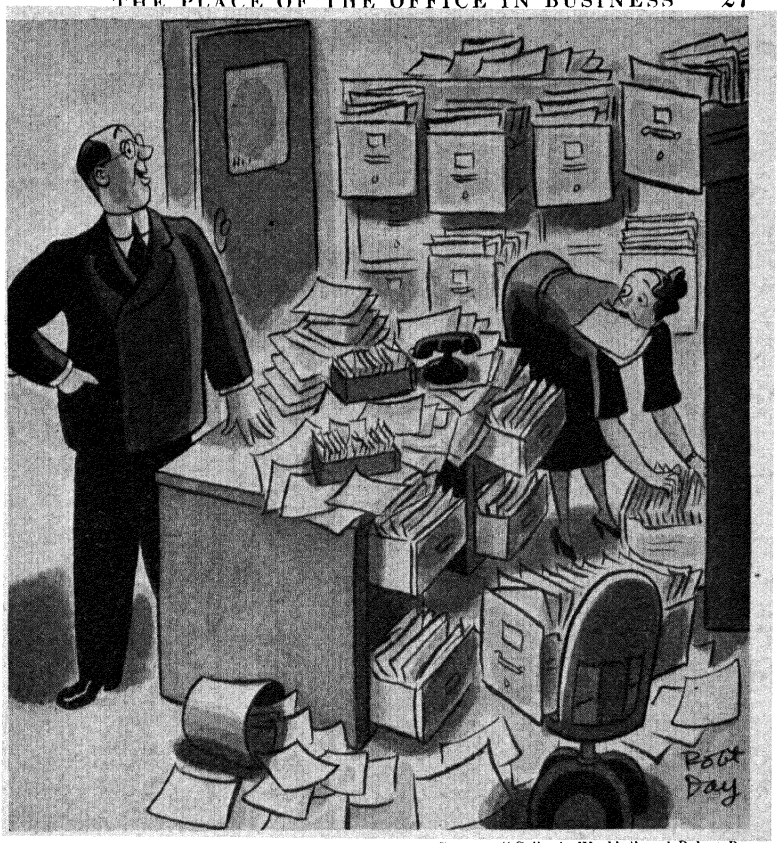
*Courtesy Postindex Co.*

"Thank you. That's just the information I need."

badly needed cannot be found, such as the price paid for an order of goods, figures previously quoted, former selling prices, and so on. Reference to letters or other business papers is often necessary; letters of inquiry may need to be followed up, and prospects supplied with information.

The records for these purposes not only must be kept in convenient and legible form, but also must be filed where they may be found quickly when needed. Many employees are required for this work in large offices, and fixed standards of accomplishment are usually necessary in order to get the desired results without loss of time.

**Mail.** After letters are written, they must be mailed. This handling of "outgoing mail," as it is called, may take place in a mail department, which may also receive the




*Courtesy "Collier's Weekly" and Robert Day*

"Well, if you can't find it, don't bother."

"incoming mail," open it, and distribute it to the proper persons for handling.

**Office system.** If all the various kinds of office work which have just been mentioned were done without any definite order, or system, there would be only confusion. No one would know what he was to do, when he was to do it, or whether it had been done. There would be an immense amount of duplication caused by two or more people doing the same work. Many unimportant things

would be given undue attention, while important tasks might be entirely overlooked. Some order or system is necessary.

"Office system" is the term applied to the way that office work is organized. Each office has its system of bookkeeping, of filing, of making records, of writing letters, and so on. In well-organized businesses, office system is made up of carefully laid-out "routines," which are simply established ways of doing the work. There is a routine for every kind of office work, and all office work must go through the established routine; that is, every similar piece of work must go through the same steps in the same way.

*Definition of a routine.* A "routine," therefore, may be defined as a series of steps in the performance of work, each step in the series being performed in the same order and in the same way every time. Such an arrangement assures that the work will be done uniformly. In studying office work, what you will really do is to study office routines. In that way you will acquire a well-organized knowledge of and ability to perform efficient office work.

### List of Steps in an Office Routine

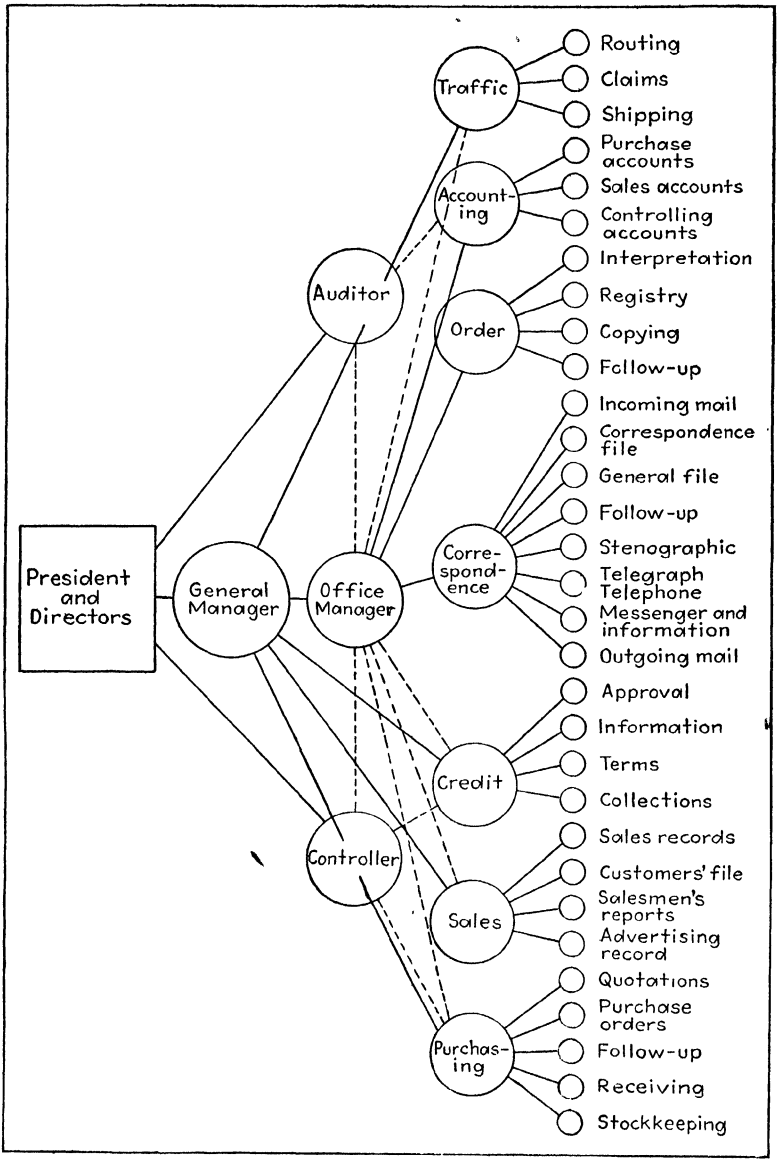
1. Incoming mail is received at mail desk.
2. Company mail is sorted from personal mail.
3. Company mail is opened and contents are removed.
4. Contents are read and sorted by departments.
5. Letters are delivered to proper departments.
6. Letters are read by department head or assistant.
7. Answers are dictated.
8. Dictation is transcribed.
9. Letters are signed.
10. Letters are folded, enclosed in envelopes, stamped, and mailed.

*Department routines.* You will remember that in Chapter I mention was made of departments. It was stated that a department is a group of people concerned with the same activity. Now the work of a department is made up largely of routines. In the credit department, for example, there is a routine for passing on orders and a routine for getting information; there are routines for filing information after it has been obtained, for writing letters, for collecting money, and so on. The best ways to do all these things have been carefully worked out and put in writing so that all work will be done the best way every time. These written instructions are called "standard practice instructions." All of the routines in any department go to make up the system of the department, and the routines of all departments go to make up the office system.

"Office system," then, is the orderly way in which the work of the office is performed through routines and departments.

**Technical departments and service departments.** A very interesting feature of office system is the distinction between so-called "technical" departments and "service" departments. Certain departments are concerned solely with their own special kind of work, such as purchasing, credits, accounting, and traffic; they are the technical departments, because their work is of a technical nature. Other departments, such as telephone, mail and messenger, files, and so forth, are concerned with rendering service to other departments; that is why they are called the service departments. In later chapters you will study the work of both technical and service departments of the office.

**Office organization.** You have already seen that each department head is responsible to the president or general manager. In most offices this is true only of the technical departments. The service departments have department



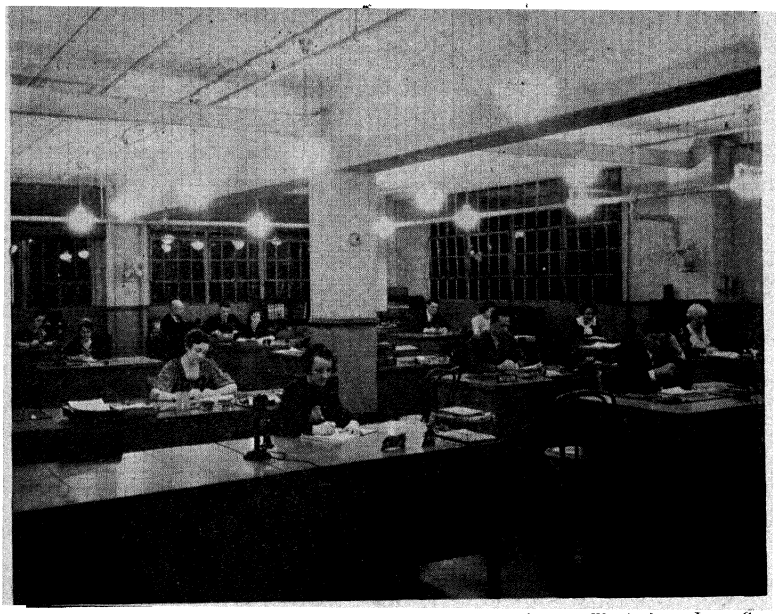

This organization chart shows who is responsible for each kind of work.

heads or supervisors, to be sure, but instead of their being responsible to the general manager, they are usually responsible to a person called the office service manager, or sometimes simply the office manager. The office manager in turn reports to an officer of the company, sometimes to the general manager, sometimes to a vice-president, and so on. If you will look at the organization chart on page 30, you will see the responsibilities of the office manager and the department heads in the concern whose chart is shown.

**Opportunities in office work.** The opportunities in office work are very wide, ranging from messenger work up to office manager, department head, general manager, and president. The man who is now president of The Curtis Publishing Company was formerly the office manager of that company. The presidents of the Willys-Overland Company, Montgomery Ward and Company, Pitcairn Aviation, Inc., and other concerns, rose from office managerships. All that is necessary for you to rise in business is a determination to succeed, thorough preparation, and intense application of what you know. Do you remember the story told in the problem at the end of Chapter I about the farmer who refused to buy the books on agriculture because he was not farming then as well as he knew how to? There are many people who never get very far, simply because they do not do their work as well as they know how to do it.

**Standards in office work.** Modern business is making greater demands upon office workers than ever before. It was not so long ago that office work was looked upon as something that had to be tolerated. Today, with businesses operating at high speed, the well-managed office is recognized as an almost indispensable aid to the effective management and administration of a business.

Scientific methods are being applied to office work on a broad scale in an endeavor to establish standards of output,



*Courtesy Westinghouse Lamp Co.*

The people in this office are working under the handicap of poor lighting.

of quality, and of pay. Three outstanding management societies have made notable contributions as the result of research work done by their members in this field.

*Thorough preparation necessary.* Standardization of office work and of office methods has made rapid strides. The result has been to emphasize more strongly than ever the fact that the young man and young woman entering office work have need for a guide to the intelligent handling of their duties. By intelligent handling is meant working with a clear understanding of the purpose and meaning of the work that is being done.

In no way can an office worker get so much satisfaction out of his work, make so much progress in both position and salary, and contribute so much of value to the effective

*Courtesy Westinghouse Lamp Co.*

Compare this office view with the one on the opposite page and see what a difference good lighting makes.

conduct of business, as by knowing why certain things are done, as well as how to do them.

Thorough preparation, therefore, includes an understanding of why and how things are done, an appreciation of the relation of different office departments to each other and to the business as a whole, and a realization that progress is not accomplished by blindly performing certain routine operations day in and day out, but by going forward, by raising one's personal standards, and by raising the standards of the business one expects to be in.

**Good office positions.** Do not think, however, that the president's and the manager's jobs are the only well-paid ones in the office. They are not. While everyone should try

to qualify himself for the manager's job, he must not forget that there are other well-paid positions in every office.

*Harold M. Lambert from Black Star*

Expert typists are needed in various departments of almost every business.

*Stenographer and secretary.* From many viewpoints the position of stenographer is perhaps one of the most desirable in any concern. There is probably no quicker way to learn a concern's business methods than through its correspondence. A competent stenographer with the right kind of training may be advanced to a secretaryship when he has had enough experience and has proved that he has other desirable and necessary qualifications for the position. The secretary is always handling the intimate details of his employer's work, thereby getting invaluable training first hand. Many a successful corporation executive started his career as a stenographer or secretary.

*Correspondent.* Over one hundred million dollars in sales are made each year by mail by one house alone. That is a specific example of the possibilities of letter writing. That is also one reason why the man or woman who can write good business letters is always in demand. The work of the correspondent is pleasant and agreeable, and the position is well paid.

*Bookkeeper and accountant.* Many a successful man today looks back to the time when he first studied bookkeeping. Indeed, without bookkeeping modern business would be a mystery. Modern bookkeeping machinery has taken a lot of the drudgery out of the work and has speeded up the collection of necessary information to make it available for use before it is too late. Whether you ever become a bookkeeper or not, you will probably never regret the time spent in acquiring a knowledge of the subject.

From bookkeeping to accounting the transition is readily made. Accountants today hold important positions in big concerns. The ability to tell whether a business is going ahead or falling behind and why is worth a lot in these days of intense competition. The positions of auditor and controller carry high salaries.

*Department head.* Among the other good positions available to the ambitious worker are those of purchasing agent, traffic manager, employment manager, advertising manager, sales manager, assistant department manager, and supervisor of many kinds of work.

**Opportunities in every job.** If you expect to be a stenographer, a private secretary, or a correspondent, you can learn, through a study of office system, how to become more efficient in your work, how to become a more capable assistant, and how to make yourself indispensable to your employer.

If you are expecting to become a bookkeeper, you can gain a deeper insight into the intricacies of accounting and office work.

A file clerk can not only improve his or her own filing, but can also make the files really live, until they become something more than dry masses of papers and records; he can make them the vitals of the business.

The stock clerk, the typist, the copyist, the dictating-machine operator, the bill clerk, the office-appliance operator, the order clerk, the cashier, the wrapper, the addresser, the supervisor and the inspector, the messenger boy and girl, the checker—in fact, every clerk and assistant in the office has an opportunity to look beyond his job and prepare for the job ahead.

*Courtesy Commercial Travelers Mutual Accident Assn. of America*

All record keeping involves accurate clerical work.

If you expect to work for the purchasing agent or the traffic manager, the auditor or the sales manager, the controller or the advertising manager—in whatever part of the office you expect to work, you will find opportunities on every hand.

**Recent developments in office practice.** Offices have grown so rapidly in size with the increase in business and the necessity for quickly getting information and control through records, correspondence, and routines, that office managers are confronted with two very serious problems. The first problem is how to keep down the rising expense of office work; the second problem is how to give new office workers the best training for the work they are to do.

*The increasing use of office machinery.* The outstanding feature of the attempts to solve the first problem, that of lowering office costs, has been the increasing use of machinery in office work. This does not mean necessarily new types of machines, although many new types have been

*Courtesy Recordak Corp.*

By photographing every check handled, the bank where this girl works can produce a facsimile at any time.

developed, to be sure. What it really means is that offices which formerly used little machinery in their work are now using more; and offices which have always used machinery have sought and are finding better ways of using the machines already available.

Typewriters have been electrified, as have so many other devices. Calculating and duplicating devices have been simplified and speeded up. Dictating and transcribing machines have been perfected and made easier to handle. Machines for accounting and recording have made rapid strides. Posting machines are used in savings banks throughout the country for entering deposits and withdrawals in

pass books; thus all necessary records are made in one operation.

What is perhaps the outstanding machine for eliminating certain bookkeeping operations altogether is a camera which makes a miniature photograph of each invoice on a strip of film wound on a reel. A projector makes possible the examination of any desired invoice quickly. This same machine has been in use in banks for some time to take actual pictures of checks as they go through the bank's office.

*A startling development.* The net result of the increasing use of office appliances has been to increase the amount of necessary work that can be done by a worker in the same time, so that fewer workers can do the same amount of work that formerly required a larger force. And yet the total number of office workers is increasing.

*The problem of training.* A wholly satisfactory uniform solution to the second problem, that of training office workers for the work to be done, has not yet been found and accepted. Methods range from having a new employee without previous training start work on the job and learn what is to be done, to having schools try to train their pupils in methods of doing office work. Both of these extreme methods have been successful in some cases and not in others.

*The Boston Council.* In Metropolitan Boston a group of educators is co-operating with a group of office managers in an endeavor to find a satisfactory solution to the problem. Probably the best that can be expected will be achieved when agreement has been reached as to what work is necessary in an office, how it is best done, what type of individual is best suited to that work, how he may be trained to do it, and how he may be tested as to his proficiency. Progress is being made in that direction.

*One way out.* The result will probably be the use of carefully prepared written standard practice instructions. These describe each step in the work so clearly and completely, giving also the reasons for doing the work, that the new employee is able to do his work intelligently, that is, with understanding. Office managers who use this method find it very satisfactory indeed.

**Summary.** Without an office it would be nearly impossible to transact business on an extensive scale. In facilitating the transaction of a large volume of business, carefully planned systems of record keeping are required; letters must be written, signed, and mailed; copies of letters must be filed for later reference; business forms must be made out, checked, and recorded; legal papers are drawn up and executed; statistics must be furnished; and money is continually being received and paid out. Many machines are used in offices to save time and effort. Routines are set up to facilitate the handling of office work. Departments are formed of people doing the same kind of work. Opportunities in office work are many and varied, but thorough preparation is necessary. Training and testing of office employees are necessary to bring about the desired results.

## Vocabulary Exercise

Define or explain:

- administration
- correspondence
- credit transaction
- filing
- memorandum
- net result
- obligation
- office service
- office system
- record
- report
- research work
- routine
- standardization
- standard practice instructions
- technical departments
- training

## Questions for Discussion

1. What indication is there that office work is increasing in importance? Why does that fact indicate an increasing importance?

2. What kinds of work are carried on in an office?

3. What is the difference between a cash transaction and a credit transaction?

4. Why should a record be made of a credit transaction?

5. Can you think of any reason why a record should be made of a cash transaction? If so, state it.

6. Is the bulk of business today done on a cash basis or on a credit basis? If possible, give a reason why it should be so.

7. What records are kept in the accounting department? Why are they kept in that department? Could they be kept in any other department? Why or why not?

8. Why are letters written in connection with business transactions?

9. What duties does "handling correspondence" include?

10. What is meant by "filing papers"?

11. Is filing important? Why or why not?

12. In what department would incoming and outgoing mail be handled? Could the mail, or any part of it, be handled in any other department? Explain.

13. What is "office system"? Why is it necessary? Illustrate your answer.

14. What is an "office routine"? Why is a routine helpful in the performance of office work?

15. What are "standard practice instructions" and what are they for?

16. Distinguish between "technical" departments and "office service" departments. Which would you rather work in? Why?

17. Who is responsible for the work of the technical departments?

18. Who is responsible for the work of the office service departments?

19. What opportunities exist in office work? Why do you think so?

20. What three factors are necessary for success in business? Do you believe each is necessary? Why or why not?

21. What is your idea of progress in business? Do you think progress is the same as success? Why or why not?

22. State two problems confronting office managers today.

23. In your opinion, which of these two problems is the more important? Why do you think so?

24. How are office managers trying to meet these problems? Do you think they will succeed? Why or why not?

## Topics for Special Reports

In preparing the following reports, it may be advisable for the members of the class to work in groups of five or six, dividing the work so that not more than one or two students will call upon any one business concern for information. These groups may work together informally or may organize as committees, each with a chairman and a secretary, as suggested on page 466.

1. Bring in to class a list of ten firms or businesses in your town or city which have offices. In each case, state the following information:

*a.* Name of the concern

*b.* Kind of business it is engaged in

*c.* How many office workers it employs

*d.* The name of the office manager

2. Select any two concerns in your town or city with an office force of ten or more workers and bring in to class a report showing for each concern the information asked for in report No. 1, and in addition, the number of each kind of office workers in the office, e.g.,

| | |
|---|---|
| 4 stenographers | 1 office boy |
| 1 typist | 2 clerks |
| 2 bookkeepers | 1 office manager |

3. Select any two concerns in your town or city, regardless of size, and bring in to class a report showing for each concern the information asked for in report No. 1; in addition, select two of the office positions and list all of the duties performed by the persons in those positions.

4. Select any five concerns in your town or city, regardless of size, and bring in to class a report showing for each concern the information asked for in report No. 1; in addition, bring in a list of all the office appliances used by each firm; e.g.,

| | |
|---|---|
| 3 typewriters | 1 check writer |
| 1 adding machine | 2 telephones |

## Collateral Reading

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## Problem

### The Relation of the Office to the Business

"When the president or chief executive of any business looks at the office, he sees it from a different point of view than any man or woman under him. He sees it as an expense. And it is.

"Whereas the organization rank and file are prone to look upon the office as the vital end of the business, the responsible executive knows that it is, practically speaking, a burden. Yet, paradoxically, it is also the focal point of profit for the business. That is its one redeeming excuse for existence, but it is so good an excuse that it would seem to be time to modernize our thinking about the office.

"We have let the office run away with us. We have in many instances let it dominate our businesses. Looking at the office in its simplest terms, we see that actually it is only:

> A place where the executive and sub-executive and clerical force may work for the production and sales departments and contact with them;
> A place where the public may contact the executive and sub-executives;
> A place where the records of the business may be concentrated for easy reference.

"Its function is to serve as a center of control between the making of goods and the disposing of goods—or of service, if the business is of that type. But we seem to have lost that simple conception. We have made the office a business in itself, filled with people who have their own office work to do, and who spend

so much of their time 'working' that they have little time to do business.

"So true is this that some of our practical business executives have come to look upon their offices with a feeling of impatience that they should be paying out so much for office overhead—that ever-increasing charge which has to be loaded on to the cost of goods and carried by the sales force.

"If only the office staff could be in the factory producing goods, or out in the field selling them—how the showing of the business would improve!

"Fine, high-grade salesmen in easy chairs, far removed from the customer, just supervising a field force of inferiors, and equal to any three or four of them. If men like these could only be out selling!

"And skillful men and women who could turn out work in the plant of a quality that would scarcely need inspection. If only they could be actually producing!

"But the practical business executive realizes that this is only a dream; that production must be directed, and sales must be supervised.

"The author likes to look on the office as the servant of the factory and the sales force. Too often the office attitude is domineering and overlooks the fact that the only two profit-making elements are sales and production, without which there would be no need of an office. Did Mooney, the jockey, win the famous 1925 Derby or did Flying Ebony? Mooney helped Flying Ebony to get the most out of himself at the right time. Everything was done for Flying Ebony before and during the race. If the office group would only do everything for the sales and production groups, and put their own work and desires second, more sales would be made at a lower cost, and more goods produced at a lower price."[1]

1. Why does the president of a company see his office from a different point of view than any of the office workers?

[1] Walker, L. C., *The Office and Tomorrow's Business* (New York: D. Appleton-Century Company, 1930).

2. How do the office workers look at the office?

3. Which viewpoint do you think is correct? Why?

4. What three things does Mr. Walker think the office is a place for? Do you think he has left out something? If so, what?

5. What does Mr. Walker mean when he says the office is the servant of the factory and the sales force? Do you agree with him? Why or why not?

6. What comparison does Mr. Walker make between the office and a jockey? Do you think the comparison a good one? Why or why not?

CHAPTER III

# The Accounting Department and Its Work

*Aims for Study of This Chapter*

To understand the relation of the accounting department to other departments
To discover how the accounting department is organized
To examine the records kept in the accounting department
To learn about modern methods of keeping those records
To look into "auditing" and "cost accounting"
To classify accounting reports and statistics
To note the controller's duties

**Business functions and recording functions.** We have seen that the recording of business transactions is one of the most important functions of the office. We must also realize that the *work of recording* business transactions is not the same as the business transaction itself; the recording of the transaction usually takes place after the transaction is completed. This distinction is important; if it is not kept clearly in mind, a man may think he is doing business when he is only making a record. All he is doing is writing down the facts about the business—the history of the transaction.

To the extent, therefore, that a man actually buys and sells, he is doing business. To the extent that he records the transactions of buying and selling, he is a historian. The

same man may be doing business one minute and recording it the next. That is all right. Every "one-man" business is like that, and some of these small one-man businesses are very profitable. The point to keep clearly in mind is the difference between business functions and recording functions: one is a business activity; the other is an office activity. They may be performed by the same person; that does not alter their nature in the least. When one person does both, it simply means that he has enough time to do business and also handle his own records.

**How an accounting department develops.** Suppose a man did so much business that he had no time left for keeping records. Obviously, he would have to get someone else to do his recording for him. This means that he would have to do enough additional business to pay the salary of the one who handled his records. That is exactly the situation with every business of any size: some persons are getting the business, others are handling it, and still others are recording it. The three functions are distinct, even though the same person may at times handle all three of them.

It is in the accounting department that the records are kept showing how much money is received and paid out and for what, who owes the company as well as those whom the company owes and how much, how much business the company is doing this year compared with last, this month compared with last month, and so on. Accurate records of business transactions mean a sounder basis for business judgment. That is why the accounting department is one of the most interesting and important departments in the business.

**Information for reports.** From the records kept by the accounting department, reports for the manager are prepared, so arranged that he can see at a glance whether the business is going forward or backward, whether a depart-

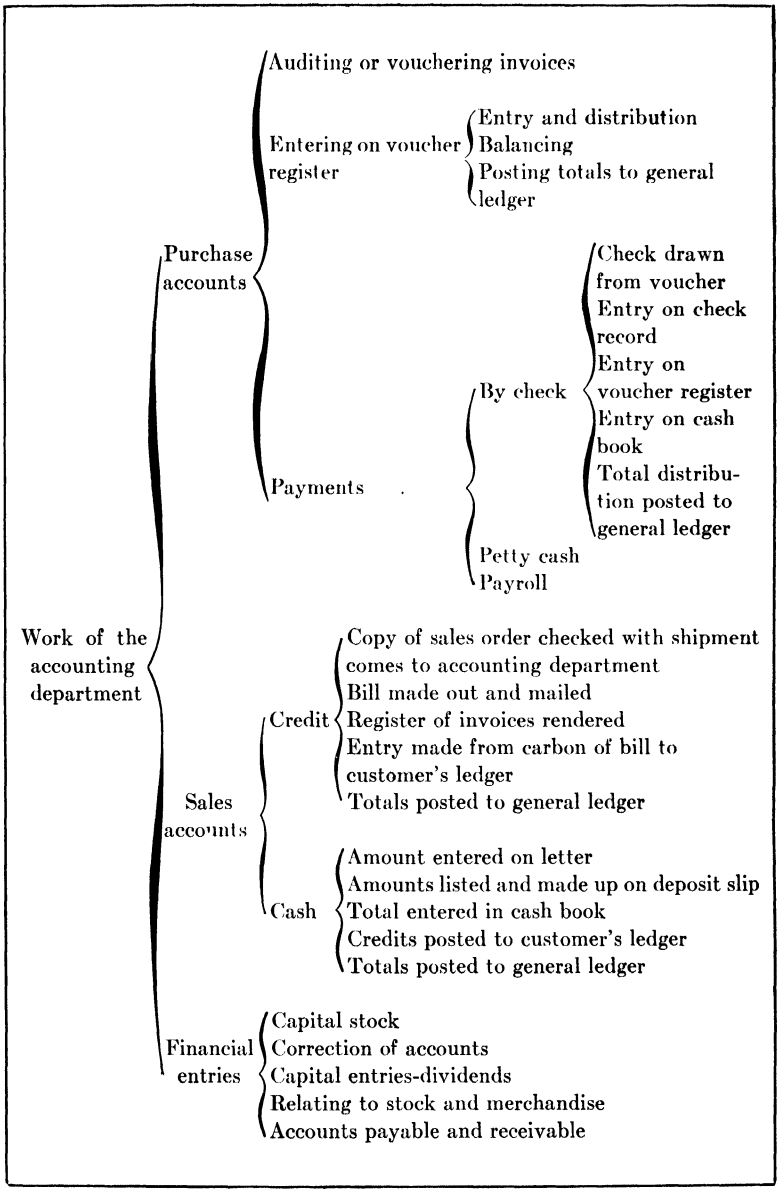
ment is doing especially well or poorly, and just what the profits or losses are for any given period. In this way the manager can pick out the weak spots and take steps to strengthen them at once. The accounting department also prepares reports for department heads, showing them what their departments are doing and the cost. In this way each department head can watch the standing and check the progress of his department. Thus you see how necessary it is for the work of the accounting department to be accurate as well as timely.

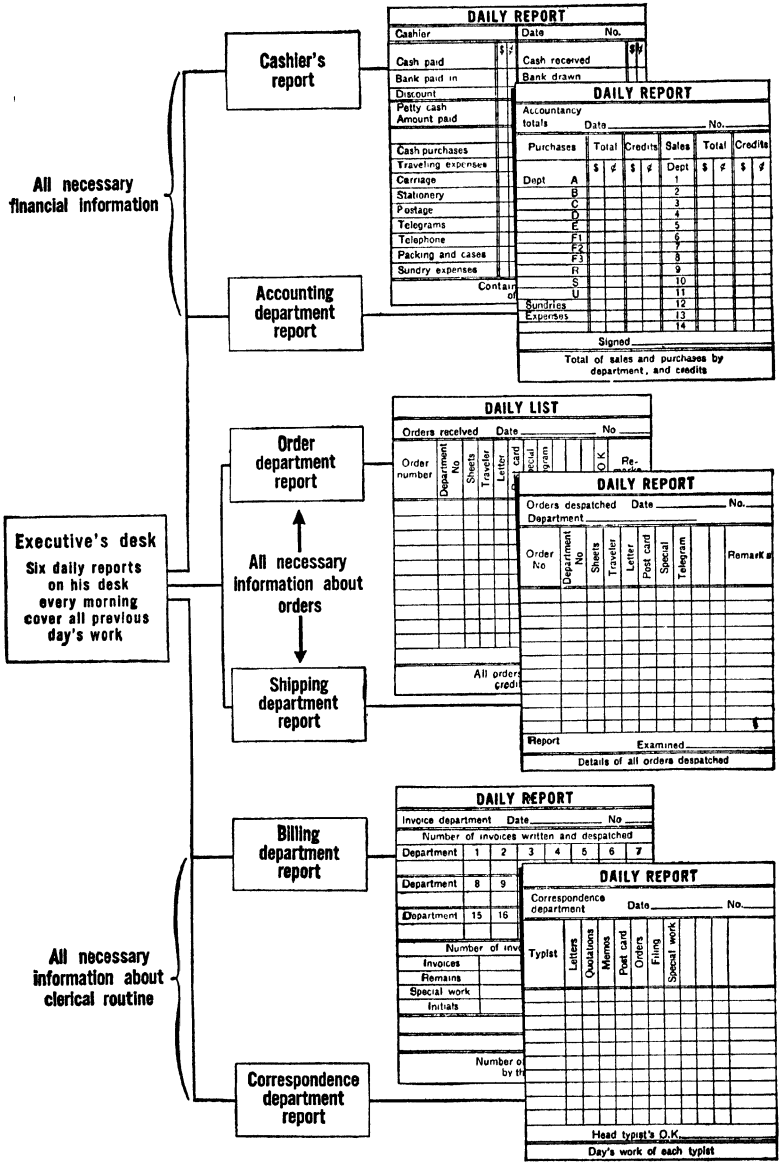
**How the accounting department is organized.** Look at the organization chart on page 49. There you see how the detailed work of the department is organized under three main heads: purchase accounts, sales accounts, and financial entries. Examine the chart carefully and follow closely each subdivision as it is broken down into smaller subdivisions.

In charge of the accounting department is the chief accountant, who is responsible to one of four persons, depending upon the company concerned. In some offices the chief accountant is under the office manager; in others the office manager himself frequently acts as chief accountant. In some concerns the chief accountant may be responsible to the controller or to the treasurer. Sometimes the secretary of the corporation is responsible for the accounting department.

The number of people in the accounting department depends, of course, upon the size of the company and the amount of business it does. In a small business one person may do all the accounting and have time for other things also; in many small concerns a stenographer or secretary does all the bookkeeping in addition to her other duties.

On the other hand, a large corporation may have hundreds of employees in its accounting department, scattered in branch offices all over the country or the world. In such


Work of the accounting department
Purchase accounts
Auditing or vouchering invoices
Entering on voucher register
Entry and distribution
Balancing
Posting totals to general ledger
Payments
By check
Check drawn from voucher
Entry on check record
Entry on voucher register
Entry on cash book
Total distribution posted to general ledger
Petty cash
Payroll
Sales accounts
Credit
Copy of sales order checked with shipment comes to accounting department
Bill made out and mailed
Register of invoices rendered
Entry made from carbon of bill to customer's ledger
Totals posted to general ledger
Cash
Amount entered on letter
Amounts listed and made up on deposit slip
Total entered in cash book
Credits posted to customer's ledger
Totals posted to general ledger
Financial entries
Capital stock
Correction of accounts
Capital entries-dividends
Relating to stock and merchandise
Accounts payable and receivable




Such reports reveal any weak spots needing special attention.

*Courtesy Liquid Carbonic Corp.*

On the table and in the safe-cabinets are looseleaf ledgers, "stuffed" with invoices, ready for the machine bookkeeper.

a concern each person in the accounting department has only one type of work to do; for example, an entry clerk may handle only the accounts of customers in New York City whose names begin with *S*; another clerk may spend his entire time "sorting" copies of invoices and other items to be entered in the books.

**The difference between bookkeeping and accounting.** Keeping the records of transactions is usually called bookkeeping; by accounting is meant both keeping the records and interpreting them through reports; that is, accounting for the results obtained by the business. All modern bookkeeping is based on the ledger, a "book" in which every transaction of the business is entered and classified according to its nature and significance. Since all items of the same kind are entered on the same page, each page in the ledger tells its story.

**A typical day's work.** In order to get a clear idea of the day's work in the accounting department, let us look at

McGRAW-HILL BOOK COMPANY·INC.
McGRAW HILL BUILDING
330 WEST 42nd STREET
NEW YORK, N.Y.

T 41021

To

EDGAR RUSSELL
721 FRONT STREET
SMITHVILLE, ILLS.

TO AVOID MISTAKES PLEASE SHOW THIS INVOICE NUMBER ON YOUR REMITTANCE

NET 30 DAYS—NO CASH DISCOUNT ALLOWED

DATE 6-7-39 ORDER NO 1037 REQ NO VIA P.P.O.S.T CLASS

| QUANTITY | TITLES | | UNIT PRICE | DISCOUNT | NET |
|---|---|---|---|---|---|
| 1 | WOODWARD & R- | A PRIMER OF MONEY | 2.50 | | 2.50 |
| 3 | O'DEA | A PREFACE TO ADVERTISING | 2.00 | | 6.00 |
| 1 | WEISS & A - | THE SHOPPING GUIDE | 2.50 | | 2.50 |
| | | | | | 11.00 |

JP3343-1M-538-4

BOOKS SENT BY MAIL OR SENT TO OTHERS TO BE PACKED ARE AT PURCHASER'S RISK

This invoice shows the purchaser what he bought, the prices, and terms. It tells the whole story.

the office of a typical business and see what is happening. We shall start with the sales records.

*The sales order.* When a sale is made, the salesman writes down the details of the sale on a slip of paper called a "sales slip" in stores, an "order blank" in other businesses, and a "sales memorandum" in still others. This information includes the following data:

1. Date
2. Name and address of customer
3. Kind of goods sold
4. Quantity
5. Price per piece

In many cases the shipping directions (i.e., how the customer wants the goods shipped) are also included.

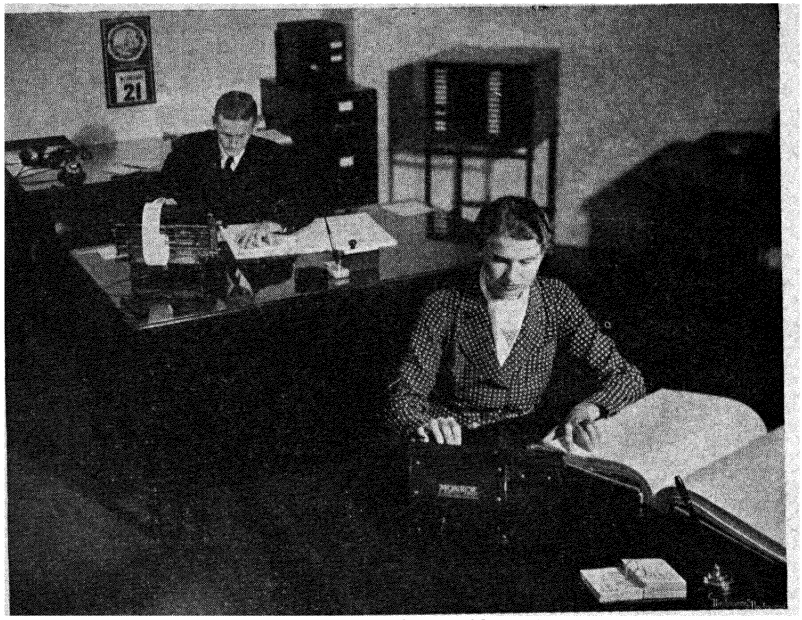
*The order register.* This order blank goes to the office, where it is given a number and entered in a book called the "order register," as described in Chapter IV. After credit approval, the order is "filled" by picking out the goods from stock or by making them up—"manufacturing." The goods are then wrapped, labeled, and sent to the customer by mail, express, freight, or the company's delivery truck.

*Pricing.* After the order has been filled (in some concerns before it is delivered), the order blank goes to the pricing clerk, who looks up the price of each item on the order and writes it on the order blank opposite the item. In some offices the pricing clerk also calculates the "extensions," multiplying the price by the number of pieces of each item. This calculation may be made in one of three ways:

1. *Mentally.* (For simple computations, mental calculation is the quickest, provided the clerk is clear headed.)
2. *On a calculating machine.* (This method is always accurate and quick, especially if discounts are involved, as they often are.)
3. *Tables of figures.* (If the concern's sales are confined to one or two products, the use of tables in computing extensions and discounts is the fastest method there is, even faster than calculating machines. Such tables are easily prepared.)

If the "footings" (the totals of the extensions) are to be obtained by the pricing clerk, this may be done mentally, or on the calculating machine, or preferably on an adding and listing machine. Usually the footings are left to the billing-machine operator, if the billing machine has an adding mechanism.

*Billing.* From the pricing clerk the order blank goes to the billing department, where billing clerks sit at billing machines and make out bills, called "invoices." A billing

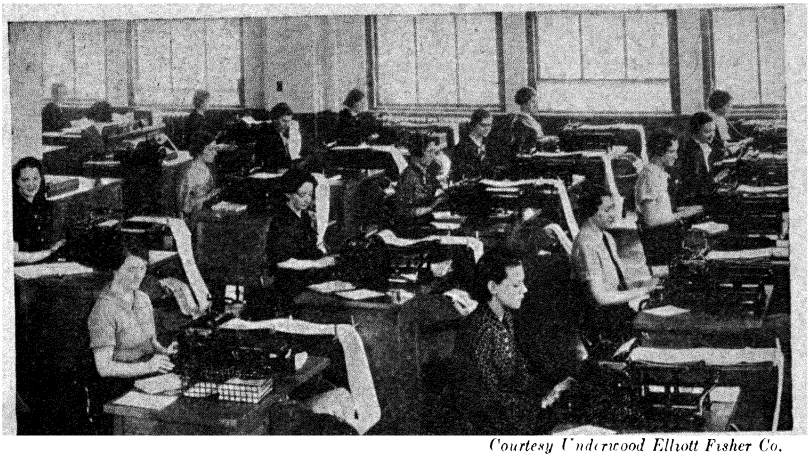


*Courtesy Monroe Calculating Machine Co., Inc.*

Calculating machines help to speed up work in the accounting department.

machine looks like a typewriter, but it has an adding and calculating mechanism on it which speeds up the writing of the invoice by making unnecessary the mental operations of adding and multiplying. By means of carbon paper, two copies and sometimes three are easily made out. The first copy, called the "original," is sent to the customer. The second copy is sent to the bookkeeping department. If there is a third copy, it is filed with copies of other bills for this customer.

*Charging.* When the bookkeeping department receives the carbon copy of the invoice, the bookkeeper takes the accounts-receivable ledger and looks for this customer's ledger page. This is a simple process if the pages are arranged alphabetically or numerically. When the book-



*Courtesy Underwood Elliott Fisher Co.*

Billing-machine operators make out invoices, which pass through the machine in long strips.

keeper has found the right ledger page, he proceeds to "enter" the information by writing the date of the invoice and the total amount. Sometimes the kind of goods sold is also written down. This work of entering items in the ledger is called "posting." After posting, the duplicate invoice may be filed by date or by number with other invoices which have been posted that day.

*Crediting payments.* When the customer pays his bill, he usually sends with his remittance either the bill or some memorandum showing what the money is for. The cashier enters the amount in the cash book and deposits the money in the bank. The bill or memorandum goes to the bookkeeper, who takes the ledger, finds the customer's ledger page, and enters the remittance, then files the bill with other paid bills which have been posted that day.

*Credit memorandums.* If the customer returns some goods for credit, a credit memorandum is made out. One copy goes to the customer, another to the bookkeeper, and a third to the file. Some companies also send a copy to the

| Where to enter | A credit purchase | Outgoing cash | | A credit sale | Incoming cash | |
|---|---|---|---|---|---|---|
| | | Remittance on account | Cash purchase | | Payment on account | Cash sale |
| Journal or record group of books | | | | (1) Bill or register of sale | | (1) Bill or register of sale |
| | | (1) Cash book | (1) Cash book | | (1) Cash book | (2) Cash book |
| | (1) Invoice register | | | | | |
| | (2) Journal | | | (2) Journal | | |
| Ledger or balance group of books | (3) Individual ledger account | (2) Individual ledger account | | (3) Customers' ledger | (2) Customers' ledger | |
| | | | | (4) Accounts receivable | (3) Accounts receivable | |
| | (4) Accounts payable | (3) Accounts payable | | | | |
| | | (4) Ledger cash account | (2) Ledger cash account | | (4) Ledger cash account | (3) Ledger cash account |
| | (5) Merchandise | | (3) Merchandise | (5) Merchandise | | (4) Merchandise |

salesman to show him that his customer has returned some merchandise. The bookkeeper proceeds, as before, to enter the information in the customer's ledger account.

*Getting out the monthly statements.* At the end of the month the bookkeeper takes the ledger sheet of each customer and copies on a statement form the entries made during the month. This statement is then sent to the customer to show him what he has bought during the month and how much he owes the firm. If the bookkeeper uses a bookkeeping machine which writes the statement at the same time the entry is made, all he has to do at the end of the month is to tear out the statement and mail it to the customer; all the work of copying is saved.

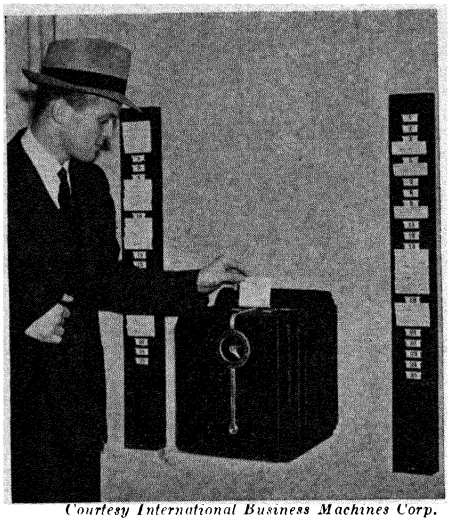
The foregoing description is of the "accounts-receivable" work. The "accounts-payable" bookkeeping, as described in the following paragraphs, is concerned with bills for purchases made by the concern from other concerns.

*The accounts-payable routine.* When a firm buys goods from others, it receives a bill, or invoice, for the goods purchased. The bill is checked to make sure the goods have been received and are what was ordered. Then it is approved for payment, and sent to the bookkeeper, who takes his accounts-payable ledger, finds the supplier's ledger page, and enters thereon the details of the purchase.

*The voucher register.* The bookkeeper then enters the bill on the voucher register, which is a large sheet showing the following information about all bills for purchases (called "purchase invoices"):

1. Date of the bill
2. Date bill is due
3. Amount due
4. Name of supplier
5. Terms
6. Amount of discount allowed
7. Distribution

"Distribution," as used here, simply means showing which department ordered the goods. Frequently numerals are used to designate the departments; e.g., the credit department might be 65, the sales department 32. When the bill is paid, the date and number of the check are entered on the voucher register. If the firm has more than one bank on which it draws checks, the bank on which the check is drawn is also shown.



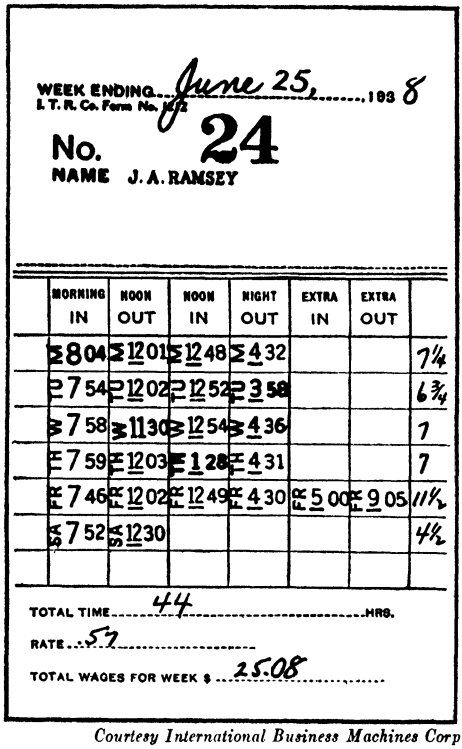
*Courtesy International Business Machines Corp.*

By means of this time clock employees record the actual time spent "on the job."

**Making up the pay roll.** Another regular task of the accounting department is making up the pay roll. Since one of the largest costs in any business is the cost of help, it is necessary to keep records showing the amount of work done by each employee and the salaries paid. In many establishments time-recording clocks are used for recording the time each employee starts work and finishes; pushing a lever punches a card which shows the time of arrival and departure, or the time spent on any special assignment of work. Other firms use cards, books, or sheets, on which a timekeeper marks the hour of arrival and departure. The pay roll is made up from these records which the timekeeper sends in to the office.

**What cost accounting is.** Another branch of accounting is cost accounting. This is not so much a method of book-

keeping as it is a method of keeping records of the cost of materials, labor, and overhead expenses entering into the manufactured product. The cost records are often handled in the accounting department, although in large concerns a separate department may sometimes be found. Where this is the case, the costs are usually "tied in" with the general accounts by the accounting department.



WEEK ENDING June 25, 1938
I. T. R. Co. Form No. 1672
No. 24
NAME J. A. RAMSEY

| | MORNING IN | NOON OUT | NOON IN | NIGHT OUT | EXTRA IN | EXTRA OUT | |
|---|---|---|---|---|---|---|---|
| | 8 04 | 12 01 | 12 48 | 4 32 | | | 7¼ |
| | 7 54 | 12 02 | 12 52 | 3 58 | | | 6¾ |
| | 7 58 | 11 30 | 12 54 | 4 36 | | | 7 |
| | 7 59 | 12 03 | 1 28 | 4 31 | | | 7 |
| | 7 46 | 12 02 | 12 49 | 4 30 | 5 00 | 9 05 | 11½ |
| SAT. | 7 52 | 12 30 | | | | | 4½ |
| | | | | | | | |

TOTAL TIME 44 HRS.
RATE .57
TOTAL WAGES FOR WEEK $ 25.08

*Courtesy International Business Machines Corp*

This is the way one employee's time card looks at the end of the week.

**The controller and his duties.** Mention has been made of the controller. To some people this officer is a very mysterious person. True, the position is one of the most important in the company, but there is no mystery about it.

In the first place, in a concern which has a controller, he is the chief accounting officer. This means that the controller is responsible for all accounting records, wherever kept. He must set up all systems, change them when necessary, and see that all records are up to date. His responsibility includes the preparation of statistical reports of all kinds and usually the interpretation of them also. If the concern has a budget (a detailed estimate of income

# PAYROLL

Department Shop No. 2
Date April 7, 1939

| EARNINGS | | DEDUCTIONS | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | SOCIAL SECURITY | | OTHER | | | | | | | |
| HOURS WORKED | AMOUNT EARNED | Unemp Insurance | Old Age Annuity | Community Chest | Mscl | Memo | NET PAY | CHECK NO. | CLOCK NO | NAME REGISTRATION NO | OCCUPATION |
| 1 | | | | | | | | | | | 1 |
| 42 | 25.20 | .76 | .25 | .25 | 1.00 | .50 | 22.44 | 2156 | 5 | Fred Steele 010-23-9785 | Checker |
| 2 | | | | | | | | | | | 2 |
| 38 | 22.80 | .68 | .23 | .25 | | .25 | 21.39 | 2157 | 2 | Thos. Ford 010-25-9821 | Mechanic |
| 3 | | | | | | | | | | | 3 |
| 40 | 24.00 | .72 | .24 | .25 | .50 | | 22.29 | 2158 | 3 | Wm. Colton 010-25-9881 | " |
| 4 | | | | | | | | | | | 4 |
| 44 | 26.40 | .79 | .26 | .25 | | | 25.10 | 2159 | 6 | Henry Walters 010-24-9162 | " |
| 5 | | | | | | | | | | | 5 |
| 41 | 24.60 | .74 | .25 | .25 | | .50 | 22.86 | 2160 | 7 | John Dunlap 010-23-9222 | " |
| 6 | | | | | | | | | | | 6 |
| 39 | 23.40 | .70 | .23 | .25 | .50 | | 21.72 | 2161 | 2 | Roy Merrill 010-24-6324 | " |
| 7 | | | | | | | | | | | 7 |
| 43 | 25.80 | .77 | .26 | .25 | | | 24.52 | 2162 | 6 | Fred Merrill 010-24-9773 | " |
| 8 | | | | | | | | | | | 8 |
| 9 | | | | | | | | | | | 9 |
| 10 | | | | | | | | | | | 10 |

*Courtesy Burroughs Adding Machine Co.*

Figures alone are lifeless. Those shown here represent toil and sacrifice by men with families. They must be accurate.

PRODUCTION COST CARD

No. 43 NAME E. Stimson DEPT. 12

Form No. S15100
ORDER No 2142 MACHINE No 23

PART NAME Connecting Rod

PART No 31

OPER. NAME Milling Sides OPER No 16

| PIECES | P. W RATE | AMOUNT | | RATE | ELAPSED TIME | |
|---|---|---|---|---|---|---|
| | | | Finish | | | MAR 1 11.2 |
| 100 | | 2.94 | Start | .70 | 4.2 | MAR 1 7.0 |

O K. L. Madison FOREMAN

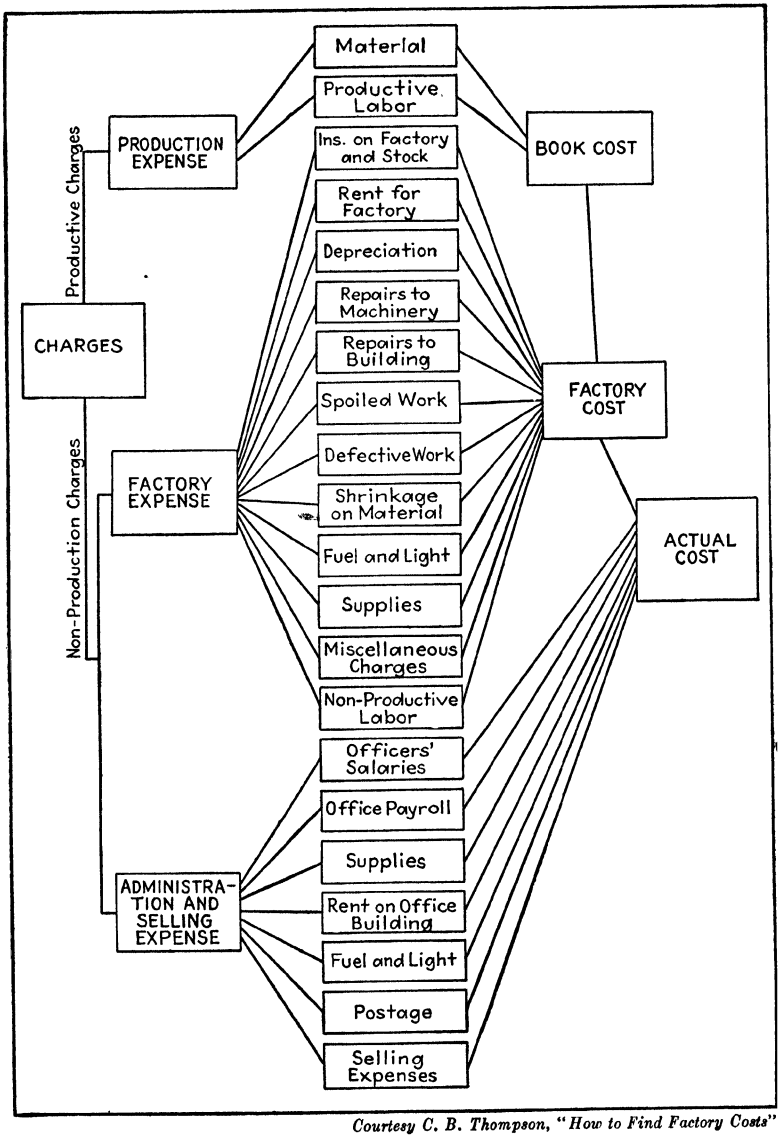
*Courtesy International Business Machines Corp.*

Another time clock is used to show when an employee started and finished a particular piece of work.

and expenditure for the coming year), the controller has to prepare the budget and see that it is followed. In most concerns no payments may be made until the controller has approved them and made sure that the budget provides for them. The position is well paid, the salary ranging from $5000 to $40,000.

**The auditor.** To err is human. "A person who never makes any mistakes never makes anything." Although a machine is expected to be absolutely accurate, it is too much to expect the operator of the machine to be equally perfect. All of us make mistakes, and it is the responsibility of the auditor to catch those mistakes and correct them.

*Why auditing is necessary.* When an accounting system is installed, it is well constructed, it covers all the activities of the company, and it is so set up that it will collect and bring to the manager the information he wants about the business. All the bookkeeping, accounting, and recording




*Courtesy C. B. Thompson, "How to Find Factory Costs"*

**From this chart you can see why a good manager tries to keep costs down. Every rectangle represents money.**

work is planned to be done in accordance with the system set up. There are chances for honest mistakes and sometimes for dishonest ones. What the auditor does is to examine the work at different points, now here, now there, to see if the work is being done according to the system. In other words, auditing is simply comparing what is being done with the way it should be done. When the auditor finds mistakes, discrepancies, and variations from the established system, it is his duty to find out who was responsible and to take steps to see that the errors are not made a second time.

*Making an audit.* A simple illustration will show how the auditor works. Suppose he is about to audit the work of the bookkeeper. He will take a sheaf of invoices or credit memorandums, for instance, from which the bookkeeper made his postings to the ledger. The auditor will examine each piece of paper to see where it should have been entered. Then he looks up that account in the ledger to see if it was entered there and entered correctly. Finally he adds up the accounts themselves to see if the work has been done correctly. In the same way he checks all the other work. It is not necessary for us to go into extended detail about the auditor's work. He has several methods of checking other people's work for both accuracy and honesty.

**The development of the modern ledger.** Formerly, all ledger accounts were kept in bound books—big, heavy volumes that took up a lot of room and were hard to handle. Then someone experimented with loose sheets of paper and found them much easier to use. Only those sheets in active use needed to be handled; the others could be put away. By punching holes in the sheets and placing them between covers called binders, security was obtained without sacrificing ease of use. Finally some genius devised the visible loose-leaf binder, which shows the name of each

NAME Wardman Company
Barclay Bldg.
City

| DATE 1934 | | DESCRIPTION | Posting Ref. | Ck | CHARGES | Ck | CREDITS | Ck | BALANCE |
|---|---|---|---|---|---|---|---|---|---|
| Sep | 30 | Balance forward | | | | | | | 1860 |
| | 30 | Mdse | 947 | | 36504 | | | | 38364 |
| Oct | 5 | Mdse | 1026 | | 4806 | | | | |
| | | " | | | 14789 | | | | |
| | | " | | | 10977 | | | | 68936 |
| | 13 | Mdse returned | 71 | | | | 15387 | | 53549 |
| | 15 | Cash | 78 | | | | 50000 | | 3549 |

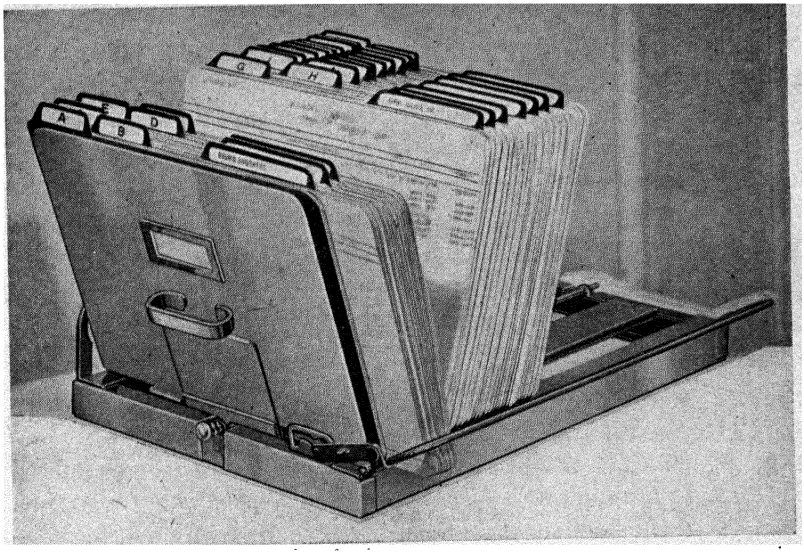
LEDGER

CUSTOMER'S NAME: WARDMAN COMPANY
ADDRESS: BARCLAY BLDG
CITY

| | OLD BALANCE | FOLIO | DATE | DESCRIPTION | | CREDITS | NEW BALANCE | |
|---|---|---|---|---|---|---|---|---|
| | | | 19 SEP | BALANCE FORWARD | | | 18 60 | |
| ✡ | 18 60 | 947 | 30 | ITEM | 365 04 | | 383 64 | ✡ WARDMAN |
| | | | OCT | | | | | |
| ✡ | 383 64 | 1026 | 5 | ITEM | 48 06 | | | |
| | | | | ITEM | 147 89 | | | |
| | | | | ITEM | 109 77 | | 689 36 | ✡ WARDMAN |
| ✡ | 689 36 | 344 | 13 | RETURNED ITEM | | 153 87 | 535 49 | ✡ WARDMAN |
| ✡ | 535 49 | 1171 | 15 | ITEM | 269 48 | | 804 97 | ✡ WARDMAN |
| ✡ | 804 97 | | 17 | CASH DISC & ALLOW | | 383 64 | 421 33 | ✡ WARDMAN |
| ✡ | 421 33 | 1194 | 18 | ITEM | 96 04 | | | |
| | | | | ITEM | 120 46 | | | |
| | | | | ITEM | 89 31 | | | |
| | | | | ITEM | 83 09 | | 810 23 | ✡ WARDMAN |
| ✡ | 810 23 | | 21 | ON ACCOUNT | | 250 00 | 560 23 | ✡ WARDMAN |
| ✡ | 560 23 | 1263 | 21 | ITEM | 147 61 | | | |
| | | | | ITEM | 84 72 | | 792 56 | ✡ WARDMAN |
| ✡ | 792 56 | | 24 | CASH & DISC | | 792 56 | 0 00 | ✡ WARDMAN |
| ✡ | 0 00 | | 26 | ITEM | 39 43 | | | |
| | | | | ITEM | 74 09 | | | |
| | | | | ITEM | 77 46 | | 190 98 | ✡ WARDMAN |
| | | | NOV | | | | | |
| ✡ | 10 98 | 1409 | 3 | ITEM | 164 25 | | 355 23 | ✡ WARDMAN |
| ✡ | 35 23 | 1659 | 12 | ITEM | 75 60 | | | |
| | | | | ITEM | 153 46 | | 584 29 | ✡ WARDMAN |
| ✡ | 584 29 | 1746 | 15 | ITEM | 46 81 | | 631 10 | ✡ WARDMAN |
| ✡ | 631 10 | | 16 | CASH & DISC | | 190 98 | 440 12 | ✡ WARDMAN |
| ✡ | 440 12 | 1920 | 21 | ITEM | 123 46 | | 563 58 | ✡ WARDMAN |

*Courtesy Underwood Elliott Fisher Co.*

For comparison, here are ledger pages posted by hand and by machine. With the machine, carbon copies may be made at one writing.



*Courtesy Shaw-Walker*

In this tray ledger sheets are easily located and can be removed for posting to customers' accounts.

account clearly, so that there is no need to hunt for it.

Meanwhile, other men were experimenting with cards as ledgers and finding that cards, being heavier than paper, could be stacked on edge in boxes or drawers. With cards the elimination of inactive accounts is also possible, just as with the loose-leaf systems. A hole or slot in the bottom of the card provides room for a locking device in the box or drawer in which the cards are kept, and thus gives security.

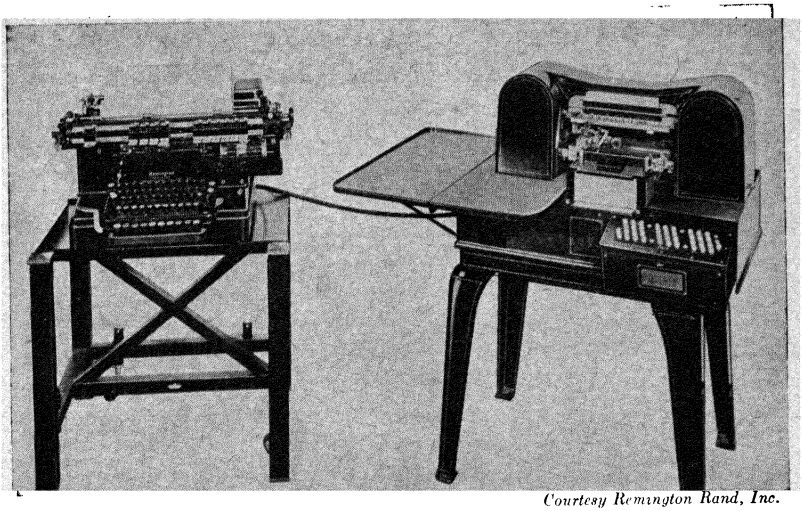
*Methods of making entries.* While some bookkeepers were using ledger cards, and others were using loose-leaf ledger sheets, progress was also being made in methods of making entries on the cards or loose leaves. In bound ledgers the only way entries could be made was in pen and ink. The introduction of cards made possible the use of rubber

stamps for entries; but entries varied so much that the use of rubber stamps was limited. Next, the card was made thinner, so that it could be put into a typewriter. Loose-leaf ledgers were also used in the typewriter. The next logical step was to put an adding mechanism on the typewriter; that was done. Then somebody invented a bookkeeping machine, made expressly for the purpose. There are now several different machines for making entries in ledgers. In fact, bookkeeping by machinery has become a reality. Regardless of the make, the main features of a bookkeeping machine are these:

1. Making a correct, legible entry
2. Showing at all times the balance of each ledger account
3. Providing a proof of the entry
4. Furnishing a total of all entries made each day

*A timesaving method.* For accounts receivable, that is, accounts with customers, some machines not only make the entries in the ledger, but also write them on the monthly statement at the same time. This saves the work of copying a large number of statements at the end of each month and speeds up materially the time required to get out the statements. This saving of time is important, as we shall see in our study of credit and collection work.

**A remarkable billing machine.** One manufacturer of office appliances has brought out a billing machine (i.e., a machine which writes bills or invoices for goods sold), an unusual feature of which is that as the invoice is written, an electrical connection with another machine cuts an analysis card. These analysis cards are put into a third machine which sorts them and then computes the total of each item of information on the invoice. After the day's billing is over, for example, the sales manager wants to



*Courtesy Remington Rand, Inc.*

As invoices are typed on the billing machine at the left, the machine at the right automatically punches a tabulating card.

know how much of each commodity was billed that day, the total billings, and how much was billed in each territory. This information is obtained from the analysis cards in an incredibly short time by the sorting and tabulating machines.

As a result of the extent to which modern laborsaving devices have been used in accounting and record keeping, it is now possible for a manager to know every morning all the details of his business for the previous day, so that he knows exactly where he stands. Formerly a business man considered himself fortunate if he could get a statement of the month's business by the tenth of the following month.

**Advantages of modern bookkeeping systems.** Thus we see how the use of loose-leaf and card-ledger systems has made possible the adoption of machine bookkeeping. Any number of clerks may work on the accounts at the same time; each account may be kept entirely independent of

*Courtesy Burroughs Adding Machine Co.*

Large offices require bookkeeping machines, to get the work done quickly. Smaller offices can often save, too, by the use of these machines.

others and balanced, removed, or filed, as is found most convenient.

Loose-leaf and card-index systems also permit the classification of accounts in a logical order and the expansion of business by transferring balanced or closed accounts and inserting new sheets without the expense or labor of opening new books.

**Summary.** It is in the accounting department that the vital records of the business are kept. The actual making of these records is called bookkeeping; all bookkeeping records, sooner or later, find their way into the ledger, which classifies related entries and brings them together. Accounting is the interpretation of what the records show. Reports furnished to executives by the accounting department enable them to control the operations for which they are responsible. The accounts receivable work is concerned with the charge accounts of our customers with us; the

accounts payable work is concerned with the invoices for purchases we have made. Other work handled by the accounting department includes making up the pay roll and keeping track of costs. The controller, as the chief accounting officer of the company, prescribes how records shall be kept; the auditor sees that they are kept that way. The big, heavy record books of former days have given way to cards and loose-leaf systems, which are easier to handle. Entries may be made with pen and ink, with rubber stamps, with a typewriter, or by so-called accounting machines, which simplify and speed up the work of the accounting department.

## Accounting Standards

### Elementary Principles of Bookkeeping

1. Bookkeeping is the keeping of records systematically.
2. Accounting is the interpreting of the records.
3. The ledger is probably the most important record in bookkeeping.
4. The double-entry system of bookkeeping is so called because two entries are made in the ledger for every transaction.
5. In double-entry bookkeeping there is a credit for every charge and a charge for every credit.
6. The loose-leaf ledger has a separate leaf for every account.
7. The left-hand side of the ledger is called the charge, or debit, side.
8. The right-hand side of the ledger is called the credit side.
9. When the total credit entries of all accounts are equal to the total debit entries of all accounts, the ledger is said to be in balance.
10. The operation of comparing the credit totals with the debit totals is called taking a trial balance.
11. The balance sheet is a statement of the assets and liabilities of a business. It shows the condition of the business at a stated time.

12. Entries are usually transferred to the ledger from some other source, such as books of original entry.

13. The transfer of items from the books of original entry to the ledger is called "posting."

14. The four commonest books of original entry are the journal, the cashbook, the purchase book, and the sales book.

15. In the journal the transactions are lined up one after another as they take place.

16. Each transaction is represented by two items in the journal, a credit item and a debit item.

17. In the cashbook is recorded all money received and paid out.

18. Cash received is entered on the left, or debit, side of the cashbook.

19. Cash paid is entered on the right, or credit, side of the cashbook.

20. In the purchase book are entered all purchases made from others.

21. In the sales books are entered all sales made to others.

22. These five books—the ledger, the journal, the cash book, the purchase book, and the sales book—are the fundamental books on which all others are based.

## Accounting Standards

### The Work of the Accounting Department

1. Three important kinds of records are kept in the accounting department: cash received and paid out; the amounts due and the amounts owing; the volume of business done and the cost of doing it.

2. Records are not kept for the sake of keeping records.

3. Records are worth while only as they help to indicate the progress and the condition of the business.

4. In addition to keeping records, the accounting department also prepares statistical reports for the manager.

5. Sometimes a separate statistical department prepares the reports, especially in very large corporations.

6. These reports show the progress of the business, the progress of departments, and the profits and losses.

7. The manager studies these reports to pick out the weak spots and to take steps to strengthen them.

8. Accounts with customers are called "accounts receivable."

9. Statements of account should be mailed regularly and on time, at least once a month.

10. A simple form of statement is one giving the dates of charges and credits, and showing the balance due.

11. Many concerns use ledger-posting machines, enabling them to ascertain balances whenever desired, without loss of time.

12. Pay-roll records are made up from the time cards of the employees.

13. Cost accounting shows the cost of materials, labor, and overhead expenses entering into the manufactured product.

## Office Appliance Standards

### The Use of Machines in the Accounting Department

1. The use of loose-leaf and card-index devices makes possible the use of machines in bookkeeping and accounting.

2. The use of machines in the accounting department makes it possible for a manager to know every morning all the details of the previous day's business.

3. These devices also permit the logical classification of accounts and other information.

4. The typewriter is used in writing orders, bills, statements, loose-leaf and card-index records.

5. Columns of figures are added on adding machines which may be listing or nonlisting.

6. A nonlisting machine simply adds the figures, giving the total. There is no easy way of checking its accuracy.

7. A listing machine not only adds the figures, but also prints each figure on a slip of paper, thus furnishing a check on the correctness of the work.

8. A calculating machine performs all the arithmetical operations of addition, subtraction, multiplication, and division.

9. A billing machine is a typewriter with attachments for inserting and removing invoices quickly.

10. Some billing machines have calculating mechanisms for computing extensions and totals.

11. The statistical machine is used to compile statistics where a large number of figures is handled. This machine sorts punched cards at the rate of 26,000 an hour.

## Vocabulary Exercise

Define or explain:

accountant
account payable
account receivable
analysis
auditor
billing
budget
charging
commodity
controller
distribution
draw off
extension
footing
inactive account
invoice
item
ledger
legible entry
loose-leaf system
monthly statement
order register
pay roll
posting
pricing
proof
remittance
shipping directions
stuffing
summary report
territory
visible record
voucher register

## Questions for Discussion

1. What is the difference between business functions and recording functions? Why is this distinction important?

2. What is meant by the statement that the bookkeeper is a historian? Do you think that is a fair statement? Why or why not?

3. How does an accounting department develop?

4. What three functions exist in every business?

5. How many people does it take to handle these three functions?

6. What records are kept in the accounting department?

7. Why are accurate records desirable?

8. What must records show to make them worth while?

9. What purposes are served by the reports which the accounting department prepares?

10. What do these reports show?

11. Under what three main heads is the work of the accounting department organized?

12. State from memory the details under one of the three heads.

13. Explain who is in charge of the accounting department.

14. How many people are there in the accounting department? How do you know?

15. How does the accounting department of a small company compare with that of a large corporation?

16. What is the difference between bookkeeping and accounting?

17. What is the ledger, and why is it important?

18. Describe a typical day's work in the accounting department.

19. What is the sales order, and what does it show?

20. What is the order register?

21. What does the pricing clerk do?

22. Name three methods of computing extensions. Which do you think is the best? Why?

23. How are footings obtained?

24. What does the billing clerk do, and how does he do it?

25. How many copies of the bill are made? What is done with each copy?

26. What is meant by "charging," and how is it done?

27. Explain "posting."

28. What happens when a customer pays his bill?

29. What are credit memorandums for?

30. Why are monthly statements sent to customers?

31. If the accounting department should be especially busy one month, would there be any objection to putting off mailing the statements until the next month? Why or why not?

32. Name two methods of making the monthly statement of a charge account? Which way do you prefer? Why?

33. Describe the accounts-payable routine.

34. What is the voucher register for, and what is its purpose?

35. Why are items "distributed"?

36. What does the pay roll show, and how is it made up?

37. What is the difference between bookkeeping and cost accounting?

38. Name several duties of the controller.

39. Who installs the accounting system?

40. What is auditing, and why is it necessary?

41. Who inspects the operation of the accounting system to see that it is working correctly?

42. Describe the auditing of an accounts-receivable ledger account.

43. Describe the development of the modern ledger.

44. Compare card systems with loose leaves. Which do you think you would prefer? Why?

45. How did the development of card systems and loose leaves affect the methods of making entries in the ledger?

46. Name four methods of making entries in the ledger. State the advantages and disadvantages of each method.

47. What are the four main features of any bookkeeping machine? Which of these do you think is the most important? Why?

48. What is a billing machine?

49. Describe one method by which a sales manager may analyze the shipments billed for the day.

50. What effect do modern laborsaving devices have on the reports which the executive gets? What advantage, if any, is there to the executive?

51. What are the advantages of modern bookkeeping systems? Can you think of any disadvantages?

## Topics for Special Reports

1. Select any local business concerns and find out how prices are placed on their sales orders before the bills are made out.

2. Compare the accounting work of a store with that of a manufacturing concern.

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## Problems

### An Exercise in Extensions and Footings

Each of the following items appeared in a recent inventory. To find the value of each item multiply the quantity by the price. Then total the extensions to find the value of the entire inventory. Be sure you use the right price. Do not copy the problem, nor write in the book. Prepare a sheet of paper with the numbers 1 to 25 down the left-hand side. Write the extensions opposite the corresponding numbers and the total below.

| | | | | | |
|---|---|---|---|---|---|
| 1. | 47 | doz. | gloves | @ $6.70 | a doz. |
| 2. | 88 | doz. | collars | @ .73 | a doz. |
| 3. | 7½ | doz. | ties | @ 4.50 | a doz. |
| 4. | 93 | doz. | buttons | @ .09½ | a doz. |
| 5. | 55 | doz. | pencils | @ .44 | a doz. |
| 6. | 508 | lbs. | nails | @ 3.05 | a cwt. |
| 7. | 105 | lbs. | wire | @ 1.25 | a cwt. |
| 8. | 525 | lbs. | guano | @ 5.25 | a cwt. |
| 9. | 498 | lbs. | oatmeal | @ 4.92 | a cwt. |
| 10. | 993 | lbs. | feed | @ 8.95 | a cwt. |
| 11. | 825 | | fence posts | @ 8.25 | a C |
| 12. | 750 | | bolts | @ 3.50 | a C |
| 13. | 1,275 | | paving stones | @ 12.75 | a C |
| 14. | 6,400 | | fence posts | @ 8.80 | a C |
| 15. | 5,235 | | paving blocks | @ 10.89 | a C |
| 16. | 1,224 | | tiles | @ 10.05 | a M |
| 17. | 5,500 | ft. | lumber | @ 37.00 | a M |
| 18. | 15,750 | | bricks | @ 15.75 | a M |
| 19. | 13,600 | | shingles | @ 13.40 | a M |
| 20. | 12,345 | | iron posts | @ 9.66⅔ | a M |
| 21. | 8,900 | lbs. | coal | @ 16.20 | a T |
| 22. | 6,400 | lbs. | feed | @ 88.00 | a T |
| 23. | 4,400 | lbs. | hay | @ 16.40 | a T |
| 24. | 305,000 | lbs. | bran | @ 15.25 | a T |
| 25. | 13,434 | lbs. | iron ore | @ 10.33⅓ | a T |

## Making Up the Pay Roll

Below are given the names of the employees in a certain company, together with the number of hours each employee worked each day of the week ending January 13 and the rate per hour of each one. In making up the pay roll for this group you are to ascertain the total number of hours each person worked, and then compute the wages due each worker by multiplying the number of hours worked by the rate per hour. Do not copy the problem nor write in the book. Prepare a sheet of paper with the numbers 1 to 25 down the left-hand side. Then write the extensions opposite the corresponding numbers.

Time Sheet for Week Ending January 13

| No. | Name | Time in Hours | | | | | | Total Hours | Rate per Hour | Wages Due |
|---|---|---|---|---|---|---|---|---|---|---|
| | | M | T | W | T | F | S | | | |
| 1 | Jones, L. C | 9 | 7 | 2 | 4 | 8 | 8 | | .40 | |
| 2 | Brown, G. W. | 7½ | 8 | 9½ | 2 | 7½ | 3 | | .25 | |
| 3 | Boylan, C. C | 3 | 4 | 5¾ | 6½ | 5 | 6¾ | | .32 | |
| 4 | Eastman, A. B | 7¾ | 6½ | 7 | 7 | 8 | 7½ | | .32 | |
| 5 | Cook, E. A | 7½ | 8 | 8½ | 9¼ | 6¾ | 0 | | .25 | |
| 6 | Winslow, W. W | 9 | 7¾ | 9 | 8½ | 8 | 0 | | .48 | |
| 7 | Fenno, L. M | 8¼ | 7½ | 8¼ | 8 | 7¾ | 0 | | .25 | |
| 8 | Rogers, W. T | 8½ | 9 | 8½ | 7¾ | 10 | 0 | | .27 | |
| 9 | Gray, L. P | 8¼ | 8 | 8¾ | 6¾ | 8½ | 0 | | .26 | |
| 10 | Baird, J. G | 7¼ | 8¾ | 7½ | 8½ | 8¾ | 0 | | 27½ | |
| 11 | Bills, C. E | 10 | 10 | 5½ | 8¾ | 8½ | 0 | | .50 | |
| 12 | Jeffers, G. R | 7¾ | 8½ | 7¾ | 8 | 9 | 0 | | .33⅓ | |
| 13 | Patton, W. L | 8 | 7½ | 8½ | 10 | 8½ | 0 | | .60 | |
| 14 | Bliss, G. G | 7½ | 8¼ | 8 | 9½ | 7 | 0 | | .75 | |
| 15 | Day, R. G | 8½ | 9 | 8¾ | 7½ | 8 | 0 | | .25 | |
| 16 | Grant, E. F | 7¾ | 8¼ | 7¾ | 9 | 6¾ | 0 | | .37½ | |
| 17 | Newman, F. C | 8 | 6¾ | 7½ | 6¾ | 9½ | 0 | | .40 | |
| 18 | Glass, J. G | 7½ | 8½ | 9¾ | 9¼ | 8 | 0 | | .62½ | |
| 19 | White, C. C | 8¾ | 7 | 8¼ | 9 | 7 | 0 | | .30 | |
| 20 | Black, B. W | 8 | 7½ | 9 | 7¼ | 8 | 0 | | 1.00 | |
| 21 | Green, J. G | 7½ | 7 | 6½ | 8 | 7¾ | 0 | | .45 | |
| 22 | Ayres, C. B | 6 | 8½ | 5 | 7½ | 6 | 2 | | .35 | |
| 23 | Wylie, H. H | 8 | 9 | 8¼ | 6¾ | 7½ | 0 | | 42 | |
| 24 | Hunt, L. S | 9¾ | 8¾ | 8¾ | 8¾ | 7¾ | 0 | | .52 | |
| 25 | Howe, S. C | 8 | 7 | 7 | 9 | 8 | 0 | | .55 | |

## A Standard Test in Computations

There are three separate totals. After finishing the problem, allow 3 points for each correct extension and $8\frac{1}{3}$ points for each correct footing. The highest possible score is 100 points in 4 minutes. How many points can you make? Do not copy the problem nor write in the book, but write your extensions and totals on a sheet of paper.

Find the cost of:

| | | | |
|---|---|---|---|
| 240 | lbs. table salt | @ | $2\frac{1}{2}¢$ |
| 320 | lbs. granulated sugar | @ | $6\frac{1}{4}¢$ |
| 117 | lbs. rice | @ | $11\frac{1}{9}¢$ |
| 125 | lbs. Rio coffee | @ | 28 ¢ |
| 250 | lbs. Mocha coffee | @ | 24 ¢ |
| 144 | lbs. dried apples | @ | $8\frac{1}{3}¢$ |
| $3\frac{1}{3}$ | lbs. dried beef | @ | 36 ¢ |
| 450 | lbs. codfish | @ | $6\frac{2}{3}¢$ |
| $1\frac{2}{3}$ | lbs. bacon | @ | 42 ¢ |
| $37\frac{1}{2}$ | lbs. chocolate | @ | 32 ¢ |
| 126 | lbs. Young Hyson tea | @ | $66\frac{2}{3}¢$ |
| | Total | | |
| 160 | bu. wheat | @ | $1.12\frac{1}{2}$ |
| 175 | bu. clover seed | @ | 3.60 |
| 500 | bu. timothy seed | @ | 2.75 |
| 328 | bu. corn | @ | $.62\frac{1}{2}$ |
| 243 | bu. rye | @ | $1.33\frac{1}{3}$ |
| $187\frac{1}{2}$ | bu. oats | @ | .56 |
| $128\frac{4}{7}$ | bu. potatoes | @ | 2.80 |
| $183\frac{1}{3}$ | bu. millet | @ | 1.26 |
| 110 | bu. beans | @ | 3.20 |
| | Total | | |
| 256 | horses | @ | $125.00 |
| 312 | mules | @ | $166.66\frac{2}{3}$ |
| 128 | wagons | @ | 250.00 |
| 231 | trucks | @ | $333.33\frac{1}{3}$ |
| 240 | automobiles | @ | 750.00 |
| | Total | | |

## An Exercise in Figuring Interest

To find the interest on any amount for 60 days at 6%, simply move the decimal point two places to the left; that is, the interest on $250 for 60 days at 6% is $2.50; for 6 days, $.25; and so on. If the rate is 5%, first find the interest at 6%, then subtract ⅙; 4%, ⅓; 3%, ½; 8% add ⅓; and so on.

Using the simple method described above, find the interest in each of the following problems. Time yourself; you should be able to finish the 25 problems in from 5 to 7 minutes. Do not write in the book, but write your answers on a sheet of paper.

| Number | Principal | Years | Months | Days | Rate |
|---|---|---|---|---|---|
| 1 | $350.00 | | | 6 | 6 % |
| 2 | $575.00 | | | 60 | 6 % |
| 3 | $120.00 | | | 75 | 6 % |
| 4 | $425.00 | | | 40 | 9 % |
| 5 | $450.00 | | | 63 | 8 % |
| 6 | $675.00 | | | 80 | 4½ % |
| 7 | $144.00 | | | 121 | 5 % |
| 8 | $735.00 | | | 120 | 3 % |
| 9 | $480.00 | | | 125 | 6 % |
| 10 | $824.50 | | | 720 | 5 % |
| 11 | $630.00 | | | 141 | 4 % |
| 12 | $275.75 | | | 6000 | 6 % |
| 13 | $435.00 | | 2 | 12 | 10 % |
| 14 | $375.00 | | 4 | 24 | 5 % |
| 15 | $451.00 | | 2 | 20 | 7½ % |
| 16 | $273.50 | | 9 | 18 | 5 % |
| 17 | $275.00 | | 4 | 15 | 8 % |
| 18 | $385.00 | | 7 | 6 | 5 % |
| 19 | $425.00 | | 10 | 20 | 9 % |
| 20 | $287.50 | 1 | 4 | ..... | 6 % |
| 21 | $367.50 | 1 | 3 | ..... | 8 % |
| 22 | $800.00 | 1 | 4 | 15 | 4 % |
| 23 | $500.00 | 2 | 2 | 12 | 5 % |
| 24 | In what time will $337.50 double itself at 10%? | | | | |
| 25 | In what time will $535.75 double itself at 8%? | | | | |

## Exercises in Mental Arithmetic

Can you do these problems in your head? A salesman in a retail store is constantly called upon to figure problems in arithmetic. He cannot always stop to write them down on paper, but must often work them out mentally. Usually the problems will be fairly simple, but even simple problems require mental alertness and accuracy. Have someone read these problems to you.

1. How many lemons at 3 cents each can I get in exchange for 18 eggs at 18 cents a dozen?

2. John is 4 feet in height; James is 6 inches taller than Henry; and Henry is 6 inches taller than John. How much taller is James than John?

3. If three-fourths of a yard of cloth costs three-fourths of a dollar, how much will $3\frac{3}{4}$ yards cost?

4. Mary is 6 years younger than Jane, and Jane is 5 years older than Ann. If Ann is 10, how much older is Ann than Mary?

5. If a herring and a half costs a cent and a half, what will a dozen and 6 herring cost?

6. Ted can beat Fred by 3 years in a race of 100 yards. Ned can beat Fred by 5 yards in a race of the same distance. How many yards can Ned beat Ted in running 100 yards?

7. If you cut 30 yards of cloth into one-yard pieces, and cut one yard every day, how long will it take?

8. Mr. Brown sold a horse for $90 and bought it back again the next day for $80. On the following day he resold the horse for $100. How much profit did Mr. Brown make?

9. I sold three-fourths yard of cloth for 75 cents. If I sold three-fourths of a yard for what one yard cost me, how much will I gain per yard?

10. A stranger bought a hat for $3 and paid for it with a $20 bill. The merchant not having change obtained it at the nearest bank and gave the stranger $17 and the hat. The bank soon discovered that the bill was counterfeit and required the merchant to replace it with $20 of good money. How much did the merchant lose?

11. If it takes one minute for a man to saw a board into two pieces, how long will it take the same man, sawing at the same rate, to saw a similar board into 24 pieces?

12. If telephone poles are set 4 rods apart, how many poles will it take to string a line one mile long? There are 320 rods in a mile.

13. A girl began working her problems at 11:45 A.M., and finished them at 1:15 P.M. How long did it take to work the problems?

14. A boy is standing on the shore of a circular pond. The distance around it is 6¼ miles and the greatest distance across it is 2 miles. What is the least distance the boy can walk to reach a point directly opposite the spot where he is standing?

15. A boy was asked how many fish he had caught. He answered: "If I catch this one, which is biting, and half a dozen and a dozen more, I will then have 19." How many did he have?

16. Ted and Fred had an equal number of marbles. Ted lost several of his. If he tells you how many he lost and how many they both together then had, how can you find how many each had at first?

17. Mr. Brown hired an automobile for $8 to make a trip from A to B to C and return. The distance from A to B is 12 miles, and from B to C 12 miles, making a total of 48 miles to travel. At B Mr. Smith got permission to ride with Mr. Brown from B to C and return on condition that he should pay his share of the automobile charges. How much should each man have paid?

18. John bought 60 oranges at 2 for a cent and 60 more at 3 for a cent. He sold all at 5 for 2 cents. How much did he gain or lose?

19. What is the highest point a boy can reach while standing on a box 2 feet by 3 feet by 4 feet? The boy is 4 feet in height and can reach one foot above his head, but he must not stand on tiptoe nor prop up the box nor use any other means of elevating himself or the box.

## A Test for Department Store Employees

The following test is given by one department store to all applicants for positions. It is intended to test thoroughness, mental alertness, and ability to concentrate. The time allowed

is ten minutes. In preparation for the test, copy the numbers 1 to 25 in a column on a sheet of paper. Have ready another sheet for any figuring you may wish to do. Do not write in the book.

Read these directions through carefully. Then do what the directions tell you to do.

| No. of piece | Yards long | Inches wide | Price a yard | Color |
|---|---|---|---|---|
| 1 | 6 | 36 | $1.50 | Brown |
| 2 | 8 | 36 | 1.25 | Gray |
| 3 | 6¼ | 54 | 1.60 | Blue |
| 4 | 6 | 54 | 2.25 | Brown |
| 5 | 9¾ | 27 | 1.00 | Black |
| 6 | 4½ | 54 | 2.00 | Yellow |
| 7 | 4 | 54 | 2.75 | Green |
| 8 | 4½ | 45 | 2.50 | Green |
| 9 | 6 | 36 | 1.50 | Gray |
| 10 | 9 1/11 | 27 | 1.10 | Blue |
| 11 | 7 | 45 | 1.95 | Black |
| 12 | 11⅑ | 27 | .90 | Pink |
| 13 | 7½ | 36 | 1.80 | Gray |
| 14 | 14 2/7 | 27 | .70 | Purple |
| 15 | 4¾ | 54 | 1.60 | Blue |
| 16 | 6 | 30 | 1.75 | Red |
| 17 | 4½ | 54 | 2.20 | Pink |
| 18 | 7½ | 36 | 1.40 | White |
| 19 | 5½ | 54 | 1.80 | Green |
| 20 | 4½ | 45 | 2.40 | Black |
| 21 | 7½ | 36 | 1.60 | Pink |
| 22 | 9½ | 27 | 1.40 | Red |
| 23 | 6¾ | 36 | 2.00 | Gray |
| 24 | 8⅓ | 36 | 1.20 | Purple |
| 25 | 12½ | 27 | .80 | White |

A girl went to a store to buy herself a dress. She must have as much as 9 yards, 27 inches wide; or 7 yards, 36 inches wide; or $4\frac{1}{2}$ yards, 54 inches wide. She must spend not less than $8.00 nor more than $12.00. It would be all right for her to buy a piece larger than needed if it did not cost more than $12.00. She could wear any color except purple or yellow. Each piece is a remnant, and she must buy the entire piece.

On your paper, list the cost of each remnant opposite its number. Then write "yes" after the number of each remnant she could buy; write "no" after the number of each she could not buy. Then find the total cost of the 25 pieces of cloth.

CHAPTER IV

# The Sales and Advertising Departments

*Aims for Study of This Chapter*

To understand the need for making sales
To analyze the office work of the sales department
To find out what happens when the customer sends us an order
To learn how an order is "followed up"
To see how advertising is checked for results

**A difference of opinion.** Of all the departments in any business, the sales department is easily the most important. When times are good and orders come easily, there is commonly a disposition on the part of some to decry the value of the work done by the salesmen.

"After all," says the factory man, "if the manufacturing department didn't make a good product, you couldn't sell it. Therefore, the manufacturing department is the most important, since the reputation of the company for quality goods is in our hands."

"That may be so," argues the credit man, "but if the credit department didn't collect the money that is due and owing, there wouldn't be any money to pay your salaries. Therefore, the credit department is the most important."

Then the salesman replies, "I'll admit that if the manufacturing department didn't make a good product, I couldn't sell it; and I'll also agree that we couldn't get

along without the money which the credit department collects. But did it ever occur to you fellows that you wouldn't have any jobs at all if I didn't go out and bring in the business?" And the salesman is right.

**Why the sales department is important.** The continuance of the company depends upon the orders which the sales department gets. During periods of depressed business conditions the difficulty in getting orders (that is, finding buyers of our product or service) immediately shows the importance of the sales department. When business drops off (that is, when sales decline), we see factories closed down, workers laid off, and many concerns going out of business. Only those concerns survive and keep going which are able to sell their goods. The others go out of business, or "wait until business gets better," meaning when their salesmen will find it "easier" to get orders.

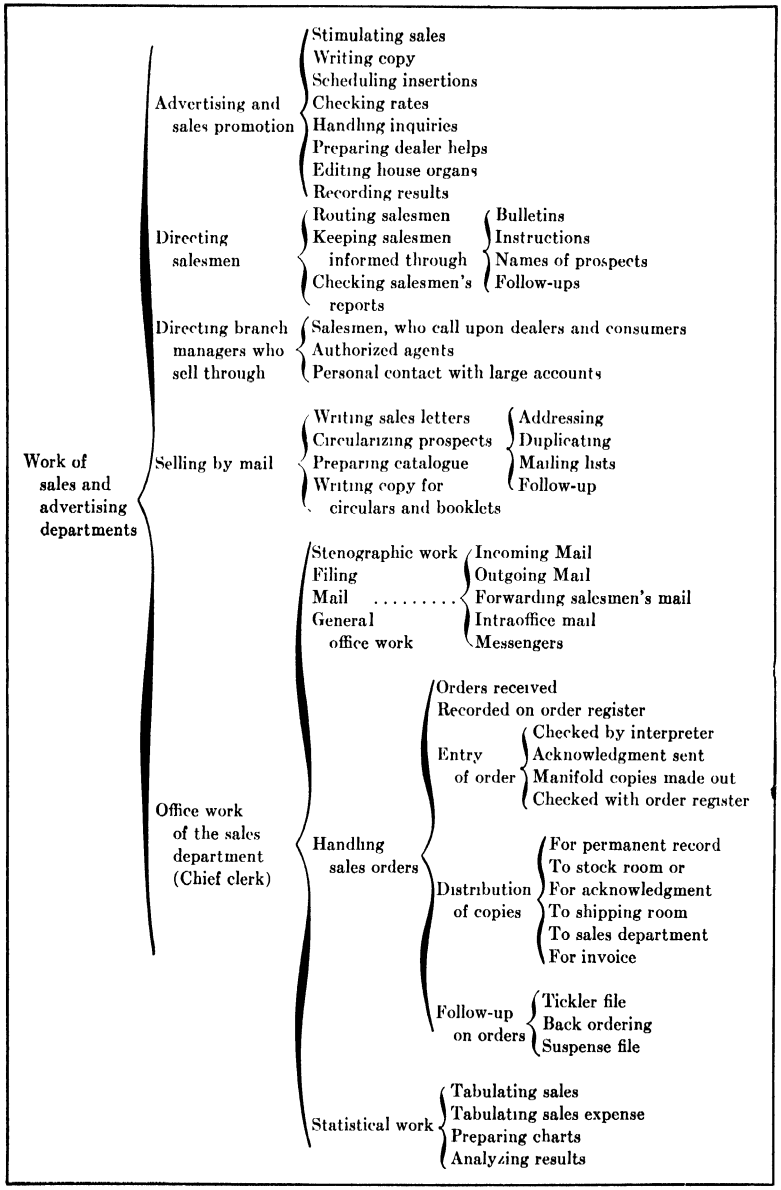
Some concerns take advantage of depression times to bring out new products or improve their present products. Other concerns feverishly cut their prices in a frantic endeavor to get business. Whatever methods the successful concerns use, inquiry has shown that at any one time—good times or bad—there are always some concerns somewhere which are having good business; that is, their sales departments are securing orders.

**The importance of sales office work.** Since this book is not a text on salesmanship, sales management, or merchandising, the methods used to get business, interesting and important though they are, have no place in our discussion of office methods. We are, however, very greatly interested in the office work connected with the sales department, for it is upon this office work that the sales manager relies for certain information which he must have, and for recording and following up orders which are sent in by the salesmen.

**How the work is organized.** Before examining in detail the office work of the sales department, let us look at the chart on page 88. This chart shows the duties of the sales and advertising departments. In some concerns, of course, there will be more of one kind of work and less of another. A mail-order house, for example, selling by mail from its catalogue or through circular letters, would not have any salesmen, but it would have a very large office force. On the other hand, some concerns might not sell by mail at all, but only through salesmen.

*Who is in charge?* Usually one man is in charge of all sales work. He may be called the sales manager, the director of sales, or the vice-president in charge of sales. The advertising manager, if there is one, is frequently responsible to the sales manager, although in some concerns the advertising manager is the equal of the sales manager. This is particularly true in large department stores, where the man responsible for sales is known as the merchandise manager, and the man responsible for advertising as the publicity manager. The merchandise manager is also responsible for buying the goods which are to be sold, and the publicity manager has to look after window displays and all other forms of publicity, as well as the day-to-day advertising. Advertising appropriations run from the cost of a small advertisement into millions of dollars, covering full pages of newspapers and national magazines, and requiring careful preparation, for all of which the advertising manager is responsible.

**How important are the salesmen?** Since the purpose of the sales department is to get business, it would seem obvious that the people who get the business, that is, the salesmen, must be very important. That the salesmen are important is shown by two facts: the volume of business obtained and the salaries and commissions paid. In very


Work of sales and advertising departments
Advertising and sales promotion
Stimulating sales
Writing copy
Scheduling insertions
Checking rates
Handling inquiries
Preparing dealer helps
Editing house organs
Recording results
Directing salesmen
Routing salesmen
Keeping salesmen informed through
Checking salesmen's reports
Bulletins
Instructions
Names of prospects
Follow-ups
Directing branch managers who sell through
Salesmen, who call upon dealers and consumers
Authorized agents
Personal contact with large accounts
Selling by mail
Writing sales letters
Circularizing prospects
Preparing catalogue
Writing copy for circulars and booklets
Addressing
Duplicating
Mailing lists
Follow-up
Office work of the sales department (Chief clerk)
Stenographic work
Filing
Mail
General office work
Incoming Mail
Outgoing Mail
Forwarding salesmen's mail
Intraoffice mail
Messengers
Handling sales orders
Orders received
Recorded on order register
Entry of order
Checked by interpreter
Acknowledgment sent
Manifold copies made out
Checked with order register
Distribution of copies
For permanent record
To stock room or
For acknowledgment
To shipping room
To sales department
For invoice
Follow-up on orders
Tickler file
Back ordering
Suspense file
Statistical work
Tabulating sales
Tabulating sales expense
Preparing charts
Analyzing results

Salesman's weekly expense report for the week ending March 18 1939

| Date | Breakfast | Dinner | Supper | Total meals | Bed | Total | Railroad | Laundry | Bus | Miscellaneous | Miscellaneous | Total | Sales | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sunday | .35 | .75 | .60 | 1.70 | 2.00 | 3.70 | | | | | | 3.70 | | |
| Monday | .35 | .50 | .50 | 1.35 | 2.00 | 3.35 | 1.75 | | .25 | .65 | | 6.00 | $120 | 5% |
| Tuesday | | | | | | | | | | | | | | |
| Wednesday | | | | | | | | | | | | | | |
| Thursday | | | | | | | | | | | | | | |
| Friday | | | | | | | | | | | | | | |
| Saturday | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | |

Cash on hand $_____
Expenses for week _____
Balance on hand _____

Reports like this help the sales manager to see whether the salesman is spending too much money in proportion to his sales.

large concerns the orders secured by just one salesman may total over a million dollars, and his yearly commissions may amount to more than a hundred thousand dollars. Not all salesmen sell such large quantities, nor do all get such large commissions; but many do. And since the salaries and commissions paid to salesmen range from five to sixty per cent of the price of the goods, depending upon the nature of the business, the money involved in the operation of the sales department is a considerable factor in the operation of any business.

The salesmen may travel from city to city, they may stay in one locality which they cover thoroughly, or they may sell in a store. The traveling salesmen call upon their customers, while in a store the customers come to the salesmen. In any case, the object is to sell the product of the firm.

**Reports made by traveling salesmen.** Each traveling salesman sends in a daily report of his prospects, calls, and sales. This information is transferred to the office records, and summaries are made for comparison. From these statistics, charts and graphs are prepared showing the percentage of prospects sold, also the general relation of cost to sales and the ratio of the individual's sales and expenses to the average.

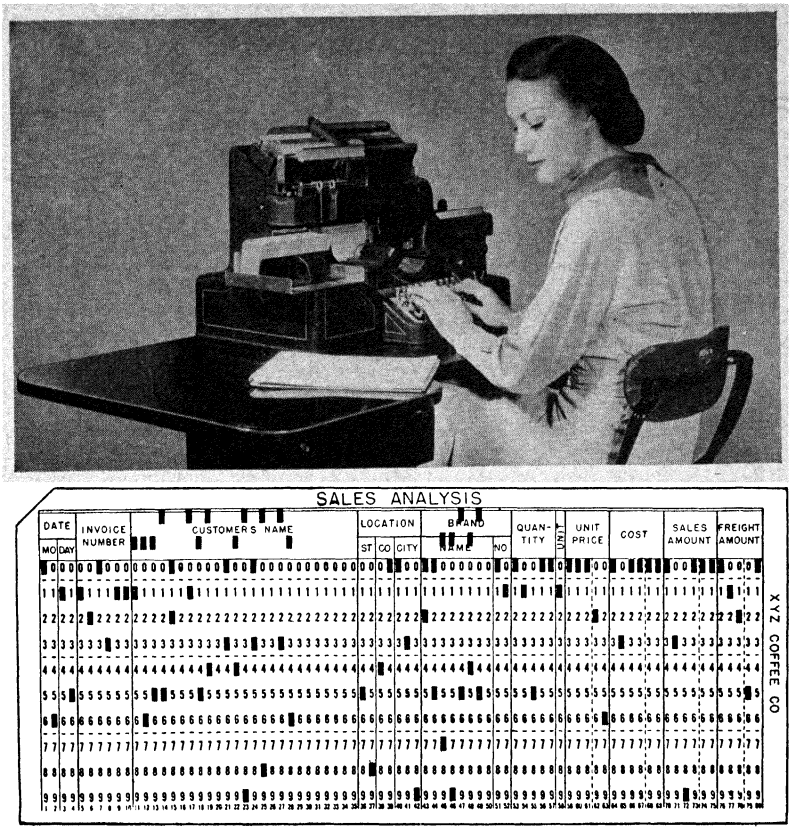
All these records show the producing ability of the salesman, to what extent the business is up to the standard in each district, and what the cost is for each dollar of sales. A salesman's weekly expense report is shown on page 89.

**Making a record of retail store sales.** The salesclerks in stores make out a "sales slip" for each sale. A copy is given to the customer with the goods. A duplicate is used for recording and totaling the sales made by each clerk. In large establishments where much compiling of statistics is required and the accounting is complex, a tabulating and recording machine is frequently used.

**The manager's summary.** From these sources, and from the report of the mail orders, the summary of the day's sales is made up and placed on the sales manager's desk the next morning. These daily reports show not only the sales made, but also the cost of making the sales.

Gathering the statistics of sales forms an important part of the office work of the sales department, since it is through a study of these figures that the sales manager finds the answers to three questions that confront him in his work. A knowledge of these questions is important, since all of the records concerned with the sales department are devised with these three questions in mind.

**What the sales manager wants to know.** The first question the sales manager asks is: "How many dollars' worth




*Courtesy International Business Machines Corp.*

Cards like this speed up the analysis of sales. They are punched on the machine shown above. Each hole has a number. The amount of the sale shown here was $390.

of goods are we selling?" Having found this out, his next question is: "What is it costing us to sell that quantity of goods?" And finally: "How can we sell more goods, and yet keep down the expense of selling them?" The first two questions are answered by the reports already referred to. The third question is a problem of sales management, which of course cannot be covered in a book on office work.

SCHEDULE OF ADVERTISING

Series _____ Topic _____
Whole number _____ Date of order _____ Territory _____
Copy sent _____ Cuts sent _____ Copy by _____ Layout by _____
Size of space _____ Page _____ Lines _____ Inches high _____ Inches wide _____

| MEDIUM | DATE | | MEDIUM | DATE | |
|---|---|---|---|---|---|
| | PUBLICATION | CLOSE | | PUBLICATION | CLOSE |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Lines to be treated _____

Remarks on copy _____

Remarks on illustrations _____

This schedule shows the dates of publication and when the advertisement must be ready.

**The advertising records.** The office work connected with advertising and sales promotion includes the scheduling of insertions of advertisements, especially those which are inserted in series, one after another. The schedule used by an eastern corporation is shown above.

After the advertisements have been inserted, they have to be checked for two purposes: first, to make sure that the advertisement actually appeared; and second, to ascertain what results came from the advertisement and whether or not the advertisement was worth what it cost.

A concern may feel sure it has an article to sell that is desired by a certain class of people, or it may be able to write an interesting story about it, or it may know the best time to advertise the article. But it is not sure of the best

*HOME ECONOMICS DEPARTMENT E3-6, AMERICAN CAN COMPANY*
*230 PARK AVENUE, NEW YORK, N. Y.*

Please send me, free of charge, your motion picture film "Alaska's Silver Millions".
Date required..... Date film will be returned.....
No. of projectors in school.....
Send film checked ☐ 35 m. m. Silent ☐ 16 m. m. Silent ☐ 35 m. m. Sound ☐ 16 m. m. Sound
Also send.....Teachers' Guides
I promise to return the film to you on the date specified above and will prepay the return postage.

*Signed:*.....*Principal*

*Name of school*.....

*Address of school*.....

*Courtesy American Can Co.*

for you from start to finish: what to see and do, how to get here, time required, itemized cost schedules, plus over 100 photographs, maps, etc...authentic facts available only through this non-profit community organization. Coupon brings it FREE by return mail.

**When you arrive,** be sure to visit our new Official Information Bureau, 505 West 6th St., Los Angeles, for expert help in getting the most enjoyment out of your stay here. FREE, of course.

*Come to California for a glorious vacation. Advise anyone not to come seeking employment, lest he be disappointed; but for tourists, the attractions are unlimited.*

**MAIL COUPON TODAY**

*All-Year Club of Southern California,*
*Dept. 5-N, 629 So. Hill St., Los Angeles, Calif.*

Send me *free* book with complete details (including costs) of a Southern California vacation. Also send free routing by ☐ auto, ☐ rail, ☐ plane, ☐ bus. Also send free booklets about counties checked: ☐ Los Angeles, ☐ Orange, ☐ Riverside, ☐ Santa Barbara, ☐ Inyo, ☐ San Diego, ☐ Imperial, ☐ San Bernardino, ☐ Ventura, ☐ Kern.

*Name*_____
*Street*_____
*City*_____
*State*_____
(*Please print name and address*)

**ALL-YEAR CLUB OF SOUTHERN CALIFORNIA**

*Courtesy All-Year Club of Southern California*

Reply coupons are usually keyed so that the advertiser can tell in what magazines they appeared. What are the key symbols in these coupons?

medium through which this information is to be given to the public. On this account it is necessary to keep a complete record of all returns, both of inquiries and of the actual sales. Such records usually run for some time in order to make the comparisons of different mediums of any value. While it is not easy to get accurate records of results from newspaper, magazine, and radio advertising, it is not impossible. Such records are particularly valuable in planning the advertisement and in deciding which mediums to select for advertising purposes.

*How advertisements are checked.* In one method of checking that is employed, the records are kept fairly accurate by "keying" each advertisement. This is done by using some symbol or distinctive mark in the address line which will easily identify the source of the inquiry. Sometimes a department letter is used, such as "Department A" in one publication, while in another publication the address may be "Department C." Sometimes the numbers in the address may be either street or room numbers, or several different addresses may be used.

In newspapers and magazines many advertisers use a "coupon" on which is printed a symbol indicating the publication carrying the advertisement. An additional advantage in using a coupon is that it often seems to make it easier for the writer to send in his order or to make an inquiry.

When the replies come in, they are assorted according to key numbers and it is then a comparatively simple matter to record the number of replies to the advertisement. The records usually show the name of the publication and all necessary information in regard to the advertisement and the results obtained from that advertisement.

A comparison of these records helps the manager to select the profitable mediums and to discard the unprofitable ones. It also indicates the size and kind of copy which is most productive and the season of the year when the best results are obtained for each particular proposition. One concern uses a card like that shown on page 95 for keeping track of the results obtained from its advertising.

*Filing advertising material.* Many advertising managers collect clippings, booklets, lectures, advertisements, and any other material that will be of service in preparing copy in the future. In filing this material the principles that are described in Chapter X apply. Perhaps topical filing is

**Publication**

| | | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct. | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Space used | | | | | | | | | | | | | |
| Cost | | | | | | | | | | | | | |

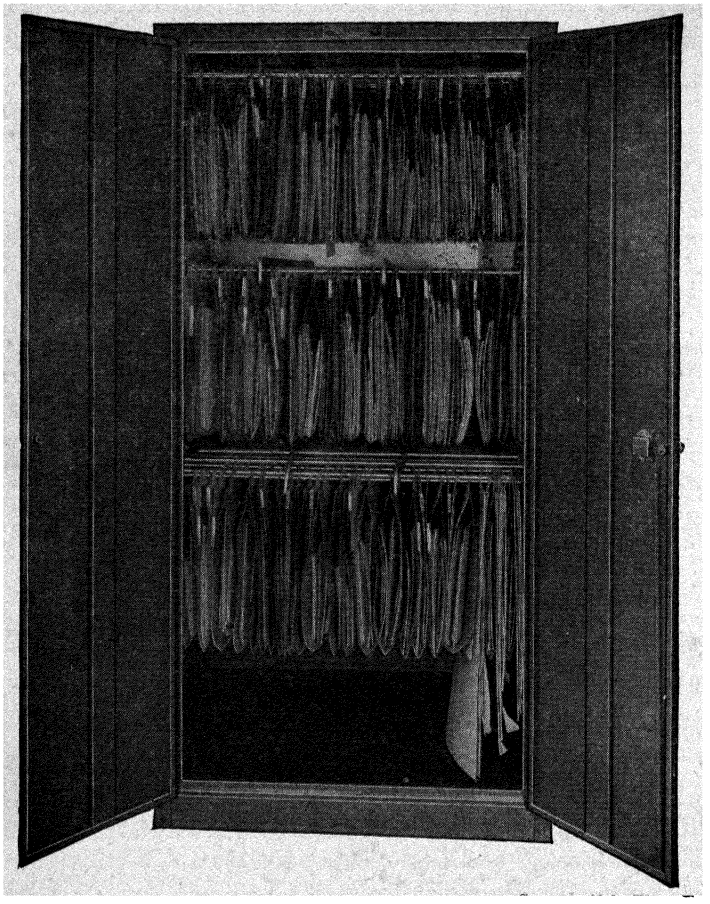
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | Total | Cost each |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jan | Inquiries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Orders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Feb | Inquiries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Orders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mar | Inquiries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Orders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr | Inquiries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Orders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May | Inquiries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Orders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June | Inquiries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Orders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July | Inquiries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Orders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aug | Inquiries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Orders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept | Inquiries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Orders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Oct | Inquiries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Orders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Nov | Inquiries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Orders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dec | Inquiries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Orders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

On cards like this, inquiries and orders resulting from advertising are recorded each day as received.

more widely used than any other method, although, of course, circumstances may require other methods or combinations of methods.

Photographs, drawings, and proofs are almost always filed in vertical file drawers if possible. If they are arranged numerically and card-indexed, reference to them is made quickly and conveniently without loss of time. Of course, when a drawing or a picture is removed from the file, a note is made on the index card, showing where it has gone.

More or less difficulty is often experienced in filing electrotypes, half tones, and zincs (usually known as "cuts") because it is not always easy to give a cut a name by which it may be readily identified and located. One plan that works very well is to file the cuts by number in shallow drawers provided for this purpose. Proofs of the



*Courtesy Globe-Wernicke Co.*

**For** filing large drawings, a cabinet with hanging pockets is very useful. The pockets hold several sheets and may be easily indexed.

cuts are pasted on loose-leaf sheets 8½ × 11 inches and filed in regular file drawers with guides to show the subjects covered. A note is made on the loose-leaf sheet whenever the cut is sent out, showing where it went and when it will be returned.

**Sales correspondence.** Among the most important office work of the sales department is that of writing letters. The correspondence of most sales departments is usually rather heavy. The sales manager and his assistants write frequent letters to the salesmen, informing them of changes in the line or in prices and terms, or sending the names of prospective customers for the salesmen to visit. Occasionally it is also necessary for the sales manager to write an encouraging letter to a salesman who may be falling down; such letters are sometimes called "pep" letters or "ginger" letters.

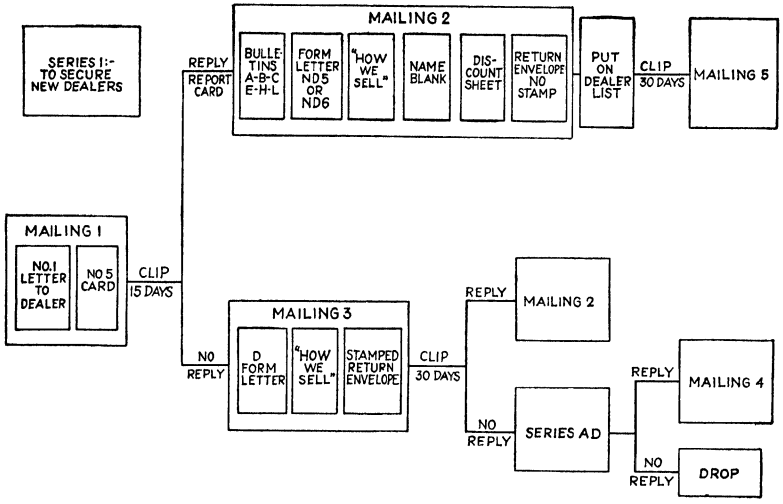
Then there are the letters written by customers and prospects, which must be answered promptly and adequately. Since the details of letter writing are explained in Chapter IX under correspondence, we shall not go into further detail at this time.

Before leaving the subject of letter writing, however, we should make further mention of so-called mail-order selling, which depends upon presenting a sales proposition by mail to a number of customers and prospects.

**Mail-order selling.** Mail-order selling involves the use of sales circular letters, usually printed in large quantities by special processes to look like actual typewritten letters. Some concerns "circularize" their customers once or twice a year, while other concerns make a "mailing" every week.

A series of sales letters mailed at certain intervals is sometimes called a "follow-up series," because each letter is expected to follow up the message carried in the preceding letters. Follow-up sales letters are often sent out on a prearranged schedule, which shows just when the proper letter is to be mailed. The figure on page 98 shows the mailing schedule of one large mail-order house.

*Handling mailing lists.* Whether mailings are frequent or infrequent, a "mailing list" is required. "Mailing list" is




This chart shows when to mail follow-up sales letters. Each letter is mailed 15 or 30 days after the preceding one.

the name usually given to the lists of names and addresses of customers and prospects to whom sales letters and other advertising material are mailed. Some sales managers have mailing lists which require constant attention by the office force to keep them up to date, because of changed addresses, deaths, and so forth. One sales manager, however, considers that it costs more to correct his prospect lists than to make up new lists of prospects every year. Of course, the list of customers is kept up to date all the time, but this manager found there were so many changes in the prospect lists that it took longer to make the changes than to make up new lists. He gets new names from advertisements, clippings, salesmen, or from lists purchased from directory and mailing companies who make a business of furnishing lists of prospects for almost anything.

*Another filing problem.* Some concerns keep their mailing lists on cards, while others use addressing-machine plates or

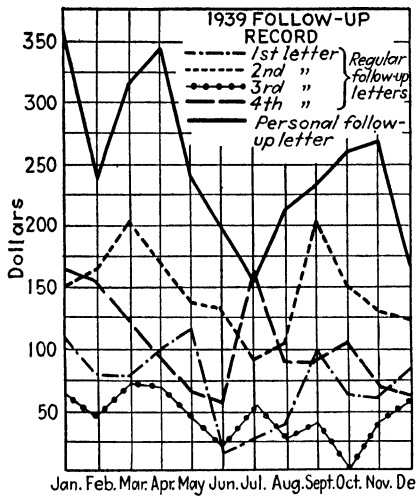
stencils. Envelopes and circulars may be addressed from cards or lists by hand or on the typewriter; when addressing-machine plates or stencils are used, the work of addressing is done much more quickly and accurately.

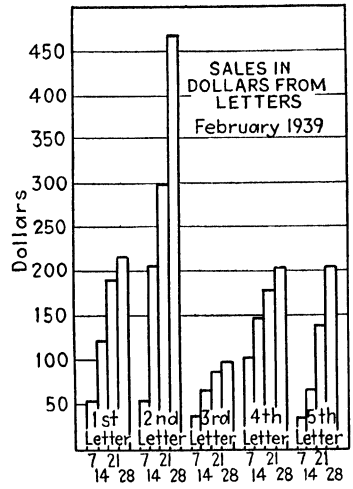
Whether cards or stencils are used, they must be filed in some order so that changes and additions may readily be made. In any case the method of filing is usually a combination of the alphabetical and geographical systems, as described in Chapter X.

*Checking the results of mailings.* The results obtained from the mailings are recorded and charted for the sales manager. By keying each follow-up and form letter so as to show the number of customers secured, a record can be made showing which letters are effective and which ones should be strengthened or discarded.

If a letter or a mailing should show particularly good results, the sales manager would want to use that letter again some time and perhaps get some good points from it to use in other letters. The measure of any effort is the result that effort produces, and it is by results that the manager determines which are the best letters to use. The figures on page 100 show the charts one firm uses for watching the results of its mailings.

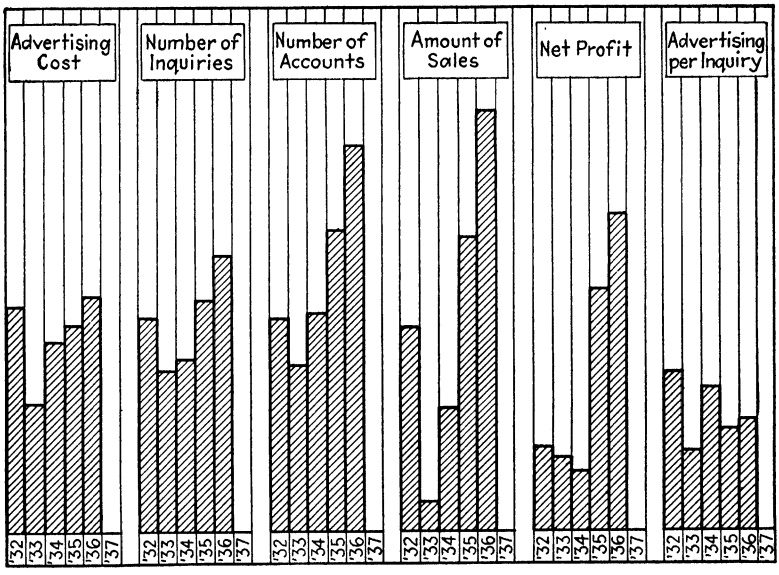
**Other sales office work.** The stenographic and filing work of the sales office may be handled in the sales department itself, and it usually is. But some concerns have central stenographic and filing departments which do the stenographic and filing work for all departments. Reference to Chapters IX and X will make clear the details of these important office tasks of the sales department. Chapter IX describes the mailing work which also forms an important part of sales office work. The other general office work of the sales department includes messenger work and the use of the telephone, which are explained in Chapters IX and XI.




**Using the telephone in the sales department.** It might be desirable at this point to mention the wide use of selling by telephone, which has developed to such a point that a book has actually been written on the subject. Without going into unnecessary detail, we may note that the outstanding feature of telephone selling on a large scale is a special room—facetiously called the "boiler factory"—fitted up with glass-inclosed booths placed on desks. At these desks sit trained salesmen and saleswomen, who spend the day calling up name after name on their lists. To each person called they make their carefully prepared sales talk and try to get an order.

Telephone selling for many years was apparently confined to the grocer or butcher who called up the housewife for the day's order. Today telephone selling is in use by cleaning establishments, stock-selling concerns, advertising salesmen, magazine-subscription agents, and so on. The telephone company has gone so far as to divide the country into districts, on what is called the "key-town




Columns of figures are dull and uninteresting, but graphs and charts like this one and those on the opposite page make comparisons easy and show trends quickly.

plan," whereby all towns within a certain radius are reached by telephone from a central "key town." The telephone company also provides special booths and special blanks to speed up this service of selling by telephone. Thus has a handy little office tool become a mighty force to aid the sales department in securing business.

**Handling sales orders.** Up to this point our study of the office work of the sales department has been concerned mainly with efforts to make sales—that is, to get orders. But the handling of sales orders after they are taken is so important that many concerns establish a department which they call the order department, whose responsibility it is to take the order when it is received, interpret it, copy it, schedule it, and follow it all the way through to

*Courtesy "American Business"*

There is no limit to the territory which these telephone sales clerks can cover from this room.

shipment and delivery to the customer. In a small business it is often possible for one person to attend to all the office details in connection with the handling of orders. In any case, certain steps are necessary, as shown in the chart on page 88. Orders are received in many ways—over the telephone, by telegraph, through the mail; they are also brought in by the salesman or by the customer himself. The first step is to register the order.

*How orders are registered.* When the order reaches the office it is immediately "registered." Of course, each company has its own way of registering its orders, but the

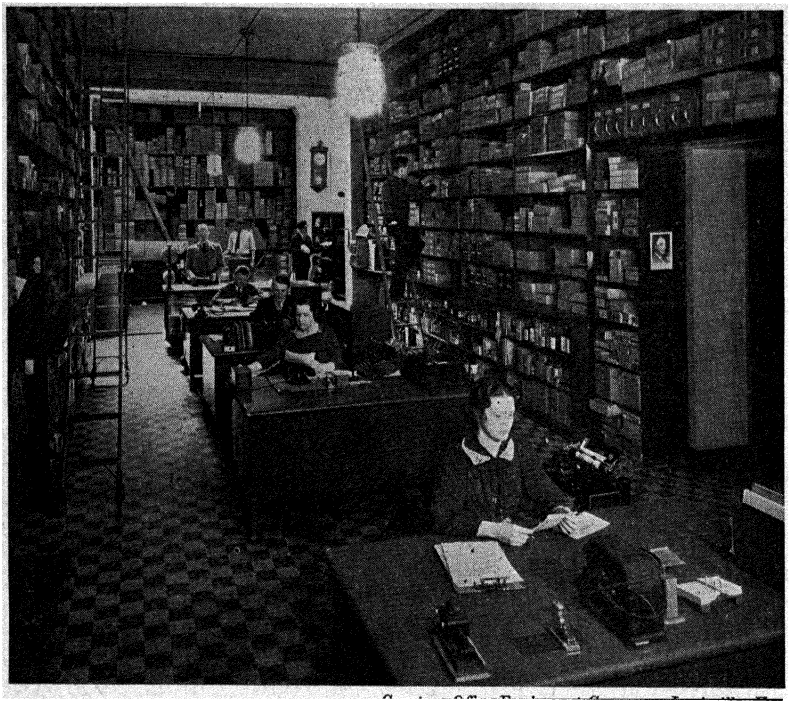
purpose is always the same—to make an accurate record of every order, so that if at any time a question should come up, the details of that order could be found immediately by referring to the register. In one office the following information is registered:

1. Date
2. Number of the order
3. Name of customer
4. What is ordered
5. Quantities ordered
6. Amount of sale
7. Terms
8. How the order was obtained

Not only does this registration give the information about each order, but it makes it possible to obtain the total sales for any day by simply totaling the column "Amount of Sale." Under "How the order was obtained," there may be two or three columns, or even more if it is thought desirable, each column showing a source of sale.

After the order is registered it must be filled. Obviously orders alone are worthless; they do not bring any profit to the firm until they are filled. That is why it is so very necessary to fill all orders as soon as possible after they are received.

*Credit approval necessary.* Before orders can be filled, however, they must be approved by the credit department, to make sure that the customer's credit is good for the amount of the order and, if not, whether the goods shall be shipped C.O.D. or not at all. If a customer's credit is not satisfactory, a concern will often ship goods C.O.D., requiring the customer to pay the transportation company for the goods before he can get them. Obviously, however, it would be unwise to ship C.O.D. to a customer whose



*Courtesy Office Equipment Company, Louisville, Ky.*

Orders received by this concern are checked, entered, and handed to the stock clerk, who "picks" the stock off the shelves.

credit was good, because of the risk of losing the customer's good will. The office routine of the credit department is described in Chapter V.

*Analyzing the order.* After the credit department has O.K.'d the order, it comes to the analysis clerk, who divides all orders into three classes: those that

(1) can be filled from stock on hand
(2) must be purchased from other concerns
(3) must be manufactured

Of course, some orders might come under all three of these classes. But almost any order can be divided so that it

will fall into one or more of these groups, and this dividing into groups is called "analyzing the order."

*Why orders must be analyzed.* Orders for goods in stock can be filled at once by the stock room, while the purchasing department has to buy goods which must be purchased outside, and those that have to be manufactured must be put through the shop or factory. It would be wasteful to send a stock order to the purchasing department; and there would be no reason for sending a purchase order to the factory. In other words, orders should go only to those departments which are concerned with the order: a purchasing order would go to the purchasing department; a stock order would go to the stock room; and a factory order would go to the factory.

We could send the original order, if there were only one kind of goods ordered on it; but if there were several kinds, then copies must be made, one for each department concerned. And each copy must contain full directions for handling the order, as well as where to send it and how to send it, whether by freight, express, parcel post, motor truck, or airplane.

*Writing the order.* Orders are usually written on standard order blanks, which provide space not only for the goods ordered, but also for the other information necessary to an intelligent handling of the order, such as the customer's name and address, the terms on which the goods were sold, when and where the order is to be shipped, and any special directions or instructions. The invoice form shown on page 106 gives a good idea of what one company requires.

*How many copies must be made?* In addition to the copies that must go to the departments which are to make up the order, as we saw in the preceding paragraph, certain other departments must also get copies. Some concerns do not use over three or four copies of the regular house order

SALESMAN'S COPY OF INVOICE

**GENERAL INDUSTRIES, INC.**
2240 FLOURNOY STREET
CHICAGO, ILLINOIS

CUSTOMER'S ORDER NO. & DATE: L 2185 - 1-30-36
REFER TO INVOICE NO. 52817

BOOKKEEPING DEPT. CHARGE SHEET

**GENERAL INDUSTRIES, INC.**
2240 FLOURNOY STREET
CHICAGO, ILLINOIS

ACCOUNT NO

CUSTOMER'S ORDER NO. & DATE: 2185 - 1-30-36
REFER TO INVOICE NO. 52817

EXTRA COPY OF INVOICE

**GENERAL INDUSTRIES, INC.**
2240 FLOURNOY STREET
CHICAGO, ILLINOIS

CUSTOMER'S ORDER NO. & DATE: L 2185 - 1-30-36
REFER TO INVOICE NO. 52817

FOR CUSTOMER'S USE ONLY
REQUISITION NO. | VOUCHER NO.
F. O. B. CHECKED
TERMS APPROVED | PRICES APPROVED
CALCULATIONS CHECKED

ORIGINAL INVOICE

**GENERAL INDUSTRIES, INC.**
2240 FLOURNOY STREET
CHICAGO, ILLINOIS

CUSTOMER'S ORDER NO. & DATE: L 2185 - 1-30-36
REQUISITION NO.
CONTRACT NO.
REFER TO INVOICE NO. 52817
INVOICE DATE 2-1-36
VENDOR'S NO. 17071

SOLD TO:
Hoeffler & Co.
41 Broad Street
New York, N. Y.

SHIPPED TO AND DESTINATION:
Graves, Inc.
1431 Broadway
Newark, N. J.

DATE SHIPPED: 2-1-36 FROM 38
CAR INITIALS AND NO.: CNR-4321 F. O. B.
HOW SHIPPED—ROUTE: Penn D & L W
PREPAID OR COLLECT?
SALESMAN NO.

FOR CUSTOMER'S USE ONLY
REQUISITION NO. | VOUCHER NO.
F. O. B. CHECKED
TERMS APPROVED | PRICES APPROVED
CALCULATIONS CHECKED
TRANSPORTATION
FREIGHT BILL NO. | AMOUNT
MATERIAL RECEIVED
DATE | SIGNATURE | TITLE
SATISFACTORY AND APPROVED
ADJUSTMENTS
ACCOUNTING DISTRIBUTION
AUDITED | FINAL APPROVAL

| ✓ | QUANTITY ORDERED | QUANTITY SHIPPED | DESCRIPTION | UNIT PRICE | AMOUNT | TOTAL |
|---|---|---|---|---|---|---|
| | 4 | 4 | 609-165 Blow Out Coils | 3.44 | 13.76 | |
| | 20 | 15 | 614-136 Bulbs 2 CP 115-V | .40 | 6.00 | |
| | 2 | 2 | 2115H58 Starters 7½ HP 115-V | 23.00 | 46.00 | |
| | 1 | 1 | 2114H62 Starter 25 HP 115-V | 71.00 | 71.00 | |
| | | | | | | 136.76 |

DESIGNED & PRINTED BY DITTO INC., CHICAGO, ILL.

*Courtesy Ditto, Inc.*

Some concerns make several copies of their sales invoices to be used in different departments.

forms. The original is sent direct to the shipping department. Another is filed alphabetically in the unfilled-order files of the office. One copy passes to the accounting department and is filed numerically. The fourth copy is filed in the sales department for the statistical record.

When the order has been filled, the shipping department returns its copy to the order department with the shipping receipt attached. The order then passes to the accounting department for billing, after which the unfilled order is released and filed with the filled orders.

It is also possible, in making out orders, to include in the same operation the invoice and an acknowledgment of the order. Where orders must pass through the factory, as many copies are made as will be needed in the different shops. When an order comes in for a machine which is to be shipped complete, this method can be still further expanded.

With one writing, copies may be made for acknowledging the order to the agent and to the customer, an order to the factory, a notice to the traffic department, two notices to the treasurer, two copies for the order department, a notice to the agent with credit of commission, a notice to the accounting department to credit the agent's commission, and a ledger for the accounting department.

*How copies are made.* When eight or ten copies are required, if these were written by hand or even on a typewriter, the cost might be excessive. Some interesting methods have been developed for making copies of orders. Of course, one of the commonest is the typewritten carbon copies, but this method may be expensive if more than three or four copies are required.

One company uses a simple method of copying its orders. The original order form is printed in copying ink, and the

salesman uses a copying pencil in making out the order. After the order has been registered, any desired number of copies may then be made on an ordinary gelatin duplicator.

Another company uses a raised-type duplicator for the purpose. A stencil or "plate" is stamped, containing the desired information. With this plate or stencil the requisite number of copies are printed at one time. With this arrangement, even the invoice can be made out at the same time.

*Putting the order in work.* After the required number of copies has been made, each copy is sent to the proper department for its part in putting the order through. After the order has been shipped or delivered to the customer, the invoice or bill is made out, as described in Chapter III.

*Following up orders.* Occasionally, for various reasons, an order may be delayed. In such cases, someone must trace the order and find out where it is and what is holding it up. If, at the time the order is entered, a shipping date is also scheduled, orders can be marked off the schedule as fast as they are shipped, leaving those not marked off to be followed up.

**Summary.** The sales department is responsible for getting the business which keeps the company going. Different methods of getting business are used, with results which vary in their effectiveness. The records kept by the sales office show which methods get the most business and also where extra sales effort may be required. Letters are received, answered, and filed. Advertisements are scheduled, and their insertions are checked, as well as the results obtained. If orders are solicited by mail, names and addresses may be kept on stencils or plates, which must be corrected as changes occur from day to day. Orders received

are recorded, copied, and followed through until they are filled by shipment or delivery to the customer.

## Sales Department Standards

### The Work of the Order Department

1. In a small business one person may handle the orders.
2. In a large business an entire department may be required to handle the orders.
3. Orders are usually written on standard order blanks so as to facilitate uniform handling.
4. Registering orders provides an accurate record for future reference.
5. The order register shows the order number, the date, the name of the customer, what is ordered, the quantities, the amount, and the date of shipment.
6. The total sales are obtained by totaling the "amount of sale" column.
7. Since there is no profit in unfilled orders, every order should be filled as soon as possible after it is received.
8. The manager watches the column headed "date of shipment" in order to see that orders are filled promptly.
9. The credit department should approve all orders before shipment.
10. If a customer's credit is not satisfactory, goods may be shipped C.O.D.
11. An order should not ordinarily be sent C.O.D. to a customer whose credit is good, lest he be offended and his good will lost.
12. Orders are divided into three classes: those that can be filled from stock on hand, those that must be purchased, and those to be manufactured.
13. This division of orders into classes is called "analyzing the order."
14. Orders should go only to those departments which are concerned with the order; hence the necessity for order analysis.

15. In addition to the copy of the order which goes to the stock room, the factory, or the purchasing department, one copy goes to each of the following departments: shipping, accounting, sales; and also to the unfilled order files.

## Sales Department Standards

### Following a Factory Order through the Office

1. The order comes in by mail and is opened in the mail-opening department.

2. It is sent to the order department, where it is recorded in the order register and given an order number.

3. It is sent to the credit department for O.K.

4. It is copied, and copies are sent to each department which is to furnish a part of the material.

5. The production department has the order with the date on which the shipment is to be made.

6. The planning department makes out instructions for filling the order, with the time for completion. The order is scheduled for delivery at a stated time.

7. Requisitions for material are sent to the storeroom.

8. The foreman has the order. The material from the storeroom is gathered, assembled, inspected, finished, and sent to the shipping department.

9. The shipping department has the order.

10. If the order is shipped by freight, three copies of the bill of lading are made out.

11. If it is shipped by express, a receipt is obtained.

12. If it is shipped by mail, postage is paid, a receipt is obtained if it is registered or insured.

13. The accounting department is notified of the shipment of the order.

14. The accounting department makes out the bill and sends it to the customer.

15. The money is paid, or

16. The accounting department sends the bill to the collection manager.

## Selling Standards

### Points Worth Knowing about Contracts

1. A contract is an agreement that the law will enforce.

2. The parties to a contract must be competent, that is, sane, sober adults.

3. A contract made by a minor is not void, but it is voidable by the minor, although not by the adult.

4. A contract made with an intoxicated person is not enforceable, if it is apparent that he cannot understand what he is doing.

5. Most contracts are formed by offer and acceptance.

6. When an offer is accepted by the person to whom it is made, a contract results.

7. The acceptor must not change the offer in any respect whatever; the minds of the parties must meet on every point before there is a contract.

8. If a good offer is made, accept at once lest it be withdrawn.

9. If you intend to withdraw an offer, do it at once lest it be accepted.

10. A contract made by force is voidable. "An act done by me against my will is not my act."

11. The requirements of the contract must be lawful; gambling contracts are illegal and therefore void.

12. In some states a contract is void if drawn on Sunday.

13. There must be a valuable consideration in every contract; consideration is what you get for what you give.

14. Mutual promises are good consideration.

15. A promise to make a gift can not be enforced, since there is no consideration for the promise.

16. An oral contract is usually as binding as a written one, but it is harder to prove.

17. A written contract proves itself; an oral contract must be proved by the testimony of others; there is less opportunity for dispute in written contracts than in oral ones; don't make an oral contract if you can make a written one.

18. Some kinds of contracts are required to be in writing to make them enforceable.

19. The words in a written contract may be handwritten with lead pencil or in ink, they may be typed on a typewriter, or they may be printed with a printing press.

20. Agreements which can not be carried out within a year from the date of the contract must be in writing to be enforceable.

21. Leases for over a year must be in writing to be enforceable.

22. Contracts for the purchase of real estate must be in writing to be enforceable.

23. In many states a contract to purchase goods to the value of $50 or over must be in writing.

24. The terms of some contracts are not stated by the parties, but are implied by their conduct.

25. You get into a taxicab and are driven across town; this is an implied contract that you will pay the taxi driver.

26. If you accept and use fruit that you did not order, you must pay for it, unless the circumstances under which it comes to you indicate that it was intended as a gift or that it was not to be paid for. There is an implied contract.

## Vocabulary Exercise

Define or explain:

address stencil
appropriation
circularizing
commission
credit approval
cut
depression
electrotype
follow-up
graph
half tone
inquiry
keying
key town
mailing list
mail-order selling
medium
order analysis
pep letter
putting in work
schedule
zinc

## Questions for Discussion

1. Why do employees of other than the sales department frequently question the importance of that department? Is the factory man's argument sound? Why or why not? Is the credit man's argument sound? Why or why not?

2. Why is the sales department important? Do you believe the reason given in the book? Why or why not?

3. If you believe that some other department is more important than the sales department, give your reasons for so believing.

4. Why do depressed business conditions emphasize the importance of the sales department?

5. How important is the office work of the sales department? Why?

6. Compare a mail-order house with a wholesale house as to the amount of sales office work.

7. What is the head of the sales department called?

8. Is he also responsible for the advertising? Explain.

9. In a retail store what is the man responsible for sales called? For what else is he responsible?

10. Why is advertising important?

11. What two facts show the importance of the salesman? Do you believe he is important? Why or why not?

12. How does the sales manager know what his salesmen are doing?

13. Do you think the method is fair to the salesman? Why or why not?

14. Why should the sales manager care about the expense account of the salesman as long as the salesman sells?

15. Explain the sales slip of a retail store.

16. What three questions does the statistical work of the sales office answer?

17. Can you think of any other questions that the sales manager might ask the statistical department to answer for him?

18. What advertising records should be kept? Why?

19. Describe several ways of checking advertisements.

20. What advertising material has to be filed? Why?

21. Should any record be kept of advertising material that is filed? Why or why not?

22. What three kinds of correspondence are carried on in the sales department?

23. What does mail-order selling involve?

24. What is meant by "circularizing"?

25. How often should customers be circularized?

26. How may customers and prospects be "followed up"?

27. What is a mailing list, and how is it used?

28. What filing problem is present in connection with mailing lists?

29. Why should mailing lists need correction? How are they corrected?

30. What other sales office work is there?

31. Describe how selling by telephone is carried on.

32. What advantages over letter writing has selling by telephone?

33. What advantages has selling by telephone over personal calls by salesmen?

34. What is the "key-town plan" of the telephone company?

35. Why has the telephone company gone to so much trouble and expense in providing facilities for selling by telephone?

36. Why is the proper and prompt handling of sales orders important?

37. Why do some companies set up a separate department for handling sales orders?

38. What does the responsibility of an order department include?

39. In what ways are sales orders received?

40. What is the first step in handling a sales order? Why is it the first step?

41. Explain how orders are registered.

42. Why does the credit department have to approve orders before they are filled?

43. How are orders analyzed?

44. Do you think it is necessary to analyze every sales order? Why?

45. What is a standard order blank, what does it show, and what advantage is there in using it?

46. Why is more than one copy of the sales order made? Explain fully.

47. Name three methods used in making copies of sales orders.

48. How is the order "put in work"?

49. How is an order followed up?

## Topics for Special Reports

In preparing the following reports it may be advisable for the members of the class to work in groups or committees, as explained on pages 41 and 466.

1. Find out if in your town there is any concern which has no salesmen or sales department. If you find such a concern, ask the manager how he sells his product.

2. Select one concern in your town in one of the following lines of business and find out how sales orders are handled after they are taken:

| | |
|---|---|
| retail store | automobile company (or garage) |
| mail-order house | telephone company |
| wholesale house | express company |
| manufacturer (factory) | railroad |
| insurance company | hotel |

3. What difference does it make whether an order is filled before credit is approved or afterwards? Before answering this question, discuss it with several business men and with your classmates.

4. Procure from a local business a copy of its sales order blank. (If the company makes more than one copy of its orders, secure as many copies as are usually made.) Find out the purpose of each printed item on the blank and report your findings in writing.

## Collateral Reading

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GREENSTEIN, M. B., and H. SMITHLINE, *Our Daily Contacts with Business*, pp. 235–259.

HARRIS, G. L., *Business Offices*, pp. 78–125.

JONES, L. L., *Our Business Life*, pp. 499–524.

JONES, L. L., and L. BERTSCHI, *General Business Science*, pp. 511–540.

KIRK, J. G., H. B. BUCKLEY, and M. A. WAESCHE, *Introduction to Business*, pp. 180–208.
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REED, C. A., and V. J. MORGAN, *Introduction to Business*, pp. 381–414.
SCHULZE, J. W., *Office Administration*, pp. 222–239.

## References

CHURCH, A. H., *The Making of an Executive*, pp. 97–106; 238–285.
CORNELL, W. B., *Organization and Management in Industry and Business*, pp. 418–462.
FERNSTROM, K. D., and others, *Organization and Management of a Business Enterprise*, pp. 271–279; 439–450.
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MACDONALD, J. H., *Office Management*, pp. 270–336.
MARSHALL, L. C., *Business Administration*, pp. 243–361.
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WHITE, P., *Business Management*, pp. 588–610.

## Problem

### KEEPING SALES COSTS DOWN IN A STORE

During the past four years the cost of operating a certain department store has increased to such an extent that the net profit has been greatly reduced. The board of directors is of the opinion that this increase in costs is due largely to poor control of the sales force. For example, a buyer may think it necessary to hire an extra salesclerk for his department; later he finds out that there is little for her to do except during rush hours.

The head of the statistical department believes that the sales expenses could be better kept down if the right kind of statistical data were obtained. He believes that the store managers should know how much each clerk has sold each day.

The store managers, however, think that this would not result in a fair comparison between salesclerks, as one clerk may secure a customer who spends $50 or $100 while another clerk may be engaged for the same length of time with a customer whose purchases total only 75¢.

The statistical man also says that the number of customers a clerk waits on in a day would be a fair test, since that information would show which clerks go forward to wait on customers as soon as they enter the store and which clerks hang back and are less attentive to their duties.

One of the department heads says that if the average sale was determined for each department and each salesclerk, it would be possible to determine ahead of time how many sales people would be needed and the kind of merchandise to purchase. That is, if the average sale is low, more sales must be made than if the average sale were high; and that would necessitate more salesclerks.

1. What is the situation that has arisen in this department store?
2. Why is that situation serious?
3. What is it that each of the executives mentioned above is trying to do about it?
4. What does the board of directors think is the trouble?
5. What is one thing that the head of the statistical department proposes to do? What advantage would result, if any?
6. What objection do the store managers make to the statistical manager's proposal? What do you think of it?
7. What other record does the statistical head suggest?
8. What does one of the department heads suggest? Do you think his proposal is sound?
9. How would these various kinds of information be obtained?
10. Would more office clerks be needed to record that information? Why or why not?
11. If more office clerks were needed, would the added expense be offset by the value of the information obtained? Why or why not?

CHAPTER V

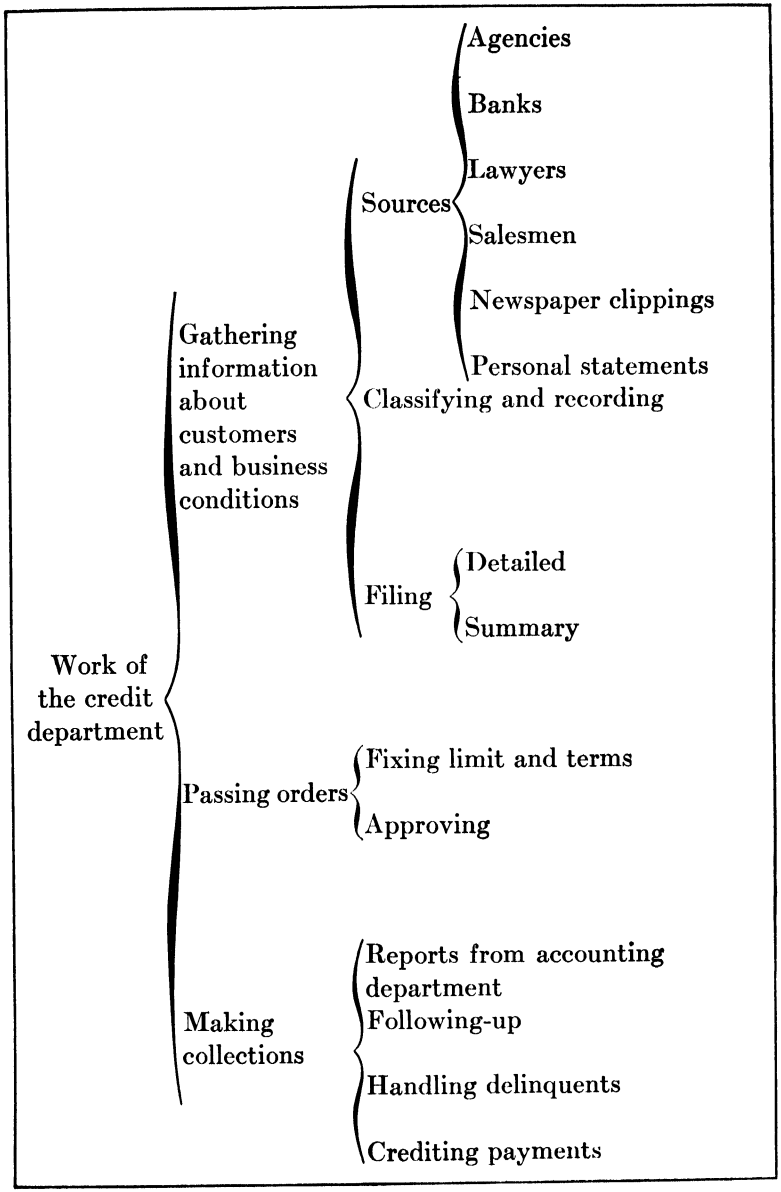
# The Credit Department and Its Work

*Aims for Study of This Chapter*

To understand the purpose of the credit department
To examine the office work of the credit department
To find out what records are kept, how they are kept, and why
To consider sources of information for the credit man

**What credit approval means.** As we saw in Chapter IV, the sales department is responsible for getting business, that is, making sales to customers and prospects. When a sale is made, an order is taken to be filled and shipped, but before the order is shipped, the credit department has to approve it.

What the credit department really does is to determine whether or not the customer is "good" for the order; that is, not only that he is willing to pay for the goods ordered, but that he is able to pay. An investigation is made, based upon the information which the credit department is able to secure. This information, which is procured by correspondence and personal interviews, is reduced to writing and becomes a part of the permanent office records of the credit department. Indeed, a large part of the credit department office work is concerned with keeping its records up to date and arranging the information in such a way that it is immediately accessible for reference.


Work of the credit department
Gathering information about customers and business conditions
Sources
Agencies
Banks
Lawyers
Salesmen
Newspaper clippings
Personal statements
Classifying and recording
Filing
Detailed
Summary
Passing orders
Fixing limit and terms
Approving
Making collections
Reports from accounting department
Following-up
Handling delinquents
Crediting payments

Since there is no object in shipping goods to a customer who cannot pay for them, and since the credit department is responsible for determining the customer's ability and willingness to pay his bills, most firms do not allow the shipping department to send goods out of the house without the O.K. of the credit department. In some lines of business this approval must be given before the order is put into work; in others it may be given at any time up to the time the order reaches the shipping department, thus speeding up the handling of the order by other departments.

**Responsibility for collections.** But the credit department is not only responsible for seeing that goods are not shipped unless the customer's credit is satisfactory; the credit department is also responsible almost always for collecting the money from the customer after the goods have been shipped and billed. The discharge of this responsibility requires much office work in ascertaining which customers are behind in their payments, in making out and sending duplicate bills, and in writing letters. If the customer has to be sued, the credit department handles the details and prepares the necessary evidence.

**Looking up the customer.** Usually the work of the credit department starts when an order has been received from a customer, although there is no reason why, whenever desirable, the credit department cannot look up a customer before the order is placed. Some firms allow salesmen to approach only prospects previously approved by the credit manager. Sometimes the credit manager himself talks with the customer to get whatever information the customer is willing to give him, and sometimes he has to rely on other sources of information.

**Sources of credit information.** Since the customer should know more about his own business than anyone else, he is, or should be, the best source of information for the credit

TO OUR CUSTOMERS:

The practice of giving financial statements is rapidly increasing Such statements are practically required in certain cases by the Federal Reserve Law A request for such a statement is no reflection on your credit We give our banks a complete property statement regularly each year.

It is good business, both for you and us, to have a property statement on file in our Credit Department This is particularly true in the case of a good sized order from a customer just starting in business.

THE INFORMATION YOU GIVE WILL BE KEPT STRICTLY CONFIDENTIAL

You, of course, understand that all business houses make a credit investigation after receiving the order That takes time.

GIVE US FULL INFORMATION BELOW and AVOID DELAY IN HANDLING ORDER

| ASSETS | | LIABILITIES | |
|---|---|---|---|
| Cash on hand | $ | Merchandise accounts | $ |
| Cash in bank | $ | How much is past due $ | |
| What bank | | Unsecured notes | $ |
| | | How much is past due $ | |
| Stock of goods, merchandise, etc | $ | Chattel mortgage | $ |
| Accounts and Notes due undersigned | $ | All other debts | $ |
| Secured? Good? | | Names and addresses of creditors | |
| Particulars | | | |
| Fixtures and Machinery | $ | | |
| Other personal property | $ | | |
| Real Estate, Cash Value $ | | | |
| Mortgaged for $ | | | |
| Net | $ | | |
| Total | $ | Total | $ |

Description of "Other personal property"

Real Estate where located

In whose name

**QUESTIONS BELOW TO BE ANSWERED WHERE UNDERSIGNED IS JUST ESTABLISHING NEW BUSINESS.**

What is the source of the investment you are making, your own money, or borrowed and from whom?

What has been business experience of proprietor or partners or principal officers?

If your present investment is not enough, can you get more capital? Where and on what terms?

What other contracts will you have, fixtures, machinery, etc.? Please give total cash payments on such contracts and total you will owe on them

How much will you pay cash before starting on merchandise stock? $ How much unpaid? $

How much actual cash working capital will you have available after making all above payments, freight and one month's rent $

How long is your lease How much per month $ How much insurance will you carry $

Expense per month for necessary help, clerk, etc $ Estimated total monthly expense $

Estimated average monthly sales $

Trade or business name

Full names proprietor or all partners or officers

Date Signed by

Member of firm or Officer of corporation

A form like this makes it easy for a customer to furnish the credit man with the information needed to pass orders.

. . . . . 193

KINDLY GIVE US BELOW YOUR EXPERIENCE WITH

Name_____ Business_____

P. O._____

From whom we have_____ order for $_____
(indicate whether first order)

ALL INFORMATION WILL BE CONSIDERED STRICTLY CONFIDENTIAL

Yours truly,

APPROVED AND PUBLISHED BY
NATIONAL ASSOCIATION OF CREDIT MEN
OF WHICH
WE ARE MEMBERS

To_____

_____

| | MANNER OF PAYMENT | |
|---|---|---|
| Sold since_____ To_____ | | |
| Terms_____ | ___ | Discounts |
| Largest amount owing recently $_____ | ___ | Pays when due |
| Total amount now owing, $_____ | ___ | Days slow |
| Amount past due, $_____ | ___ | Accepts C. O. D.'s promptly |
| Other information_____ | ___ | Accepts Sight Drafts Promptly |
| _____ | ___ | Settles by Trade Acceptances |
| _____ | ___ | Account secured |
| _____ | ___ | Notes paid at maturity |
| _____ | ___ | Makes unjust claims |
| _____ | ___ | Collected by attorney |
| _____ | ___ | _____ |

For Use of Members Only

RETURN THIS TO US

*Courtesy National Assn. of Credit Men*

The use of this form speeds up the exchange of information between concerns dealing with the same customer.

department. Whenever possible, therefore, the credit manager tries to get as much information as he can from the customer. Some firms make it easy for the customer to give this information by providing a blank like that shown on page 121.

*The salesman's credit report.* Many concerns have the salesman make out a report on the customer at the time he takes the order. This report gives such information about the financial standing of the customer as will enable the credit department to pass intelligently on his order. For example, it may contain a financial statement, the names of some of the other concerns from whom the customer buys, and any other references which may be desirable. Sometimes the salesman adds his opinion of the customer, describes the appearance of his place of business, and so on. One advantage of having the salesman get this information is that he is on the ground and can talk with the customer face to face, explaining to him any points that may not be clear.

If the customer declines to give sufficient information about himself, the credit department has the choice of turning down the order or else trying to get the necessary data from other sources, of which there are several. And, of course, if the customer is good for the order, there would be no object in turning him down if the desired information can be secured from reliable sources.

**The mercantile agencies.** Probably the most satisfactory source of credit information, next to the customer himself, is the mercantile agencies, of which Dun & Bradstreet is representative.

The mercantile agencies, through their traveling representatives, gather information about business concerns from many sources and place it in their files. When a credit manager whose company is a subscriber to the agency's

# OHIO 2289

* Patrick Hugh.....G S L 3½
G Rathbun Miss K.....Dresses & Wwear L
S Rosch Frederick.....Bsmith L 3½
P Rouse Henry H.....Dairy
* Sullivan J. D.....G S F 2½
/ Summerville V. H.....Cig & Tob K 4
■ Turk E. M.....Hware F 3
I Twist Daniel E.....Coal G 3
C Wagner Geo.....Hot, &c G 3½
* Warren L. H. & Co. (Trade name) G S
II Wayne Feed Co.....Dlrs Cereal (Also Branches)

(7)

**ELMVILLE, Highland Co.—7 D**

*(R D from Hillsboro)*

Pop 40—Bk town Hillsboro

O Orr R. W. & Son (Trade name).... Plbg & Htg L

(7)

**ELMWOOD PLACE, Hamilton Co.—8 H**

Pop 4,562—A banking town

L Budd Albert F.....Bldr
T Carini Vincent.....Meat J 3½
= Caruthers B. S.....Staty & Prtg
C Clyde Candy Kitchen & Restaurant.. J 3½ (Br of Smithsville)
G Gurran Thomas A.....Ser Stn L 3½ (Also Branches)
D Hall W. E. & Co. (Trade name) Und
G Hux Motor Co. (not inc.)..... 3
P ***Huxton Canning Co., Inc....Can & Pkrs*** A+ A1 ***(Br of Cummingsville)***
X King Fred. W.....Wallppr, &c F 3
G King James M.....Ser Stn H 3½
T Kudretz Stephen.....Gro & Meat L 4 (Also Boston)
■ Levi Abraham G.....Hware & House Furng (Also Branches)
G Lewis Henry C.....Ser Stn & Gro M
C Loder Daniel G.....Hot L 4
G Mann David T.....Ser Stn, &c M
C Mindlin J. J.....Luncheonette, Staty & Confec
S Mitchell & Vanvleck.....Bsmiths & Genl Rep H 3
II Mittnight Joseph.....Feed, &c F 2½
X Paint Market, Inc., The....Paint &
G Pieper W. & M.....Auto Rep, Wldg & Ser Stn G 3½
G Polito John J.....Gar M
T Posnick Samuel....Meat, Gro & Veg F 3
% Reboll Frank.....Confec, &c L 4
C Rocco Pasquale.....Rest & Bar
O Ryan Sanford J.....Plbr G 3
A Samson Joseph J.....D G, &c
A Saunders Gift Shop..... G 3½ (Also Branches)
L Sharpe A. B. & Son.....Sand & Gravel
G Shimer T. H.....Ser Stn & Rest F 3
V Smith Charles D.....Rad Rep M
+ Spilker Abraham.....Tlr M
T Spohn M. J.....Gro, B & S, &c M 4
A Stedman Telephone Co..... H 3½
G Stone J. J. Garage.....Gar, &c D 2
T White Frank E.....Gro, &c M
T Wilcox Harold R.....Gro, &c L 4
* Hoover Marion J.....G S, &c
N Howard Frank C.....Drugs H 3½
G Hubbs Lars.....Ser Stn K 3½
G Hunziker Carl.....Fill Stn, &c
G Hurd Rolland.....Gar H 4
A Jannace Art Shop.....Fcy Gds, &c F 3
● Jasinski Bronislwo.....Shoe Rep M
G Kaplan Alfred.....Ser Stn H 3½ (Br of Marley)
C Kaplan Harry.....Rest & Shoes F 3
T Kaplan Selik.....Meat F 3 (Br of Ipswich)
A Kassel Miss Polly.....Dresses 3
+ Kaufman Max.....Tlr & Furrier L 3½
II Kelley Mrs. Carol.....Feed H 3
T Kleczor Jos.....Gro & Meat M 4
G Klein Charles E.....Ser Stn 3
T Kluge Robert Charles...Meat & Gro G 3½
G Knapp Fred.....Gaso & Auto Rep
P Koon A. F. & Son (Trade name).... Milk, &c L 4
% Krause Alfred.....Confec K 3½
T Kress Edward D.....Meat, &c M
% Krier Arthur.....Confec & Staty L 4
T Kronenberg Harry.....Gro L 4
X Knettel Willaim L.....Dectr M 3½
G Krapf Fred.....Gar M
* Kreuter August R.....G S J 3½
G Krumveide Otto W.....Fill Stn, &c M
C Lape Andrew.....Rest & Bar J 3½
G Langer Gas Service Co., Inc..... 3
% Lebed Samuel.....Confec, &c H 3½
= Leff Printing Co. (not inc.)..... J 3
T Leipschutz Samuel M.....Meat, Bak, &c K 3½
▲ Leslie John A.....D G (Also Branches)
N Levin Jesse.....Drugs G 3½
N Levine Samuel E.....Drugs H 3½
G Lewis Clarence W.....Gar M 4
C McCune Marie R....Hot, Rest & Liq G 3½
* McFarland George H., Est.....G S F 2½
N ***McMonagle & Roges, Inc....Drugs*** C+1 ***(Br of Atina)***
T McPhillips C. B. Co., Inc....Gro & Feed H 3½
+ Maged David....Cloth, D G & Furng C 2
* Maloy & Chatfield.....G S & Coal C+1
G Minicozzi Mark.....Ser Stn M
G Misavich Chas.....Ser Stn M
T Mistretta John.....Meat J 4
E Moles Walter C..Radio Rep & Elec L 3½ Wallppr E 2½ (Br of Milwaukee)
V Morin Bros.....Mfrs Tools G 4
● Morreale W. P.....Shoes, &c K 4
+ Nichols & Knapp..Mens Clo & Furng H 4
X Nicholson W. B....Rep & Sign Ptg M
C Nick James.....Hot K 3½
N Norris J. P. & Co.....Cosmts J 3½
■ Northern Ohio Hardware Co. (not inc.)..... F 3½ (Also Oberlin)
C Nyholm Alger B.....Rest
L O. R. L. Road Materials, Inc..... Contrs 2 (Br of Seattle)
G O'Connell Roger.....Gar & Rep J 3½
◆ Ormstead Henry L.....Jwlr M
C Ostroff Rebecca P. (Mrs. Sam).... Rest & Ser Stn G 3½
■ Paddock Wm. H. & Son.....Hware 2
C Palmer James.....Rest & Confec M (Br of Upsalon)

*Courtesy Dun & Bradstreet, Inc.*

The symbols after each name in Dun & Bradstreet's *Reference Book* give the capital and credit ratings, as shown in the key opposite.

## DUN & BRADSTREET, Inc.

| | | Estimated Pecuniary Strength | | General Credit | | | |
|---|---|---|---|---|---|---|---|
| | | | | High | Good | Fair | Ltd. |
| *-1 | Aa | Over | $1,000,000 | A1 | 1 | 1½ | 2 |
| | A+ | Over | 750,000 | A1 | 1 | 1½ | 2 |
| | A | $500,000 to | 750,000 | A1 | 1 | 1½ | 2 |
| | B+ | 300,000 to | 500,000 | 1 | 1½ | 2 | 2½ |
| | B | 200,000 to | 300,000 | 1 | 1½ | 2 | 2½ |
| | C+ | 125,000 to | 200,000 | 1 | 1½ | 2 | 2½ |
| *-2 | C | 75,000 to | 125,000 | 1½ | 2 | 2½ | 3 |
| | D+ | 50,000 to | 75,000 | 1½ | 2 | 2½ | 3 |
| | D | 35,000 to | 50,000 | 1½ | 2 | 2½ | 3 |
| | E | 20,000 to | 35,000 | 2 | 2½ | 3 | 3½ |
| *-3 | F | 10,000 to | 20,000 | 2½ | 3 | 3½ | 4 |
| | G | 5,000 to | 10,000 | | 3 | 3½ | 4 |
| | H | 3,000 to | 5,000 | | 3 | 3½ | 4 |
| | J | 2,000 to | 3,000 | | 3 | 3½ | 4 |
| *-4 | K | 1,000 to | 2,000 | | 3 | 3½ | 4 |
| | L | 500 to | 1,000 | | | 3½ | 4 |
| | M | Less than | 500 | | | 3½ | 4 |

* When a numeral only (1, 2, 3 or 4) follows a name in the Reference Book it is an indication that the financial strength, while not definitely determined, is considered within the range of the dollar ($) figures in the corresponding bracket, and that a condition is believed to exist which warrants credit in keeping with that assumption.

*Courtesy Dun & Bradstreet, Inc.*

This key to the ratings in Dun & Bradstreet's *Reference Book* enables one to estimate the credit and financial standing of those listed.

service asks for information about a customer, the agency prepares a comprehensive report from the material in its files and sends a copy to the credit manager. This report shows the history of the customer from the time he started in business and traces his growth, or lack of it, year by year. The local reputation of the customer is given, as well as his record with other concerns from whom he buys. Some agency reports are several pages long and give balance sheets and operating statements, as well as changes in ownership and any misfortunes, such as fires, law suits, and bankruptcies.

*The credit-rating book.* In addition to their report service, the mercantile agencies also publish rating books which give the credit and capital ratings of all persons, firms, and corporations doing business. These rating books are usually issued from two to six times a year, although special reports may be obtained at any time.

The names in the rating books are arranged alphabetically according to states and cities. If you wish to look up the financial standing of Hiram R. Barton of Lincoln, Nebraska, you first find Nebraska and then the city of Lincoln. Opposite Barton's name you will see the kind of business and the letters and figures signifying his capital rating and his credit. On page 124 is shown a portion of a sample page of mercantile ratings from *Dun & Bradstreet's Reference Book;* on page 125 is the key to the ratings. You will find it interesting and perhaps profitable to practice looking up ratings until you can do it readily.

*Trade references.* Another very valuable source of credit information is those concerns from whom our customers are or have been buying. These are called "trade references." By writing to such concerns, the credit manager may find out how the customer is meeting his bills. The National Association of Credit Men has devised a special printed form for procuring the desired information, as shown on page 122. Whenever the credit man requests information from other credit men, he gives any information which he himself may have, and always encloses a stamped, addressed return envelope.

*Two other sources.* Occasionally the credit manager writes to the customer's bank and to local attorneys. These two sources of information are not always wholly satisfactory, since no bank will give unsatisfactory information about a good customer, and a lawyer can hardly be expected to divulge unpleasant details about his clients.

**Checking information for accuracy.** As a result of the investigations and correspondence carried on by the credit department, a wealth of information is secured. But this information is not worth much unless it is arranged in some definite order and kept so that it may be quickly referred to at any time. Furthermore, it must be checked for accuracy and truthfulness. How the credit manager checks the information is a matter of credit technique and experience. A comparison of information from one source with information from another source often discloses discrepancies which call for further investigation in order to get the real facts.

**Keeping credit data confidential.** With methods for arranging and preserving credit data, we are very much concerned, and we shall now turn our attention to that feature of credit office work. First, let it be said that all credit information should be kept strictly confidential. Under no circumstances should anybody who is not entitled to do so be allowed to see any information about the credit standing of another person or company. Ordinarily this means that no one outside the credit department, except an officer of the company or a member of the firm, should see the credit records, not even the salesmen.

**The credit file.** As credit information is received by the credit man, he goes over it carefully to make sure it is as complete as possible. Then he puts it into the "credit file," which is simply a large envelope or folder bearing the customer's name and address. There is one folder for each customer, and into that folder is put all of the credit information as it is received, after the credit manager has examined it, of course. In this way there is gradually accumulated a complete credit history of each customer, to which reference may be made at any time. The folders are arranged in alphabetical order so that any customer's folder may be quickly located. Sometimes the credit manager also

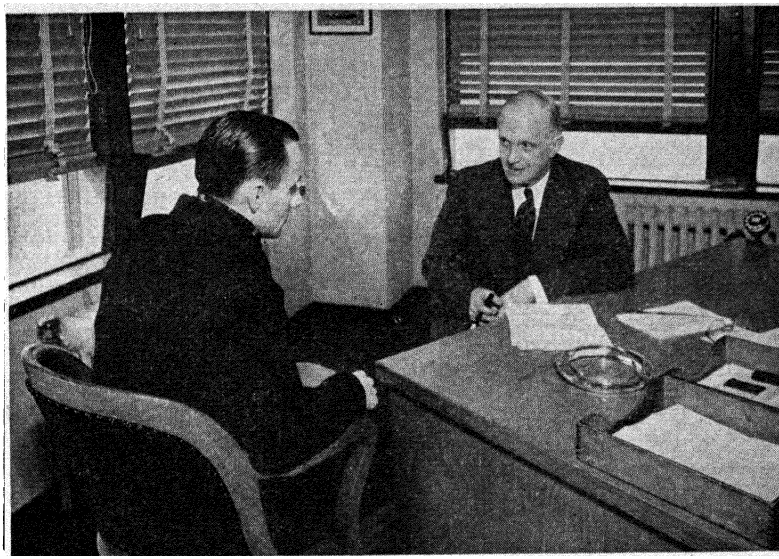
Salesman
Population
Chief Industry

| Season | | Dun | C C H | Date Rec'd | Number | Suits | O'C | Amount | Cancel Declin | Shipments Sts. | Shipments O'C | Shipments Am't | Claims & Returns | How Paid |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 19 | S. | | | | | | | | | | | | | |
| | F. | | | | | | | | | | | | | |
| 19 | S. | | | | | | | | | | | | | |
| | F. | | | | | | | | | | | | | |
| 19 | S. | | | | | | | | | | | | | |
| | F. | | | | | | | | | | | | | |
| 19 | S. | | | | | | | | | | | | | |
| | F | | | | | | | | | | | | | |
| 19 | S. | | | | | | | | | | | | | |
| | F. | | | | | | | | | | | | | |
| 19 | S. | | | | | | | | | | | | | |
| | F | | | | | | | | | | | | | |
| 19 | S. | | | | | | | | | | | | | |
| | F. | | | | | | | | | | | | | |

This credit card shows for several years agency ratings, orders, cancellations, shipments, claims and returns, and paying habits.

keeps a card record on which are noted the different kinds of information. One advantage of a card record is that it can be quickly examined without taking the time to go through the papers that are in the folder. The card used by one concern is shown above.

*Revising the credit files.* Since business conditions are constantly changing, and since no business stands absolutely still but is either going forward or backward, the information in a credit file must be brought down to date every six months or so, and certainly not less often than once a year, in order to make sure that there is available the latest information about the customer. The process of bringing this information down to date is called "revising the credit files." It is accomplished by writing the customer and all the other sources from which we have already received information about this customer, as well as any new



The credit manager always prefers to talk with a customer before opening a charge account. Why?

sources of which we may be aware, such as other concerns from which the customer has started to buy since we last revised the credit files. An alert salesman can often furnish valuable "leads" of this sort.

**Our "ledger experience."** One of the most reliable sources of information about any customer is our own experience with him. If our experience has been favorable, we are favorably inclined toward him; if unfavorable, we are more inclined to be cautious before extending further credit. Some of the points brought out by our own experience with a customer include the way he pays his bills with us, whether he often returns goods without just cause, whether he makes frequent unjustified claims for adjustments and allowances. In other words, does our experience show him to be a good customer or an undesirable one? Sometimes the term "ledger experience" is applied to a

concern's experience with its customers, since the accounts receivable ledger shows what has happened.

**Collection records.** Since one of the things which the credit department wants to know about the customer is how he pays his bills, the credit department is also usually responsible for collections, and collection records are consequently closely connected with credit records. Before granting more credit to a customer, it is necessary to know if he has paid his previous bills. For this reason collection records are usually placed under the same control as credit records, that is, under the credit manager.

**Getting in the money.** The important point in making collections is to make sure that if the account is not paid on the date it is due, such steps will be taken as may be necessary to collect the money.

Ordinarily the collection procedure commences with the mailing of the monthly statement of the customer's ledger account, showing the unpaid invoices or, as they are often called, "open items." If some of the items are not yet due, we do not follow them up, of course, but we call the customer's attention to those items which are due and past due. Experienced and careful credit men also make a point of going over each customer's ledger account from time to time so as to be thoroughly familiar with the paying habits of all customers. Some credit managers have the bookkeeper prepare each month a list of customers whose accounts are past due and unpaid. Then the credit manager works from that list.

*Following up collections.* As soon as an account becomes due, it is necessary to adopt some systematic method of keeping after the customer until the bill is paid. For this purpose many offices use a special collection record containing all the available information on the case. The record, which may be a card, or a loose-leaf sheet, is handled

| Name<br>Address<br>City<br>Bank | Date Due<br><br>Amount<br>$ |
|---|---|

| 1 3 5 7 9 | 11 13 15 17 19 | 21 23 25 | 27 29 31 |
|---|---|---|---|
| Date Written | Dates of Payments | Amounts Paid | Balance |
| | | | |

This simple collection record card helps to follow up past-due accounts. A movable tab may be placed on top.

just like a follow-up, as described in Chapter X on Filing. By the use of signals, attention may be called to the account whenever any action is desired. The card record used by one concern is shown above.

*Collection routine.* As stated above, the first step in collection procedure is to send a monthly statement. If the customer does not pay within a reasonable time after receiving the statement, the credit manager or an assistant sends another copy of the statement or writes the customer, reminding him that payment is due. If correspondence does not bring payment, the account may be given to a collection agency or to a lawyer with instructions to sue the customer if the bill is not paid within a reasonable time. The use of drafts in collecting past due accounts is not so frequent as formerly, since the refusal of a debtor to pay a draft drawn on him by a creditor is no longer considered the

reflection upon his character and credit standing that it used to be. Drafts are still widely used in business, but not for collecting past due accounts, except by mutual agreement between the parties concerned.

*Sending statements out promptly.* The right kind of statements mailed when due will do much toward keeping a credit business on a healthy basis. If statements are sent out at the end of the month, every effort should be made to see that they are mailed so as to reach the customer promptly on the first of the month. Laxness in sending bills, statements, and in following up collections only encourages the slow-paying customer. When a customer knows that nothing will happen if he delays payment, he is likely to be slow in paying those creditors who do not press him. He realizes, on the other hand, that by not paying promptly those creditors who do get after him, he is likely to lose his credit standing with them. It is obvious, therefore, which creditors will probably be paid first.

**Summary.** The office work of the credit department is concerned with procuring credit information about customers, accepting or declining customers' orders, watching the due dates of invoices, and collecting accounts that are due. Credit information about customers is gathered from several different sources and kept in a "credit file," so as to be readily accessible. No shipments may be made without the credit manager's O.K. There are several ways of following up collections, but the object is always the same, to get in the money that is due and to keep the customer's good will and patronage.

## Credit Standards

### Credit Department Procedure

1. No goods should be shipped until the credit department has approved the order.

2. Before passing an order for shipment, the credit department wants to know whether the customer can pay for the goods.

3. The credit department also wants to know if the customer will pay for the goods.

4. The credit department is usually responsible for collecting the money.

5. Usually the credit department tries to get all the information it can about a prospective customer.

6. The credit manager may talk with the customer.

7. He may ask him for a financial statement.

8. He may ask him where else he buys.

9. He may ask the name of his bank.

10. He may write the bank for information about the customer.

11. The credit-reporting agencies may also be consulted.

12. If the credit manager is satisfied with the information he receives, he may pass the order.

13. He "passes" the order by writing "O.K." on it, followed by his initials.

14. Credit information is received in confidence and should be kept so without exception.

15. This information must be kept up to date.

16. This is called "revising the credit files."

## Credit Standards

### Credit and Collection Records

1. Since a large part of business is done on a credit basis, certain records must be kept to determine whether customers are worthy of credit.

2. Some of the sources of information about customers are salesmen, banks, newspapers, trade journals, and credit-reporting agencies.

3. Different firms use different methods of recording credit information.

4. One firm records credit information on a 3- by 5-inch card, giving the name, address, rating, ledger account number, and other useful or interesting information.

5. Another firm places the credit rating at the top of the customer's ledger account.

6. Still another firm places all credit information concerning its customers in letter-size folders, filed numerically.

7. A collection record is used to watch payments on accounts, in order not to let the account run too long before it is "cleaned up."

8. One collection record is a special follow-up card showing the dates notices are mailed, or the calls made by the collector; the payments made; the balances due; any special action taken, and so forth.

9. By the use of tabs or signals, attention may be called to any account card whenever desired.

10. Collections should be followed up carefully and firmly.

## Credit Standards

### Credit-Reporting Agencies

1. Credit-reporting agencies make reports on business concerns all over the country.

2. Their reports usually show when a concern started business and what progress it has made.

3. Sometimes their reports indicate whether a firm is making or losing money.

4. Some agencies publish rating books.

5. These rating books usually give a credit rating and a capital rating for each individual or concern that has been investigated.

6. The capital rating shows the estimated net worth of the business.

7. The credit rating shows the reputation of the concern for paying its bills.

8. Some concerns are not rated, because the agencies can not get enough information about them.

9. One of the largest credit-reporting agencies is Dun & Bradstreet, Inc.

10. This agency has branches in cities throughout the country.

11. There are also credit agencies which specialize in only certain lines of business.

12. A business can get information from a credit agency by subscribing to its service.

13. The subscription is usually paid by the year and entitles the subscriber to the latest rating book and a stated number of reports.

14. Additional reports may be obtained at a nominal cost per report.

15. Some agencies furnish coupon books to their subscribers.

16. In order to get a report, the subscriber fills out a coupon and sends it to the agency.

17. If the report received from the agency is not very recent, the subscriber may ask the agency to bring it down to date.

## Credit Standards

### Collection Procedure

1. Not all customers will pay their bills without being asked to do so.

2. That is why collection departments are necessary.

3. The job of the collection department is to get the money due the company.

4. If the money can be collected without offending the customer, it should be.

5. Sometimes, however, a customer will not pay his bill until he is sued, or thinks he is going to be sued.

6. Collection procedure should start as soon as an account becomes due.

7. The first step is usually to send a statement showing the amount due.

8. The next step is to ask the customer if he received the statement.

9. Some concerns ask the customer to let them know if the statement was incorrect.

10. If no answer is received, ask the customer if there is any reason why the account should not be paid.

11. Then tell him that if you do not receive payment within a certain time, you will place the bill in the hands of an attorney for collection.

12. As a final step, give the account to a reputable attorney or a good collection agency.

## Credit Standards

### Collection Agencies

1. When a concern finds it difficult to persuade a customer to pay his bill, it is sometimes helpful to turn the account over to a collection agency.

2. A collection agency exists to collect money from those owing it.

3. For this service the agency charges from 10 per cent to 50 per cent of the amount collected, depending upon the difficulty of collection.

4. Some debtors will not pay their bills until the collection agency starts proceedings against them.

5. Some collection agencies are local; others are national, with many branch offices.

6. In some states, as in Massachusetts, collection agencies are prohibited by law from doing business in the state.

## Vocabulary Exercise

Define or explain:

balance sheet
bankruptcy
business conditions
capital rating
collection
collection agency
credit file
credit O.K.
credit rating
creditor
draft
debtor
lead
ledger experience
mercantile agency
open item
operating statement
procedure
rating book
trade reference

## Questions for Discussion

1. What is the meaning of "credit approval"?
2. Why is credit approval necessary?
3. Can you think of any reasons why the sales department should not O.K. orders? If so, what are they?
4. How does the credit manager know whether or not to O.K. an order?
5. Should credit approval be given before an order is put in work or afterwards? Explain.
6. Why is the credit department usually responsible for collections also?
7. What is meant by "credit information"?
8. Name five sources of credit information.
9. What information may be obtained from the customer?
10. Why is the salesman's report helpful?
11. What is a mercantile agency?
12. What does the mercantile agency do?
13. What does an agency report show?
14. Is the information in an agency report reliable? Why do you think so?
15. What is the credit-rating book? How is it used?
16. Why are symbols used in the credit-rating book?
17. What are trade references?
18. Why are trade references valuable?
19. Comment on local banks and attorneys as reliable sources of credit information.
20. Why should credit data be checked?
21. Do you know how credit data is checked? If so, how?
22. Why should credit data be kept confidential?
23. To whom should credit data be available? Why?
24. What is the credit file?
25. What does the credit file contain?
26. What information would a credit card show?
27. Where is this information obtained from?
28. What is the advantage of the credit card record?

29. What is meant by "revising the credit files"? How is it done? Why is it necessary?

30. What is our experience with our customers called? Why is it valuable? Do you believe it is reliable? Why?

31. What is meant by "responsibility for collections"?

32. What is the important point to watch in making collections?

33. Why does a careful credit man go through the customers' ledger accounts periodically?

34. What advantages are there in having the bookkeeper prepare a monthly list of customers whose accounts are past due and unpaid?

35. At what time of the month would such a list be most valuable? Why do you think so?

36. How are collections followed up?

37. List the steps in the collection routine.

38. Why is it important to send out monthly statements promptly?

39. What should you consider "prompt"?

## Topics for Special Reports

In preparing the following reports it may be advisable for the members of the class to work in groups or committees, as explained on pages 41 and 466.

1. Talk with the credit manager of a local retail store having charge accounts, and find out how he determines whether or not to open a charge account for a customer.

2. Ask some local credit man whether there is a central credit bureau in your town. If there is, ask the manager to tell you what the bureau does.

3. If there is a collection agency in your town, call on the manager and ask him to show you what the agency does.

4. If there is no local collection agency, call on an attorney and ask him what he does when a client asks him to collect a bill.

5. If there is a branch office of a mercantile agency near you, call on the manager and ask him to show you how the agency does its work.

## Collateral Reading

CORNELL, W. B., and J. H. MACDONALD, *Business Organization and Practice*, pp. 253–263.

CRABBE, E. H., and C. D. SLINKER, *General Business*, pp. 99–110.

MCKINSEY, J. O., *Business Administration*, pp. 210–221.

REED, C. A., and V. J. MORGAN, *Introduction to Business*, pp. 459–470.

## References

FERNSTROM, K. D., and others. *Organization and Management of a Business Enterprise*, pp. 466–493.

GALLOWAY, L., *Office Management*, pp. 308–323.

MACDONALD, J. H., *Office Management*, pp. 375–384.

STEINER, W. H., *Mercantile Credit*.

SWAYZE, C. O., and C. M. HICKS, *An Introduction to Business*, pp. 137–142.

## Problems

1. Explain how you would find the rating of a customer, and what that rating means.

2. Design a card system for watching collections and explain how it is used.

3. Outline a form of daily report for the accounting department to make to the general manager, showing the standing of collections.

4. Prepare a series of collection letters, stating also when you would send the first letter, and how often you would send the others. Give your reasons.

5. Design a system for gathering credit information, and explain the meaning of each part.

CHAPTER VI

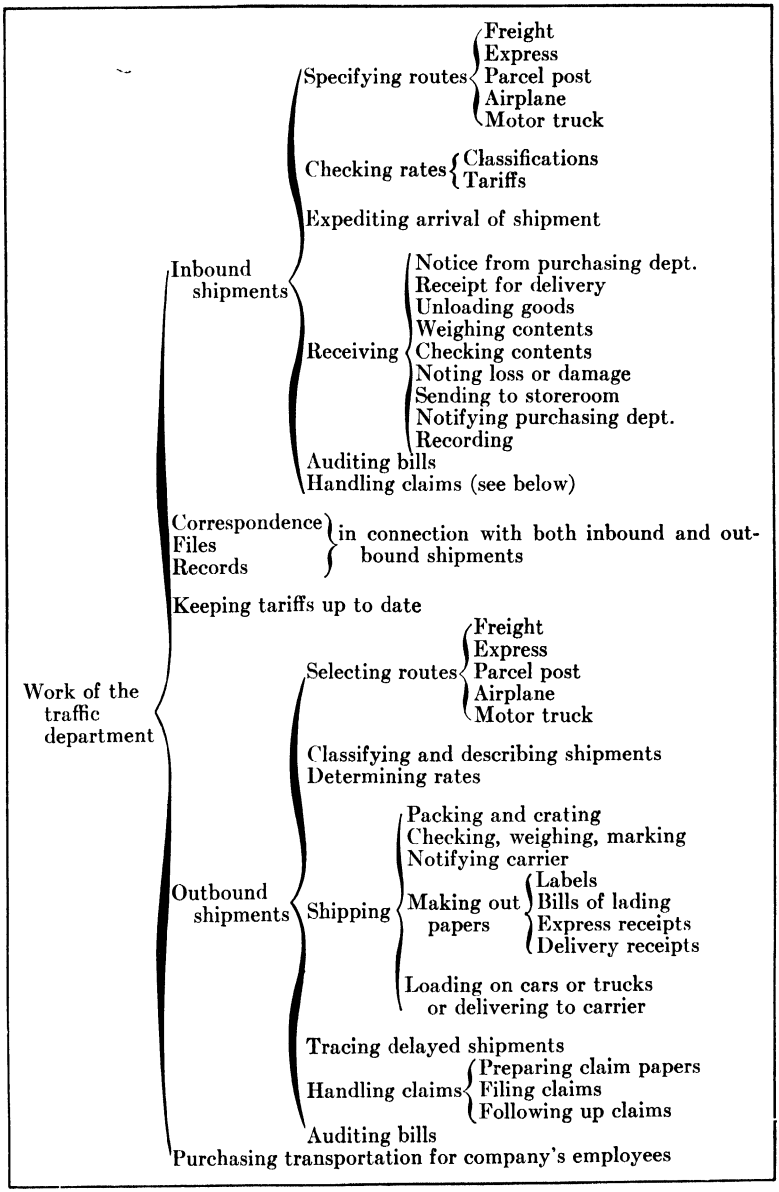
# The Traffic Department and Its Work

*Aims for Study of This Chapter*

To learn the functions of the traffic department, including shipping and receiving
To find out how the traffic department is organized
To see what records are kept in the traffic department
To learn how to make out "bills of lading"
To note the best way of checking freight bills
To observe how a shipment is "traced"
To examine records of shipments received

**An important department.** The traffic department is responsible for the safe, rapid, and economical transportation of goods and materials, whether incoming or outgoing. For outbound shipments, it selects the best method of transportation, notifies the carrier selected, delivers the goods to the carrier, and frequently follows the shipment to its destination to see that there are no delays in delivery. For incoming shipments, the traffic department frequently specifies the method of shipment, and follows the shipment to insure its safe and prompt arrival.

While the main requirements of the traffic department are as just stated, a glance at the chart on page 141 will show the other duties which must be performed if the responsibility of the department is to be completely discharged.


Work of the traffic department
Inbound shipments
Specifying routes
Freight
Express
Parcel post
Airplane
Motor truck
Checking rates
Classifications
Tariffs
Expediting arrival of shipment
Receiving
Notice from purchasing dept.
Receipt for delivery
Unloading goods
Weighing contents
Checking contents
Noting loss or damage
Sending to storeroom
Notifying purchasing dept.
Recording
Auditing bills
Handling claims (see below)
Correspondence
Files
Records
in connection with both inbound and outbound shipments
Keeping tariffs up to date
Outbound shipments
Selecting routes
Freight
Express
Parcel post
Airplane
Motor truck
Classifying and describing shipments
Determining rates
Shipping
Packing and crating
Checking, weighing, marking
Notifying carrier
Making out papers
Labels
Bills of lading
Express receipts
Delivery receipts
Loading on cars or trucks or delivering to carrier
Tracing delayed shipments
Handling claims
Preparing claim papers
Filing claims
Following up claims
Auditing bills
Purchasing transportation for company's employees

**Shipping and receiving.** Many concerns do not have traffic departments. Instead, a shipping clerk performs the traffic function, and his department is called the shipping department. Most concerns have receiving departments, which receive all goods delivered to the concern. Sometimes the shipping clerk is also the receiving clerk. Sometimes the receiving department is a part of the purchasing department, since the purchasing agent buys what is received. Where there is a traffic department, both shipping and receiving are usually a part of the traffic department.

**Department organization.** In charge of all traffic matters is the traffic manager, who is an expert on everything connected with his function. Not only is he responsible for the proper operation of the department, but he also conducts negotiations with carriers and appears before state and federal commissions concerned with transportation. The most important of these is the Interstate Commerce Commission, which controls the transportation of goods between states by every means except by water, which is under the control of the Maritime Commission.

In a large concern there may be an assistant traffic manager or a chief clerk who looks after the details of the department management, leaving the manager free for outside conferences. Other members of the traffic department include rate clerks, tracers, packers, checkers, record clerks, file clerks, stenographers, typists. Each of these has specific duties to perform; sometimes one person handles several different duties, while in very large concerns several persons may handle one duty, such as rates, for instance. Considerable correspondence passes through the traffic department, and the department files are very important in keeping track of correspondence and other papers.

**Handling incoming shipments.** Let us consider first the work of the traffic department concerned with inbound shipments, that is, shipments made to us by other concerns, usually those from whom we have bought goods. Such goods are shipped to us as a result of a purchase order placed with the supplier by the purchasing department, as described in Chapter VII.

*Choosing the route.* The supplier may ship goods to us in any of several ways. If he is located in a distant city and there is no special hurry for the goods, or if the goods are very heavy and not costly, they will probably be shipped by freight, that is, by railroad, since freight charges are lower than other forms of transportation. If we are in a hurry for the goods and want them quickly, they may be shipped by express, which is more expensive than freight, but very much quicker. Where an emergency exists, such as a broken machine standing idle while awaiting repair parts, the parts may be shipped by airplane, a matter of hours. Packages up to certain limits of size and weight may be shipped by parcel post. Deliveries within the city or neighboring towns are usually made by truck; small items are frequently delivered locally by a messenger.

*Specifying the route.* If our purchasing department has a choice of the method of transportation, the purchasing agent will state in the purchasing order by which method and route the goods are to come. The choice will depend upon the urgency and the expense; if there is no hurry, the supplier will usually ship by the least expensive method, which is also usually the slowest. To determine which method and route is best under the circumstances, the purchasing agent depends upon the traffic manager, who is an expert on all such matters and can indicate not only the best route but also the exact cost of each route and method.

*Courtesy Railway Express Agency, Inc.*

Some idea of the volume of business handled by express may be gained from this scene at an express terminal.

*Notice of shipment.* When a supplier makes a shipment to us, he notifies us when the shipment was made, and by what carrier and route. This notice, which in the case of freight shipments is a bill of lading and in other cases is an invoice, is received by the purchasing department, which immediately notifies the traffic department that a shipment is on the way to us from a certain supplier and by a certain route. In some concerns, the purchasing department sends a copy of the purchasing order to the receiving department

so that the receiving clerk will know just what has been ordered. From then on the traffic department watches for the shipment. If it doesn't arrive in due time, or if there is great need of it, the traffic department will follow up the carrier in an effort to find out where the goods are and get them delivered. This process is described later in this chapter under "tracing."

*The work of the receiving clerk.* When the shipment arrives, the receiving clerk takes charge, giving the carrier a receipt for delivery (usually by signing a receipt), unloading and unpacking the goods, and checking them against the packing slip which accompanies the goods and against the copy of the purchasing order if he has one. He also examines the shipment for signs of damage. If he finds any, he has the carrier's agent note the damage on the bill of lading, on the freight bill, or on some other memorandum. The traffic department then presents a claim to the carrier as described below under "handling claims." If there is a shortage, the receiving clerk notifies the purchasing department and asks whether he should make a claim against the carrier for the loss. The goods are then sent to the storeroom or to the department for which they are intended. Finally, the receiving clerk makes a record on his "shipments received" sheet for that day.

*A fact often overlooked.* While incoming shipments are the result of purchasing orders placed by the purchasing agent, outgoing shipments are the result of sales orders placed by our customers or taken by our salesmen. In other words, our purchase orders are our suppliers' sales orders, and our customers' purchase orders are our sales orders.

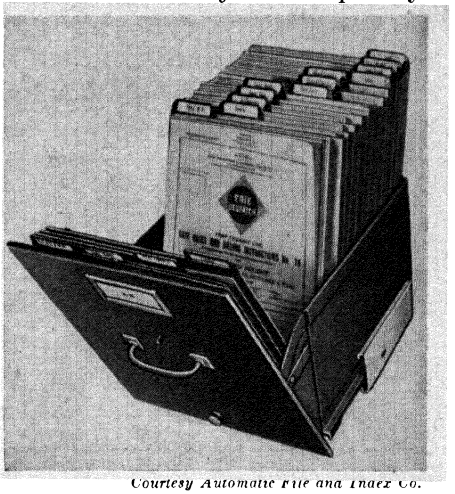
**Routing outgoing shipments.** When a customer places an order with us, he should indicate how he wants it shipped, and he usually does so. To many customers, however, it does not make much difference so long as they get their

goods promptly and economically. If, therefore, a customer has not told us how he wants his order shipped, it is the duty of our traffic department to select the route and method of shipment. The same considerations apply that were stated above, due regard being given to speed, cost, and safety of transportation.

*Finding the lowest rate.* In connection with freight shipments a feature with which the traffic department is very much concerned is what is known as "classification" and its effect upon freight rates. Under the regulations of the Interstate Commerce Commission there has been prepared an alphabetical list which includes every known article and the various forms it may take, such as crude, rough, or finished; set up or knocked down; loose, in bulk, boxed, or otherwise packed; liquid or dry; and so on. Each of these listings comes under a designated classification, and the freight rate is determined by the classification. Obviously, every company wants to get the lowest freight rate it can; therefore, the rate clerk in the traffic department looks up the classification of the company's product to see what the rate will be. Curiously enough, an article may sometimes come under more than one classification. In such cases, the shipper naturally chooses the lowest classification, while if the choice were left to the railroad, a higher classification might be chosen. There are also special rates, called "commodity rates," which are usually lower than the classifications; an article which has a commodity rate takes that rate, provided the rate clerk finds it.

*Three important points.* Now we are not concerned in this book with how classifications and commodity rates are established. These are highly technical matters for the traffic manager. But we are interested in the fact that changes are constantly being made in the "tariffs," as the books of rates and classifications are called. Therefore, three things

are important: first, to be sure we have the latest tariffs; second, to be sure the tariffs are filed so they can be quickly found; and third, to be sure that our products take the lowest classifications and rates possible.



Courtesy Automatic File and Index Co.

An easy, simple way to file tariffs.

*How tariffs are filed.* The tariffs, giving the rates from the shipping point to all other points in the country on different classes of merchandise, are furnished to shippers by the transportation companies. These tariffs, arranged alphabetically by the names of the transportation companies issuing them, are filed in special kinds of filing equipment devised for the purpose. One of the most approved tariff files in use by the transportation companies and large shippers is arranged so as to bring all the tariffs into view, keep them in good condition, and permit the alphabetical filing of folders, with papers of different sizes. A picture of it is shown above.

*A timesaver.* Almost every concern has customers or cities to which it makes frequent shipments of the same article. Instead of having to look these up in the tariffs every time a shipment is made, it is helpful to prepare and keep a file of rate cards showing the express, freight, and parcel-post rates to the different localities. These are filed by states, the towns being arranged alphabetically under each state, and the customers under the towns where they are located. Of course, this card file must be kept up to date by examining new tariffs as they are issued.

| | | |
|---|---|---|
| Hutchinson, Cornell & Co.<br>246 Roosevelt Street<br>Sandstone, Arizona | C.,R.I.,& P. .72<br>Ry X 1.10<br>Zone 3 | Arkansas<br>Desert Co.<br>Sandstone |

Special directions:

This rate card shows freight, express, and parcel-post information from Chicago to Sandstone, Arizona.

*Packing and checking.* Proper packing is another important duty of the traffic department. It is often possible to save not only a great deal of unnecessary breakage in shipment, but also unnecessarily high freight charges if the best method of packing is adopted. Usually the responsibility for packing is with the shipping clerk, although where large quantities of material are shipped, there is sometimes a special packing department, which may or may not be under the supervision of the shipping clerk. In some concerns the method of packing is standardized by the traffic department for each product the company handles.

As goods are packed, they are also checked against a copy of the sales order. This copy is called the packing slip and is often placed in the shipment, after it has been checked to be sure all items ordered are included in the shipment. Many concerns have both packer and checker

put their initials or other identifying symbols on the packing slip, thereby fixing the responsibility.

*Weighing and marking.* The package is then weighed and the weight marked on it. Next comes the labeling of the package, or "marking," as it is called. Many concerns make out the label in the order department at the same time the order is copied, sending the label to the shipping department. In other concerns the shipping clerk makes out the label, which may be a gummed piece of paper, a sheet which has to be pasted on, or simply a tag. On crates and boxes, instead of labels or tags, the name and address of the customer (called the "consignee") may be stenciled by placing a stencil on the box or crate and brushing over it with an inked brush.

*Bills of lading.* The next step is to make out the "papers." If a shipment is to be made by freight, a "bill of lading" is made out. The bill of lading is really a contract between the shipper and the transportation company, in which the transportation company agrees to convey the goods described, subject to certain rules and conditions.

The bill of lading also serves as a receipt for the shipment. Three copies are made, the original usually being sent to the customer as notice that the goods have been shipped, and as his authority to get the goods from the transportation company; the second copy, called the "shipper's order," is retained by the freight agent; and the third, called the "memorandum bill of lading," is filed by the shipper.

Some concerns save a lot of time in making out bills of lading by having the items that they ship printed on the bill of lading, as shown on page 151. Of course, only those items are printed that are frequently shipped. Any item not included in a shipment can be easily crossed out.

*Express shipments.* If a shipment is to be made by express, an express receipt is made out, describing the goods shipped; this is signed by the express company's driver when he calls for the goods. Often express receipts are bound in books and kept in the shipping room for reference, should occasion arise.

*Local delivery.* If delivery is to be made by our motor truck, or if the customer's truck or wagon is to call for the goods, no bill of lading or express receipt is necessary. Instead a "delivery receipt," sometimes called a "driver's receipt," is made out for our customer's receiving clerk or truck driver to sign. If a copy of the sales order is used for this purpose, much writing can be saved.

*Has the shipment been O.K.'d?* The shipment is now ready to go. If the sales order bears the O.K. of the credit department, there is nothing to prevent the goods being shipped. If the O.K. of the credit department has not yet been received, the shipping room must hold the goods until the credit department either "releases" them or orders them back into stock. If the goods are ordered back into stock, the shipping clerk simply turns the package over to the receiving room, which unpacks the goods and sends them back to the stock room just like any other incoming shipment.

*The actual shipment.* If it is O.K. to ship, the next step is to notify the transportation company. In some places, the railroads have a pick-up service; they will call and get the shipment. In most places, however, freight shipments must be taken to the freight house by our truck or by a local expressman, unless we have a spur track so that the railroad can place cars right at our shipping platform; then we can load freight directly into the cars. The railroads make a charge for "spotting" cars, as this placing is called, and if the car is not released within a certain time an

N Y 880 150 M 7-35

(Uniform Domestic Straight Bill of Lading, adopted by Carriers in Official, Southern and Western Classification territories, March 15, 1922, as amended August 1, 1930)

Subject to all the provisions and conditions of the bill of lading form appearing in classification effective at this time which provisions and conditions GENERAL FOODS SALES CO Inc guarantees are correctly shown herein. It is stipulated that the signature of the carrier's agent to this bill of lading is not to be understood as certifying to the size dimensions, composition, quality or other similar description of the property mentioned herein, such description being for the convenience of the shipper only except as required by the carrier's classification and tariff as part of the description of the freight

## UNIFORM STRAIGHT BILL OF LADING

ORIGINAL—NOT NEGOTIABLE

Shipper's No._____

Agent's No._____

_____ Company

RECEIVED subject to the classifications and tariffs in effect on the date of the issue of this Bill of Lading.

From GENERAL FOODS SALES COMPANY, Inc.

the property described below in apparent good order except as noted (contents and condition of contents of packages unknown) marked consigned and destined as indicated below which said company (the word company being understood throughout this contract as meaning any person or corporation in possession of the property under the contract) agrees to carry to its usual place of delivery at said destination if on its own road or its own water line otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said property, over all or any portion of said route to destination and as to each party at any time interested in all or any of said property that every service to be performed hereunder shall be subject to all the conditions not prohibited by law whether printed or written, contained herein, including the conditions on back hereof, which are hereby agreed to by the shipper and accepted for himself and his assigns

at _____ 19____

(Mail or street address of consignee—For purpose of notification only)

Consigned to _____ Care of _____

Destination _____ State of _____ County of _____

Route _____

Delivering carrier _____ Car Initial _____ Car No _____

| Packages No. | Packages KIND | Description of Articles Special Marks and Exceptions | *WEIGHT (Sub. to Cor.) | Check Column |
|---|---|---|---|---|
| | | Postum Cereal (Coffee Sub. Cereal N O I B N.) | | |
| | | Grape-Nuts (Food Prep. Cereal Granulated) | | |
| | | Post Toasties (Food Preparations Cereal, Flaked, Not Compressed) | | |
| | | Post Bran Flakes (Bran and Wheat Combined Flaked) | | |
| | | Whole Bran (Food Preparations, Cereal, Cooked Bran) | | |
| | | Grape-Nuts Flakes (Food Preparations, Cereal Flaked, Not Compressed) | | |
| | | Jell-O (Dessert Preparations Dry) | | |
| | | Jell O I C Powder " " | | |
| | | Jell-O Inst'l Size " " | | |
| | | Swans Down Cake Flour (Wheat) | | |
| | | Instant S. D Cake Flour " | | |
| | | Swans Down Bran " | | |
| | | Swans Down Biscuit Mix. (Flour Edible, N O I B N.) | | |
| | | Minute Tapioca | | |
| | | Pearl Tapioca | | |
| | | Lightning Tapioca | | |
| | | Minute Gelatine N O I B N | | |
| | | Cocoanut Prepared | | |
| | | Baking Powder (In Metal Cans In Boxes) | | |

| Packages No. | Packages KIND | Description of Articles Special Marks and Exceptions | *WEIGHT (Sub. to Cor.) | Check Column |
|---|---|---|---|---|
| | | Chocolate (In Bbls or Boxes) | | |
| | | Cocoa (In Metal Cans In Boxes) | | |
| | | Chocolate Coatings | | |
| | | Syrup (Not Medicated N O I B N. In Metal Cans In Boxes) | | |
| | | Syrup (Not Medicated N O I B N In Glass In Boxes) | | |
| | | Maxwell House Coffee (Roasted) (In Cans, Paper Bags or Car lots In Bbls. or Boxes) | | |
| | | Maxwell House Tea | | |
| | | Certo, Pectin, Fruit (Packed in Glass In Boxes) | | |
| | | Sanka Coffee, Roasted (Packed In Cans, In Boxes) | | |
| | | La France, Laundry Soap | | |
| | | Satina, Laundry Wax | | |
| | | Cleaning Comp (N O I B N. Powdered) | | |
| | | Salt (In Cartons, In Bbls or Boxes) | | |
| | | Salt (In Cloth Pockets In Bags) | | |
| | | Edible Nuts Shelled N O I B N Dry Not Salted Nor Sweetened (In Double Bags, Boxes or Bbls) | | |
| | | Edible Nuts Roasted, Salted or Sweetened ( ) | | |
| | | Edible Nuts In Shell, N O I B N (In Double Bags, Barrels or Bbls. Bushel Baskets with Load Tops) | | |

Subject to Section 7 of conditions If this shipment is to be delivered to the consignee without recourse on the consignor the consignor shall sign the following statement

The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges

(Signature of Consignor)

If charges are to be prepaid write or stamp here "To be prepaid"

TO BE PREPAID
FREIGHT CHARGES
FULLY PREPAID

Received $_____ to apply in prepayment of the charges on the property described hereon

Agent or Cashier

Per_____

(The signature here acknowledges only the amount prepaid)

Charges Advanced

$_____

†The fibre boxes used for this shipment conform to the specifications set forth in the Box Makers certificate thereon, and all other requirements of Rule 41 of the Consolidated Freight Classification

‡Shipper's imprint in lieu of stamp not a part of bill of lading approved by the Interstate Commerce Commission

*If the shipment moves between two ports by a carrier by water the law requires that the bill of lading shall state whether it is "carrier's or shipper's weight"

NOTE.—Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property.
The agreed or declared value of the property is hereby specifically stated by the shipper to be not exceeding

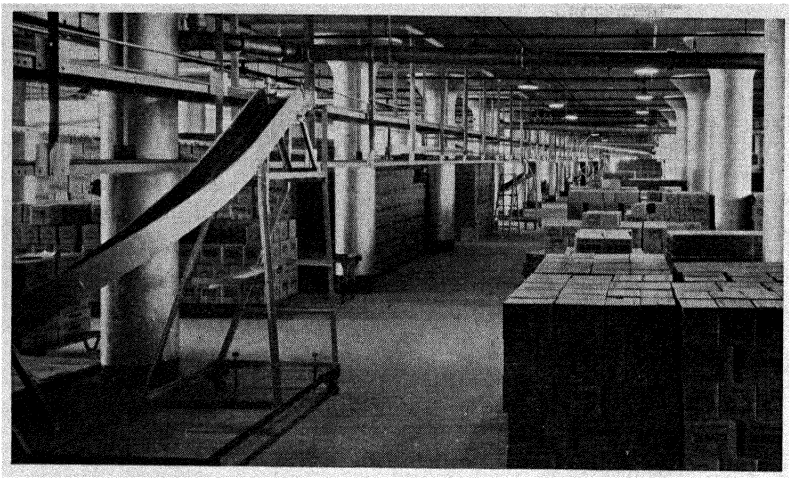
_____ per _____

GENERAL FOODS SALES COMPANY, Inc., Shippers Per_____ Agent Per_____

*Permanent post office address of shipper*_____

*Courtesy General Foods Corp.*

By printing its products on the bill of lading, this concern saves the time of writing them in for each shipment.



*Courtesy Bristol-Myers Co.*

Chutes and conveyors speed up the moving of finished packages in this shipping room.

additional charge, called "demurrage," is made for each day the car is held. Parcel-post shipments must be delivered to the post office. The express company will call and pick up shipments to go by express.

*Notification important.* As soon as a shipment has been delivered to the carrier, the shipping clerk notifies the sales department, which then notifies the customer. As has been stated, this notification of shipment may be a bill of lading, an invoice, or a special copy of the sales order. Sometimes a letter or postal card is sent, and in urgent cases a telegram, so that the customer may know his goods are on the way.

**When goods are damaged in transit.** If the goods arrive safely at their destination, the traffic department has no further responsibility. But any one or more of a number of things may happen.

The goods may arrive at their destination in a damaged condition. The carrier is responsible for damages, and his

agent should note the damage, as stated on page 145 under the work of the receiving clerk. It is the responsibility of the receiving clerk to see that this damage is noted by the agent, and that a claim is filed as described below.

*Claims for total loss.* Sometimes a shipment is completely lost and never turns up. In such cases the shipper's traffic department asks the carrier to prove delivery to the customer. Unless the carrier can prove delivery (usually by a receipt signed by the consignee or his receiving clerk), the carrier is responsible for the price of the goods and must pay for them. The carrier is also responsible for any partial loss. Of course, the shipper must prove that he made the shipment and must prove what the shipment contained. The bill of lading or express receipt is sufficient proof of shipment, and a certified copy of the invoice is proof of the contents. A comparison of the weight when shipped with the weight when received by the consignee will usually show up any discrepancy, since a decrease in weight would indicate that a shortage occurred while the carrier had the shipment.

*How to file claims.* When shipments are lost or damaged, the traffic department presents to the carrier a claim for the loss or damage. A special form is used for presenting claims. This form must be carefully filled out and accompanied by the necessary evidence of shipment and loss or damage, as indicated above and listed on the form. These papers, by the way, are called the "supporting papers," since they support the claim.

Since the law requires that claims be presented within a certain time, it is important for the traffic department to get together as soon as possible all the evidence required to support the claim.

A follow-up card index covering claims against the transportation companies is often maintained. A card for each

# Standard Form for Presentation of Loss and Damage Claims

**Approved by the Interstate Commerce Commission, December 2, 1913, The Freight Claim Association and National Industrial Traffic League**

_____ 19

_____ §(Claimant's Number)_____
(Name of Person to whom Claim is Presented)

_____ (Carrier's Number)_____
(Name of Carrier)

_____ (Amount of Claim)_____
(Address)

This claim is made by_____
(Name of Claimant)

_____
(Street and Number, P. O. Box or R. F. D.) (City or Town) (State)

for_____ in connection with the following described shipments:
(Loss or Damage)

Description of shipment_____

Name and address of consignor (shipper)_____

Shipped from_____ To_____
(City, Town or Station) (City, Town or Station)

Final Destination_____ Route via_____
(City, Town or Station)

Bill of Lading issued by_____ Co.; Date of Bill of Lading_____

Paid Freight Bill (Pro.) Number_____; Original Car Number and Initial_____

Name and address of consignee (Whom shipped to)_____

If shipment reconsigned en route state particulars_____

DETAILED STATEMENT SHOWING HOW AMOUNT CLAIMED IS DETERMINED
(Number and description of articles, nature and extent of loss or damage, invoice price of articles, amount of claim, etc.)

Total Amount Claimed

IN ADDITION TO THE INFORMATION GIVEN ABOVE, THE FOLLOWING DOCUMENTS ARE SUBMITTED IN SUPPORT OF THIS CLAIM*

( ) 1. Original bill of lading, if not previously surrendered to carrier.
( ) 2. Original paid freight ("expense") bill.
( ) 3. Original invoice or certified copy.
4. Other particulars obtainable in proof of loss or damage claimed.
5. If for concealed loss or damage, statement of shipper and consignee on standard forms, The Pennsylvania Railroad forms No. F. D. 1591 and F. D. 1593, or like forms of shipper and consignee.

Remarks_____

The foregoing statement of facts is hereby certified to as correct:

_____
(Signature of Claimant)

§ Claimant should assign to each claim a number, inserting same in the space provided at the upper right hand corner of this form. Reference should be made thereto in all correspondence pertaining to this claim.

* Claimant will please place-check (x) before such of the documents mentioned as have been attached, and explain under "Remarks" the absence of any of the documents called for in connection with this claim. When for any reason it is impossible for claimant to produce original bill of lading, or paid freight bill, claimant should indemnify carrier or carriers against duplicate claim supported by original documents.

Claimants will please show correctly and distinctly their name and address including street and number, Post Office box number or Rural Free Delivery (R. F. D.) number.

Claimants will please advise carrier promptly if claim is for shortage and missing property is received or located after presentation of claim. (See quotation from Section 10 of the Act to Regulate Commerce, appearing on back of this form.)

©3F514

*Courtesy Pennsylvania Railroad*

Notice the detailed information required when presenting a claim to a carrier for loss of or damage to a shipment.

F. D. 2923
5½x3¼w-20M-9-5-29

We are forwarding today from.....

Via.....R. R. care THE PENNSYLVANIA RAILROAD at.....

| CAR No. | INITIAL | COMMODITY | CONSIGNEE AND DESTINATION |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

☐ As information ☐ Advise junction passing ☐ Trace to delivery

.....19.....

.....
Shipper

*Courtesy Pennsylvania Railroad*

This form is used in requesting the railroad to find out where a shipment is.

claim is made out and filed alphabetically under the consignee's name. Each card bears the same number as the original order, and correspondence about the claim is filed under that number.

The transportation companies are sometimes slow about settling claims, and unless they are followed up, claims may be sidetracked. The correspondence may be filed chronologically with information as to its location on the card, or adjustable signals may be used on the card to show the date when the claim is next to come up for attention.

*What "tracing" is.* Instead of being lost or damaged, the shipment may simply be delayed. The traffic department first learns of the delay when the anxious customer writes, wires, or telephones in to ask where his order is. The clerk in the traffic department in charge of "tracing" gets out his file copy of the bill of lading, calls up or writes the railroad freight agent, and asks him where the shipment went

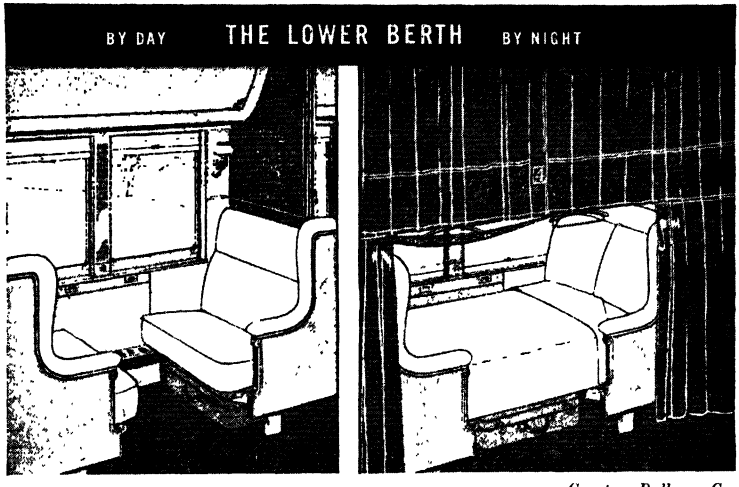
from his station. The tracing clerk then calls up the freight agent at that point and asks him the same question.

This procedure is kept up until a freight agent on the route is found who should have received the shipment, but hasn't. The shipment must, therefore, be between that point and the point from which it was last forwarded. Our tracing clerk now asks the railroad company to locate the freight car containing the shipment and speed it on its way, and to notify him when they have done so. In some cases the tracer himself goes to the point where the car might be, locates it, and personally gets after the railroad to get the car moving again.

It is not necessary for the tracing clerk himself to do this detailed tracing station by station; the railroad will do it for him if he asks the freight agent to trace the shipment. But the railroad has several hundred other customers, who must be waited upon in turn. Our own customer wants his goods, and we are more interested than anyone else in seeing that he gets them. If he has a traffic department of his own, he will probably do his own tracing instead of asking us to do it. But many small concerns do not have traffic departments; consequently, we render them a service by using ours.

*Do not trace every shipment.* Some concerns make the mistake of asking the railroad to trace every shipment, under the impression that this will hasten delivery. The railroads soon cease to pay much attention to such tracers, and the shipper finds it difficult to get attention and service when a serious delay occurs. A reasonable time for delivery should be allowed to elapse before the carrier is asked to trace a shipment.

**Auditing transportation bills.** Another very important task of the traffic department remains to be considered, that of "auditing" or checking the bills of the transporta-




*Courtesy Pullman Co.*

The traffic manager, when purchasing tickets, is responsible for choosing the most suitable accommodations the railroad affords, whether for a long or a short journey.

tion companies, especially freight bills. This work involves seeing that the quantities are right, the weights correct, the routing the proper one, the classification the right one, the correct rate applied, the extensions correctly figured, and the footings accurate. Any discrepancies are taken up with the carrier for adjustment. In large traffic departments, one or more clerks may spend their entire time auditing freight bills. Sometimes associations of manufacturers provide this auditing service for their members, who send their freight bills in to the association office. A nominal charge is made for this work, which saves thousands of dollars annually to the members of the association.

**Procuring passenger travel accommodations.** The officers, department heads, salesmen, and sometimes other employees of a concern do more or less traveling by train, airplane, or boat. If a concern has a traffic manager, he will

*Courtesy United Air Lines Photo by Grignon*

Nowadays the traffic department may be called upon to secure airplane reservations.

usually be asked to arrange for such transportation. A decision to take a fast train is sometimes made at the last moment, and it is up to the traffic manager to reserve the accommodations, get the tickets, pay for them, and have them at the station ready for the passenger. A good traffic manager is often able to get accommodations which might be difficult to get at the last minute.

**Summary.** The traffic department determines the routes by which merchandise shall be shipped, both incoming and outgoing, looks up the classification to see that the most favorable rates are secured, checks freight and express bills for errors, traces delayed shipments, and makes claims against the transportation companies for loss or damage of

goods shipped by the company. The traffic department is also responsible for packing the goods properly, so as to withstand the hazards of transportation; delivering the shipment to the transportation company and getting the proper receipts; and, finally, notifying the sales department that shipment has been made.

## Shipping Standards

### The Functions of the Shipping Department

1. The purpose of the shipping department is to check, route, and deliver shipments to the transportation company.

2. This department is important because it is the last place an order stops before it goes to the customer.

3. The shipping department is, therefore, often responsible for the satisfaction or dissatisfaction of the firm's customers.

4. To insure that the right quantities are delivered, the shipment is checked against a copy of the order.

5. The method of packing shipments is determined by the character of the goods shipped, the mode of transportation, the distance to be traveled, and any legal or other requirements.

6. A stove handle might be safely shipped if wrapped in a piece of burlap.

7. An expensive cut-glass dish might require a substantial container built for the purpose, and carefully stuffed with excelsior.

8. Packages containing breakable articles should be marked "glass" or "handle with care."

9. Packages containing fruits or flowers should be marked "perishable."

10. The person making a shipment is called the "shipper" or "consignor."

11. The person to whom the shipment is addressed is called the "consignee."

12. The transportation company is called the "carrier."

13. All packages should be plainly marked with the names and addresses of both the consignee and the consignor, as well as the name of the carrier.

14. In many offices the label is made out in the order department, to insure the correct address.

15. In some concerns the shipping clerk decides the route by which shipments shall be made.

16. In very large concerns a traffic department determines the routing of shipments.

## Shipping Standards

### How to Ship by Express

The following suggestions on express shipments are adapted from a folder published by the express company:

1. Poorly packed shipments mean dissatisfied customers, and prompt claim adjustments, at best, merely conciliate, but rarely satisfy.

2. Express shipments should be so packed as to withstand reasonably quick handling, and successful shippers consider careful packing a duty to their customers.

3. The money saved by inadequate packing rarely equals the profits lost through dissatisfied customers.

4. Pack glass and fragile articles in wooden boxes or strong corrugated paper cartons, using plenty of excelsior or similar packing, and mark the word "glass" on the outside of the container.

5. Obliterate old marks on boxes or wrappings; they frequently send packages astray.

6. Heavy packages of merchandise should not be wrapped in a single thickness of thin paper and tied with a light string, because the most careful handling cannot then prevent delivery in a torn and damaged condition, a common cause of complaint.

7. Put your name and address on the outside of the package under the word "from." Put your name and address and the name and address of the consignee inside the package as well as

on the outside. Then, if the outside mark is lost or destroyed, this will help to prevent delay in delivery.

8. Do not use tags if the condition of the package will permit marking with ink.

9. Castings and similar heavy shipments should be marked with two or more strong tags attached by wire.

10. Raw furs or skins, if in handmade bales, should be securely stitched in burlap or bag, and marked on a smooth wooden strip sewed flat to the bale. The oil in the skins will destroy any ordinary marking.

11. Always use the correct street and number for shipments going to large cities.

12. Because of similar town names, the county should also be shown on all shipments. Abbreviations are misleading; spell out the names of states as well as names of cities and towns.

13. Send money and jewelry in sealed packages through the money department of the express company, and never in unsealed packages.

14. If the express charges are prepaid, mark the shipment plainly "prepaid." If the package is marked with a tag and the address is also written in other places on the package or on more than one side of the package, write the word "prepaid" wherever the address appears. This will prevent collecting charges twice.

15. If a shipment is sent C.O.D., mark the package plainly C.O.D., and the amount. Unless specific instructions to the contrary are given by the shipper, the charge for collecting and remitting the money will be collected from the consignee. The shipper's name and address must be plainly shown on a C.O.D. shipment.

16. Canada Business—If a shipment is destined to Canada, the owner's or agent's manifest, in the form ordered by the United States Department of Commerce and Labor, must be filled out and forwarded with the shipment. Duplicate invoices in the form ordered by the Canadian Minister of Customs must also be furnished by the shipper. Mark the value on the outside of all shipments to Canada.

## Traffic Standards

### Parcel-Post, Express, and Freight Shipments

1. Express shipments are much faster than freight, and often faster than parcel-post mail.

2. Freight is probably the slowest method of shipping, and also the least expensive.

3. First-class airplane mail is probably the quickest method of shipping, and also the most expensive.

4. Parcel-post, express, or freight shipments, may be sent C.O.D.

5. Packages sent by parcel post must not be sealed and must be wrapped so as to make possible inspection of the package.

6. Parcel-post packages must not contain any written matter; writing would subject the whole parcel to first-class postage, as would also sealing.

7. Express shipments may be sealed and may contain writing, but not letters nor messages, unless they are old.

8. Shipments weighing over 100 pounds are usually sent by freight, because it is less expensive.

9. Packages weighing from 1 to 50 pounds may be sent by parcel post, provided the combined length and girth is not over 84 inches.

10. Packages costing less than 10 to 20 cents to send are usually shipped cheaper by mail.

11. Packages costing over 20 cents to send may often be sent cheapest by express.

12. The post office will deliver parcel-post packages, but it will not call for them.

13. Freight shipments must be delivered and called for at the freight house.

14. The express company will call for packages and will deliver them.

15. Therefore, if the local delivery charges are high, it might pay to send by express.

16. It might also pay to send by express if quick delivery is desired.

17. Sometimes whole carloads of materials are shipped by express when quick delivery is required.

18. Parcel-post charges must be prepaid.

19. Express and freight shipments do not have to be prepaid, but may be sent charges collect.

20. Express and freight shipments are receipted for by the carriers.

21. If a receipt is desired for a parcel-post shipment, the parcel should be registered or insured.

22. A bill of lading is made out in triplicate for freight shipments.

23. The original bill of lading is signed by the freight agent, and is usually sent by the consignor to the consignee, entitling him to claim the shipment.

24. The duplicate bill of lading is signed by the consignor and kept by the carrier.

25. The triplicate may be kept by the consignor as a memorandum of the shipment.

26. The original order bill of lading is negotiable and may be sold or transferred as often as desired.

27. When the consignee receives his shipment from the freight house, he signs a receipt showing that he has received his goods, and he receives a receipted bill showing the amount of the freight charges.

28. When goods are shipped to a foreign country, the consignor makes out a manifest showing the value of the goods for the benefit of the customhouse officers.

## Traffic and Shipping Standards

### Points of Law

1. Receipts should always be preserved for a reasonable length of time, as they may be needed in case of dispute, loss, or accident.

2. Common carriers are always held responsible for the loss of packages caused by carelessness of their agents.

3. Parcel post is carried by the Government but its delivery is not guaranteed, nor will losses be made good, unless the parcel is insured. The Government is not a common carrier.

4. If goods are lost, stolen, or burned in transit, the carrier is the loser.

5. If the loss is caused by "an act of God or a public enemy," the shipper would be the loser.

6. Losses caused by lightning, floods, or cyclones, would, therefore, be at the expense of the shipper.

7. A loss by fire would be at the expense of the carrier, because it could be prevented; but a loss by fire caused by lightning would be "an act of God."

8. The delivery of goods may be stopped if the consignee becomes insolvent while the goods are in transit.

9. A common carrier is not allowed by the Government to discriminate against any person by allowing rebates or different freight rates.

## Vocabulary Exercise

Define or explain:

| | | |
|---|---|---|
| auditing | express | shipment |
| bill of lading | freight | shipper |
| carrier | in transit | shipper's order |
| claim | knocked down | shortage |
| classification | packing slip | spotting |
| crude | parcel post | stencil |
| damage | rate | supplier |
| demurrage | regulation | supporting papers |
| destination | route | tariff |
| discrepancy | | transportation |

## Questions for Discussion

1. In your opinion, what is the most important responsibility of the traffic department? Give reasons for your opinion.

2. Who handles the traffic work when there is no traffic department?

3. What is the difference between the receiving clerk and the shipping clerk?

4. Name some of the things the traffic manager does.

5. What other positions are in the traffic department?

6. Where do incoming shipments come from?

7. Explain how incoming shipments are handled.

8. Describe the work of the receiving clerk.

9. How does the receiving clerk check the contents of a shipment?

10. What does the receiving clerk do when he finds some damage? Why?

11. What does the receiving clerk do when he learns that something is missing from the shipment? Why?

12. What is the Interstate Commerce Commission?

13. What is "classification," and what does it show?

14. Why do you think an article which is "knocked down" should take a lower rate than one which is "set up"?

15. May the same article come under more than one classification? Explain.

16. What are "tariffs"?

17. What three important points should be observed with respect to tariffs? Why?

18. How are tariffs filed? Why?

19. How can you avoid the necessity of looking up a tariff every time a shipment is made?

20. Why is proper packing important? What do you mean by "proper packing"?

21. Would you wrap a china dish in the same way you would wrap a baseball bat?

22. Have you ever received a package which was improperly packed? If so, how did you know it was not properly packed?

23. What is a packing slip? How is it made out, and what does it show? What is it for?

24. When should shipments be weighed? Why?

25. What information should markings show?

26. Why is our customer called the consignee?

27. If the customer is called the consignee, what would you expect the shipper to be called? Why?

28. What is meant by "routing"?

29. What features are considered in choosing routes?

30. When would goods be shipped by freight? Why?

31. When would goods be shipped by express? Why?

32. When would goods be shipped by parcel post? Why?

33. When would goods be shipped by airplane? Why?

34. When would goods be delivered by truck? Why?

35. Who specifies the route by which goods are to be shipped? Why?

36. Can parcel-post shipments be sealed? Explain.

37. Can express shipments be sealed? And contain writing?

38. How are heavy packages best shipped? Why?

39. How should a package containing written instructions be shipped? Why?

40. Explain what a bill of lading is, what information it shows, how many copies are made of it, and what is done with each copy.

41. What is an express receipt?

42. In a local delivery by truck, what takes the place of a bill of lading or the express receipt?

43. Why is credit O.K. important before shipping?

44. What happens if a shipment is all ready to go except for the credit O.K.?

45. How does the credit department "release" a shipment held for credit O.K.?

46. What is done if the credit department decides not to O.K. the shipment?

47. How are goods actually delivered to the different kinds of carriers for transportation?

48. Why shouldn't the post office call for parcel-post shipments, as the express companies do?

49. What is a spur track, and what is it for?

50. What is meant by "spotting" a freight car?

51. What are demurrage charges?

52. Is the carrier responsible for the safe transportation of all goods entrusted to him? Why or why not?

53. What must the shipper do when a shipment is totally lost?

54. How are claims for loss or damage filed?

55. What are "supporting papers"? Why are they necessary?

56. How are claims followed up?

57. Why is it necessary to follow up claims?

58. If a shipment doesn't arrive at the destination within a reasonable time, what should the traffic department do? Why?

59. Explain the method of tracing shipments.

60. Who does the tracing? Why?

61. Should all shipments be traced? Why or why not?

62. What is meant by "auditing" transportation bills? Why do transportation bills have to be audited? Who audits them?

63. Why do passenger travel accommodations have to be procured? Who does this? Why? How?

## Topics for Special Reports

In preparing the following reports, it may be advisable for the members of the class to work in groups or committees, as explained on pages 41 and 466.

1. Visit the traffic department of some concern in your town and ask the manager to show you what the department does.

2. Visit the receiving departments of three concerns in your town and find out how shipments are received. Ask for a copy of the sheet or card on which the receipt of shipments is recorded. If one of the concerns does not have such a sheet, find out why not.

3. From a traffic department or from a railroad freight agent, borrow a copy of the classification and make a report to the class of what you find out about classifications.

4. Ask a traffic manager, a rate clerk, or a freight agent to explain to you what a "commodity rate" is, and how it is made.

5. If there is a mail-order house near you, ask permission to visit the packing room.

6. From the local freight agent, find out what demurrage charges amount to, and for what they are made.

7. Ask a traffic manager to show you his claim file and to explain an actual claim.

8. Ask a traffic manager to show you how to audit a freight bill.

9. Get a list of the motor trucking concerns in your town, showing what they haul, between what points they travel, and what their rates are. Do not list more than ten concerns.

10. Talk with the postmaster or parcel-post clerk about parcel-post shipments and about express shipments. Then talk with the expressman about express and parcel-post shipments. Then write a report on the advantages or disadvantages of shipping by parcel post or by express.

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## Problems

1. From a map pick out twenty-five places at least one hundred miles distant from your town. Using 3- by 5-inch cards (or slips of paper cut that size), write the name of one town on each card. Then write down on each card the various ways by which merchandise might be shipped from your town to the town named on the card. Show the name of each carrier and indicate the time or times of day when goods destined for the point named must be in his hands. If any carrier named will call for the shipment, put down his telephone number and the time before which he must be notified to call.

2. Prepare a parcel-post rate sheet, showing the parcel-post rates from your town to forty-eight other places in the United States, one in each state. If the rate sheet is properly prepared, you should be able to reckon from it the postage required on any weight parcel to each place mentioned on the sheet.

3. Devise a system for keeping track of and following up claims filed with carriers. Use a 4- by 6-inch card, show what information you would put on the card, and explain how the system would work.

CHAPTER VII

# The Purchasing Department and Its Work

*Aims for Study of This Chapter*

To see how the purchasing department is organized
To find out how a buyer knows where to buy
To become familiar with the work of the department
To compare the purchase "requisition" with the purchase "order"
To ascertain how deliveries are checked
To learn how to check purchase invoices
To learn how to "watch stock"

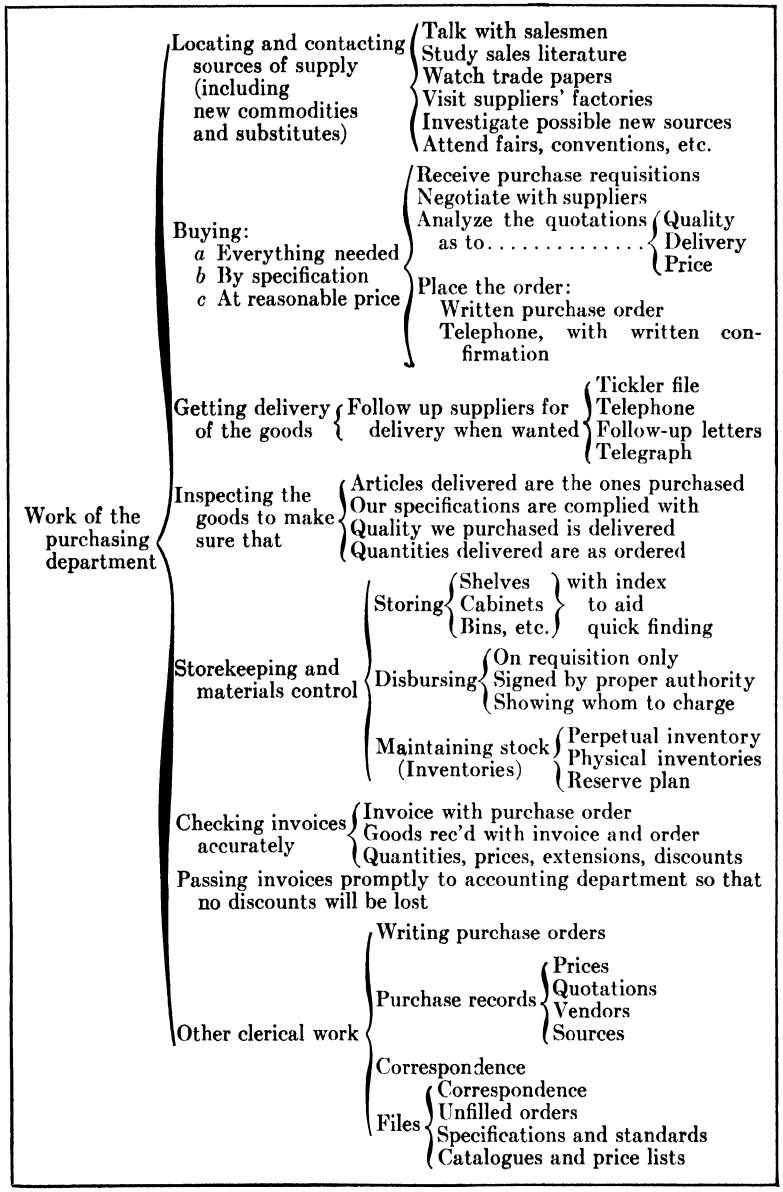
**The purchasing agent.** When you want a bottle of ink or some paper to write on, you drop in at the stationery store on your way home and buy what you want, paying perhaps 10 cents for the ink, and 25 or 50 cents for the paper. The man who does this for a business house is called the purchasing agent. He may spend only a part of his time buying for a small business, but he may have a large staff of assistants if he is employed by one of the large corporations.

**Organization of the department.** Some of the assistants in a large purchasing department may be specialists in buying certain articles. For instance, a man who is a good buyer of printing and stationery would specialize on those items, while one or more other men would be specialists in the materials used in manufacturing the company's prod-

ucts, such as marble and tin in a concern making soda fountains, woolens in a clothing factory, steel in a tool concern, and so on. Another assistant will supervise the writing of purchase orders; still another will attend to following up suppliers for delivery; one person will be responsible for checking invoices and another for operating the files. There is always considerable correspondence, requiring the services of stenographers and typists. Calculating-machine operators are helpful in checking invoices and figuring discounts.

If you will look at the chart on page 173, you will appreciate the importance of the purchasing agent and will realize the large amount of office work connected with the purchasing department. As with the credit department, the office work of the purchasing department includes gathering information and keeping it where it may be quickly referred to. In addition to records and files, however, there is the writing and telephoning of purchase orders, the following up of suppliers, and the checking of purchase invoices. If the purchasing agent is also responsible for storeskeeping, as in some concerns, there is considerable clerical work in connection with requisitions, inventories, and stock records.

**Why purchasing is centralized.** Formerly the purchasing in many concerns was done by department heads or by the officers. It is still done that way in some companies. But progressive firms are finding out that it usually pays to concentrate all the purchasing in one central purchasing department and make that department responsible not only for procuring all the materials, equipment, and supplies, but for getting material of a standard quality and at reasonable prices. The larger purchases which result make possible lower prices and closer uniformity of material. Furthermore, deliveries can be followed more closely by a


Work of the purchasing department
Locating and contacting sources of supply (including new commodities and substitutes)
Talk with salesmen
Study sales literature
Watch trade papers
Visit suppliers' factories
Investigate possible new sources
Attend fairs, conventions, etc.
Buying:
a Everything needed
b By specification
c At reasonable price
Receive purchase requisitions
Negotiate with suppliers
Analyze the quotations as to.....
Quality
Delivery
Price
Place the order:
Written purchase order
Telephone, with written confirmation
Getting delivery of the goods
Follow up suppliers for delivery when wanted
Tickler file
Telephone
Follow-up letters
Telegraph
Inspecting the goods to make sure that
Articles delivered are the ones purchased
Our specifications are complied with
Quality we purchased is delivered
Quantities delivered are as ordered
Storekeeping and materials control
Storing
Shelves
Cabinets
Bins, etc.
with index to aid quick finding
Disbursing
On requisition only
Signed by proper authority
Showing whom to charge
Maintaining stock (Inventories)
Perpetual inventory
Physical inventories
Reserve plan
Checking invoices accurately
Invoice with purchase order
Goods rec'd with invoice and order
Quantities, prices, extensions, discounts
Passing invoices promptly to accounting department so that no discounts will be lost
Other clerical work
Writing purchase orders
Purchase records
Prices
Quotations
Vendors
Sources
Correspondence
Files
Correspondence
Unfilled orders
Specifications and standards
Catalogues and price lists

man who does nothing else, than by a department head who has many other things on his mind. Besides, a man who is giving his entire time to the purchasing department can seek out sources of supply which may be advantageous in more ways than one. He can keep in touch with markets, watch the development of new products and substitutes, and keep his finger on price changes and trends. He has time to talk with salesmen, to visit and inspect the factories of those concerns who supply his wants, and to attend fairs and trade conventions where the progress of invention and manufacture is displayed. In other words, the purchasing agent provides the eyes and ears of the concern in many ways. "Goods well bought are half sold" is an old maxim but a true one.

*When may the purchasing agent buy.* There are relatively few nontrading concerns where the purchasing agent buys without having a specific request to make a purchase. In other words, no matter how good a buy may be at any time, the purchasing agent is not ordinarily supposed to purchase anything unless he has been authorized to do so. You will see that this arrangement is logical if you remember that one reason for having a purchasing agent is to relieve department heads of the work of purchasing. That is, the purchasing agent does the purchasing for the department heads instead of each department head doing his own purchasing. Since this is the case, and since department heads know what they want and when they want it better than the purchasing agent possibly can, the purchasing agent is not authorized to buy anything without a request to do so from a department head or someone else in authority.

However, there is nothing to prevent a purchasing agent from suggesting to a department head that now is a good time to buy certain materials because of low prices, special

No._____ PURCHASE REQUISITION Date_____

**Purchasing Agent** Wanted_____

Please furnish_____ Department with the following:

(State quantities, sizes, approximate prices if known, and sufficient description of the articles desired to identify exactly what is wanted.)

Requisitioner_____

The requisitioner must not write below this line. Department head_____

Ordered from_____ Date_____

Order No._____

Delivery expected_____ Approved_____

From this form the purchasing agent learns what the other departments desire purchased.

conditions, or other circumstances affecting the market. For instance, he may learn that, because of some happening in the locality where material which the firm uses is produced, that particular material is going to be very scarce, and that by buying now instead of waiting till later, he may be able to get very favorable prices. He may not have any orders to buy this material, but by inquiring of his associates whether or not some more of that material will be wanted before long, he can learn if it is wise to buy it now and save money as well as make sure of the supply.

**The purchase requisition.** The real work of buying starts, then, with a request to purchase something. The purchasing agent receives requests for materials, equipment, and supplies from all departments of the company; these requests are called "purchase requisitions," and it is from these requisitions that the purchasing agent finds out just what is wanted and how much he is to buy. A form of

purchase requisition used by one concern is shown on page 175. The purchase requisition furnishes a simple means of communicating to the purchasing agent the purchasing requirements of a department, as well as the authority for buying the material wanted. It must therefore be signed by the department head, and by the person requesting the purchase.

Usually two copies are made of the purchase requisition. Just how many copies should be made depends on the requirements of the concern. The purchasing agent must have one, of course. Then if the person making out the requisition keeps a copy, he will know just what he ordered, and when the material comes in he can use his copy to check the accuracy of the count.

In some concerns both copies go to the buyer, who notes on the duplicate when delivery may be expected, and returns it to the requisitioner; this duplicate also serves as an acknowledgment from the purchasing department that the original requisition has been received and acted upon.

As soon as the purchasing agent receives the requisition, which has been approved by the department head, he proceeds to buy the goods requisitioned. He may know just where to get exactly what is ordered, or he may have to make a search for it. If the item is one that is frequently ordered, the purchasing agent's records, if properly kept, will show him the best source of supply of that item and the price last paid.

**Sources of supply.** Every purchasing agent has occasion from time to time to refer to his record of invoices from concerns with whom his house has previously dealt. In some offices a card is made out for every kind of article purchased, giving the name of the firm from whom bought and a complete record of prices, discounts, and allowances,

QUOTATIONS

Article_____

Size and quality_____ Quantity_____

| Date | Firm | Catalogue file | Terms | | | Time needed for delivery |
|---|---|---|---|---|---|---|
| | | | Price | Discount | Freight | |
| | | | | | | |
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A quotation record helps the purchasing agent to know when he is getting a reasonable price.

together with pertinent remarks as to service, quality, and other matters of interest. Sometimes it is helpful to maintain a price record like that shown on this page, which shows "quotations" received on the material the company uses or is likely to use, with details as to prices, terms, and delivery.

In addition to the "record of prices" and the "record of quotations" the purchasing agent must be able readily to find catalogues, price lists, and other circulars received from different supply houses. These are usually filed by a numerical plan described later in this chapter.

It is also important for the purchasing agent to be familiar with the terms of a contract, the value of warranties, the liabilities of common carriers, and to know under what circumstances orders may be recalled or canceled.

*Getting estimates or quotations.* It may happen, and often does, that there are available no recent prices of the material to be bought, and it becomes necessary to get "quotations" or estimates from reliable firms. Where several firms are asked to "bid," as it is called, a specification blank like that shown on page 179 may be used. When the bids are received from those concerns interested in getting the order, the buyer decides where he shall place the order, keeping in mind three requirements: quality, price, and delivery. Some concerns manufacturing a very high quality of goods ask correspondingly high prices, while others, who make good grades at low or reasonable prices, may be handicapped in delivering on time; a third concern may be able to make quick deliveries, and the price may be right, but the goods are not up to standard quality; hence the buyer must watch all three factors.

**The purchase order.** When the purchasing agent has decided to which supplier he will give the order, the next step is to write out the order on the regular purchase-order blank. A standard purchase-order form is shown on page 181.

As many carbon copies of the purchase order are made as are necessary. The original is sent to the firm from which the purchase is made. One copy is sent to the receiving department, so that the shipment can be checked when received. Some firms omit the number of articles ordered by using a short carbon on this second sheet; this makes it necessary for the receiving clerk to count carefully every article to determine whether the correct amount has been received. One copy remains in the purchasing department and is filed by purchase-order number. A fourth copy is made on a card, and used for follow-up purposes. This follow-up copy is filed with other unfilled orders, alphabetically by name of supplier. A tab signal is used to show when the order is to be followed up.

# The Haddon Craftsmen.

INCORPORATED

*Where Federal crosses Nineteenth*

CAMDEN NEW JERSEY

Gentlemen —We take pleasure in submitting you the following quotation, based on your specifications submitted to us·

| | |
|---|---|
| Description and No. of Copies | |
| Size | |
| No. of Pages | |
| Composition | |
| Electrotyping Engravings | (plates to be of uniform size and thickness if furnished by customer) |
| Presswork and Color Ink | Text Cover Wrapper Illus End Paper |
| Stock, Body | |
| Stock, Cover and Inserts | |
| Binding {Saddle Side Sewed} | (see Trade Customs on reverse side) |
| Delivery | F. O. B. |
| Price | All quotations and offers are based upon the assumption that the work will be done under conditions existing on date of estimates. Should costs be increased or decreased by Government regulation or otherwise beyond our control before orders are filed, increased or decreased cost to complete and ship shall be added to or subtracted from prices quoted, unless otherwise arranged at time of placing order, conditions permitting Also subject to Trade Customs on reverse side. |
| Terms | |

This quotation is made subject to rechecking and to the approval of our sales manager or an officer of the company, and the terms of payment are to be approved by our Credit Department

The Haddon Craftsmen, Inc. (and its Associated Companies on the plant at Camden, N. J.), carries fire, cyclone, tornado, sprinkler leakage, whether the custom is that buildings and contents, but recommends that all patrons of the Company properly and adequately insure any and all of their property of any substantial value that may be placed on the premises, as The Haddon Craftsmen, Inc., cannot assume, and, therefore, does not undertake any responsibility or liability for loss of or damage to by fire, water, tornado or other cause the property of others on its premises.

This proposition and detail on reverse side covers your specifications completely. We shall be pleased to answer any questions and to assist you with your printing problems.

*When accepted this constitutes a contract which must completely cover specifications, instructions and agreements, must be in writing and receipt of same must be acknowledged in writing. The Haddon Craftsmen, Inc., cannot be held responsible for verbal communications*

Hoping to receive your order, we remain,
Very truly yours,

THE HADDON CRAFTSMEN
(INCORPORATED)

Per. . . . . .
Sales Dept.

**ACCEPTED**

Date . . . . . 193 .

Firm or Company . . . . . .

By . . . . . .

Title or Position . . . . . .

*New York Office* Equitable Life Assurance Building, 393 Seventh Avenue. Phone· PEnnsylvania 6-9790

*Courtesy The Haddon Craftsmen, Inc.*

Unless goods ordered are received by the time they are needed, important work may be held up for lack of the material ordered. A careful follow-up is therefore important.

**Following up suppliers.** Each morning the follow-up clerk takes out of the unfilled-order file those cards which are to be followed up that day. If the supplier is located in the same city, or near by, the follow-up clerk will telephone him and ask when the goods will be delivered. If the supplier is located out of town, the clerk will telephone, telegraph, or write the supplier, depending on how badly the goods are needed. If the complete order cannot be delivered, sometimes the follow-up clerk will ask the supplier to deliver part of it. Whatever response is received, the clerk makes a note on the card copy of the purchase order and files it back in the unfilled-order file to come up again later on.

*Another kind of follow-up.* Instead of using a card for follow-up, one purchasing agent uses a sheet about 8½ by 11 inches in size, ruled with 31 columns to represent the days of the month, as shown on page 182. In the wider columns at the left of the sheet are written the name of the supply house and a brief summary of the goods ordered, together with the date ordered. A pencil check mark (√) is then made in the column under the date when delivery is to be expected.

Orders are followed up in this fashion; from two to five days before the date set for delivery, the purchasing agent or his assistant calls up the supply house and asks what progress is being made on the order. The reply will fall into one of three classes, thus:

1. Delivery will be made on time.
2. Delivery will be made at a later date than originally agreed.
3. Can not tell when delivery will be made.

ORIGINAL

THIS ORDER FORM COMPLIES WITH THE NATIONAL STANDARD PURCHASE ORDER FORM

PURCHASE ORDER

OUR ORDER NO 3750

DATE

National Association of Purchasing Agents Inc.
11 Park Place, New York

RENDER INVOICE TO

We prefer invoices on Simplified invoice form

ENTER OUR ORDER AS FOLLOWS FOR DELIVERY TO:

VIA

DELIVERY TO BE MADE ON OR BEFORE PLEASE ACKNOWLEDGE

UNLESS OTHERWISE STATED IT IS UNDERSTOOD THAT THE INVOICE COVERING THIS ORDER IS TO BE SUBJECT TO A DISCOUNT OF 2 PER CENT FOR PAYMENT ON OR BEFORE THE TENTH OF THE MONTH FOLLOWING DATE OF INVOICE

| OUR ACCOUNT NUMBER | DESCRIPTION | PRICE |
|---|---|---|
| | | |
| | TOTAL | |

National Association of Purchasing Agents Inc.
PER

*Courtesy National Assn. of Purchasing Agents, Inc.*

If all purchasing departments used a standard purchase order form, there would be only one place to look for the same items of information, thereby saving time in filling the order.

**Daily Follow-Up On Purchase Orders**

| Ordered from | Date ordered | Order | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
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A form like this helps the purchasing agent to keep track of purchases.

If the supply house says the order will be delivered at or before the time agreed upon, then no mark is made on the follow-up sheet. But if delivery is going to be late, a red check mark is placed against the new date; each time the date is postponed, a new red check is made against the new date. When delivery is finally made, a blue check mark is made on the date of delivery. This shows that the order has been completed and that no further follow-up is necessary.

The red check mark serves a double purpose: it not only shows that deliveries are late, but it also shows which firms do not make deliveries when promised. This information may be valuable when the purchasing agent is placing orders in which prompt deliveries are an important factor.

Every morning the follow-up sheet is checked with the shipments received during the previous day, as shown on

the list which the receiving clerk sends to the purchasing department every night.

**The receiving department's part.** All deliveries by suppliers are made to the receiving department. The receiving clerk receipts for the goods by signing a driver's receipt, then has the goods unpacked and the contents counted and compared with his copy of the purchase order. Any discrepancy is noted on the order, which is then sent to the purchasing department as notification of the arrival of the goods. Meanwhile the goods are sent to the storeroom, or to the department which originally ordered them.

Inspection of the goods for quality may take place in the storeroom, in the department ordering the goods, or in a testing room or laboratory designed for the purpose. A report of the result of the inspection is made to the purchasing agent and filed.

Some material may be received for which the receiving clerk has no duplicate purchase order. Before accepting such delivery, the receiving clerk telephones the purchasing department to find out whether the goods were ordered. If not, he refuses to receive them from the delivery man, or else lays them aside to be returned later.

**Matching notice of receipt with follow-up copy.** When the purchasing department receives the receiving-department copy of the purchase order as notice of delivery, the follow-up clerk in the purchasing department goes to the file of unfilled orders, takes out the card copy of the purchase order, attaches it to the receiving-department copy, and puts it back in the file to await the arrival of the invoice from the supplier.

**Checking the purchase invoice.** As soon as the invoice is received from the supplier, the card copy of the purchase order, with the receiving-department copy attached to it, is taken out of the unfilled-order file and clipped to the

MATERIAL RECEIVED AT STOCK ROOM _____ 19___

| FROM | P.O. No. | MATERIAL | QUANTITY | LOCATION |
|---|---|---|---|---|
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_____
Stock Clerk

On this form the receiving clerk keeps a record of the goods delivered to him, the purchase order number, and other details.

invoice. The invoice clerk in the purchasing department now proceeds to check the invoice against the purchase order. This he does by comparing the information on the invoice with that on the purchase order.

First he compares the supplier's name and the purchase-order number, to be sure they are the same. Then, he checks the descriptions of the goods and the quantities, and finally the prices and terms. If these agree, all that remains is to check the extensions and footings by multiplying the quantities of each article by the unit price and adding the resulting amounts. He may also compute the discount. If his computations show that the invoice is correct, he approves the invoice by writing his initials on it or by using a rubber stamp to show approval; then he attaches the invoice to the receiving-department copy of the purchase order, and sends both to the accounting department for payment. The follow-up card has no further value and is

usually destroyed, unless the purchasing agent wishes to keep a record of deliveries by this supplier.

**Always take discounts.** Sometimes the supplier's invoice arrives before the goods are delivered. When that happens, the invoice is attached to the follow-up card copy of the purchase order and refiled in the unfilled-order file to await the arrival of the goods. If this is done, there is a danger that the goods may not arrive until after the discount date of the invoice. To prevent losing the discount, many firms place a follow-up on the invoice, so that it will come up again to be paid in time to take the discount. There is no objection to paying bills of reputable suppliers before the goods arrive. In any case, it must not be forgotten that the time within which a cash discount may be taken is reckoned from the date of the invoice and not from the time the goods arrive. Regardless of when the goods arrive, if the bill isn't paid within the time allowed for discount, the discount is not earned and should not be taken.

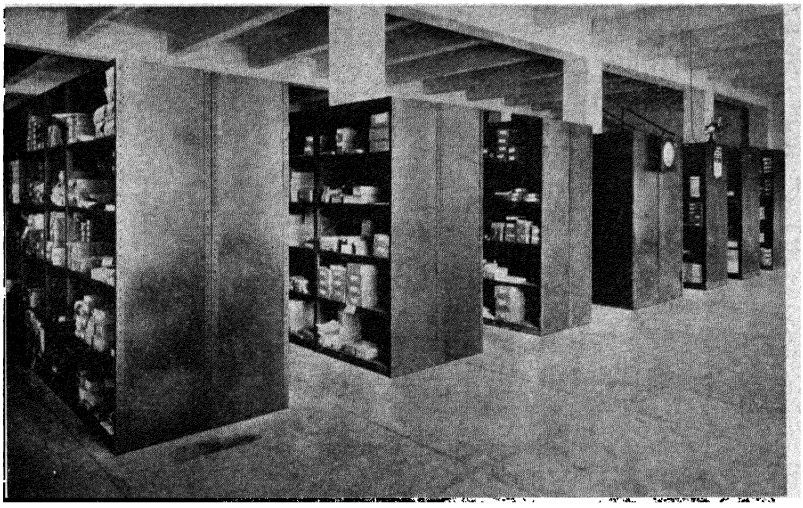
**The catalogue file.** There is a continuous stream of catalogues, circulars, and price lists pouring into the purchasing department. It is not necessary, of course, to keep everything which is received. The purchasing agent and his assistant can usually determine very quickly what should be kept and what destroyed. But without some definite method of sorting and classifying what is kept, it would be of little or no value, since the purchasing agent would be unable to find any desired catalogue. For this reason some provision must be made for arranging this material so that it can be quickly referred to. To do this involves providing a place for keeping the catalogues and devising an indexing system for locating them.

*Filing equipment for catalogues.* Some concerns use bookcases for filing catalogues; others use vertical file drawers.

A large Chicago concern has a cabinet which was built especially for the purpose and is very efficient. This cabinet, which is about six feet high, five feet wide, and ten inches deep, has built into it shelves and compartments of varying heights and widths, so as to accommodate different sizes of catalogues. Each compartment bears a number which identifies that compartment.

*How catalogues are filed.* As a catalogue arrives to be filed, it is assigned to a compartment large enough to hold it comfortably. A small gummed label is pasted on the catalogue, bearing the number of the compartment to which it is assigned and the date the catalogue was received. Two 3 by 5 index cards are then made out, one showing the name and address of the supplier, and the other the general nature of the material listed in the catalogue and also the name of the supplier. The compartment number and the catalogue date are also placed on each of the two index cards, which are then filed alphabetically in two drawers built into the cabinet at a convenient height for easy reference. The catalogue is then placed in the compartment which was assigned to it. Since each compartment is only wide enough to hold five or six catalogues, any desired one may be easily and quickly found. Two swinging doors keep out the dust when the cabinet is not in use.

**The storeskeeping function.** In many concerns the purchasing agent includes among his duties the responsibility for the storeskeeping department, where materials or supplies are stored until they are needed for use. There must be provided a place or places in which to keep what is being stored, some method of indexing to facilitate quick finding of any item, a system of accounting for everything that is issued, and a method of insuring that the supply of any article will not run out before it is replenished.



*Courtesy Burroughs Adding Machine Co.*

These office supplies in the basement of a Michigan bank are stored neatly so that any item can be found quickly.

*Storeroom equipment and arrangement.* The storeroom, where are kept the stores, stock, supplies, merchandise on hand, raw material, or whatever name may be applied to the material kept there, serves two purposes, which are of nearly equal importance. The stores must be safe from fire or theft, and they must be accessible when wanted. These two purposes must be served, whether the stores are kept in a small closet or in a ten-story building called a warehouse; whether they are kept in tanks, as oil is kept, or whether they are spread out over acres of ground as in a lumber yard.

In some instances fireproof vaults are required for safety; in others metal shelving or bins or containers will serve the purpose. For our purposes, however, we will consider that the stores are kept in one or two rooms, adjacent to the receiving and shipping department, and that metal bins

and shelving like those shown on page 187 are used to hold the material.

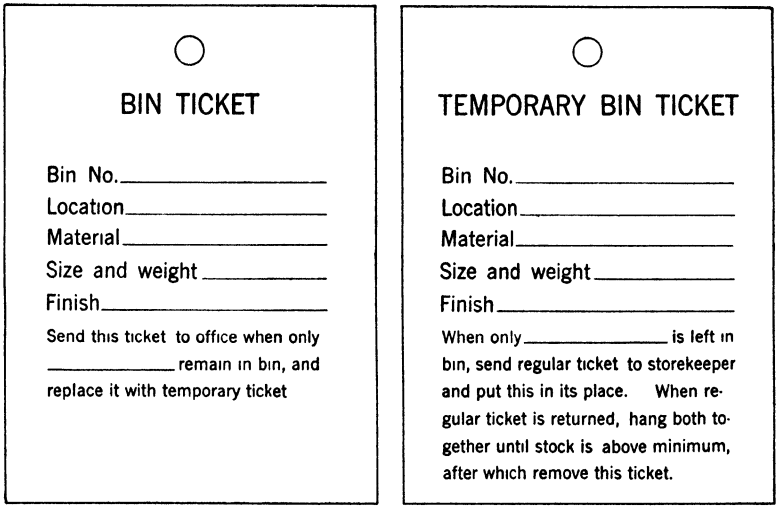
Unless stores are easy to get at when wanted, time will be wasted in filling orders. We must ask ourselves this question: "When we want this material, what is the most likely place to find it?" and also: "Is it convenient to get at when we want it?"

Immediately there occurs to us the thought that the material that is called for most often should be placed nearest the door or counter so as to save steps; and that very heavy material should be stored near the floor, so as to require little lifting. As soon as we have decided where material is to be put, then we ought to label each bin and shelf so that when the stock clerk is away, the manager or any other authorized individual can find material needed.

*The storeskeeper.* One person is usually placed in charge of all stock and made responsible. He may be called the storeskeeper, the stock clerk, or the stock man. In a large concern he may have several assistants, including one or more record clerks. Sometimes the stock clerk is also responsible for receiving and shipping, which would also include packing.

*Filling stock requisitions.* Nothing should ever be given out from stock without proper authority. In well-managed concerns this authority is shown by a piece of paper indicating what is wanted, who wants it, who is getting it, and to whom it is to be charged. This piece of paper, called a "stock requisition" or "material requisition," usually bears also the signature of a department head or other person authorized to approve requisitions for withdrawal from stock.

When the requisition is presented to the stock clerk, he examines it to see if it has been properly approved, then looks at his index to see in which bin the material is stored.




If directions on tickets of this sort are carefully followed, there is little trouble in keeping track of stock.

Going to the bin, he counts out the quantity called for and delivers it to the requisitioner. The stock clerk then makes a check mark on the requisition to show that it has been filled.

**Why stock records are necessary.** The work of the stock clerk does not end with putting material in the most convenient places, knowing where those places are, and issuing stock. In many offices the stock clerk is expected to be able to tell exactly how much of every kind of material is on hand at any time. There are four reasons for this. First, since the stock on hand is a part of the assets of the company, the manager must know how much stock is on hand in making up a balance sheet. Second, if insurance is carried on the stock, the manager must know how much insurance to carry. A third reason for knowing how much stock is on hand is so that the manager can tell whether enough material is available to fill certain orders or to

**RESERVE!**

OPEN THIS PACKAGE LAST

AS SOON AS YOU OPEN IT

**Give This Label to Miss Ladd for Reordering**

Contents_____of_____

This label, printed on red paper, is pasted on the outside of the packages set aside as a reserve.

carry out certain plans. The figures on page 189 show two types of bin tickets used by one concern to keep track of stock on hand.

*Maintaining stock.* The fourth reason, and one of the most important, for knowing how much stock is on hand is to be able to obtain a new supply before the present supply runs out. A good stock clerk never lets his stock of any article run completely out before ordering a new supply. On the other hand, he does not want to have so much ahead that it will deteriorate before it is used, to say nothing of taking up space for which the company may be paying rent. A satisfactory method of watching stock is to set certain quantities as a minimum below which the stock on hand will not be allowed to go before a new order is placed. When the quantity on hand reaches that figure, the stock clerk makes out a purchase requisition for a new supply and sends it to the purchasing department. When the new supply arrives, the stock clerk puts it back of the old supply, so that the old supply will be used up

first. If estimates of quantities have been accurate, the old supply will have been nearly used up by the time the new supply comes in.

*The reserve plan.* A plan which many concerns find effective in preventing stock from running out is known as the "reserve" plan. A quantity is set aside as a reserve, wrapped, and plainly labeled "Reserve." This reserve supply is placed back of the regular supply. When the regular supply is all used up, it is necessary to open the reserve package and place a new order at once. Under this plan it is not necessary to keep records of stock on hand for the purpose of maintaining a supply on hand. Notification is automatically brought to the stock clerk's attention when the reserve package is opened.

*Stock records and physical inventories.* Many firms keep their stock records on cards showing quantities received and quantities issued. The difference should, of course, be the balance of stock on hand. Whether it is or not can be determined only by actually counting the stock. Such a count, called a "physical inventory," is taken by some concerns once a year and by others monthly or weekly. Two people work together in taking inventory, one person doing the counting while the other records the quantities counted.

*The perpetual inventory.* If the records are carefully kept, a physical inventory is not necessary oftener than every six months or once a year. Some concerns keep what is called a "perpetual inventory," which is really only a stock-record card showing receipts, issues, and balances. But it must be kept strictly up to date at all times to have any value. Goods received must be entered on the card the same day, and all goods issued must likewise be entered the same day, usually from the stock requisitions. The perpetual inventory card shows the minimum stock to be

| ITEM | BRAND & SIZE | GRADE | UNIT: Singles / Dozens / Quires / Gross; Singles / Sets 2-3-4 / Pads / Books | ORDER POINT / AMT TO ORDER | BIN No. / UNIT COST |
|---|---|---|---|---|---|

| 1 2 3 4 5 6 | 7 8 9 10 11 12 | 13 14 | 15 16 17 18 19 20 21 22 | 23 24 25 26 27 | 28 29 30 31 |
|---|---|---|---|---|---|
| RECEIPTS | ISSUES | | ISSUES | ISSUES | |

| DATE | REC'D | TOTAL | DATE | ISSUED | CHARGE | BALANCE | DATE | ISSUED | CHARGE | BALANCE | DATE | ISSUED | CHARGE | BALANCE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | |

*Courtesy Parker Marshall Co.*

This stock record card is devised to reduce to a minimum the amount of work required to watch stock.

kept on hand, and as withdrawals are entered, the clerk compares the balances with the minimums.

If these inventory or stock records are correctly handled they show the value of the stock from day to day, prevent overstocking, and tell whether certain articles are moving during the different seasons. They are also of great value in the adjustment of fire insurance.

**Summary.** The purchasing department buys everything needed by the business, at the request of other departments, made on purchase requisitions. Through records of previous purchases and quotations, and by watching the market, the purchasing agent is able to select a supplier who can deliver goods of the specified quality at a reasonable price. The order is placed in writing on a purchase-order blank, several copies being made for specific purposes. Suppliers are followed up for delivery. When the goods

arrive, they are delivered at the receiving department, which unpacks them, checks them, forwards them to the stores department, and notifies the purchasing department by sending an initialed copy of the purchase order. The invoice for the goods is received in the purchasing department, where it is checked and, if found correct, sent to the accounting department for payment within the discount period. Sometimes the purchasing department is responsible for storing goods until they are needed, when they are issued on a signed stock requisition. Properly kept records show what has been received and issued, and when a new supply should be procured.

## Purchasing Standards

### The Work of the Purchasing Department

1. The primary function of the purchasing department is to buy needed material of the desired quality at the lowest price obtainable. Sometimes this department is responsible also for receiving and checking goods when they arrive, as well as for their subsequent storage.

2. By having all purchasing done through one department, it is possible to secure the lowest prices and close uniformity of material; also to check accurately deliveries of material bought.

3. The purchasing agent keeps close watch on the market conditions relating to price and supply.

4. When the supply is plentiful, prices are usually favorable. For this reason purchases should be made at such times, if possible, even if the material purchased is not needed at that particular time. By the time the material is needed, prices may be considerably higher.

5. A carefully kept set of records helps to eliminate mistakes and uncertainty in buying.

6. If a far-sighted purchasing agent foresees a shortage, it may be well for him to purchase more than enough to satisfy the

present demand, counting on saving the difference in higher prices later on.

7. A purchase requisition is a written request for the purchase of supplies and must be signed by the manager as well as by the person requesting the purchase.

8. In getting estimates, the quality, the price, and the time an article can be delivered must all be considered.

9. The location as well as the reliability of a firm may affect the prompt delivery of an order.

10. A careful check should be kept of the time of delivery of goods in order to avoid delays on subsequent orders.

## Purchasing Standards

### Points of Law

1. An offer to buy or sell may be withdrawn any time before it has been accepted.

2. Your offer to buy is made when your letter is delivered, not when it is mailed; but you may withdraw your offer before the offer is accepted.

3. The contract is completed when the letter accepting your offer is mailed; therefore you cannot withdraw an offer after the acceptance has been mailed, even though you never receive the letter of acceptance.

4. If an offer is worth accepting, accept it at once, or it may be withdrawn.

5. If an article is damaged when shipped or while in transit, and the carrier is chosen by the seller, the buyer must either return the article to the seller or pay for it. If the buyer is compelled to buy a sound one at a higher price, he may recover the difference in price.

6 If an article you buy is not as represented, you can get your money back or collect damages actually sustained, provided that you return the article without unnecessary delay.

7. If, however, you purchase damaged goods after inspection, then you cannot collect damages. "Caveat emptor" means: let the buyer beware.

8. If you buy an article and leave it in possession of the seller, you are the loser in case it is stolen.

9. If you buy an article on trial, the seller is the loser in case it is destroyed before there has elapsed a reasonable time for trying it.

10. If you buy with the privilege of returning, you are the loser in case the article is lost.

11. There are differences in rules of law in the different states of the United States; generally the law of the state in which delivery of the goods is to be made is the law which fixes the rights of the parties if the contract is silent on that point.

## Vocabulary Exercise

Define or explain:

bin ticket
delivery
discount
inventory
perpetual inventory
physical inventory
purchase invoice
quotation
requisition
reserve
specialist
stock maintenance
storeskeeping
vendor
warranty

## Questions for Discussion

1. What does the office work of the purchasing department include?

2. What is the advantage of having all purchasing done by one central department instead of by several department heads?

3. Does the purchasing agent buy what he thinks the company ought to have and in quantities that he thinks proper and profitable? Explain.

4. Is it ever wise to buy more than is needed simply because the price is low? Why or why not?

5. Why is the purchasing agent in a favorable position to make attractive purchases?

6. How does the purchasing agent know when purchases are necessary?

7. What is a purchase requisition, and what does it show? Explain fully.

8. What does the purchasing department do with the purchase requisition?

9. How does the purchasing agent know where to buy?

10. Is any record kept of previous purchases? Explain.

11. Why is a record of quotations kept?

12. What legal knowledge should a purchasing agent have? Why?

13. How are estimates or quotations obtained?

14. What features does the purchasing agent consider when deciding where to place the order? Why?

15. How is a purchase order placed? Explain.

16. How many copies of the purchase order are made out? Why? What is done with each copy?

17. Why must suppliers be followed up?

18. How are suppliers followed up? Describe just what is done and why.

19. Describe another way of following up suppliers.

20. Where are goods that have been purchased delivered?

21. What happens when goods are delivered?

22. Why should all deliveries be carefully checked? How are deliveries checked?

23. How does the purchasing agent know when goods are received?

24. How does the receiving clerk notify the purchasing department that goods have been received? Why does he do this?

25. What does the purchasing department do when notified that goods have been received? Why?

26. To what department does the purchase invoice come? Why?

27. What does that department do with the purchase invoice?

28. How is the purchase invoice checked?

29. After the purchase invoice is checked, what is done with it? When? Why?

30. Which is more likely to arrive first, the goods or the invoice? Why?

31. What is done if the invoice arrives first? Why?

32. What may happen if care is not exercised when the invoice is received?

33. What is meant by the "discount period"?

34. Should discount always be taken? Why?

35. What is the catalogue file?

36. Why are catalogues filed?

37. Describe an effective equipment for filing catalogues. Why is it effective?

38. How are catalogues filed, using this equipment?

39. After catalogues have been filed in this cabinet, how are they found?

40. What is the storeskeeping function? Why is the storeskeeping function important?

41. What does storeskeeping involve?

42. Where should the storeroom be located? Why?

43. What is stored in the storeroom?

44. What equipment is needed in the storeroom?

45. Who is in charge of stores? Why?

46. What other duties may the storeskeeper have?

47. How is material issued from stores?

48. What is a stock requisition, and how is it used?

49. How are stock requisitions filled?

50. Why are stock records necessary?

51. What do stock records show?

52. How does a good stock clerk keep his stock up?

53. What is the reserve plan of stock maintenance?

54. What does the stock clerk do when he finds he needs some more stock?

55. What is a physical inventory and how is it taken?

56. What does a physical inventory sometimes show?

57. What is a perpetual inventory and what does it show?

58. How would you determine whether a perpetual inventory was correct or not?

59. What is the value of a perpetual inventory?

## Topics for Special Reports

In preparing the following reports, it may be advisable for the members of the class to work in groups or committees, as explained on pages 41 and 466.

1. Ask some purchasing agent to show you how he makes out a purchase order.

2. From the purchasing department of a local concern, get a complete set of purchase orders. Across the face of each copy, write what is done with that copy, and why.

3. Describe the arrangement of a storeroom in a local concern.

4. Watch a clerk in some purchasing department check several invoices; then describe what he did and why.

5. Find out how catalogues are filed in some local concern.

## Collateral Reading

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## Problems

### IMPORTANT FACTORS IN PURCHASING

1. Purchasing agents usually place orders upon the basis of price, delivery, and quality, sometimes referred to as "P.D.Q." Which of these three factors do you think is the most important? Why? Ask three of your classmates this same question. Then ask a purchasing agent, a factory manager, and a mechanical engineer. Compare the answers you receive and then revise your own conclusions in the light of this information. If the three men gave different answers, can you explain why they were different?

2. Among other things the work of the purchasing department includes placing orders, following up suppliers for delivery, and checking the invoices for payment. Which of these do you think is the most important? Why? What answer would a supplier probably give you? Why?

### Standard Practice in the Purchasing Department

Prepare a standard practice manual for use in the purchasing department of an insurance company home office. This manual should describe every step taken by the purchasing department from the time it learns that something is wanted until the goods are received from the supplier and placed in the storeroom or delivered to the department which wants them, and the bill checked and turned over to the treasurer for payment.

Prepare the forms used in the purchasing department, and in your manual show how the forms are used.

You might also prepare an organization chart of the purchasing department, indicating clearly the duties of *each* person in the department.

(If some concern other than an insurance company is preferred, there is no objection to substituting it.)

1. What items does the purchasing agent of an insurance company buy?
2. Where does he buy these items?
3. Are these items, when received from the supplier, stored until they are used up?
4. How does the purchasing agent know when they are used up?
5. What steps are necessary before an order is placed?
6. How is the order placed with the supplier?
7. Does every supplier deliver the goods ordered when they are wanted? If not, what does the purchasing agent do to get the goods in?
8. How does the supplier tell the purchasing agent the price of the goods delivered?
9. What does the purchasing agent do with this information?

CHAPTER VIII

# The Treasurer's Office and Work

*Aims for Study of This Chapter*

To consider the functions of the treasurer
To discover how money is procured and expended
To study the financial records kept
To examine the relations with banks

**Supervision of money matters.** Just as the Federal Treasury Department in Washington has charge of the Government treasure, or funds, so the treasurer of a concern, or the person who fulfills the duties of that office, has supervision over the concern's money matters. He is responsible for the funds of the company. In order, therefore, to understand just what the treasurer does and how his assistants can help him in the most effective way, you ought to have a pretty clear idea of just what is meant by the word "funds."

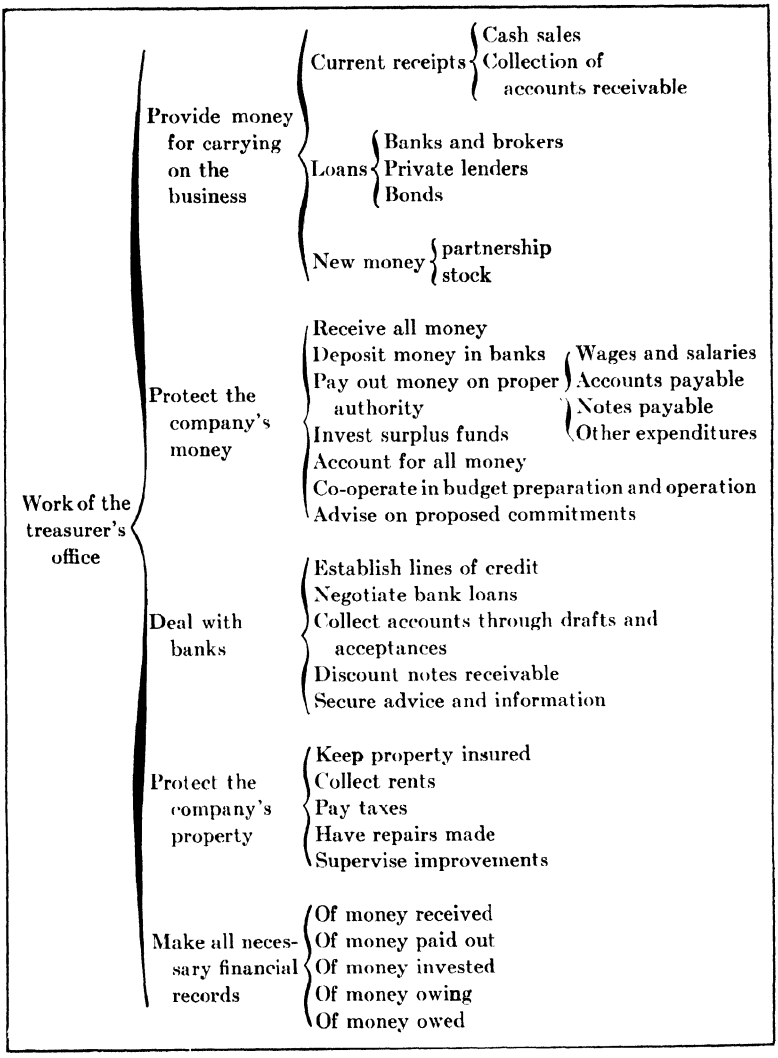
*What "funds" are.* "Funds" is a rather general term applied to the money and securities of a concern. It covers all forms of money, from what is in the cash drawer—including checks, currency, bills, notes, drafts, and so forth—to all the bank deposits and loans, as well as the investments in the stocks, bonds, and commercial paper of other concerns. The treasurer, therefore, may well be called the money manager of a company, or the manager of its finances and financial matters.

*The meaning of "finance."* "Finances" is an attractive and high-sounding word, but its meaning is really quite simple, and when we say that the treasurer is the manager of the company's finances, we mean merely that he is the man who looks after the company's money matters. Now, of course, for one man to attend to all the money matters of a concern of any size would be impossible; therefore he delegates part of his work to others, especially the greater part of the accounting, which is handled by the accounting department. Of course, the number of people on the treasurer's staff depends to a great extent upon the size and nature of the business. In a very small business the treasurer may handle all the details of bookkeeping, accounting, and finance himself. In a very large corporation he may require several assistant treasurers, as well as a large clerical staff; in addition, a special "finance committee," made up of members of the board of directors, counsels with the treasurer.

**The treasurer's responsibilities.** The chart on page 203 shows the responsibilities of the treasurer's office. Notice that these responsibilities are grouped under five main heads, as follows:

1. Provide money for carrying on the business
2. Protect the company's money
3. Deal with banks
4. Protect the company's property
5. Make all necessary financial records

Notice that the first three are concerned with money—providing it, protecting it, dealing with banks. The fourth heading places upon the treasurer the responsibility of taking care of the company's property, wherever and whatever it is. In addition, of course, the treasurer must see that correct records concerning all financial matters are


Work of the treasurer's office
Provide money for carrying on the business
Current receipts
Cash sales
Collection of accounts receivable
Loans
Banks and brokers
Private lenders
Bonds
New money
partnership
stock
Protect the company's money
Receive all money
Deposit money in banks
Pay out money on proper authority
Wages and salaries
Accounts payable
Notes payable
Other expenditures
Invest surplus funds
Account for all money
Co-operate in budget preparation and operation
Advise on proposed commitments
Deal with banks
Establish lines of credit
Negotiate bank loans
Collect accounts through drafts and acceptances
Discount notes receivable
Secure advice and information
Protect the company's property
Keep property insured
Collect rents
Pay taxes
Have repairs made
Supervise improvements
Make all necessary financial records
Of money received
Of money paid out
Of money invested
Of money owing
Of money owed

kept so that he knows the financial condition of the company at all times.

*Relation to sales manager and purchasing agent.* Just as the sales manager is responsible for all sales, and the purchasing agent for all purchases, so is the treasurer responsible for all money and property of the company. The sales manager is employed because of his knowledge of and ability to handle sales matters; the treasurer is employed because of his knowledge of and ability to handle matters concerned with money and property. The great importance of the treasurer's position is appreciated when one realizes that everything a business does results in money coming in or going out and in property being bought or sold; the sales department is trying to sell all the goods it can, and the purchasing department is trying to buy what is needed when it is needed. The treasurer must pay the bills incurred by the purchasing agent, must protect the materials the purchasing agent has bought, and through the credit department must collect the money for the goods which the sales department has sold.

*Relation to the accounting department.* These numerous transactions require proper records and constant supervision, lest money be wasted and property dissipated.

The accounting department, as you have seen in Chapter III, handles most of the bookkeeping connected with some of these duties, and the cashier handles the cash, acting for the treasurer in doing so. But the responsibility rests with the treasurer. No money can be paid out without his authority, and he is constantly on the watch to see that the company's property is at all times conserved.

Since many of the treasurer's duties are usually outlined clearly in the by-laws of the company, it may help you to get a set of the by-laws of some corporation and study them carefully.

*Relation to the credit manager.* You have seen, in Chapter V, the work of the credit department in approving credit on sales orders and in making collections. You can now realize that the credit manager is really an assistant treasurer; indeed, in many concerns the credit manager actually is called the assistant treasurer, performing all of the treasurer's duties with respect to credits and collections, and responsible directly to the treasurer. In many small concerns, the treasurer himself is the credit manager, if there is not enough work for two men.

Let us now consider in order the work of the treasurer's office, examining as we go along some of the records and other office work involved.

**Providing capital.** Without money a business cannot run. This fact seems so obvious that it should not need to be stated, but you would be surprised if you know how many concerns commence business with insufficient capital, and are handicapped for lack of money. Hence, the first step in commencing business is to provide the capital, which is usually the treasurer's responsibility. As the business expands, the treasurer is asked to find new capital.

Capital is provided usually by the sale of stock or bonds or shares. In a partnership the partners furnish the capital. One partner may furnish the money and the other the experience. The partner who furnishes the money often acts as treasurer. The treasurer must not only procure the capital, but he must also see that the money is spent for the purpose for which it was obtained.

**Providing money for current operations.** After a company has started business, its money requirements are continuous for goods, wages, and other expenditures of a going concern. The treasurer is expected to see that enough money is available to pay every obligation when it is due. This money, except for initial capital and subsequent expan-

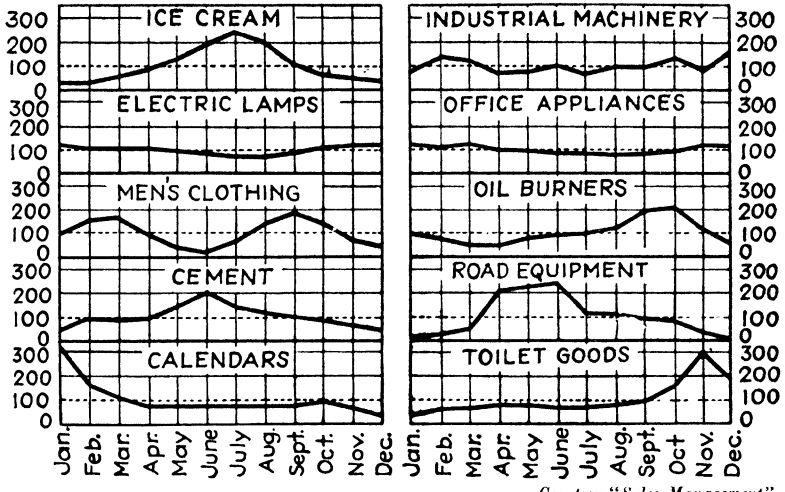
sion, should come from cash sales and from the collection of accounts receivable, which, as you have seen, results from charge sales. This reliance upon cash received from sales shows how important it is to make enough sales so that money from sales will be coming in all the time. It also shows the necessity of keeping expenditures within the cash received from sales.

*Importance of a good cash position.* When a concern is no longer able to pay its bills, it is said to be "insolvent," a situation which may lead to bankruptcy if money isn't quickly forthcoming. If insolvency continues for even a very short time, the concern will probably go out of business, since its employees can not be expected to work for nothing, and other concerns will not sell it goods for which they are not paid. A treasurer, therefore, who can keep his "cash position" good, that is, so that he will have money for the requirements of the business and for emergencies as well, is said to be a good money manager.

*Nonseasonal business.* A few concerns have steady business throughout the year; that is, their sales are about the same month after month. If such concerns have prudent financial management, the cash receipts from the business will take care of all normal requirements, and it will seldom be necessary to seek additional capital.

*Seasonal businesses.* The business of most concerns, however, is seasonal. A summer hotel, for instance, is a highly seasonal business, concentrated into a few summer months; such a hotel does no business in the winter at all. The ice business is seasonal, with a lively demand in the hot season, and little, if any, in the cold season. Coal and other fuels are in demand in the winter and not in the summer. That is why you often see the iceman selling coal in winter.

The businesses just mentioned are highly seasonal. Other concerns also may be seasonal, though not to the same ex-




*Courtesy "Sales Management"*

This chart, showing average sales of certain manufacturers by months, reveals when their busy seasons are.

tent. The men's clothing business formerly had two seasons, spring and fall; summer and winter were dull. Easter was the big season; it still is, but the growing custom of wearing lightweight suits in summer is helping to create a third season in the clothing business.

The significance of seasonal business to the treasurer is that during the dull season his concern is not doing enough business to bring in much money. Yet the trained employees have to be carried through the dull season, and materials have to be purchased. Builders of apartment houses and office buildings have to buy materials and pay their help, sometimes for a year before the building is finished and rented.

*How money is borrowed.* To provide money during the dull seasons, the treasurer resorts to borrowing. He arranges with the bank to lend him as much money as the company will be likely to need. Suppose, for example, the

treasurer thinks $50,000 will be enough; he arranges a "line of credit" with the bank up to $50,000. That is, the bank will lend the company up to that amount, usually in a number of smaller loans, ranging from $5,000 to $15,000 each, as the treasurer requires the money. The total of the loans made in this way may not exceed $35,000; at times it will be down to $5,000, or entirely cleared up; at other times the total may reach the limit of $50,000. All the treasurer does is to borrow what he needs from time to time.

Three requirements, however, the bank usually imposes. The first requirement is that no loan shall ordinarily run for more than ninety days; that is, the treasurer is expected to pay every note within ninety days from its date, even though, as often happens, he pays it by giving another note. The second requirement is that once a year, at least, every note must be "cleaned up," so that the concern owes the bank nothing. The third requirement is that the treasurer shall leave 20 per cent of the amount of the loan on deposit in the bank as a daily balance.

*Taking cash discounts.* Bank loans are often made to permit a concern to take cash discounts on its purchase invoices. Suppose that a concern, by paying an invoice for $3,000, can take 2 per cent cash discount on that invoice; this would amount to $60. If the treasurer hasn't $3,000 readily available for the purpose, but will have within the next month, he borrows $3,000 from the bank for thirty days at 6 per cent interest per annum, or $15. When the thirty days are up, the treasurer pays the note, and the company has a clear profit of $45.

In the course of a year a concern may secure several loans from its banks; the treasurer is usually the man who "negotiates" the loan, watches the due dates to see that

$ 3000.00 CAMBRIDGE, MASS. March 6 1940

Ninety days after date, for value received, we promise to pay to the **Harvard Trust Company**, or order, at its place of business Three Thousand Dollars, with interest at the rate of 5 per cent per annum, payable in advance; having deposited with said bank as general collateral security for the payment of this and any other liability, direct or indirect, joint or several, of the undersigned already existing or which may hereafter arise in favor of said Bank or the holder hereof the following, viz.:-

Fifty shares American Tel. and Tel. Co.

SAMPLE

We hereby certify that we have full right to pledge said collateral, and we agree that we will not substitute or deposit other collateral unless we have full right to do so. Full power and authority is hereby given on the non-performance of this agreement or on the non-payment of this or any other liability due to said Bank or to the holder hereof, or at any time or times after such non-performance or non-payment to sell, assign, transfer and deliver all or any part of said property or any property added to or substituted for the same or any part thereof, at any Brokers' Board, or at public auction or private sale without notice to the undersigned or any other person; and the said Bank or any holder hereof may purchase at any such sale and thereafter purchaser may hold the securities so purchased as the purchaser's own property absolutely free from any claim by us.

Should the market value of the securities hereby pledged or which may hereafter be pledged for this loan depreciate in the opinion of the said Bank or of the President, any one of its Vice-Presidents, or Treasurer, or of any holder hereof, the undersigned hereby agrees to deposit forthwith satisfactory additional security so that the market value of the collateral according to the public quotations or the opinion of said Bank or its President, or any one of its Vice-Presidents, or Treasurer, or any holder hereof, shall always be at least 20 per cent more than the amount of this note.

In case we fail to deposit such additional security, or in case a petition in bankruptcy is filed by or against us, or in case a receiver is applied for to take charge of our business, or in case we make a general assignment for the benefit of our creditors, or in case we sell out our business, or any one of our partners withdraws from our firm, or in case our authority to pledge any of the securities held as collateral be denied, or in case of the non performance of any of the promises or obligations herein set forth, this note shall become due and payable immediately without notice, anything hereinbefore expressed to the contrary notwithstanding, and said Bank or the holder hereof may immediately sell the collateral as herein authorized.

Said Bank or any holder hereof may pay all taxes, charges, assessments, liens or insurance upon any or all of the said collateral and may otherwise protect the value of said collateral or any of it and may charge against us and against the collateral or any of it, all the expenditures so incurred; but the said Bank or any holder hereof shall be under no duty or liability with respect to the protection or collection of any security held hereunder or of any income thereon or with respect to the protection or preservation of any rights pertaining thereto beyond the safe custody of said collateral.

No delay on the part of the said Bank or any holder hereof in exercising any rights hereunder shall operate as a waiver of any right under this note.

In case of any sale or other disposition of the whole or any part of the securities held as collateral, the Bank, its President, any one of its Vice-Presidents, or Treasurer, or any holder hereof, shall have the right to apply the proceeds of such sale or disposition to the payment of all legal or other cost and expenses of collection, sale and making good delivery, and of all expenses incurred in protecting the security or the value thereof, or of the rights of the said Bank or holder hereof, including attorney's fees incurred in the exercise of any authority, power or right; and may apply the residue of such proceeds to the payment of this note, or of any then existing liability, to the said Bank or any holder hereof whether then payable or not, returning the overplus to us or to our legal representatives; and in case of any deficiency we agree to pay the said Bank or any holder hereof the amount thereof forthwith.

John H. Lord

309 Newbury Street

Boston, Mass.

Due June 4, 1940

CMC-5-25-2M Form 23

*Courtesy Harvard Trust Co.*

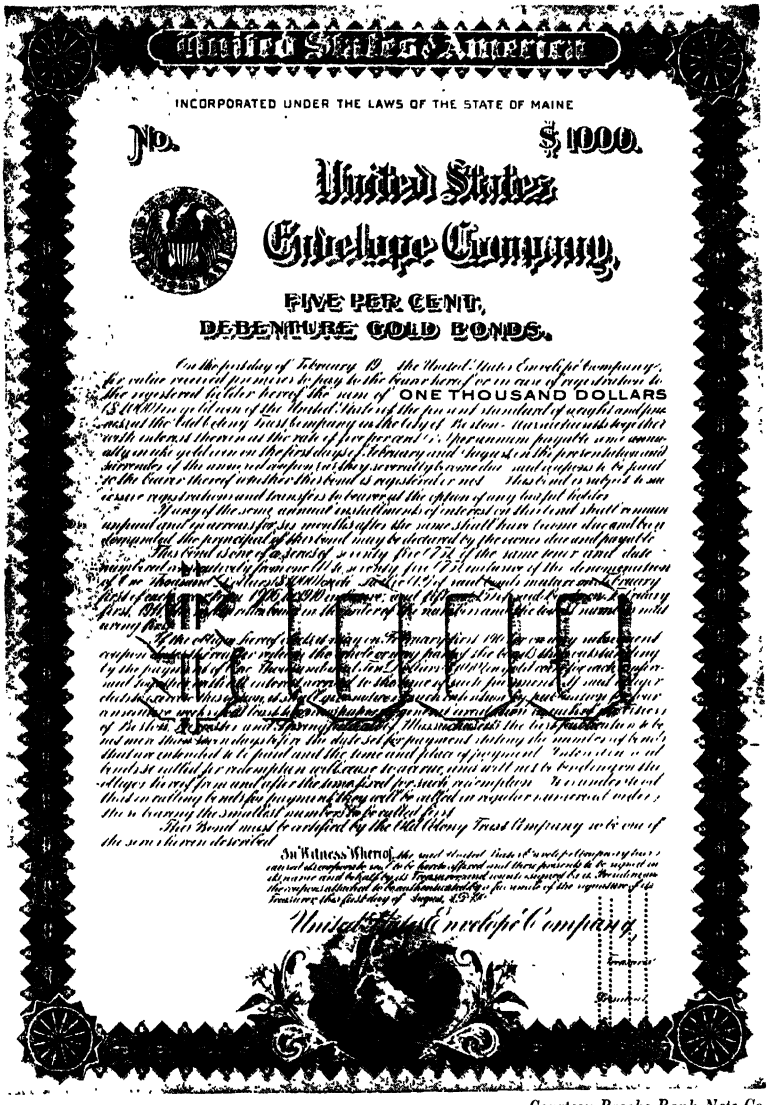
This is a "collateral note," so called because stock is deposited as security. See how carefully the note is worded.

the loan is repaid promptly, and keeps the firm on cordial relations with the bank.

*Borrowing on notes receivable.* In some lines of business, and occasionally in all lines, a customer pays his bill by giving his promissory note for thirty, sixty, or ninety days. Where goods are sold on the installment plan, notes may run for two, three, or even five years. If the treasurer waited until all these notes were due, the company would have a tremendous investment tied up in "notes receivable," as they are called. Instead, the treasurer takes the notes to the company's bank, or to a finance company or acceptance banker, and discounts the notes. The bank lends the amount each note calls for, less the interest for the period stated. As the maturity date approaches, the bank notifies the maker of the note that his note is coming due, and that he should be prepared to pay it. Of course, if the maker "dishonors" his note by refusing to pay it, then the treasurer will be under obligation to make good to the bank.

*Providing money through bond issues or sale of stock.* Money obtained through the sale of bonds is also borrowed money, since the company promises to repay the money at a definite time. Most bonds do not have to be repaid for a number of years. In this way they differ from bank loans, which must ordinarily be paid within ninety days. After all, a bond is simply a promise to pay which is in writing and under seal. Sometimes property is put up as security for the payment of the bond; if the property is real estate, the bond is called a "mortgage bond."

Bonds differ from stock in that the bondholder is a creditor of the company, while a stockholder is a part owner. As a creditor the bondholder may demand payment of both principal and interest as they become due. Since interest on bonds is due every six months, the treasurer must determine whether it is wise to incur fixed obligations


United States of America

INCORPORATED UNDER THE LAWS OF THE STATE OF MAINE

No. $1000.

United States Envelope Company.

FIVE PER CENT. DEBENTURE GOLD BONDS.

On the first day of February 19 the United States Envelope Company, for value received promises to pay to the bearer hereof or in case of registration to the registered holder hereof the sum of ONE THOUSAND DOLLARS ($1,000) in gold coin of the United States of the present standard of weight and fineness at the Old Colony Trust Company in the City of Boston Massachusetts together with interest thereon at the rate of five per cent. (5) per annum payable semi-annually on the first days of February and August on the presentation and surrender of the annexed coupons as they severally become due and coupons to be paid on the bearer thereof unless this bond is registered as set forth below and is subject to successive registrations and transfers to bearer at the option of any holder thereof.

If any of the semi-annual instalments of interest on this bond shall remain unpaid and in arrears for six months after the same shall have become due and be demanded the principal of this bond may be declared by the owner due and payable.

This bond is one of a series of twenty five (25) of the same tenor and date numbered consecutively from one (1) to twenty five (25) inclusive of the denomination of One thousand dollars ($1,000.00) each, issued by the Company under and pursuant to a vote of its directors passed January 23rd, 19 and a resolution of its stockholders passed February 23rd, 19 and a mortgage executed by the Company to the Old Colony Trust Company of Boston Massachusetts as Trustee dated February 1st, 19 to secure the payment of said bonds and the interest thereon, as by reference to said mortgage more fully appears. Copies of said mortgage are on file at the office of the Company in the City of Springfield Massachusetts and at the office of the Trustee in Boston Massachusetts. The bonds are to be issued from time to time as the Company may elect but not more than seven days before the date set for payment thereof notice of the number of bonds that are intended to be issued and the time and place of payment. Bonds or other bonds so called for redemption will cease to draw interest after said date and will not be tendered on the coupon forms and after the time fixed for such redemption. Bonds will be called in regular numerical order, that is bearing the smallest numbers first called first.

This Bond must be certified by the Old Colony Trust Company before any of the seals hereon described

In Witness Whereof the said United States Envelope Company has caused its corporate seal to be hereto affixed and these presents to be signed on its behalf by its President and countersigned by its Treasurer and the corporate seal attached to be hereinbefore affixed by the Assistant Secretary of the Treasurer this first day of August A.D. 19

United States Envelope Company.

President

Treasurer

MECHANICAL

*Courtesy Brooks Bank Note Co.*

The words "debenture bond" mean that there is no security back of this promise to pay, merely the reputation of the borrower.

by issuing bonds. He knows that if he can raise money by the sale of stock, dividends on the stock need not be paid unless and until they are earned and declared by the board of directors. In other words, while bondholders may sue if interest is not paid when due, stockholders can not force the payment of dividends; nor can a stockholder require the corporation to redeem his stock. In selling stock, therefore, the treasurer is not incurring fixed obligations as he would be in selling bonds. Before issuing either stock or bonds, however, the treasurer must comply with rigid restrictions laid down by the Federal Government and by most of the states for the protection of investors.

**Safeguarding the company's money.** An important duty of the treasurer is the safeguarding of the company's money. In many companies this responsibility is extended to the point of forbidding any "commitment" to be made without the treasurer's approval. A "commitment" is any undertaking which will require payment of money at any later time, and includes the making of purchases, the hiring of employees, the incurring of expenses, and so on. Since the treasurer is the one who has to provide the cash to pay the bills, it is only fair and reasonable that he should know ahead of time what payments he may be called upon to meet; he is in better position than anyone else to know whether money is likely to be available at the time the proposed expenditure would come due.

**The treasurer's responsibility for remittances.** All money paid to the company passes through the hands of the treasurer or his assistants. A person whose duty it is to receive money is called a cashier; if money is received at several points, the treasurer will have a cashier at each one of those points, as in some retail stores and in branch offices.

For our purposes we shall consider that there is one cashier to whom all incoming payments are made, whether

5

ACCOUNT NUMBER

NAME Richard C. Falcon, 2255

ADDRESS 2715 Broadmoor Pl.

| | DATE | WITHDRAWAL | DEPOSIT | INTEREST | BALANCE | TRANS. |
|---|---|---|---|---|---|---|
| 1 | OCT-5-37 | | *500.00 | | **500.00 | A A |
| 2 | OCT14-37 | | **25.00 | | **525.00 | B A |
| 3 | NOV20-37 | | **15.00 | | **540.00 | A A |
| 4 | DEC-5-37 | | **50.00 | | **590.00 | B A |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |

IN ACCT WITH Richard C. Falcon ACCT. NO 2255

| | DATE | WITHDRAWAL | DEPOSIT | INTEREST | BALANCE | TRANS. |
|---|---|---|---|---|---|---|
| 1 | OCT-5-37 | | *500.00 | | **500.00 | A A |
| 2 | OCT14-37 | | **25.00 | | **525.00 | B A |
| 3 | NOV20-37 | | **15.00 | | **540.00 | A A |
| 4 | DEC-5-37 | | **50.00 | | **590.00 | B A |
| 5 | JAN-2-38 | | | **5.61 | **595.61 | A |
| | | | **17.50 | | **613.11 | DB A |

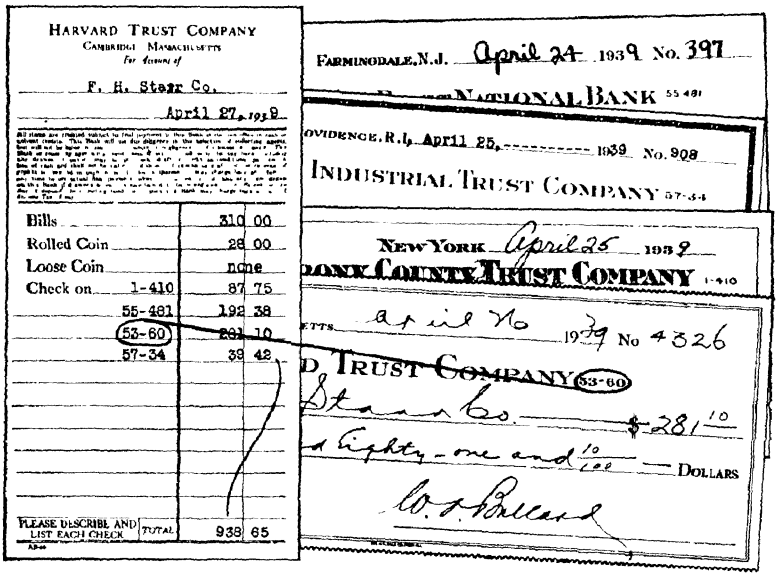
This machine computes balances and prints the entire transaction on the pass book and ledger card, all in one operation.

by mail or in person. Payments made in person are usually in currency, that is, bills and coins, although a few checks may be received. Payments made by mail are usually in the form of checks and money orders; sometimes currency is received in the mail, although it is not a safe way to send money; and some concerns encourage the payment of small amounts by stamps, although the Government frowns upon that practice.

*Responsibilities of the cashier.* In any case, the cashier has certain definite responsibilities in connection with every remittance received. The very first responsibility is to count the money to see that it agrees with the amount the customer says he is paying. The cashier notes this amount in pencil on the customer's bill or letter; many offices use a printing cash register. If there is a discrepancy, the customer must be notified at once, so that he may correct the error. Most underpayments are caused by the customer's deducting a discount to which he is not entitled; in such cases the cashier notifies the credit manager, who takes up the matter with the customer.

*Remittance slips.* If the amount of money agrees with what the customer says he is paying, the cashier stamps the bill P A I D with a rubber stamp, and enters the amount of the payment on his cash received sheet, unless he uses the printing cash register, which lists each item as it is registered. If the customer did not enclose any memorandum with his remittance, the cashier makes out a "remittance slip," showing the customer's name and the amount paid. After the cash has all been entered, the cashier hands the remittance slips to the bookkeeper, who enters the payments in the accounts receivable ledger.

**Preparing remittances for deposit.** The cashier then proceeds to prepare the money for deposit in the bank. Checks are separated from currency and money orders,




Using the transit number instead of the name of the bank saves time in writing out the deposit slip.

and are divided into two parts—local and out of town. The checks are sorted so that all checks of the same bank are together. An easy way to perform this sorting is by the "transit number" which appears on each check beside or below the name of the bank, and which identifies that bank in the American Bankers Association system of numbering. The transit number has two parts; the first part identifies the city or state in which the bank is located, and the second part is the number of the bank in that city or state. The large cities are numbered from 1 to 49 and the states from 50 to 99. The cashier sorts the checks by the first number and then by the second number, finally arranging them in order so that the lowest number is on top. Money orders are arranged according to states and towns.

*Currency.* The currency is sorted so that all bills are face up, and bills of the same denomination are together, with the one dollar bills on top. A rubber band or paper strap holds them together. All nickels are together, all dimes, quarters, and halves, each kind separately. If there is a large amount of coin, each denomination is wrapped in rolls according to the wishes of the bank. The bills are counted and the amount written in on the deposit slip, which may be either typed or handwritten; if it is typed, a carbon may be made for reference after the original has gone to the bank. The coin is counted and the amount written in on the deposit slip, distinguishing the amount of loose coin from the rolled coin. The coin is then put in a bag furnished by the bank on request.

HARVARD TRUST COMPANY
CAMBRIDGE, MASSACHUSETTS
*For Account of*

F. H. Starr Co.

April 27, 1939

All items are credited [illegible] subject to final payment in cash or solvent credits. [illegible] but will not be [illegible] Bank or [illegible] drawer as [illegible] lieu of cash and shall not be liable for dishonor of checks or drafts or for reversal of credits so received in payment nor for losses thereon, it may charge back any item at any time before actual final payment, whether returned or not, also any item drawn on this Bank if drawer's account is ascertained to be overdrawn or insufficient on the day of deposit. In collecting bonds or coupons this Bank may charge back amount of Income Tax, if any

| | | |
|---|---|---|
| Bills | 310 | 00 |
| Rolled Coin | 28 | 00 |
| Loose Coin | none | |
| Check on 1-410 | 87 | 75 |
| 55-481 | 192 | 38 |
| 53-60 | 281 | 10 |
| 57-34 | 39 | 42 |
| PLEASE DESCRIBE AND LIST EACH CHECK — TOTAL | 938 | 65 |

HARVARD TRUST CO. APR. 27, 1939 TELLER 10

AB-66

*Courtesy Harvard Trust Co.*

On this carbon copy of the deposit slip, the teller stamps his receipt.

*Checks and money orders.* The checks and money orders are now listed on the deposit slip; first the money orders, then the local checks, and then the out-of-town ones are entered, with the transit number and the amount written

in, as shown on page 215. The total of the deposit is written at the bottom of the deposit slip, after the last item. The checks and money orders are then endorsed by a rubber stamp. The cashier, or a messenger, then takes the deposit to the bank where the teller enters the amount in a pass book, or, as preferred by some concerns, stamps a duplicate deposit slip and returns it to the cashier or messenger.

**Petty cash.** In addition to the receipt and deposit of remittances, the cashier has to make small payments from a petty cash fund upon presentation of a properly authorized order to pay. This order to pay is really a cash requisition, just like a stock requisition. It has various names, such as currency voucher, cash charge slip, petty-cash voucher, and so on. With the details of handling the petty cash we are not concerned in this book, except to state that the cashier is responsible to the treasurer for its safety and correct use.

**Paying by check.** All bills of the concern are paid by or through the treasurer or his assistants, by checks on the bank. We shall not repeat here the detailed procedure which has already been described in Chapter III, but simply mention the treasurer's responsibility for seeing that no payment is made which has not been properly checked, verified, and approved, and that checks are carefully drawn and duly recorded. Many companies require checks to be signed by two officers, frequently the president and treasurer. Proper steps must be taken to see that the same bill is not paid more than once—something that has happened in many concerns where the proper safeguards were not taken.

*Watching the bank account.* Care must be used to see not only that the bank account is not overdrawn, but that the daily balance is maintained at the minimum required by the bank. This minimum ranges from $200

in small cities to $50,000 in certain large New York banks. One bank, where the depositor kept a daily balance of $100,000, asked the depositor to increase the balance to $200,000, stating that the volume of the company's deposits and checks was so great that although the daily balance showed $100,000, it was really only a few thousand dollars, making the account unprofitable to the bank.

PETTY CASH VOUCHER

_____ 19___

Amount $_____

Charge to _____

_____

For_____

_____

_____

_____

_____

_____

_____

Signature_____

Authorized _____
Vice President

No money can be advanced for expenses without a slip like this, properly signed.

**Preparing and operating the budget.** Carefully managed businesses are usually operated under a "budget" plan, by which a careful estimate of the expected income and expenditures of the company is drawn up in detail, showing where the money is coming from and for what payments will be made. Some concerns prepare this budget in great detail so that each department head and branch manager knows exactly for which part of the income and expenditure of the company he will be responsible during the coming year. Each month actual results are checked with the budget, which thus serves as a guide to the profitable operation of the business.

Usually the controller and treasurer co-operate in making up the budget, while the controller is responsible for administering it after it has been drawn up and approved.

The best results under a budget plan are secured when all who are concerned—department heads, branch managers, salesmen—contribute their share toward making up the budget estimates. Everyone is naturally more interested in making his own estimate come true than in trying to carry out a plan in the making of which he had no share. Following is an example of a monthly operating budget:

MASTER OPERATING BUDGET FOR JUNE[1]

26 working days

| Income and Expense Accounts | Forecast | Budget | Actual | Variation |
|---|---|---|---|---|
| Sales at List Price | $150,000 | $160,000 | $160,000 | 0 |
| Income | $150,000 | $160,000 | $160,000 | 0 |
| Manufacturing Cost of Goods Sold | $ 97,500 | $104,000 | $103,500 | −$ 500 |
| General Administration | 6,800 | 7,120 | 7,300 | + 180 |
| Finance | 6,550 | 7,040 | 7,500 | + 460 |
| Records | 1,500 | 1,600 | 1,650 | + 50 |
| Purchases | 900 | 960 | 1,000 | + 40 |
| Sales | 24,564 | 25,480 | 24,800 | − 680 |
| Receiving and Delivering | 1,950 | 2,080 | 2,200 | + 120 |
| Expense | $139,764 | $148,280 | $147,950 | −$ 330 |
| Operating Profit | $ 10,236 | $ 11,720 | $ 12,050 | +$ 330 |
| Manufacturing Profit | 650 | 362 | 1,280 | + 918 |
| Other Income | 1,500 | 1,000 | 1,000 | 0 |
| Profit for month | $ 12,386 | $ 13,082 | $ 14,330 | +$ 1,248 |
| Five preceding months | 27,500 | 39,870 | 49,260 | + 9,390 |
| Six months to date | 39,886 | 52,952 | 63,590 | + 10,638 |

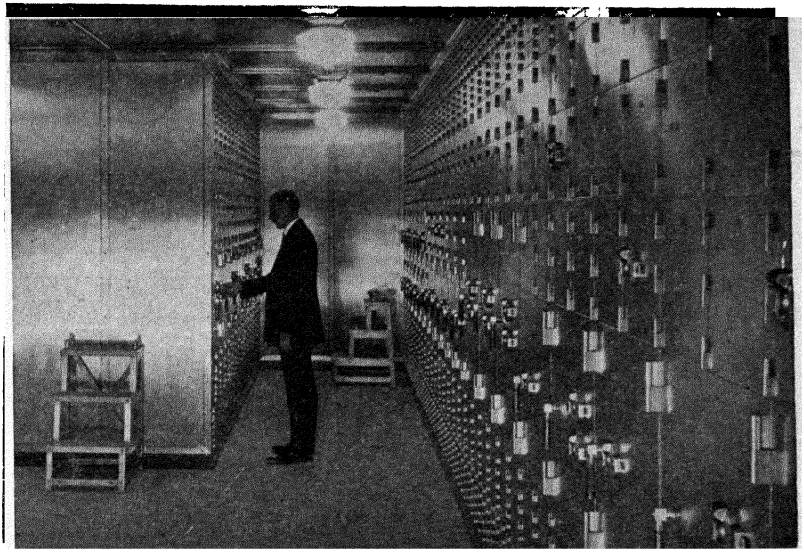
[1] Williams, J. H., *The Flexible Budget*, p. 264 (New York: McGraw-Hill Book Co., Inc. 1934).

**Investing surplus funds.** One of the duties of the treasurer's office is the investing of the surplus funds of the company. By "surplus funds" is meant the money which the firm is not using or is not likely to use in the near future. If these funds were allowed to lie idle, the company would lose interest on its money, and it does not take long for interest to amount to a respectable sum. When you realize that the interest on $100,000 at 6 per cent is nearly $17 a day, you can readily see that the question of investing surplus funds is important.

In deciding just how he shall invest these funds, the treasurer considers three points, in this order: marketability, safety, and yield. Marketability comes first because if the concern should need money in a hurry the first place to turn would naturally be its investments; the treasurer wants something he can sell or borrow on at a moment's notice.

Next comes safety of principal. With most people not in business, safety usually comes first, but a business man can afford to take chances that another person could not. He can watch market prices closely, and if he sees values decline he can "switch" his investments into other securities or take his money out entirely until he is ready to invest it again. Hence, safety is a secondary consideration with the business man.

*The yield on the investment.* Third comes the yield on the investment. Anybody can get 2 per cent at a bank in normal times; some banks pay 3 per cent and even 4 per cent. High-grade bonds can be bought to yield from 3 per cent to 8 per cent; stocks yield from 5 per cent to 25 per cent. The higher the yield the less the safety; but the treasurer watches the stock market very, very closely, and if an opportunity comes along to buy a stock paying 8 per cent to 15 per cent with a good market, he may buy



*Courtesy Chase National Bank*

This bank officer is testing the locks of the safe-deposit boxes to make sure they are secure.

the stock, first making sure that the stock to be purchased has a good market so that it may be easily sold if necessary.

Or he may get a chance to buy a bond yielding 8 per cent to 10 per cent. Some concerns prefer to buy bonds instead of stocks, because the market value of bonds varies very slightly compared with the violent changes in stock prices, and usually bonds can be sold for very nearly what was paid for them. Especially is this true of United States Government bonds. Of course, this is all a matter of judgment, and the treasurer must be on the job every minute of the day.

**Safeguarding securities.** The securities owned by a company may be kept in the company's own vault, if it is "burglarproof" as well as fireproof, but probably the safest place to keep all securities is in the safe-deposit

vaults of a bank. Steel boxes of various sizes may be rented for a sum ranging from $5 per year for the smallest size box to several hundred dollars for a large vault. The treasurer or any authorized assistant (called a "deputy") may have access to the safe-deposit vaults at any time during the day up to 3:00 or 4:00 P.M. Armed guards are in constant attendance, and papers may be examined in the privacy of locked booths. Some banks even provide conference rooms adjacent to their safe-deposit vaults. No one but the treasurer or his deputies has access to the box or knows what is in it. The compartment in which the box is kept can be opened only by using two different keys at the same time, one key being kept by the bank and the other by the company treasurer. That is, two persons are required to open the compartment; neither person can open it alone without having both keys, something that the bank does not permit.

**Protecting other property of the company.** Money and securities are not the only property of the company which the treasurer must protect. If the company owns real estate and buildings, the treasurer must see that the taxes are paid when they are due, the rents collected if there are tenants, repairs made where necessary, insurance taken out and renewed, and the making of improvements properly supervised.

**Value of understanding money matters.** Although the functions of the treasurer's office have been described rather fully in this chapter, the object is not to teach you how to become the treasurer of a big corporation right away, but to show you the meaning back of all your work. This work may include making out checks and deposit slips, bills and drafts; inspecting, recording, or filling in various kinds of blank papers, such as notes, mortgages, deeds, leases, stocks, bonds, contracts, insurance policies,

and commercial drafts, all or many of which will be used by the concern which employs you.

If you are able to appreciate fully the ultimate effect of your work, you will be able to perform it much more carefully and intelligently than if you are simply "working." Furthermore, in an emergency, your knowledge of financial matters might be of valuable assistance to your firm and thereby to yourself, also.

**Summary.** Upon the careful management of the treasurer's department depends in large part the success of any concern. While the care of and responsibility for the company's property of every kind is centered in the treasurer's office, the most vital function is concerned with money. Since cash is needed constantly by every going concern, the treasurer must see that cash is provided when it is needed, whether the cash is collected from customers who owe it to the company, whether it is obtained from cash sales, or whether it is borrowed from the bank or from other sources. Taxes must be paid, insurance policies renewed, property kept up, and surplus funds invested and reinvested. Furthermore, necessary records must be kept of all that concerns the finances of the company.

## Financial Standards

### Elementary Principles of Finance

1. Bank loans ordinarily are made for short periods of time, such as thirty, sixty, or ninety days, seldom for more than four or six months. Capital for permanent use is usually provided by the sale of stocks and bonds.

2. Loans which run for a stated time are called "time loans."

3. When a bank lends money "on demand," no definite time for repayment is fixed, but the note must be paid upon demand.

4. Banks usually expect a borrower to deposit marketable stocks or bonds as security for the repayment of a loan; the security thus deposited is called "collateral," and the loan is called a "collateral loan."

5. If a collateral loan is not paid when due, the lender may sell the security.

6. On collateral loans only one signature is usually required by the lender.

7. On loans without collateral, the bank often requires two or more signatures.

8. The signer of a note is called the "maker."

9. If two persons sign a note, each is held liable for the full amount. If, however, one man signs the note and another man endorses it, the endorser is liable only in case the maker does not pay.

10. Each additional endorser on a note is responsible only in case the maker and preceding endorsers fail to pay.

11. A note signed by a partnership firm may be collected from any partner.

12. A note signed by a minor can not be enforced against him.

13. If a man carelessly signs a note which he thinks is some other paper, he is liable, in the absence of fraud.

14. A man who can not write can sign a note by making his mark.

15. A note given by a man who can not write should be witnessed.

16. A note written with pencil on a scrap of paper is good.

17. A note with a forged signature cannot be collected from the maker named, even if it is in the hands of an innocent purchaser.

18. If partial payments are made on a note, they should be noted on the back of the note, with the dates of payment.

19. If neither interest nor principal is paid for several years, the note may be outlawed. The time for outlawing a note varies according to the state laws; it is usually six years after the due date.

20. If a note is not canceled and delivered to the person paying it, he might be forced to pay it a second time.

21. A note does not carry interest before maturity, unless it so states on the face of the note.

22. The legal rate of interest is 6 per cent usually, but the laws of some states permit higher rates; usury is charging a higher rate of interest than the state law permits.

23. In some states the interest is forfeited if usury is proved.

24. In some states both principal and interest are forfeited by usury.

25. Some states have no usury laws and no penalty for usury.

## Financial Standards

### How to Write a Check

1. A check is an order on a bank to pay out money on demand.

2. The one who signs the check is called the "maker" or "drawer."

3. The one to whom the check is payable is called the "payee."

4. Checks are usually made out on regular printed forms, but they may be written on any kind of paper if a blank check is not handy.

5. Checks written in lead pencil are good, but it is safer to use ink.

6. Before writing the check, fill in the stub, showing the date, the amount, to whom payable, and for what the check is in payment.

7. Then fill in the check with care, writing or printing plainly.

8. You may make the check payable to a named person, to bearer, to yourself, or to cash.

9. A check payable to bearer could be cashed by anyone holding it. If it were lost, the finder could cash it. The same is true of a check with the payee's name left blank.

10. Make your check payable to cash or to yourself if you wish to draw money from your own account.

11. The amount is stated in two places, once in figures, and once in writing. Write the amount plainly and carefully so that it can not be changed in any way, shape, or manner.

12. Do not change the amount, if you make an error. Write a new check.

13. Make your figures plain and see that they agree with the written amount. If the written amount does not agree with the figures, the writing is considered correct.

14. If you write a check with gross carelessness and it is raised, you lose.

15. A check protector will help to prevent altering of the amount. Large firms and banks always use check protectors.

16. Some check protectors perforate the check; others penetrate the paper; others use an indelible ink. The use of colored checks on prepared papers is an aid in detecting erasures or alterations.

17. Write your signature plainly, and write it the same way on all checks.

18. After writing a check, see that it agrees with the stub in every way.

19. Forgery is the alteration of any written instrument without the authority of the maker. It is a serious crime and is always heavily punished.

20. If someone successfully forged your signature, the bank would be the loser if it cashed the check, unless you were grossly negligent.

21. To draw a check on a bank when you are overdrawn is bad business, and in some states it is a crime.

22. It is fraud to draw a check on a bank where you never had any deposit, and in some states it is a crime.

## Financial Standards

### How to Cash a Check

1. Before the bank will pay a check, the check must be endorsed by the person to whom it is payable. He does this by signing his name on the back of the check exactly as it appears on the face of the check.

2. Endorsements are properly written across the left end of the back of the check.

3. If other names are endorsed on the back when you receive the check, write your name below the other endorsements; it is wise not to endorse a check until you are ready to dispose of it.

4. The safest way to endorse a check is to write the words: "Pay to the order of John Smith," across the left end of the check on the back, and then sign your name. This is an "endorsement in full."

5. The bank holds endorsers of checks liable just as endorsers of notes are liable.

6. You can escape part of this liability by writing "without recourse" above your endorsement. This is called a "qualified endorsement."

7. If endorsed to "John Smith for deposit," it is a "restricted endorsement."

8. If endorsed "Pay to John Smith," it is a "limited endorsement."

9. You should deposit all checks or cash them within twenty-four hours after you receive them.

10. If you hold checks longer than twenty-four hours, you will be the loser in case of the failure of the bank or the drawer.

11. You may hold the check as long as you please if you are willing to take the chances of losing.

12. A check cannot be cashed before the date, if it is dated ahead.

13. If a check is dated Sunday, it can be cashed on Monday.

14. If the date is omitted, the check can be cashed whenever it is presented.

15. You can cash a check in a strange bank if you have credentials to identify you to the bank.

16. If a man who knows you will O.K. your signature, you can cash a check wherever his signature is known.

17. A bank cannot refuse to pay a check if the maker of the check has sufficient funds on deposit in the bank.

18. If, however, the maker has ordered the bank to "stop payment" on the check, the bank will refuse to pay it.

19. If the maker's account is overdrawn or there are not sufficient funds on deposit, the bank may refuse to pay the check.

20. If a check is stolen and cashed, the man from whom it was stolen would not be the loser unless he had already endorsed it.

21. If you endorse a check that is protested, you are responsible.

22. If you endorse a forged check and cash it, you are responsible.

23. If the bank cashes the check on a forged endorsement, the bank is the loser, unless it can find the person who cashed the check.

## Financial Standards

### How to Use Checks

1. Each month the bank renders a statement of your account, showing deposits made, checks paid, and the balance. Your canceled checks are returned to you at the same time.

2. A canceled check, when returned, bears the endorsement of the payee and should be saved as a receipt for the payment.

3. Personal checks are very satisfactory for making remittances, since they are easy to draw, easy to send, and the canceled check is a receipt.

4. For out-of-town remittances, however, many banks charge exchange on personal checks.

5. It is well, therefore, in sending or receiving out-of-town remittances, to use a check upon a New York bank.

6. Nearly every bank has connections, either directly or indirectly through other banks, with some New York bank. Your bank can therefore ordinarily accommodate you with a "New York draft," as it is called.

7. Another advantage in using bank drafts for out-of-town remittances is the avoidance of any possible delay in holding up an order until the check is collected.

8. A certified check is a personal check which the bank has certified. It is good for the amount for which it is certified.

9. In dealing, therefore, with anyone whose credit or character may not be good, or who is a stranger to you, you are justified in asking him to give you a certified check.

10. The maker of a certified check cannot have payment stopped on that check without going to considerable trouble.

## Financial Standards

### General Facts about Insurance Which the Treasurer Should Know

1. You can insure against loss by death, fire, theft, accident, ill health, burglary, tornado, loss of business, and almost anything that is likely to affect you or your family, your business or your property.

2. Statistics are said to show that the farmer is more liable to accident than is the traveling man.

3. The employee in a machine shop is more liable to accident than the office worker.

4. Pianists insure their fingers against injury.

5. Vocalists insure their voices against injury.

6. Farmers insure their crops against hail.

7. Fruit growers insure crops against frost.

8. Automobile owners insure their cars against theft, fire, collision, and property damage.

9. Employers insure themselves against loss due to the possible dishonesty of their cashiers.

10. Merchants may insure their business against bad debts.

11. Factories insure against accidents to their employees.

12. Business men insure against business depression.

13. Compulsory insurance against sickness, accident, and old age is now enforced in many states.

14. To take out insurance on anything, you must make application to the insurance company, giving whatever information is required.

15. If the insurance company accepts your application, it will issue a policy to you for the amount of the insurance.

16. An insurance policy is a contract between you and the insurance company. You agree to pay the premiums, and the company agrees to pay you the insurance in case of loss.

17. An insurance premium is what you pay to the insurance company for the insurance. Premiums are paid regularly, usually once a year.

18. The amount for which the company insures you or your property is called "the face of the policy."

19. The amount of the premium depends largely on the nature and extent of the risk.

20. Some "risks" cannot be insured at all.

21. Always read your insurance policies carefully. If they contain anything you don't understand, ask the company to explain.

22. Do not take anything for granted. Make sure that everything is as it should be.

23. Insurance policies should be kept in a safe place where they cannot be lost, stolen, or destroyed.

## Financial Standards

### Some Facts about Fire Insurance Which the Treasurer Should Know

1. Fire insurance is comparatively inexpensive, since the loss may be very slight, and the insurance company pays only for the actual damage.

2. The premium for a fire insurance policy would be higher for a wooden building than for a brick one.

3. A brick building beside a railroad track might cost more to insure than the same building near a lake.

4. Some locations are so dangerous that the buildings cannot be insured.

5. The owner of a powder mill would probably have difficulty in getting insurance on his building. He might also find it difficult to get his own life insured.

6. Insurance rates in the city are lower than in the country because the fire protection is better.

7. The more fireproof the building, the lower the rate of insurance which may be obtained.

8. The higher the building, the greater the risk and the higher the rate.

9. The business handling explosives or combustibles must pay a higher rate.

10. Lower rates may be obtained if the policy contains the 80 per cent coinsurance clause.

11. Under the 80 per cent clause the owner agrees to keep the property insured up to 80 per cent of its value.

12. Otherwise, he can recover only the ratio that the amount of insurance carried bears to 80 per cent of the value of the property.

13. If you do not comply with the insurance rules, you may find that you cannot collect the insurance.

14. If alterations are made in the building, the company should be notified.

15. In case the surrounding buildings are changed, the company should be notified.

16. In case a new member is admitted to a partnership, the policies should be changed accordingly.

17. If the property is sold, the company should be asked to transfer the insurance.

18. Two or more persons can get insurance on the same property if they have an insurable interest.

19. The company always reserves the right to replace the lost property instead of paying the face of the policy.

20. The insurance is usually void if the property is vacated without permission from the insurance company.

## Financial Standards

### Facts about Life Insurance

1. You may insure your life or the life of someone else, provided the insurance company is satisfied that your interest in the other person is sincere.

2. You cannot insure the life of anyone in whom you have no interest.

3. A creditor, however, can have insured the life of a man who owes him money.

4. Ordinarily you may have your life or property insured in favor of anyone you choose.

5. In case of death by suicide the company will pay the insurance if the policy has been in force for a certain time, usually one or two years, as stated in the policy.

6. The insurance company will not, however, pay insurance for the death of a person killed while committing a crime or as punishment for a crime.

7. If the insured enters the naval or military service, in time of war, the company will adjust the premium.

8. Untrue statements in the application for insurance may render the policy void, depending on their nature and the company's rules.

9. If the wrong age is stated, the insurance is not usually affected, except that the company will probably require some adjustment in the premiums.

10. The cost of life insurance is comparatively high, since if you die you are a total loss to the insurance company.

## Financial Standards

### Facts about Corporations

1. A corporation is an artificial arrangement created by law, under which three or more persons may associate themselves together to carry on a business.

2. A corporation receives a charter from the state, granting certain powers to the corporation.

3. No corporation can exceed the powers granted in its charter.

4. The by-laws of a corporation are the rules and regulations by which the corporation conducts its business.

5. The important feature of a corporation is the fact that, except under special circumstances, the stockholders are not liable for the debts of the corporation.

6. The stockholder of a bank is ordinarily liable for twice the amount of his stock.

7. That is, if he owns 10 shares of a par value of $100, he is liable not only for the par value of his stock, $1,000, but also for an additional $1,000, or $2,000 in all.

8. This does not mean that if he paid $1,000 for his stock, he will have to pay $2,000 in case the bank fails. It simply means that he may lose the $1,000 already paid in, and is liable for an additional $1,000.

9. A stockholder in any other corporation who owns stock that is not "full paid" is liable only for the par value of his stock less the amount "paid in."

10. "Full paid" stock is stock which has been issued and paid for at its full par value.

11. The par value of a stock is its face value—the amount printed on the face of the stock certificate.

12. The par value of a stock has nothing to do with its actual value.

13. A stock may have a par value of $100 and be worth only $23.

14. The capital stock of a corporation is divided into shares.

15. The stockholder of a corporation has one vote for each share of stock he owns, unless he owns non-voting stock.

16. Certificates of stock are negotiable, and a stockholder may sell any or all of his stock to anyone who is willing to buy it.

17. A corporation is managed through a board of directors, who may be elected by the stockholders at the annual meeting.

18. The directors may authorize one of their number, usually the president, to act for them, and to manage the business of the corporation subject to their approval.

19. A stockholder, therefore, has absolutely nothing to do with the business of the corporation unless he is an officer, or a member of a board of directors, or owns the controlling vote, or is employed by the corporation. He has no power or authority whatever, except a vote at the annual meeting.

20. The business of a corporation can continue regardless of the death of any stockholder.

21. A mortgage transfers title to property, with the provision that if the conditions named in the mortgage are met on or before a stated time, the transfer will be void.

22. In addition to the capital stock some corporations issue bonds, which are notes under seal, and are usually secured by mortages.

23. A bondholder is therefore a creditor of the corporation, since the corporation owes him money.

24. The bondholder does not have any vote.

25. The difference between bonds and stock is that bonds are an obligation of the corporation and must be paid at maturity, while shares of stock are simply evidences of ownership.

26. When the bonds mature, if they are not paid, the bondholders can foreclose on the security, just as the holder of a mortage can foreclose if the interest is not paid.

27. The only way a stockholder can get his money back is by selling his stock.

28. Another difference between bonds and stock is that the interest on bonds must be paid, while dividends on stock are not paid unless they are earned, and not then unless the directors declare the dividends.

29. If the interest is not paid, the bondholders can foreclose.

30. Evidently then, bonds, to be worth anything, must have some security back of them.

31. The security back of the bonds may be the property of the company, or the income of the company, or simply the promise of the company.

32. Bonds secured by property are called "mortgage bonds"; those secured by income are called "income bonds"; those secured by promises are called "debenture bonds" or sometimes simply "notes."

33. The interest on bonds must be paid before the dividends on stock are declared.

34. Sometimes a corporation issues two or more kinds of stock. One kind is called "preferred stock"; the other, "common stock."

35. Preferred stock is usually preferred both as to assets and dividends; that is, dividends must be paid on the preferred stock before anything is paid on the common stock.

36. If a corporation winds up its business and dissolves, the bondholders get paid first, then the general creditors, then the preferred stockholders, and the common stock gets what is left.

37. Very often the common stock carries voting power, and the preferred does not.

38. If a stockholder loses his certificate he can get a duplicate by promising to make good any loss caused by the lost stock showing up.

39. If the stock turns up in the hands of an innocent holder, the corporation would probably be compelled to recognize it.

40. In some states the corporation laws are not so rigid as in others. They allow corporations greater powers at less cost and with less supervision. Although it is easier to incorporate in these states, there is greater opportunity for fraud.

41. A corporation can do business in any state, regardless of the state in which it is incorporated. It is, of course, subject to the laws of the state in which it does business, and must also comply with the laws of the state in which it is incorporated.

## Financial Standards

### Facts about Partnerships

1. A partnership is an arrangement by which two or more persons may work together for their mutual profit.

2. Nearly all partnerships are or should be based upon a written agreement between the partners, stating exactly what each partner agrees to do and what he expects the other partners to do.

3. The partnership agreement should therefore be carefully drawn, preferably by an attorney.

4. The partnership agreement usually states who the partners are, the nature of the business, each partner's duties in that business, what each partner agrees to put in and take out of the business, and how the partnership shall be terminated.

5. Regardless, however, of the agreement, there are certain laws affecting partnerships which must be considered.

6. The outstanding feature of a partnership is the unlimited personal liability of each partner for the debts of the firm, and responsibility for the acts of all the other partners.

7. If the firm fails, each member is individually liable for the entire debts of the firm.

8. Each partner may ordinarily make contracts binding all the other partners, even though he acts against their wishes.

9. It is wise, therefore, to be extremely careful in choosing partners, to see that those you choose are trustworthy in every way.

10. A partner may withdraw from a firm at any time, but his withdrawal does not release him in any way from his liability for the acts and debts of the partnership up to the time of his withdrawal.

11. A partnership is dissolved by the death, insanity, insolvency, or withdrawal of a member, or by the mutual agreement of the partners.

12. Usually when a partner withdraws from a firm of three or more members, the remaining members form a new partnership.

13. If a partner withdraws, the fact should be published, and notice sent to all interested persons, in order to relieve him of liability for subsequent acts of the firm; otherwise, he may find himself some day in a rather embarrassing situation.

14. In fact, any change in a partnership should at once be published and notice sent to all interested persons.

15. Upon the death of a partner, the other members of the firm have the sole right, in the absence of agreement to the contrary or otherwise, to wind up the business.

16. In the absence of any prior agreement to the contrary, the heirs of a deceased partner cannot enter the firm and manage his interest without the consent of the surviving partners.

17. A partner cannot dispose of his interest in the partnership by will. He can, however, dispose of the proceeds of his interest after the affairs of the partnership have been settled.

## Vocabulary Exercise

Define or explain:

| | | |
|---|---|---|
| bond | current operations | partnership |
| by-laws | deputy | petty cash |
| capital | dishonor | remittance slip |
| cash position | funds | seasonal |
| cashier | insolvent | securities |
| check | line of credit | stock |
| corporation | money order | transit number |
| currency | mortgage bond | vault |
| currency voucher | note receivable | yield |

## Questions for Discussion

1. Why does a business concern have to have a treasurer?
2. Why is the treasurer so named?
3. What is included in the term "funds"?
4. Are express money orders funds? Why or why not?
5. What does "finance" mean?
6. How many people are there on the treasurer's staff? Why?
7. Why do very large corporations have a finance committee?
8. Name five main responsibilities of the treasurer.
9. What is the relation of the accounting department to the treasurer?
10. Explain the relationship of the credit manager to the treasurer.
11. Why should you expect to find the treasurer of a small company handling credits and collections?
12. Explain the need of money for current operations.
13. From what source should the money for current operations come? Why?
14. Why is it desirable to keep expenditures within the income from sales?
15. What is "cash position," and why is it important?
16. When is a firm said to be insolvent?

17. What is bankruptcy?
18. Why do most insolvent concerns soon go out of business?
19. What are the advantages of a nonseasonal business?
20. When is a business seasonal? Illustrate your answer.
21. What are the disadvantages of a seasonal business?
22. What is the significance of seasonal business to the treasurer?
23. What must the treasurer of a seasonal business do to get money during the "off" season?
24. Why does the treasurer of a concern borrow money?
25. What arrangements does the treasurer make with the bank?
26. What is a "line of credit"? Explain.
27. What three requirements do banks usually make of borrowers?
28. Do you think all three requirements are reasonable? Why or why not?
29. Why do you think the banks make these requirements?
30. Is it ever a good plan for an individual to spend more than his means and borrow money to meet the deficit? Explain.
31. What is a cash discount, and what is its purpose?
32. Do you think it is wise to borrow to take a cash discount?
33. What is a note receivable?
34. Why should a firm take notes receivable from its customers?
35. What is meant by discounting a note?
36. Do you know how the bank proceeds to collect a note?
37. What is a bond?
38. Is there any security back of a bond? Explain.
39. What is a mortage?
40. What is the difference between a bondholder and a stockholder?
41. What is the difference between dividends and interest?
42. Which would you prefer to be, a bondholder or a stockholder? Why?
43. What may a bondholder do that a stockholder cannot do?

44. Who is responsible for incoming remittances? Why?

45. Who usually represents the treasurer in handling remittances?

46. How many cashiers does a concern usually have?

47. In what form are remittances ordinarily received? Explain.

48. What are the cashier's responsibilities?

49. How does the cashier check the correctness of the amount remitted?

50. What does he do if there is a discrepancy?

51. What does he do if the amount is correct?

52. What is a remittance slip, and what is its purpose?

53. Could a customer's letter serve as a remittance slip? Explain.

54. If the customer returned our invoice with his remittance, could that invoice serve as a remittance slip?

55. How are remittances prepared for deposit?

56. What is done with the checks? With money orders?

57. What is the transit number on a check, and what does it signify?

58. What is done with the currency?

59. What is an endorsement? What is the purpose of endorsing checks and money orders?

60. In what order are deposit times listed on the deposit slip? Why?

61. Who takes the deposit to the bank? Why?

62. What is petty cash? How is petty cash used?

63. Who is responsible for the petty cash? Explain.

64. Why are bills usually paid by check?

65. Why must the treasurer watch the bank account?

66. Do you know why banks require a minimum deposit balance in checking accounts?

67. What is a budget? Who prepares it? Why? Who operates it? Why?

68. How is the budget prepared? How is the budget operated?

69. Under what circumstances does a budget work best? Why?

70. What do you think should be the primary purpose of a vault in a business office—safety from fire or safety from theft? Why?

71. In a vault whose primary purpose is safety from fire, should there be windows for light? Why or why not? What would you use for lights? Why?

## Topics for Special Reports

In preparing the following reports, it may be advisable for the members of the class to work in groups or committees, as explained on pages 41 and 466.

1. Call on the treasurers of two concerns in your town or city and ask them to explain to you what they do.

2. Ask the treasurer of the largest concern in your town or city if he delegates much of his responsibility to his assistants; if he does, ask him how he "keeps in touch" with the way things are going.

3. Ask the local banker what his bank does when it makes a loan and what requirements it imposes upon the borrower.

4. Make a list of the seasonal businesses in your town or city, and draw up a chart showing what the owners of those seasonal businesses do in the "off" season.

5. If there is an investment house in your town, ask the manager to explain to you the difference between bonds and stocks.

6. Visit the nearest safe-deposit vaults and ask the manager to show you through the vault and explain the service rendered to vault patrons.

7. Call on the treasurer of some local concern and ask him to show you the company's vault and explain what he keeps in it and why.

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## Problems

### BORROWING MONEY

Banks lend money to business concerns, to individuals in business for themselves, and to private individuals not in business for themselves. Prepare a statement showing the following information for each of the three types of borrowers mentioned:

1. Reasons for borrowing.
2. Where is the money coming from to repay the loan?
3. Should the bank make the loan? Why or why not?
4. If the bank refuses the loan, what should the borrower do, and why?

### CASH DISCOUNTS

For payment in full within ten days after the date of the bill, many concerns allow a cash discount of 2 per cent.

1. What is the purpose of the cash discount?
2. When a concern takes 2 per cent cash discount for paying its bill within ten days, what rate of interest would that be by the year?
3. A certain concern has a bill for $500, on which it wishes to take the cash discount of 2 per cent ten days. To get the money it must borrow from the bank at 6 per cent. How much interest would the concern have to pay the bank for a sixty-day loan of $500?

4. How much cash discount would the concern get by paying its bill within ten days?
5. Should the concern try to borrow the money? Why or why not?

### Methods of Paying Employees

Some firms pay their employees by check, and others by cash. Still others deposit the amount of the wages or salary in the employee's bank account. What are the advantages and disadvantages of each method? Which would you prefer for yourself? Why?

### Safe-deposit Vaults

What is a vault? Have you ever seen the vault of a business concern? If so, describe it as well as you can, stating its shape, its size, where it was located, what it was made of (brick, steel, stone, concrete), and what was kept in it.

CHAPTER IX

# Handling Mail and Correspondence

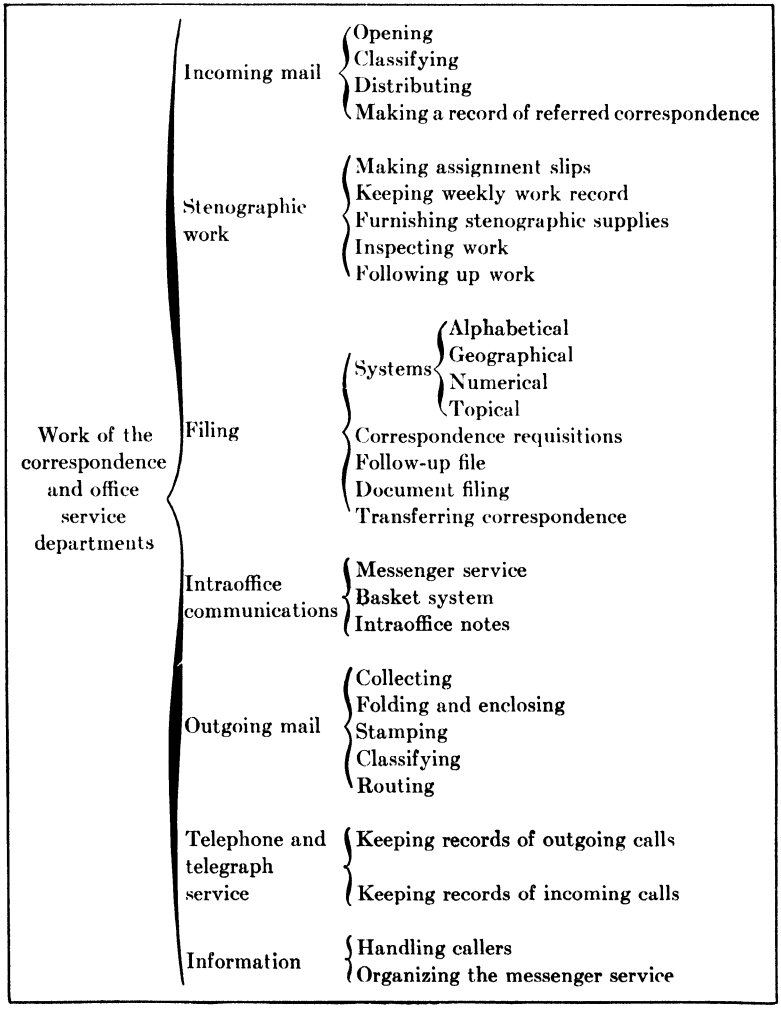
*Aims for Study of This Chapter*

To understand the important part that letter writing plays in business
To learn how to open mail and sort it
To see how letters are dictated and transcribed
To find out how outgoing mail is handled
To analyze the work of the office messengers

**Communications in business.** Written communications play an important part in the conduct of business affairs. The number of letters received and written by a good-sized business daily runs into the thousands. In addition, there are the written messages passed back and forth between the various departments and branches of a business concern. Dictators, transcribers, stenographers, and secretaries work from morning until night, day in and day out, turning out a mass of letters, the handling of which requires an ever-increasing number of postal employees, and results in keen competition among railroads, air-transport and steamship companies for a share of the business of transporting the huge volume of mail.

**The organization.** In this chapter we shall see how the mail is received and opened in a business office, what happens to it, how letters are written and mailed, and how communication between departments is handled. In a very small office one person may open letters and answer them, mailing them on the way home. In a large business

there is a separate mail department, which receives and opens all company letters, distributing them to the departments and individuals who are concerned. There may often be a central correspondence department in which a staff of trained letter writers dictates letters to stenog-



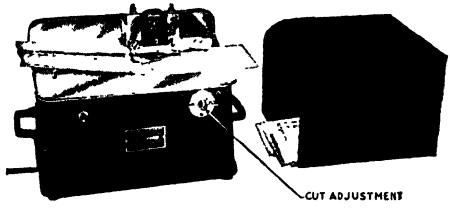
raphers or to dictating machines all day long; there may be a central stenographic or transcribing department to take dictation from any member of the organization who wants to write a letter, and to transcribe the cylinders dictated by the correspondents. There may be a central messenger department with messengers who not only are constantly on call from any department, but who make regular trips through all offices and departments, delivering letters and papers received from other departments, and collecting letters and papers intended for other departments.

**The morning mail.** Let us consider the work of the mail department first. Experienced office managers look upon the morning mail as the starting gun of the day's work. So many departments seem to depend upon the day's receipt of letters and orders, that the manager who prides himself upon the expedition with which his office turns out work, makes sure that the incoming mail, and particularly the first morning delivery, is handled quickly and accurately, so as not to give any other department an excuse for delay.

The mail is delivered from the post office either by the letter carrier who brings it to the office several times a day, or by someone from the office, who goes to the post office for it. It is possible to get the first mail a little more quickly by going for it than by waiting for the postman to bring it. By making arrangements ahead of time, offices handling very large quantities of mail may get their letters from the post office as early as six o'clock in the morning and sometimes even earlier, so as to have it ready by the time the office opens.

*How the incoming mail is handled.* As soon as received, the mail is usually taken directly to the mail-opening clerk, who first separates letters that are specifically addressed

to some person from those addressed to the company. Then he proceeds to open the company mail and sort it for delivery to the proper departments, as described below.




*Courtesy Bircher Co., Inc.*

An electric letter opener saves much time.

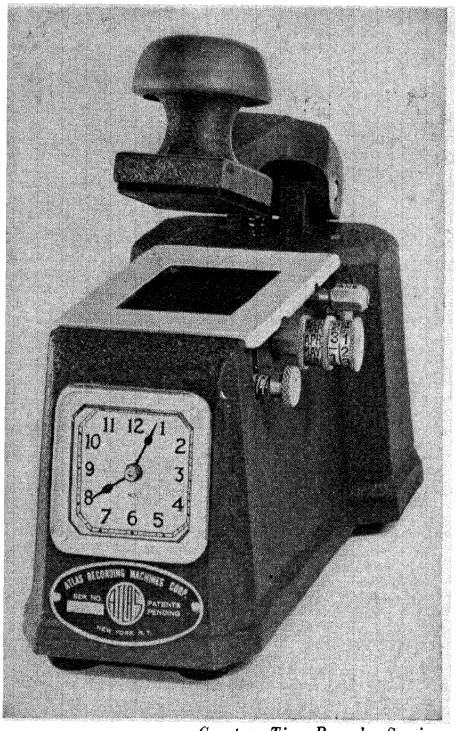
*Opening the mail.* Where the volume of mail is small it is usually opened by hand, with the use of a steel letter opener. The mail clerk takes up six or eight envelopes, sees that they all face the same way, and jogs the bottom edge of the bunch smartly to free the top. Holding the envelopes in his left hand, the clerk rapidly slits each envelope with the steel held in his right hand, until he has slit the last envelope. Then he picks up another batch and repeats the operation until all the envelopes have been slit. Care is taken not to cut through checks or other enclosures.

In medium-sized offices, where from a hundred and fifty to two hundred letters are received, a small hand-operated mail-opening machine is often used as a timesaver. The clerk picks up twenty-five or thirty envelopes at a time, jogs them smartly on the bottom edge, and places them on top of the machine platform. Turning the crank brings each envelope against the edge of a revolving circular knife, which cuts off the top edge of the envelope. In large offices, where a large volume of mail is regularly handled, an electric mail-opening machine is found useful.

Whatever method of opening mail is used, the object is to open the envelope as quickly and carefully as possible, and to get the mail sorted with the least possible delay.

*Removing the contents.* After the envelopes have been opened, the contents are removed, unfolded, and pinned to the envelope. In doing this, the clerk stacks the envelopes

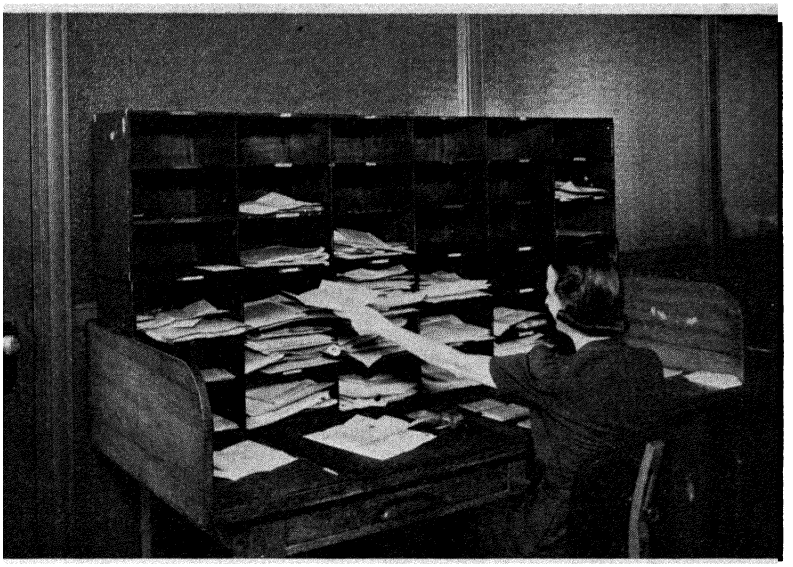
at his left, open side toward him. As the clerk lifts the top envelope by the edge, the weight of the contents causes the envelope to open wider. The clerk inserts the thumb and forefinger of his right hand, removes the contents, unfolds them, arranges them neatly, and places them on top of the envelope which his left hand has meanwhile laid down on the table in front of him, face up. With his right hand he reaches for a pin, which is in a small glass oblong pin tray to his right, and pins together the enclosures and envelope. (Except to avoid mutilation of documents, clips should never be used to fasten papers together, since a clip is likely to pick up other papers, which then may be permanently lost.) The clerk places the pinned set on the table in front of him, somewhat farther back. "Cash mail," that is, letters containing remittances, is placed in a separate pile for the cashier, and is handled as described in Chapter VIII.




*Courtesy Time Recorder Service*

By means of this machine the time of receipt is stamped on every letter.

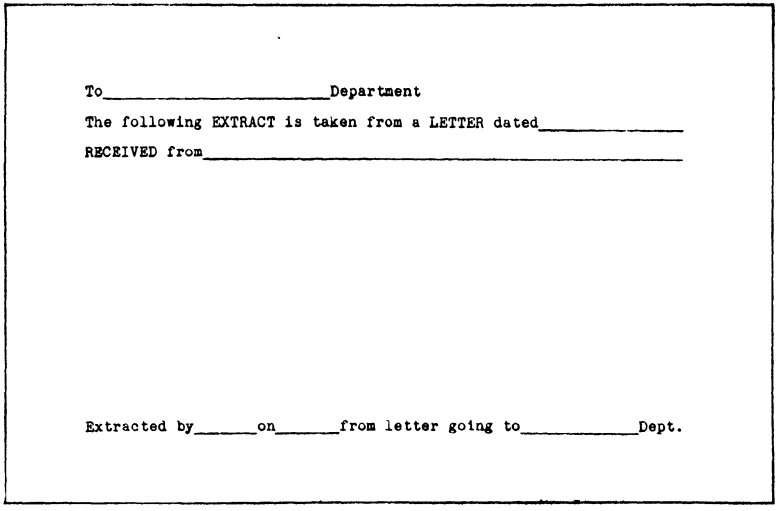
Where several clerks are "working" the mail, one may operate the letter opener, two or three may remove the contents and pin them together, while others read the letters for sorting. Some concerns, by the way, do not



With a rack like this, the mail reader can sort a large amount of mail very quickly.

bother to keep the envelope. However, if the envelope is destroyed at the mail desk, it should first be examined to make sure it is empty; checks may be easily overlooked. One simple device for inspecting envelopes is to pass them rapidly over an illuminated ground-glass plate set flush with the top of the table.

*Fixing the time of receipt.* Since the Government no longer stamps the date that letters are received at the post office, it is desirable sometimes to note the time of receipt at the office. In the case of important delayed orders, for instance, it is occasionally necessary to prove that the letter was not mailed when written or that it was delayed in transit. Clock-dating machines may be used for the purpose of recording the hour as well as the date of receipt. Some firms are satisfied to stamp merely the date the letters arrive. Each concern decides this practice for itself, of course.


To_____Department

The following EXTRACT is taken from a LETTER dated_____

RECEIVED from_____

Extracted by_____on_____from letter going to_____Dept.

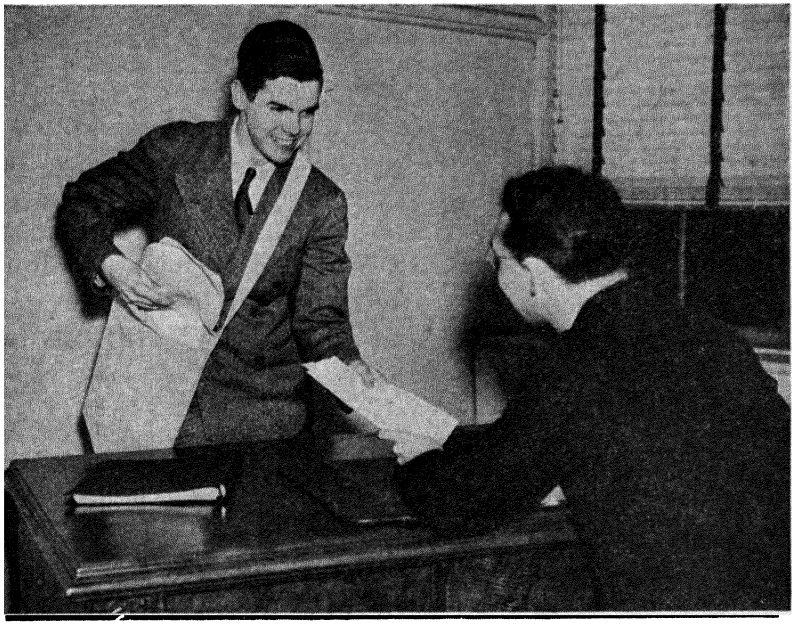
*Courtesy B. Kuppenheimer Co., Inc.*

When an incoming letter is intended for two departments, part of it is copied on this form, so that action is not delayed in either department.

The best place to time-stamp a letter is on the back, where the stamp will not interfere with reading matter on the face. The best time to time-stamp a letter is right after it has been removed from the envelope and pinned to it.

*Saving time in handling mail.* It is helpful to watch each movement in order to economize time in handling mail. If the clerk forms the habit of opening, checking, and time-stamping one letter at a time, as soon as opened, he will be repeating many unnecessary motions. It is better to open all the letters first, then time-stamp them all at the same time, instead of laying down the stamp and picking it up again for each letter. In this way each operation is carried out without any lost motion.

*Reading and sorting.* The clerk who sorts the mail is often able to tell at a glance to which department a letter should



*Keystone View*

Prompt delivery of letters and papers to all departments is necessary to the smooth running of a business.

be sent, although it is sometimes better to read the entire letter. A letter containing an order will go, of course, to the order department, a complaint letter to the complaint department, a letter asking for an extension of time on a bill to the collection department, a request for information about a former employee to the manager, a letter quoting prices of goods used by the concern to the purchasing department, and so on. When the letter must pass through several departments, it is so marked that the proper data may be entered or attached from the time it is received until it is answered. Sometimes the parts intended for different departments are copied on separate sheets so as to avoid the delay in handling which might be caused by

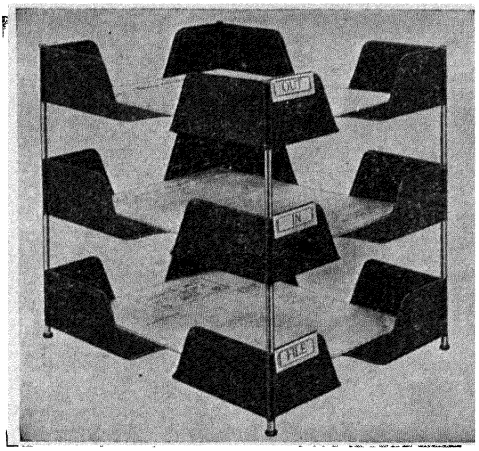
one department having to wait until another department has finished with the letter.

As the mail reader determines the department to which each letter belongs, he places it in the proper compartment or rack. From the compartments or racks an office boy takes the letters for delivery to the proper departments, using a bag with separate compartments for the purpose.

**Analyzing correspondence.** When a department head or correspondent receives the letters which have been delivered to him for handling, he goes through the pile to divide them roughly as follows:

1. Letters which can be answered at once; these include simple inquiries and remittances.
2. Letters which require certain information or reference to previous correspondence before they can be answered; it is necessary to get previous correspondence from the files.
3. Letters such as complaints and requests for adjustments, which call for investigation; many concerns acknowledge at once, as a matter of courtesy, all letters to which an answer may be delayed.

**Dictating the answer.** Having determined the kind of letter to be answered, and having obtained the information necessary for an intelligent reply, the correspondent proceeds to dictate his answer. It is not, of course, within the limits of this book to give complete instruction in business correspondence, but it might be well to recall the fundamental purpose of writing a letter. It is to express in writing what one wishes to say in such a way that the person to whom one is writing will not only understand what has been written, but will take the action desired. To the extent that this purpose is borne in mind, there will result a marked improvement in the quality of letters written.



*Courtesy Yawman and Erbe Mfg. Co.*

From a desk tray of this sort papers may be readily removed.

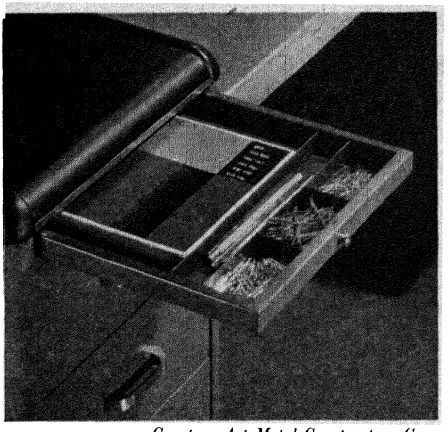
The correspondent may dictate his letter to a stenographer or to a dictating machine. The stenographer who takes his dictation may use either shorthand or a shorthand-writing machine, which is supposed to be sold only to an operator trained in its proper use. Correspondents who have organized their work try to get the bulk of their dictation out of the way the first thing in the morning while they are fresh and alert. This plan also gives the stenographer opportunity to get her notes transcribed in time to have the letters signed and mailed the same day without rushing. Where dictating machines are used, the correspondent will continue to dictate as long as he has any letters to answer. As each cylinder is filled, it is taken by an office boy to the transcriber, who places the cylinder on her machine and listens to the voice of the dictator, typing what she hears, just as though he were talking to her.

*An opportunity for alert stenographers.* Some concerns have found that a capable stenographer, with some special training in correspondence work, is able to handle certain

These correspondents are dictating letters to dictating machines, which make phonographic records on wax cylinders.

letters on her own initiative. She is called a "stenographer-correspondent." Instead of having all letters dictated and transcribed, those which can be handled by the stenographer-correspondents are given to them for that purpose. This procedure provides a real opportunity to a stenographer who is alert and pays close attention to what is going on. Secretaries, with perhaps a little coaching now and then, are frequently able to relieve their chiefs of considerable work. A secretary should not get the idea, however, that just because she writes the letters she is necessarily to sign them. She should remember that those to whom the letters are written are probably expecting a response from the chief himself, and he will usually prefer to sign each such communication, even though she composed it herself and typed it. She must be careful not to assume this prerogative unless the chief asks her to.

A stenographer must never be satisfied with anything less than the very best she knows how to do, and she should not be satisfied with even that if she can improve upon it. She should remember that her stenographic work is judged by the results—the actual typed copy, which represents a certain amount of time spent in taking dictation and transcribing it. Let her finished product—the typewritten letter—be fairly representative of her and of her company. That is quite a heavy responsibility to place upon each piece of typewritten work she does, but there is no shirking it if she is to aspire to a real place in her employer's esteem.



*Courtesy Art Metal Construction Co.*

This shallow drawer helps the stenographer to keep supplies in convenient order.

In addition to dictation and transcription, many papers and documents of all kinds must be prepared from time to time. Accuracy, neatness, and speed are important here. The stenographer should be sure she understands exactly what is wanted, and she must not be afraid to ask questions if she is in doubt. "Be sure you are right, then go ahead." It is better to ask about something she is not sure of than to go ahead and risk the chance of having to do it all over again.

*An important habit.* Right here is where an alert stenographer proves herself. She pays the closest attention to every bit of instruction that is given her, making notes whenever desirable, and realizing that while the directions

*Courtesy Burroughs Adding Machine Co.*

The girls in this central transcribing department are writing letters which have been recorded by means of dictating machines.

she is then receiving apply particularly to the case in hand, they may also establish a policy to be followed in the future with similar cases. The stenographer who is "on the job" remembers this and can draw upon a deep store of information whenever occasion arises. A safe rule to follow is to be sure she understands just what is wanted, and then checks what she has done, to make sure the finished job meets the requirements in every respect. She never hands her employer something which is not exactly right in every way. She builds up in his mind a feeling of confidence in her, so that whenever he receives something from her, he knows it is right, and he does not have to check it to make sure. His stenographer gets him to feel that whatever he asks her to do will be done quickly and accurately, without further attention on his part. To have one's employer feel that way is worth a great deal.

**Setting up the letter.** A stenographer should make herself familiar with the style of letter preferred in her

*Courtesy National Protective Insurance Co.*

Stenographer-correspondents not only compose letters, but type them, too. Special letters may be dictated.

office and adapt herself to its requirements. There is no reason why every letter should not be neat, artistic, attractive in appearance, and accurate. The margins should be even at the sides and a little wider at the bottom than at the top, like the margins left in mounting and framing a picture. The spacing must, of course, be regulated by the size of the paper and the length of the letter. When single spacing is used, the paragraphs should be separated by double spacing. On pages 258 and 259 study the model letter used in one office. Every stenographer has a copy of this letter to which she can refer at any time.

**Additional timesavers.** Nearly all firms use some kind of "standard letter" and "standard paragraph" to answer certain letters, on account of the economy in dictating correspondence. These letters are numbered and filed in a book or on cards, and may be copied as the body of the letter or inserted in paragraphs where a commonly asked

Parker Marshall Company

*Fifteen Emmonsdale Road*

BOSTON, 32, MASSACHUSETTS

May 9, 1939

J. A. Blaisdell Company
2967 Franklin Street
Indianapolis, Indiana

Attention of Mr. Robert Clark

Gentlemen:

Office Style for Letters

In order to secure uniformity of style in the arrangement of all letters from our office, our stenographers and typists are provided with a model letter, of which this is a copy. The parts of the letter are taken up in order.

Since the appearance of a letter is directly affected by the margins, an attempt should be made to have margins nearly equal--at top, sides, and bottom. The width of the margins is determined by the length of the letter. In a short letter the margins will be wider; in a long letter they will be narrower. If the letter as a whole is centered on the letterhead, the result will be pleasing, like a well-framed picture.

The date is typed at the right, two spaces below the last printed line of the letterhead, and ending flush with the right margin of the letter. The inside address is placed flush with the left margin, at least five spaces below the date line. No punctuation is used at the ends of the lines.

If the letter is addressed to an individual, his name and title should occupy the first line of the inside address, and the salutation should be "Dear Sir" or "Dear Mr. Doe." If, however, the letter is addressed to a company but to the attention of an individual, the attention line should be centered two spaces below the inside address as shown above, and the salutation should be "Gentlemen."

The salutation should begin flush with the left margin, two spaces below the last line of the inside address, or if an

Many firms place in the hands of their secretaries, stenographers, and typists a model letter like this, indicating the set-up and other points of letter style adopted by the company. Minor points of

J. A. Blaisdell Company -2- May 9, 1939

attention line is used, two spaces below the attention line. The salutation is followed by a colon.

If the subject of the letter is given, it should be centered two spaces below the salutation and underscored.

The body of the letter begins two spaces below the salutation (or two spaces below the subject line if one is used). The typing is single-spaced, but with double spacing between paragraphs. Block style is used; that is, there is no paragraph indention.

If the letter is too long to be typed on one page, a blank sheet of the same kind of paper is used for the second page. The name of the individual or firm to whom the letter is addressed, the page number, and the date are typed across the top of the page. The body of the letter is continued five spaces below, with margins of the same width as were used on the first page of the letter.

The complimentary closing is begun halfway between the side margins, two spaces below the last line of the body of the letter. No comma is used after the complimentary closing.

Two spaces below the complimentary closing, the firm name is typed in capitals, beginning under the first letter of the complimentary closing. Three spaces below the firm name and flush at the left with the two preceding lines the word "By" is written.

On the same line with "By" and flush with the left margin of the letter are typed in capitals the initials of the dictator and the transcriber, separated by one space.

If enclosures are to be mailed with the letter, the abbreviation "Enc." should be typed directly below the dictator's initials. If the number of enclosures is known, it is indicated by a figure following "Enc."

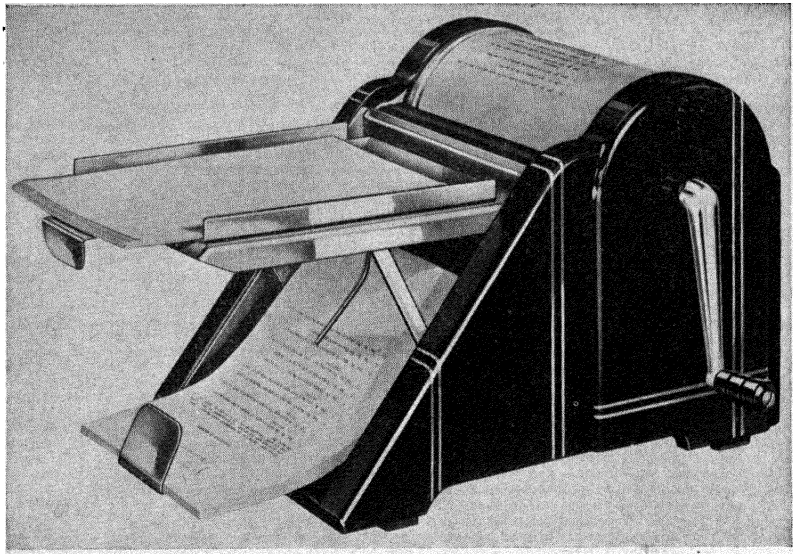
Yours very truly

PARKER MARSHALL COMPANY

SBM AMT
Enc. 3

By Sheldon B. Moore

style in letters differ with different concerns. The careful worker will take pains to learn the office style and follow it exactly, thus helping to give uniformity to letters sent out by the company.

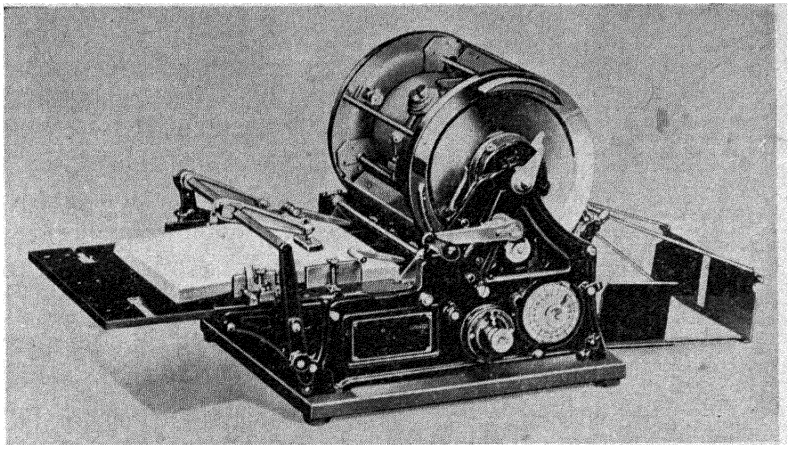


*Courtesy Ditto, Inc.*

On a chemical duplicator copies are quickly made direct from the master copy.

question always requires the same answer. If these standard paragraphs have been carefully prepared by an expert, the dictator will not only save his time and that of the stenographer, but he will secure a better letter by using appropriate forms than he would by dictating without sufficient preparation or time.

Another kind of form letter commonly used is more in the nature of a circular or follow-up letter. The printing is usually in imitation typewriting with a blank left for filling in the name, address, and sometimes an introductory clause to make it more personal. Care should be taken that any "fill-ins" are exactly in line and that the address is properly placed. Such letters are intended to give the appearance of a personally dictated answer and should be prepared with that object in mind at all times.



*Courtesy A. B. Dick Co.*

Stencil duplicators turn out copies in any desired quantity.

Other form letters are sometimes used when no attempt is made to imitate the typewriter, such as stock letters of collection agencies or general advertising circulars.

**Making copies.** In general, a copy is made of every letter or paper that leaves the office. This copy is kept on file for reference. Formerly, when letters were written by hand with copying ink, copies were made by means of the letter press. Later, copying ink was used in the typewriter ribbons and copies were made by the same process. The greatest objection to this method was that while the copies were perfect, they were copied and indexed in a large book which could not be filed with the original letter.

To avoid this difficulty, a roller copying machine was invented, by means of which the impression was transferred to a continuous roll of thin paper, which was cut off and filed with the letter. Many legal offices still have their important papers copied in this way, especially when exact copies are required; but carbon copies are much more generally used now. The carbon paper should be replaced

by a fresh sheet before the sheet in use is worn so much as to produce partially illegible copies. If changes are made in the original, it is necessary to see that the same alterations are made on the carbon copy. This is frequently done with pen and ink, although many concerns require the letter to be entirely rewritten; a new carbon copy is thus made, and the old one destroyed. Some firms also have the dictator sign his name or his initials on the carbon copy, in order to complete the record.

If more than a few copies of any letter or paper are required, it may be a waste of time to try to make good carbon copies except with very thin paper; hence the typist of today must be familiar with the use of the various duplicating appliances, such as the gelatin duplicator, stencil duplicator, type-and-ribbon duplicator, and the automatic typewriter, all of which are in general use.

**Getting letters ready to sign.** After the typist or stenographer has completed the letter, she places it under the flap of the envelope with the addressed side up. The one who signs the letters should either sign his name so that it can be read or else have his name typewritten somewhere near his signature. Many firms require the signer's name to be typed as well as signed. Unreadable signatures may cause endless inconvenience, embarrassment, annoyance, and sometimes the loss of business.

*Verifying enclosures.* The stenographer will usually be held responsible for any enclosures to be sent with the letters she writes. Every day promised enclosures are either forgotten or placed in the wrong letter or package, to the annoyance of thousands of business men. A careful stenographer makes it a point to collect the enclosures as soon as the letter is written and to place them in the addressed envelope. She knows she cannot depend upon finding later all the enclosures mentioned in the body of her notes. If

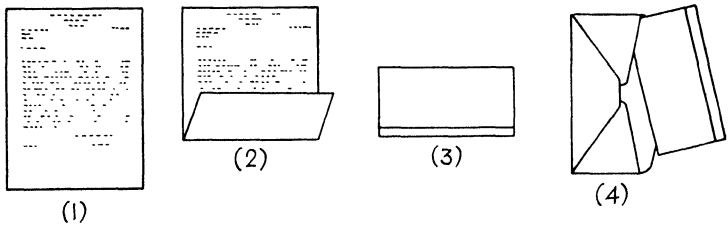
something is to be sent under separate cover, she sends it with an addressed label to the mailing clerk at once, as it generally takes more time for third-class mail to reach its destination.

**Addressing letters correctly.** One of the most important duties connected with sending out mail is to see that it is addressed correctly. Over ten thousand misdirected letters are sent to the dead-letter office daily. In one year that office handled over ten million such letters and packages, containing more than $2,250,000 in checks, drafts, money orders, and cash. Some of this mail was finally delivered to the owners because the inside address was plainer than the one on the outside. Strange as it may seem, over $100,000 is removed by the dead-letter office each year from envelopes which are perfectly blank, with no writing on them. The sender's return address should be placed in the upper left-hand corner of the envelope and should be the same as on the letterhead. The inside address should agree with the one on the envelope. The use of window envelopes makes this certain, without the necessity of typing the envelope.

Frequently the use of abbreviations in the address causes trouble. *Nev.* may be written to look like *Neb.*, *N. H.* like *N. Y.*, *Col.* like *Cal.*, *Ind.* like *Md.*, and *Vt.* like *Va.* These difficulties may be avoided by writing the full name of the state.

Envelopes are usually typed by the stenographer at the same time the letter is written. Where a company is sending frequent letters to the same correspondent, it is sometimes well to address a supply of envelopes on the addressing machine and save the time of typing.

**Folding and enclosing.** After letters have been checked for correct address and enclosures, and have been signed, the letter must be folded and enclosed in the envelope.



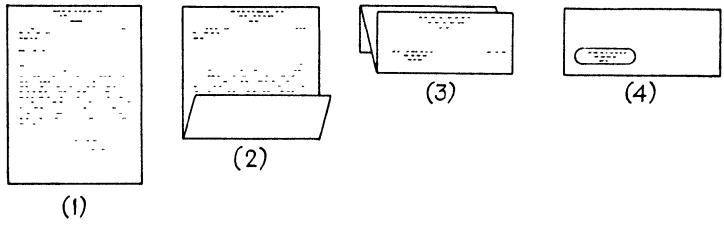

HOW TO FOLD A LETTER TO FIT A LONG ENVELOPE

1. Place the pile of letterheads (regular size, 8½ by 11 inches) face up, squarely in front of you.

2. Grasp the lower left edge of the first sheet with the right hand and bring the lower left corner up to about a third of the distance from the top. Let the left middle finger hold the left edges in line while the left thumb starts the crease; the right middle finger continues the crease. (A steel letter opener may be used when many letters are to be folded.)

3. The nail of the left middle finger now presses down the left edge about one-eighth inch above the edge just brought up, while the thumb and forefinger of the right hand grasp the upper left corner of the sheet and bring it down to about one-eighth inch from the creased edge, holding it even with the left edge while the left middle finger is withdrawn and immediately placed on top to start the crease, which is then completed with the middle finger of the right hand (or with the steel letter opener).

4. The right hand then picks up the folded letter and inserts it in the envelope which the left hand picked up as soon as the last creasing was completed. The envelope used is No. 10 (4⅛ by 9½ inches).




HOW TO FOLD A LETTER TO FIT A LONG WINDOW ENVELOPE

1. Place the pile of letterheads, face up, squarely in front of you.

2. Make the first fold as for any long envelope (see opposite page, step 2).

3. *Turn the letter over* and fold down the upper third of the sheet to about one-eighth inch from the creased edge. This leaves the inside address exposed.

4. Insert in the envelope so that the inside address appears through the window, right side up.

Study the instructions on pages 264 and 267 for folding letters to fit envelopes. Practice in following these instructions will make it possible for you to perform this necessary operation quickly and deftly.

Firms sending out over five hundred circular letters a day often find it an economy to use a folding machine, which makes it possible to fold forty thousand pieces a day at a cost of ten cents a thousand, while the cost by hand folding would run from thirty to forty cents a thou-

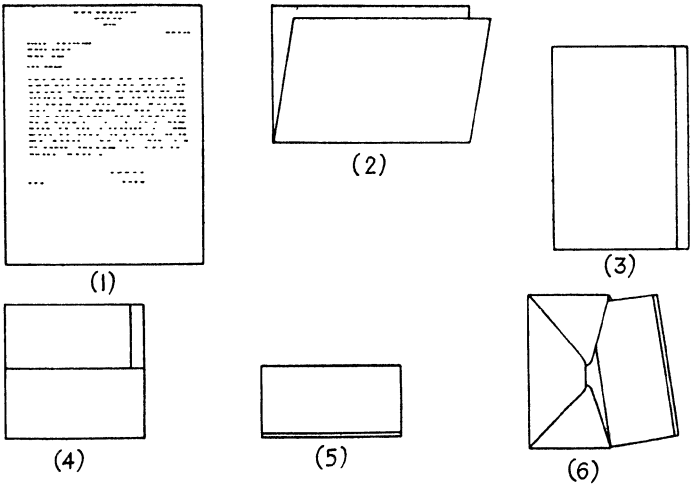
sand folds. A machine is also available for inserting enclosures in envelopes.

When window envelopes are used, it is necessary to fold the letter so that the address will fit the window. The figure on page 265 gives instructions for folding letters to fit window envelopes.

**Sealing and stamping.** Where the amount of outgoing mail is not large, the sealing and stamping are usually done by hand. The envelopes are arranged so as to expose only the gummed flaps. After a moist sponge is passed over the surface, the letters can then be quickly sealed by hand. Care must be taken not to use too much or too little moisture on the gummed surface, or the letters will not be securely sealed. The same caution should be observed in affixing postage stamps to the envelopes. Machines are now available which will both seal and stamp from three thousand to eighteen thousand letters an hour. Large offices could not do without them.

*Substitutes for stamps.* Instead of using stamps, many firms print what are called "indicia" in the upper right-hand corner of the envelope, where the stamp would ordinarily be placed. This printing of the indicia is done by the same machine which seals the envelopes, and at the same time. These indicia are of two kinds, metered and nonmetered, according to the type of machine used. The postage on metered mail is paid for in advance, by the use of a meter which is set by the post-office clerks to print whatever amount of postage one desires to buy; the letters may be deposited in the post office or in any convenient mail box. Nonmetered mail is paid for when it is taken to the post office; it cannot be deposited in letter boxes.

*A quick method of hand stamping.* The method of stamping letters by hand has been standardized and the output raised from fourteen letters a minute to eighty-four letters




HOW TO FOLD A LETTER TO FIT THE ORDINARY BUSINESS ENVELOPE

1. Place the pile of letterheads (regular size, 8½ by 11 inches) face up, squarely in front of you.

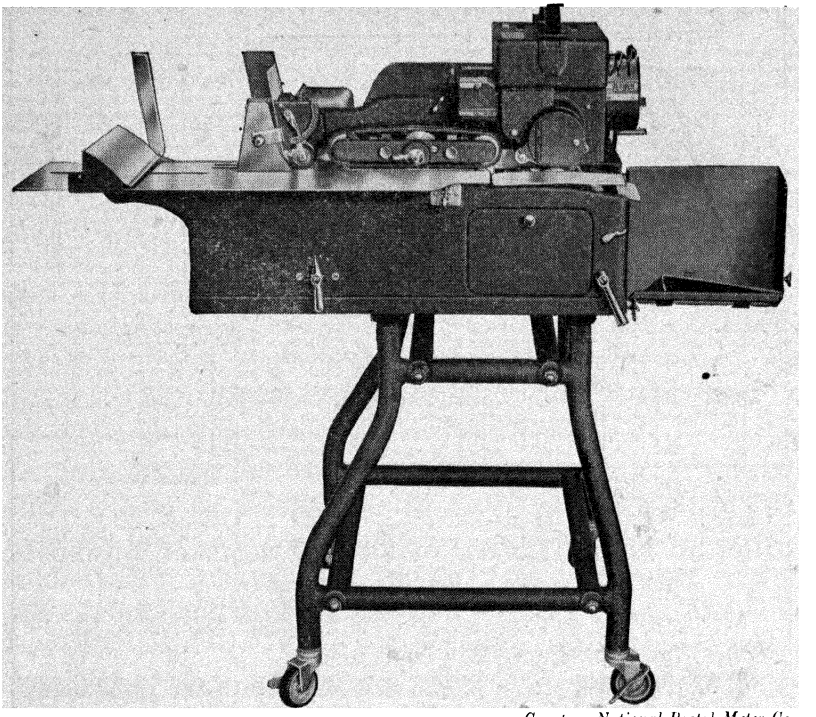
2. Grasp the bottom of the first sheet with the right hand and bring the lower left corner up to within a half inch of the upper left corner, with the left-hand edges exactly in line, hold them so with the left middle finger, while the left thumb starts a crease at the edge; the right middle finger continues the crease clear across the sheet (or a steel letter opener is used).

3. Turn the half-folded letter one-quarter turn so that the folded edge is to the left, still holding it by the two corners at the ends of the crease.

4. Fold as directed in step 2 on page 264.

5. Fold as directed in step 3 on page 264.

6. The right hand then picks up the letter at the bottom and inserts it in the envelope which the left hand picked up as soon as the last crease was completed. The envelope used is No. 6¾ (3⅝ by 6½ inches).

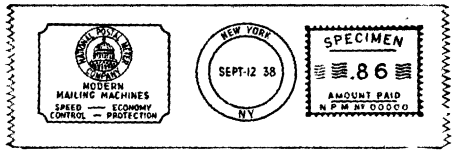


*Courtesy National Postal Meter Co.*

This mailing machine seals the envelopes and prints the indicia in the upper right-hand corner.

a minute. The stamps are usually purchased in sheets of one hundred. The ordinary clerk requires about one minute to tear the sheet of one hundred stamps into ten strips; under the standard method, ten sheets, or one thousand stamps, can be prepared in the same time. The ten sheets of stamps can be handled at one time by folding and creasing each perforated line between the stamps. This requires nine folds in each direction, or eighteen in all. The edges may more easily be kept even by folding the middle line first and following in order from there to the edge. The folded stamps are now rolled up into a roll about one

inch in diameter, the mucilage side out and the roll the length of the long side of the sheet. A rubber band may be used to keep it from unrolling. The first row of stamps, or ten strips, may now be broken off just as we would break a piece from a stick. The entire ten rows of ten strips each can be broken off and unrolled in one minute.

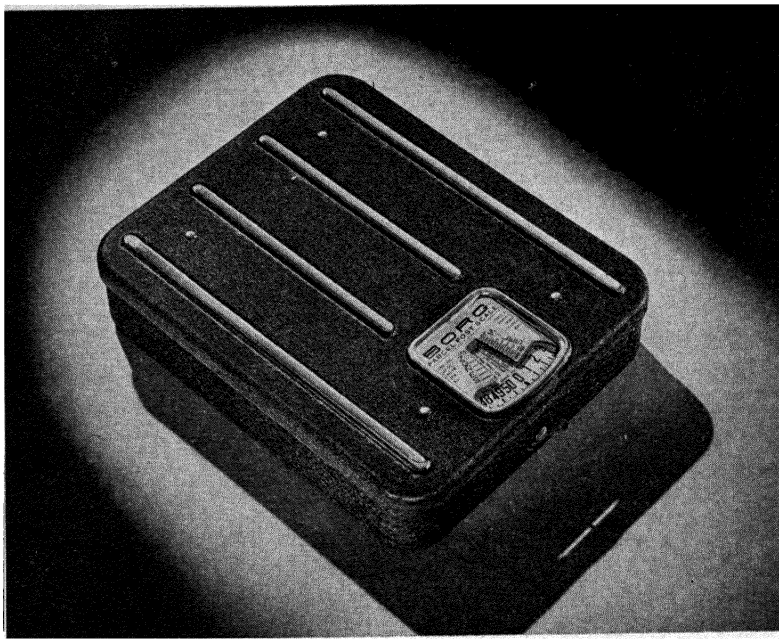



*Courtesy National Postal Meter Co.*

These indicia are printed by a machine on gummed paper tape and stuck on the letter or package in place of the postage stamp.

The envelopes are now placed one above the other in straight piles in front of the clerk, with the stamps at her right, mucilage side up. She takes the end of one strip in the left hand and moistens the strip with one stroke of a wet sponge in the right hand. The stamp is then affixed with the left hand and pressed in place with the right. At the same time the left hand twists the stamp loose, and the right hand shoves the envelope ahead, leaving the next envelope clear. If the sponge is too wet, the mucilage will be washed off.

*How much postage?* Care must be taken that the correct amount of postage is used on all classes of mail. Every office should have a copy of the latest revised postal rates—which may be obtained from the local post office—and should keep it near the mail desk. It is estimated that an immense amount of foreign trade is lost by not putting enough postage on letters addressed to customers and prospects in foreign countries. Some foreign countries collect twice the amount of postage due on certain kinds of mail, and it is claimed that many foreign merchants will not redeem such mail. They, at least, cannot have a very friendly feeling toward a firm which sends a letter




*Courtesy George W. Borg Corp.*

This parcel-post scale weighs the package and indicates the postage required for any zone.

with ten or twenty cents due because the mailing clerk thoughtlessly started the letter with the usual three-cent stamp. Every mailing desk should have a good postal scale.

After envelopes have been properly sealed and stamped, they must be mailed, either by delivery to the post office or by deposit in the corner mail box. Many office buildings have mail chutes running from the street floor to the top floor, with openings on each floor so that letters dropped in any opening will go immediately to the mail box at the bottom of the chute on the first floor. Large quantities of letters should be delivered direct to the post office.

**Mailing the letters.** Letters should be mailed as early in the day as possible. If important mail is posted a few

*Courtesy National Protective Insurance Co.*

At the tables letters are folded and enclosed in window envelopes. The machines seal and stamp them.

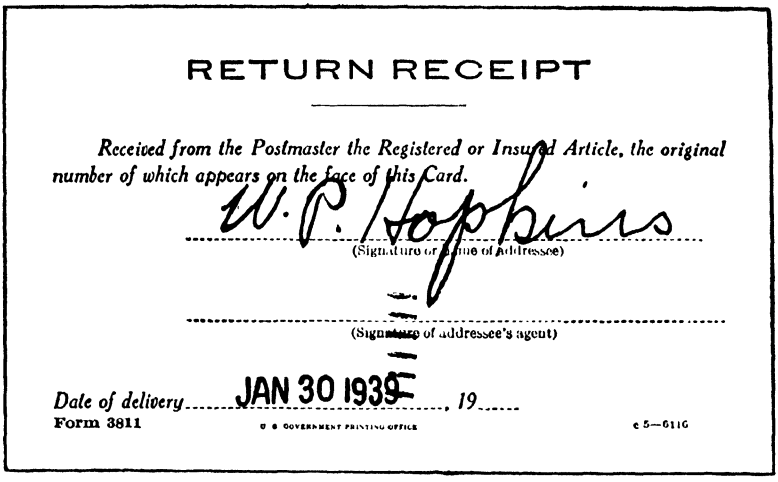
minutes after the last fast mail train for the day has departed, there may be a delay of twelve hours in its delivery. Sometimes a few hours gained in the receipt of a letter will be of great importance. One can insure immediate delivery within one mile of any United States post office by placing a special delivery stamp on the envelope. If special delivery stamps are not on hand, one can put on ten cents additional postage and write on the envelope "special delivery." The use of the air-mail service shortens the time considerably, in some cases by several days, depending upon the distance and upon the nearness of the destination to the air-mail route. The postage rate for air mail is six cents for each ounce or fraction thereof. One may use either a special air-mail stamp or ordinary stamps of the same value, marking the envelope "via air mail."

*Courtesy National Protective Insurance Co.*

Preliminary sorting speeds up the handling of outgoing mail. Each compartment is for a certain state.

If the post office provides special air-mail boxes, as it does in many cities, they should be used.

*Insuring and registering mail.* All valuable mail should be insured or registered by taking the pieces to the post office and asking the clerk to insure or register them. A reasonable fee is charged for this service, the amount depending upon the value of the piece insured. Firms which have large amounts of registered mail can speed up its handling by asking the post office for permission to make up their own registered mail receipts. This does away with long waits in line at the post office. If it is important to know whether a letter was received at a certain time, it can be registered by paying eighteen cents additional and asking for a return receipt. To get this receipt, the words "return receipt requested" are written or stamped across the face of the envelope. Air mail can also be registered for a fee of fifteen cents in addition to the regular air-mail postage.



RETURN RECEIPT

*Received from the Postmaster the Registered or Insured Article, the original number of which appears on the face of this Card.*

W. P. Hopkins

(Signature or name of addressee)

(Signature of addressee's agent)

*Date of delivery* JAN 30 1939 *19*

Form 3811 U. S. GOVERNMENT PRINTING OFFICE c 5—611G

A return receipt like this, signed by the recipient, shows that a registered letter or package has been received.

Packages may also be sent by parcel post C.O.D. For a small fee the post-office department will collect the amount and return it in the form of a postal money order.

**Summary.** Every business concern, and in fact nearly every kind of organization, receives mail which must be answered. The mail is opened, read, and delivered to the proper persons. These persons dictate their answers to stenographers or to dictating machines. The dictation is transcribed, and the letters are signed by the dictator or some other authorized person, after which the letters are folded and with all enclosures placed in window envelopes or in envelopes addressed by the stenographer. The envelopes are then sealed and stamped by hand or by machine and finally mailed at the post office or by deposit in the nearest letter box. Enclosures should be checked to see that none are missing; names and addresses should be checked for accuracy; the correct amount of postage should be ascer-

tained and used; and the letters should be mailed as early in the day as possible, in order to catch the mail trains.

## Dictation Standards

### Rules Followed by an Alert Stenographer

1. Always be prepared with tools and material.
2. Don't tap on the desk when the dictator makes a pause.
3. Sit quietly, but always be on the alert.
4. Never write down anything you do not understand.
5. Ask questions, *if necessary*, when a pause occurs.
6. Always be sure that the names and addresses are correct.
7. Note special instructions in longhand.
8. Cancel transcribed notes by drawing a line through them.
9. Number and date your notebooks for filing.
10. Always read the letter being answered before you transcribe the reply.
11. Place the body of the letter in the center of the page so that margins are balanced.
12. Avoid *st*, *d*, or *th*, in writing dates; spell out the name of the month.
13. Do not use abbreviations in the introductory address except *Mr.*, *Mrs.*, *Dr.*, *R.F.D.*
14. Do not abbreviate *Master*, *Professor*, *President*, *Superintendent*, *Honorable*, *Reverend*, *Street*, or *Avenue* in the address.
15. Do not abbreviate the given name of a correspondent unless he himself does so.
16. Never address a woman by her husband's title.
17. Never address a letter to a large city without giving the street number, except to well-known concerns.
18. Never abbreviate the names of cities, nor omit the names of states in the addresses.
19. Don't beg. You should not "beg attention" or "beg to inquire."
20. Don't use abbreviations in the body of the letter.
21. Never write *&* for *and* except in firm names.
22. Don't omit small words to save time.

23. Never use a punctuation mark that does not make the meaning clearer.

24. Avoid "hoping," "trusting," "awaiting," "kindly answer," "esteemed favor."

25. Be sure the address is correct both in the letter and outside on the envelope.

## Dictation Standards

### How to Say What You Mean

1. Do not say "the best of the two," when you mean "the better."

2. Do not say "can I see you?" when you mean "may I see you?"

3. Never say "do you carry hardware?" when you mean "sell."

4. Do not say "every once in a while," for "occasionally."

5. Never say "what line of business?" when you mean "kind."

6. Never say "return same to me," when you mean "return it."

7. Do not write "in reply will say," if you mean "I will say."

8. Never say "I guess," when you mean "I suppose."

9. Do not say "I don't think," when you do think.

10. Do not say "I beg to advise you," or "beg to inquire."

11. Never call a person a "party."

12. Never make a "date" when an appointment is desired.

13. Do not say "posted" if you mean "informed."

14. Don't say "I don't hardly know," for "I hardly know."

15. Do not say "equally as well," when you mean "as well."

16. Never use "he don't" for "he doesn't."

17. Never say "a couple of days" when you mean "two days."

18. Do not say "along that line" when you mean "on that subject."

19. Never say "a beautiful home" if you mean "house."

20. Do not say "yourself and myself" if you mean "you and me."

21. Why say "the two are both alike," when they are "alike?"

22. Why say "funny" when you mean "odd," "strange," or "queer?"

23. Did you "extend an invitation" when you intended to "invite?"

24. Do not say "I am real glad," if you mean "very glad."

25. Do not say "seldom ever," when you mean "seldom."

26. Do not say "the package is liable to come" for "may come."

27. Do not say "a less number," when you mean "fewer."

28. Do not divide "among" two people but "between" them.

29. Don't say "enclosed herewith." "Herewith" is superfluous.

30. Don't say "I doubt its veracity" if you mean "the truth."

31. Don't say "the latter end of the year" if you mean "the end."

32. Don't say "if in case I succeed," when you mean "if I succeed."

33. Avoid "the same" as you would the smallpox.

34. Avoid "thanking you in advance." It is impossible.

35. Avoid long words when short ones are better. Your object in writing is to make yourself clear, not to confuse your correspondent.

## Secretarial Standards

### The Duties of a Secretary

1. Stenographic work
   - *a.* Taking notes in shorthand
   - *b.* Transcribing them accurately, neatly, and quickly
   - *c.* Preparing letters and papers for signature
2. Handling mail and correspondence
   - *a.* Preparing mail for the chief's attention
     - (1) Reading and sorting
     - (2) Looking up desired information
     - (3) Noting information on letters
   - *b.* Writing letters
     - (1) Independently
     - (2) With the chief's suggestions

3. Filing
   *a.* Letters, papers, and documents
   *b.* Various records
   *c.* Subject or data file for the chief
4. Meeting people
   *a.* Callers
   *b.* Others
5. Using the telephone
   *a.* Answering calls and taking messages
   *b.* Making calls and giving messages
6. Supervisory duties
   *a.* Organizing office routine and system
   *b.* Getting work done by the office staff
7. Personal assistance to the chief
   *a.* Making appointments for the chief
   *b.* Looking up information and organizing it
   *c.* Doing the chief's personal accounting and banking
   *d.* Writing up conference minutes
   *e.* Anticipating the chief's requirements
8. Editorial work (where the chief does speaking or writing)
   *a.* Preparation of copy
   *b.* Revision of copy
   *c.* Proofreading

## Secretarial Standards

### Secretarial Work

1. Just because a person is called a "secretary" does not mean that she is doing secretarial work. Many stenographers are doing secretarial work.

2. There are two kinds of office secretaries: the secretary-stenographer, and the secretary without stenography.

3. The corporation secretary is an official of the corporation.

4. The social secretary is more concerned with pleasure activities than with business ones.

5. The recording secretary keeps minutes of meetings, sends out notices, and draws up programs of meetings; these programs are called "agenda."

6. A secretary without stenography does about the same kind of work that a secretary-stenographer does, except for stenography.

7. Such a secretary also has more time for handling office routine, and sometimes semiexecutive work.

8. The types of work usually found in secretarial duties include stenographic work, handling mail and correspondence, filing, meeting people, answering the telephone, supervisory duties, personal assistance to the chief, and editorial work.

9. Stenographic work is judged by the results—the actual typed copy.

10. Many secretaries handle a large amount of correspondence.

11. Unless the chief asks his secretary to sign his letters, she should not do so.

12. Many papers and documents of all kinds must be prepared for the chief's signature.

13. A secretary should help her chief in every way possible. She should try to relieve the chief of as much detail work as she can.

14. This will leave him free to do the things which he can do, but which she can not.

15. The secretary should understand everything pertaining to her chief, and should remember it.

16. She must know what action he will be likely to take under any given circumstances.

17. The more the chief comes to rely on his secretary, the more valuable she becomes.

18. A thorough knowledge of indexing and filing will be valuable to a secretary.

19. The supervisory duties of a secretary include the oversight and direction of others.

20. A supervisor must know what is required, know how to get it, and know when he is getting it.

21. The best reputation a supervisor can have is that of being a good person to work for.

## Mailing Standards

### Enclosures and Remittances

1. Never enclose stamps loosely. Wrap them in waxed paper so they will not stick together.

2. It is unsafe to remit small coins, even in a "coin card."

3. You can send currency by registered mail where there is no postal money order office.

4. The postal money order is best for small towns without bank or express offices.

5. Express money orders are negotiable and good for small amounts.

6. A postal money order is payable only at the office on which it is drawn, if not presented within thirty days from date.

7. Express money orders are cashed at banks or any express office of the company.

8. Postal money orders may be endorsed only once.

9. Express money orders may be endorsed several times.

10. Postal money orders cost from 5 cents for $2.50 to 22 cents for $100.

11. Express money orders cost the same as postal money orders.

12. The largest postal money order issued is $100.

13. The largest express money order issued is $50.

14. It generally costs 10 cents to send $100 by bank draft.

15. It costs 22 cents to send $100 by express or postal money order.

16. It costs 85 cents to send $100 by telegraph transfer, plus the regular rate for a 15-word message.

17. It costs 20 cents to send $100 by registered letter.

18. The Government is responsible for an amount not over $1000 on registered letters.

19. It costs 25 cents to send $100 by insured parcel post.

20. The Government will pay losses not to exceed $200 on insured packages.

21. The cheapest way to remit $25 is by bank draft or by personal check if exchange is not required.

22. The best way to remit $50 in currency is by registered letter.

23. The best way to remit $5,000 in currency is by express. The cost is based upon the amount sent.

24. It would not be wise to send $1110 by registered letter.

25. It would be cheaper to send $60 by bank draft than by express or postal money order.

26. It would not be wise to send $6,000 by express unless cash is demanded.

## Vocabulary Exercise

Define or explain:

cash mail
communication
cylinder
dictator
fill-in
letter press
model letter
permit indicia
registered mail
secretary
standard letter
stenographer
stenographer-correspondent
transcriber

## Questions for Discussion

1. What facts indicate the importance of written communications?

2. What part do transportation companies play in correspondence?

3. In what respects would the handling of mail in a small office differ from the same work in a large office?

4. Why is it important to get the morning mail sorted quickly?

5. Can an office get its mail in any way other than by the postman's bringing it?

6. How early in the day can mail be procured at the post office? What advantage is there in doing this?

7. What is the first step to take after the mail has been received in the office? What is the reason for this step?

8. How is the mail opened?

9. How are the contents of each envelope removed?

10. Why are pins used to fasten the letter to the envelope?

11. How is the time that a letter was received determined?

12. Why is it important to know when a letter was received?

13. How would you determine that everything had been removed from an envelope?

14. How can you save time in handling mail?

15. How does the mail clerk know where each letter should go?

16. How does the mail clerk sort the mail for different departments?

17. Into what three groups does the department head divide the letters which come to him for answer? Why does he do this?

18. What is the purpose of writing a letter?

19. How is the answer to a letter dictated?

20. When is the best time to do this? Why?

21. What opportunity is there for a stenographer in handling correspondence?

22. Who should sign letters? Why?

23. What does an alert stenographer do when she is receiving instructions?

24. How does a stenographer know how to set up a letter on the letterhead?

25. What is a model letter, and how is it used?

26. What is a standard letter, and how is it used?

27. How are form letters filled-in? What is the purpose?

28. Why are copies made of papers and letters that leave the office?

29. How may copies be made?

30. How should letters be prepared for signature?

31. Should the signature be typed? Why or why not?

32. How does one make sure that all enclosures referred to are sent with the letter?

33. What points should be watched in connection with addressing the envelope? Why?

34. How would you fold a letter to fit the usual commercial size envelope?

35. How would you fold a letter to fit the long envelope?

36. How would you fold a letter to fit a window envelope?

37. How are envelopes sealed?

38. Can envelopes be stamped by machine?

39. How can envelopes be stamped quickly by hand?

40. May letters be mailed without stamps? Explain fully.

41. What possible advantages can you think of which may be realized by not using stamps?

42. How would you determine the correct postage for any letter?

43. How may letters be mailed?

44. Explain how mail may be insured. What is the purpose?

45. When would you register a letter? How would you do it?

46. How would you send a letter by special delivery?

47. What is meant by "under separate cover"?

48. Why are so many letters sent each year to the dead-letter office?

49. How can a typist write letters from dictation without a knowledge of shorthand?

50. How can a typist write a letter without having seen the dictator?

51. Are there any noiseless typewriters?

52. What are the advantages in using a dictating machine?

53. Why is it desirable to write on only one side of the paper?

54. Why is it desirable to keep copies of all business correspondence?

## Topics for Special Reports

In preparing the following reports, it may be advisable for the members of the class to work in groups or committees, as explained on pages 41 and 466.

1. From the office manager of a business concern in your town or city ask permission to come to his office early some morning to watch the opening and reading of the morning mail.

2. From the same concern or another one, ask permission to watch the mail clerks "work up" the outgoing mail some day in the late afternoon and early evening.

3. Find out if any concern in your town has an "intra-office messenger service." Then ask permission to accompany the messenger on one of his rounds. Watch closely everything he does, ask questions freely, and take notes. Then describe the service, stating the purpose and explaining what is done to carry out that purpose, and describing any special pieces of equipment or furniture that may have been used.

4. Visit some concern in your town which uses dictating and transcribing machines, and ask the office manager to let you watch the steps taken in dictating and transcribing letters on the machines.

5. How would you find out who sent an unsigned letter written on plain paper containing no name or address, and mailed in a plain envelope?

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## Problems

### READING AND SORTING THE MORNING MAIL

Imagine yourself to be the clerk who reads the incoming mail of a large business house. Your purpose in reading each letter is to determine to which department the letter should be sent for answer. Among the departments in your concern are the following:

| | |
|---|---|
| Accounting | Filing |
| Adjustment | Manufacturing |
| Advertising | Purchasing |
| Cashier | Receiving |
| Credit | Sales |
| Employment | Shipping |

Treasurer

Copy the names of the thirteen departments on a sheet of paper, listing them in a single column. Then on the paper indicate by number to which department you would send each of the following: A letter

(1) complaining of the receipt of damaged goods
(2) giving references as to financial standing
(3) asking for an extension of time for payment of a bill
(4) asking for a report on a former employee
(5) giving quotations for the sale of goods
(6) asking for quotations on the net price of goods

(7) applying for a position with the company
(8) applying for the purchase of stock in the company
(9) complaining of the nonreceipt of goods
(10) giving instructions regarding future shipments
(11) containing remittance for the payment of a bill

### Watching Your English When Dictating

Can you find the errors in these sentences, which were taken from actual business letters? If you can, write the sentences correctly on a sheet of paper, giving your reasons for making the changes.

1. Each of the companies sent their own representative.
2. Fill out the enclosed blank and return same by return mail.
3. I have a date with the manager tomorrow evening.
4. The secretary published a good write-up on cooperation.
5. The balance of the order was divided between two firms.
6. There is another party applying for the same position.
7. One can build a good home for $5,000.
8. He is proprietor and owner of the factory.
9. If you think of opening a clothing store let me give you a little advice along that line.
10. Yourself and friends are invited to visit our factory.
11. The order will be shipped in a couple of days.
12. It is said in the paper that the bank would be closed.
13. The accountant always does his work in good shape.
14. The two offices are both alike.
15. The shipment is liable to come any day.
16. The bookkeeper seldom ever makes a mistake.
17. Do you carry farm implements now?
18. Let us know where you are stopping and we will send the goods.
19. Can we expect an order from you?
20. We wish you to try any experiment with our new tractor.
21. The two last articles were omitted.
22. We received a less number of orders from you last month.
23. The firm can not accept of your hospitality.

24. We have got a large number of reapers in the warehouse.
25. Divide the money between the three customers.
26. You should not be angry at me when the goods were as represented.
27. The clerk died with diphtheria, so the shipment was delayed.
28. If he don't write soon we will cancel the order.
29. The manager's father died when he was quite young.
30. Your book is different than mine.
31. The widow woman was left without any support.
32. A man that is a member of the firm will call.
33. The company ordered their men to begin work.
34. Who shall we elect secretary?
35. Who do you regard as the best salesman?
36. In reply to your inquiry will say—.
37. Your esteemed favor just received.
38. Yours of the 21st at hand and contents carefully noted.
39. Your recent letter received and I beg to advise—.
40. I beg to remain your humble servant, John Smith.

### Errors to Avoid in Transcribing Correspondence

Here are some errors made by a stenographer in transcribing her notes. See if you can find what is wrong, and rewrite each one as it should be written, giving your reasons for making the changes.

1. Lincoln, Neb. 7-24-39.
2. Sioux Falls, S. Dak., Jan. 2nd, 1939.
3. Carrie Bond Joplin Mo., My dr. Miss:
4. Brown and Black, Canton, Ohio. Dear Gents:
5. I am, Yours respectively, Henry Smith.
6. Yours resp'y. Hiram Jones.
7. Pres. J. F. Towne, Janesville, Wisconsin.
8. Mr. Judge Jones, Nashville, Tennessee.
9. Yours of February 3rd. rec'd and in reply will say—.
10. Miss. Rose Pyne, 231 N. 27th St. Balt. Maryland.
11. Chas. True 234 W. 2nd St. Boston.

12. Prof. F. C. Good, Supt. City schools, Long Pine, Neb.
13. The Co. will give you a no. of large orders soon.
14. Hoping to hear from you soon, Yours very truly.
15. P. J. Roga, W. 12th St., Chgo., Ills.
16. Doctor J. W. Black, 43, 2nd. ave. Phila. Penn.
17. If the drill is not satisfactory return same at once.
18. Room 45, 124 Penn. Av. Denver Col.
19. G. W. Green, Hamilton, Montana, My Dear Sir:
20. We have shipped to Brown & Banett 1 suit of clothes & an overcoat.
21. Between the company and myself there should be no trouble.
22. The train being late will delay him coming.
23. Every business has it's problems.
24. There is no danger of me falling.
25. The next one whose to give a report is the treasurer.
26. The man who's place you are taking has been with us 20 yrs.
27. This is the 3rd order we have received from you.
28. The books leaves were badly torn.
29. Have you seen Smith's and Weston's new typewriter?
30. I guess you are mistaken in amount of the order.
31. I was sure it was him who made the mistake.
32. We saw your ad in the Courier Journal.
33. We can make you a low price on a ladies fur coat.
34. Politics dont affect business very much.
35. Have you received the treasurers report?

## A Test of Stenographic Ability

This is taken from the Regents' examinations of the New York State Board of Education. Let someone read it to you and see how long it takes you to transcribe it accurately from your notes. Then practice it until you can do the 210 words in the given time, 3½ minutes.

Can you write postals, direct envelopes, copy telegrams, write on ruled paper, on narrow paper and on wide paper, make carbon

copies and letter-press copies, cut stencils and run off mimeograph copies, use the tabulator and take dictation directly on the machine—in fact, do the work you may be called on to do the first day in the business office? All these things should be a part of your work in school and you should not be satisfied till you can meet the requirements of business. Remember this one thing above everything else: Business men of today know that a real stenographer can do first-class work, including all the details that I have enumerated above, and they are looking for just such a one.

A stenographer, like other machine operators, must be familiar with the implements used in the business. It is not really difficult to master the several makes of machines after you have thoroughly mastered one, for most writing machines of today conform in essentials to two standards. The student should insist upon getting instruction on both kinds—the single and the double keyboard machines and be prepared to use either with ease.

CHAPTER X

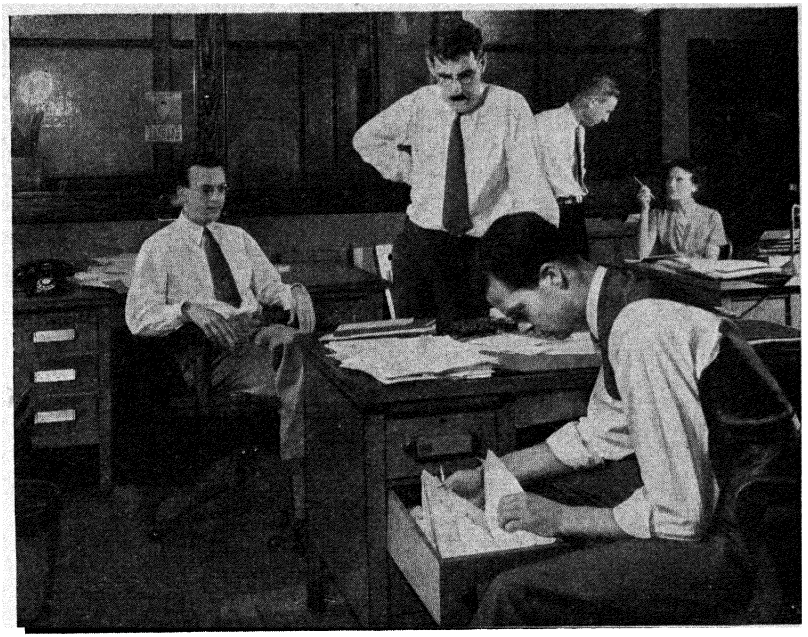
# How to File Letters and Papers

*Aims for Study of This Chapter*

To find out why letters and papers are kept
To learn how to classify letters for filing
To study modern filing systems (alphabetical, numerical, geographical, subject, special)
To examine card systems and visible indexes

**Modern filing practice.** Formerly every office kept not only every letter and paper received, but also a copy of every letter and document sent out, regardless of its value or importance. Many offices still follow this practice, but office managers are seriously questioning the wisdom of using valuable office space for expensive filing cabinets to hold papers which will never be referred to again. Nevertheless, since offices always have some letters and papers to which reference will be necessary, it is desirable for every office worker to know the fundamental principles of filing, and to be able to apply those principles when occasion arises.

**The purpose of filing.** The two objects of filing are: first, to preserve safely those letters and papers to which later reference is likely to be made; and second, to facilitate finding them quickly when they are wanted. The first object is attained by providing cabinets with drawers; the second object is served by using a system of indexing and filing designed especially for the particular kind of papers to be filed. That is, a system of indexing which is best for filing

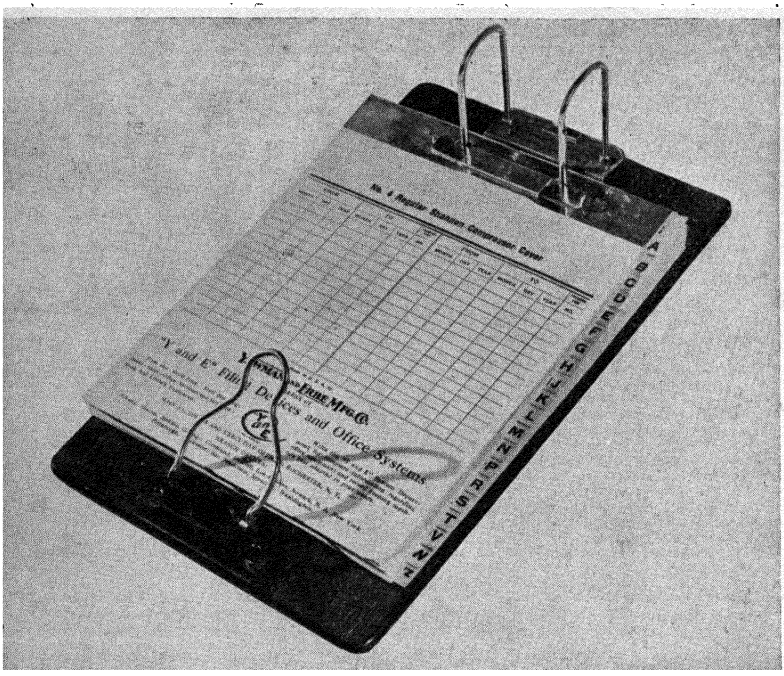


*Courtesy Art Metal Construction Co.*

This embarrassed young man probably wishes he had learned how to file papers entrusted to his care.

general correspondence would not necessarily be the best system for filing copies of purchase orders. The purposes, however, are the same: to provide a temporary storage space for letters and papers, and to make them immediately available. A good filing method, therefore, is one that is adapted to the business, that can be depended upon for accuracy, and that will produce at once the information wanted.

**Competent file clerks necessary.** Before considering the equipment and methods used in filing, it may be well to emphasize the fact that the filing system which will run itself has never been devised; there is no such thing. Intelligent and trained file clerks will always be necessary to the



*Courtesy Yawman and Erbe Mfg. Co.*

The Shannon file holds sheets firmly but loosely for ready reference.

efficient operation of any filing system. A capable filing clerk can usually operate a poor system, but a careless clerk will make a failure of the finest system ever installed. It is impossible to overestimate the value of having a competent filing clerk in charge of the filing.

**Filing equipment.** The first filing devices which we know anything about were the pointed stick, bent wire, or steel spindle. These were followed by the box file, a pasteboard box which contained an index of the letters of the alphabet on manila sheets fastened to one side of the box. The papers to be filed were placed between these sheets in alphabetic

order. This simple method is still often used where the correspondence would not fill over two or three boxes a year. Its chief attraction perhaps is its cheapness.

The box file was followed by the flat file or loose-sheet drawer, which was modeled on almost the same principle as the box file, except that a drawer was used and the papers were filed flat.

*The Shannon file.* Next came the Shannon file, which is probably the most practical type of flat filing. This is used where papers, such as unfilled orders, must be referred to frequently and are in danger of being lost. These files are fastened to a thin board ready to hang near the desk, or they are made in drawers to fit a cabinet. The steel arch, on which the papers are filed by name, date, or number, holds them in place and prevents the loss of important papers.

*Vertical-file equipment.* The modern equipment is the vertical-file-drawer cabinet, which provides a convenient, effective, and economical space for filing correspondence and for preserving all forms of office records. The equipment of any vertical-filing system consists of:

1. Standard or special-sized drawers made of wood or metal, with "follower blocks" to hold the guides and folders in an upright or vertical position. The two standard sizes are "letter size" and "legal size," to hold papers up to 8½ by 11 and 8½ by 14 inches, respectively.
2. Manila or pressboard guides, in sizes to fit the drawers, with projecting tabs at the upper edges of the guides; these tabs bear the index letters or numbers or other designation.
3. Manila folders, one or more, placed back of each guide; the letters and papers to be filed are placed in these folders. Projecting tabs on the folders show what is filed in them.

*Card-index equipment.* The equipment of a card index consists of:

1. A cabinet with as many drawers as required.
2. Guides, the same size as the cards, indexed or blank, colored or white, according to the method used.
3. Record cards, with printing, ruling, color, and size to suit. Standard sizes are 3 by 5, 4 by 6, and 5 by 8 inches.

The drawers usually have stops on the back, which help to prevent them from being pulled out carelessly and dropped. The stops may be so arranged that the drawers can be removed by tilting the front slightly.

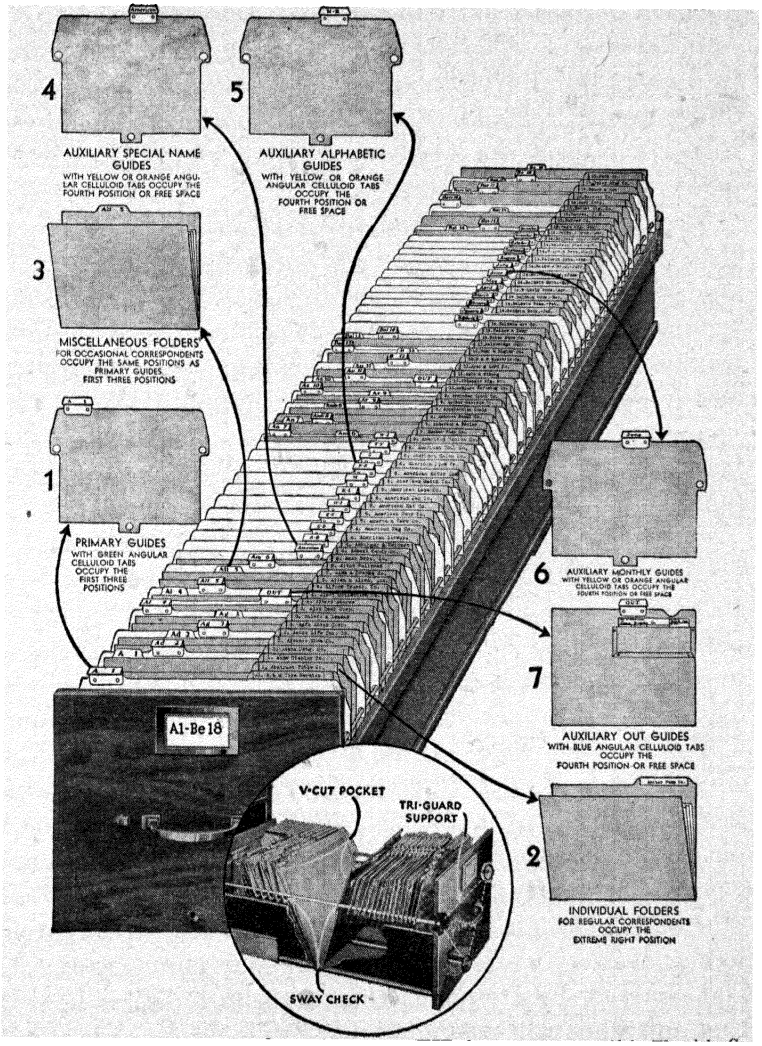
The card index is a method for keeping compiled information on a card where it can be found instantly, and is well adapted to the preserving of such office records as subscription lists, prospect cards, quotations given or received, catalogue indexes, stock records, installment collections, and factory costs, as well as many other records in connection with the handling of departmental data and correspondence.

**How to make filing easy.** If you will keep in mind that an important part of filing is the arranging of letters or papers so that they may be found quickly, you will find the study of filing systems to be comparatively simple.

Suppose you take a letter from Robert Bowen, which has been answered and is ready to be filed with the copy of the answer attached to it. Where shall you file it?

The very first question you ask yourself is: "When I want to find this letter again, what would I naturally look for first?" Why, the name *Robert Bowen*, of course. So, if you file the letter under *Robert Bowen* you will feel pretty sure of finding it again. This kind of file is called a "name file." That is, all the letters are put away under the names of the writers of those letters.

But suppose you have twenty or thirty letters from as many different people, or suppose you have one hundred




*Courtesy Globe-Wernicke Co.*

This shows one drawer of a large alphabetical file. Special supports hold folders in vertical position.

different letters from one hundred different people. You would, of course, file the letters by name, and look for them by name. But if your names were not arranged in some order, wouldn't it take you rather a long time to find Robert Bowen's letter if you had to go through all the other letters before you came to it?

**The alphabetical method.** Evidently you must arrange those names in some order that will make it easy to locate any desired name quickly. The first way you think of is to arrange the names alphabetically—that is, place all names beginning with *A* under *A*, all beginning with *B* under *B*, and so on. Now if you want to find Robert Bowen's letter you simply look under *B* first; and if you were careful in filing the letter, you would find it quickly. This method of filing by letter is called the "alphabetical" method.

The most generally employed, the simplest, and the best understood method of indexing consists of a set of twenty-six guides and folders arranged alphabetically, one for each letter of the alphabet. As the quantity of letters and papers to be filed increases, more guides will be needed to keep the files working properly. The tabs on the additional guides will be labeled with letters of the alphabet, subdivided. That is, instead of *A*, *B*, *C*, and so forth, we shall have *Aa*, *Am*, *Ba*, *Be*, *Br*, *Ca*, *Ch*, *Co*, and so on. It is possible to secure alphabetical subdivisions with several thousand guides if necessary; and important letters like *S* might contain several hundred subdivisions with the letters carried sometimes to six or seven places in such names as *Schmitt* and *Schmitz*. It is obvious that with an index as large as this, mistakes will occur unless the file clerk is absolutely accurate in reading the index and placing the letter where it belongs.

*Alphabetizing.* The process by which names are distinguished from each other and arranged in alphabetical

*Courtesy Eastman Kodak Co. and Sortergraf Co.*

Overlapping pockets on the sliding carriage of this Sortergraf make it possible to sort papers rapidly into hundreds of divisions.

order is called "alphabetizing." Beginning with the first letter of each name, the comparison is continued until a point is reached at which two letters are different.

It is easy to distinguish between names which begin with different letters of the alphabet. *Brown* is readily distinguished from *Crown*. When two names begin with the same letter, however, complications may arise, particularly if the first part of each name is very much the same. *Williston* is easily distinguished from *Wallaston*, but not so easily from *Willis*, *Williams*, *Wills*, *Willetts*, *Willet*, *Wilmet*, *Wilmot*, *Wilmer*, and so on. The first three letters of each of these

names are the same; in six of the names, the first four letters are the same; in three of them, the first five letters are the same; and in two of them, the first seven letters are the same. Study closely the following examples, which are arranged in strictly alphabetical order:

W-a-b-a-s-h
W-e-l-l-s
W-e-l-t-o-n
W-e-l-z
W-i-l-l-e-t
W-i-l-l-e-t-t
W-i-l-l-e-t-t-s-
W-i-l-l-i-a-m-s
W-i-l-l-i-a-m-s-o-n
W-i-l-l-i-s
W-i-l-l-i-s-t-o-n
W-i-l-l-i-t
W-i-l-l-i-t-t
W-i-l-l-i-t-t-s
W-i-l-m-e-r
W-i-l-m-e-t
W-i-l-m-o-t
W-i-l-s-o-n
W-i-m-p-o-l-e
W-i-n-g-a-t-e
W-i-t-t
W-o-d-i-n
W-u-l-s-i-n
W-y-m-a-n

There are many other rules for determining where to file letters from people whose names have peculiarities, such as *Mac* or *Mc; Jones & Brown; Jones, Brown & Company; The Jones-Brown Company;* and so on. You will find these rules at the end of this chapter.

Although the alphabetical method is perhaps the simplest method of filing and indexing, still it may not always be the best under all circumstances and for all types of businesses. It is sometimes claimed that where the number of letters filed is very large the alphabetical system is not practical because it requires so many subdivisions of the alphabet. And yet it is always used more or less in connection with some of the other methods we shall study.

**Filing by sound.** In the very large card indexes found in the home offices of insurance companies, a modification of the alphabetical system is often used. The principle is to bring together all names which sound alike or nearly so.

This means that *Schmidt* and *Smith* would be found together instead of ten letters apart. So would *Schneider*, *Shnider*, and *Snyder*, which there are thirty different ways of spelling. There are fourteen ways to spell *Kelly* and seventeen for *Baker*.

The "Russell-Soundex," as this method of indexing is now known, is operated by means of seven code symbols, representing certain sounds of the consonants in the alphabet. By combining these code symbols, any name which sounds like any other name will be brought into the same section of the card index.

**The geographical method.** Where the correspondence comes from widely scattered sources, or where the place is of more importance than the person's name, a "geographical" method of filing is sometimes preferable. This would be true in handling the correspondence of the sales department, for example, where the territory is divided into districts or agencies. These files are usually arranged according to states, in alphabetical order; under each state the towns in that state are also arranged in alphabetical order.

In making up geographical guides, it is possible to start in a small way with one guide and one folder for each state needed. As the business increases, guides and folders may be added for other states and sub-indexes placed in those states where the quantity of correspondence is large. Index guides for the names of towns may be inserted, and alphabetical guides, that is, an "*A-B-C* index," placed behind the town guides. This plan permits the unlimited growth of the filing system without destroying the old guides as is necessary in expanding a straight alphabetical index.

If there is not enough correspondence to justify the use of town guides in certain states, there may be only the state guide and an *A-B-C* index. In this *A-B-C* index the letters are filed according to name, as in the straight alphabetical

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HARRY R. TOSDAL, FACULTY EDITOR
JOSEPH B HUBBARD MANAGING EDITOR

March 23, 1939

Mr. Edwin M. Robinson
College of Business Administration
Boston University
Boston, Massachusetts

Dear Mr. Robinson:

Thank you for the order contained in your letter of March 21. Unfortunately, however, we are not able to send you the 17 requested copies of the reprint of Mr. W. L. Crum's article "Earning Power with Respect to the Size of Corporations", which appeared in the Autumn, 1938, issue of the HARVARD BUSINESS REVIEW, since our supply of the reprints is entirely exhausted.

It is not probable that the article will be reprinted again. But if you are able to use as many as 100 copies of it we could reprint them especially for you. We will gladly quote a price for this number if the suggestion is of interest.

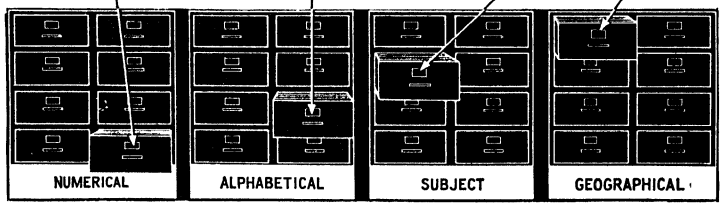
If you cannot consider this arrangement, may we fill your order with 17 copies of the issue of the HARVARD BUSINESS REVIEW which contains the article in question and a number of other reports of timely interest as well? These could be supplied at once at $1.25 per copy. I enclose a reprint of the table of contents of this issue so that you may see for yourself the titles of the additional articles.

Sincerely yours,

Ralph S. Foss

ENC
RSF:VHL

Ralph S. Foss
Publishing Director




To understand clearly the four different methods of filing, follow the line leading from each word, letter, or number that is ringed.

system. Of course, if the correspondence does not come from many states and towns, the state guides may be dispensed with, and only town guides used, arranged alphabetically. Under each town is the *A-B-C* index. In each case subguides may be added as the business increases, and when the correspondence of any locality or individual warrants it, special folders may be inserted.

It is necessary, of course, to know the name of the town or state in order to find certain correspondence; and letters mailed by the same individual from different towns might be filed in different folders unless care were used. An alphabetical card index is, therefore, almost a practical necessity where a geographical file is used. Such an index may be kept on 3- by 5-inch cards, bearing the name of the person or firm with whom we are corresponding, and indicating under what state and town the correspondence is filed. These cards are filed alphabetically by name.

**The numerical method.** In the "numerical" method, each correspondent is assigned a number, which is placed on his folder, in front of his name. The folders are then arranged in numerical order instead of alphabetically. The guides are generally numbered in tens, so that there are ten numbered folders back of each guide.

When mail from a new correspondent comes in, he is assigned the next consecutive number and a folder is labeled for him. His name, address, and number are written on a card which is filed alphabetically in a card-index drawer. This alphabetical card index is a necessary accompaniment to any numerical system of filing. The letter to be filed is marked in the upper right-hand corner with the number assigned to that correspondent and is filed in a manila folder bearing the same number. The folder is filed numerically behind the proper guide. When a letter comes in from a correspondent, the card index is consulted to find the number.

When vertical filing was first introduced, the numerical method of indexing was commonly employed; hence it came to be believed that the numerical method was always used with the vertical file; but it is now generally conceded that the numerical method should not be installed for correspondence filing unless the nature of the business and its requirements are such that the alphabetical or geographical method will not answer.

Another mistaken idea in regard to the numerical plan was that it was an advantage to use it when the volume of correspondence was large. If it is a disadvantage to use the alphabetical or geographical method in a large business, it would be a double disadvantage to use the numerical, on account of the greater expense in filing and the possible loss of time in finding correspondence, since reference must always be made to the alphabetical card index when either filing or finding under the numerical system of indexing.

*Advantages of the numerical method.* The real advantage of the numerical system is apparent when papers or books are to be referred to under more than one heading. The numerical system makes it possible to file all papers on the same subject under the same number, and to use the alphabetical card index to refer to that number all titles under which it might be looked for. In many offices, such as law firms, it has been found an advantage for each client or customer to be given a number and to have all papers and files pertaining to a given case filed under the same number.

Nearly all libraries are indexed numerically, because reference must be made to the book by title, by author, or by subject matter.

**The chronological method.** In a "chronological" file, often called a "follow-up file" or "tickler," the guides are arranged by months and days instead of by numbers, by states and towns, or by letters of the alphabet. There are

twelve guides, one for each month, and usually thirty-one folders numbered from one to thirty-one for the current month, although each month may have a set of numbered folders if necessary. Usually it is neither necessary nor economical to have more than thirty-one folders.

If properly used, a chronological file may be very convenient. Suppose we wanted to write to Robert Bowen about two weeks after our last letter, especially if he had not sent us a reply. If we had a chronological file, we could file Robert Bowen's letter two weeks ahead, and on the day set, go to the file and take out his letter.

Nearly every business firm employs a plan of this kind for following up dilatory correspondents. It may be for the purpose of converting a prospect into a customer, or for collecting a past due account, or for circularizing a mailing list. In each instance, it is impossible to depend absolutely upon the memory; so, a method of filing is devised for calling attention automatically to the particular date when the next letter is to be sent.

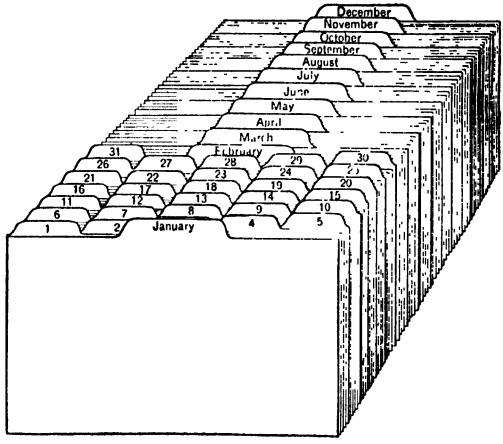
A special drawer of the filing cabinet may be used for this purpose, or the correspondence may be filed in the usual way and a follow-up card made out which contains a record of all the transactions. By means of the thirty-one daily and twelve monthly guides, any material which needs consideration may be filed under a certain date and automatically brought up for attention at the correct time. A central "tickler" file for all those in the office who have follow-ups has sometimes been found to save time and to be effective in bringing matters to the attention of the right person on time.

*Finding letters in the follow-up file.* Right here one point about follow-up or chronological files which is sure to come up might well be considered. After Robert Bowen's letter has been placed in the follow-up files, we do not expect to see it

again until the time set for our further attention to it. But if Robert Bowen should write us before that day arrived, we would want to get the letter that we had placed in the follow-up file. Unless we remembered the follow-up date, the only way we could find the letter would be by going through the entire follow-up file. A number of interesting methods are used in different offices to obviate this difficulty.

A plan that is used in one office is to file our correspondent's original letter alphabetically or numerically, and the carbon copy of our reply chronologically. This is indicated by placing the follow-up date on both the letter and the carbon copy. The original letter is filed as usual in the regular correspondence files; the carbon copy, bearing any necessary notations, is filed in the follow-up file under the date when the next letter is to be sent. If it is necessary to refer to the original letter, it will be found in the regular file. Should a reply be received before the follow-up date, which we will suppose is March 23, the letter is referred to and is found with *March 23* marked on the upper right-hand corner; this means that the answer to the last letter will be found under the *March 23* guide in the chronological file. The follow-up date may then be changed, or the correspondence handled in the usual manner.

Another office manager has the stenographer make an extra carbon copy of every letter which is likely to be followed up. This carbon copy is then placed in the follow-up file under the desired date, and the rest of the correspondence goes to the regular files. When the carbon copy comes up on the day set for the follow up, if the matter has been attended to, the extra carbon copy is destroyed. If, however, no answer has been received, or if the matter has not been attended to, then the rest of the correspondence is obtained from the regular file and the proper steps are taken.




A simple follow-up file.

This method insures that the complete correspondence is in the files and available at all times. There is no delay caused by looking through the follow-up file for a letter that that has not come up on the date marked.

A third plan does not require the extra carbon copy; neither is a letter-size cabinet required. The stenographer makes out a 3- by 5-inch index card, giving the name, address, date, subject, and where the letter is filed. This card is filed chronologically behind the guide in the card index showing the month and the day when it is next to receive attention. The letter and carbon copy are filed in the regular files after being marked with the follow-up date, so that if an answer is received before that date, the letter can be answered in the usual manner and the follow-up card removed or set ahead to a new date. The main objection to this plan is that it takes more time to make out the cards than to make an extra carbon copy of the letter.

**Subject filing.** "Subject" filing, or filing by "topic," requires the use of card indexes. Such a method is not generally used in correspondence filing except where the subject

matter of the letters is of great importance, and the fact that a letter comes from a particular concern is relatively unimportant.

Often several cards must be made out for each letter in order to index it thoroughly, and this, of course, adds to the cost. Further, a thoroughly competent person must do the indexing or the file will be almost valueless.

One difficulty in subject indexing is the fact that no two persons are likely to select the same word or phrase to index a paragraph; and at different times the same person might select different phrases. Thus, reference becomes rather uncertain unless enough index cards under different subjects are made out to leave little doubt that one of them will be thought of when a person is looking for that material.

On account of this tendency to refer to the same subject by different names, subject filing should not ordinarily be employed in filing correspondence unless the subjects are well determined and a natural reference is established. In spite of these considerations, subject filing is the only method that fits the requirements of some concerns. Architects, street railways, or county offices, for example, might naturally and profitably use filing by subjects. Where it is desired to gather data on a number of subjects, subject filing is of great value, since when properly classified, indexed, and operated, all data on the same subject are brought together in one folder.

**The alphabetical-numerical method.** It is possible to combine some of the best features of the alphabetical and numerical methods by numbering the alphabetical guides consecutively. All the folders back of any one guide bear the same number as the guide. This provides a check on accuracy when both filing and finding. Nearly all of the special filing systems devised by manufacturers of filing

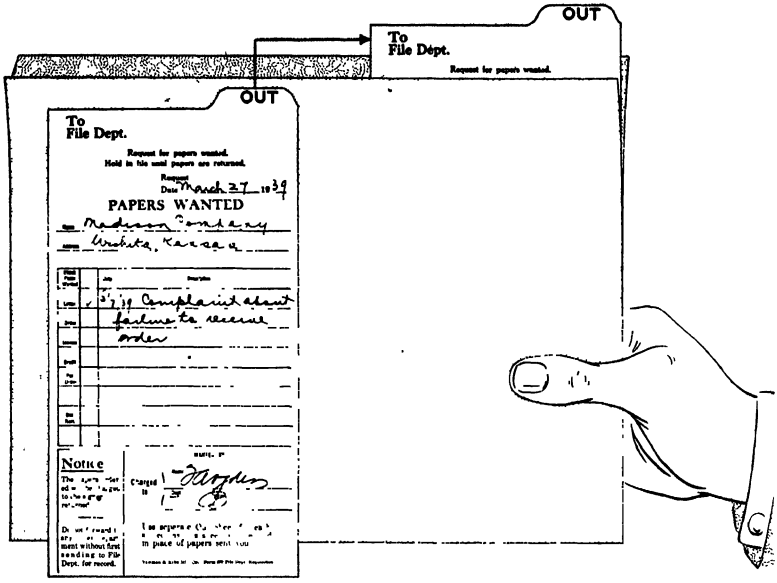
equipment are combinations or modifications of the alphabetical and numerical systems.

**Choosing the best filing system.** It cannot easily be demonstrated that any one filing system is better than any other, since every business must, of course, select the method best suited to its particular purposes. It is a fact that some methods which are best for certain lines of work would be impossible in other offices. Nevertheless, whatever the method used, an intelligent and competent employee must be depended upon to make its application a success.

The alphabetical method seems the most natural because we are all more or less accustomed to the dictionary arrangement and grouping of words. It is, therefore, probably the best understood, and should perhaps be generally used in preference to some more complex method, unless there are apparent advantages to be gained by the adoption of such a method.

In all filing systems, as the files grow in size, additional guides must be provided to keep up the efficiency of the clerks. In both the numerical and geographical methods the files are enlarged by simply inserting the additional guides, while with the alphabetical method an entirely new set of guides must ordinarily be substituted for those now in use. But the increased efficiency justifies the expense.

It should be remembered that both the alphabetical and geographical methods are direct filing methods and do not ordinarily require the double indexing which is necessary in the numerical method. Preparing an extra card index is not only an additional expense, but it may require more time to locate a letter than under the direct plan. However, the separate alphabetical card index should not always be regarded as a hindrance. It is sometimes possible to put on the card useful information which may make it of greater value than its cost of production and use. The addressing




*Courtesy Yawman and Erbe Mfg. Co.*

Whenever correspondence is taken out of the files, a record like this should show what papers were removed and who has them.

machine may often be used in making out the cards, and the same cards may be used in following up prospects.

**Removing letters from the files.** Correspondence should never be removed from the files without some record being made to show when the paper was taken out and who has it. Some concerns refuse to allow the removal of any correspondence unless a properly signed request is furnished. Others insist that material may be kept from the files no longer than forty-eight hours, unless the requisition is renewed. The head filing clerk is the only one who is allowed to remove papers, and he is therefore held responsible for their safe return.

One concern uses the following method for indicating what correspondence is missing from the files: When papers

that have been filed are required for reference, the person making the request fills out a blank like that shown on page 308. This "out sheet"—as it is called—is just about ten inches high. It is placed upright in the folder from which papers have been taken, so that the word "out" shows prominently above the edge of the folder.

Thus it is possible, simply by glancing through a drawer, to tell where papers have been removed. Every so often the filing clerks check through the drawers for which they are responsible. Should any correspondence be held for some time, apparently without reason, a note to that effect is sent to the requisitioner. When finally the papers are returned, they replace the "out sheet," which is destroyed.

Another concern has the filing clerk pin a colored slip to every paper that leaves the files, bearing the following notice:

> This correspondence is charged to your department and must be returned to the files promptly.
>
> Under no circumstances are these papers to be passed to any other department except through the file room.

**Transferring.** As the file cabinets fill up with correspondence, some provision must be made for additional filing space. This may be handled in two ways—by purchasing additional filing cabinets, or by the operation called "transferring."

**The transfer files.** "Transferring" is simply taking inactive correspondence out of the files and storing it where it is accessible, if reference should be necessary. Removing the inactive correspondence leaves the space in the cabinets available for filing. The active correspondence is called the "current" files; the material that has been transferred is called the "transfer" files.

*Courtesy Guide System and Supply Co.*

Inexpensive transfer cases like these facilitate reference to correspondence not needed very often.

This operation of transferring is repeated as often as space is needed. In most offices it is the custom to transfer at stated periods instead of waiting until space requirements make it imperative. Experience has shown that reference to filed correspondence is seldom made after six months. If this is so, then a transfer may be made every six months.

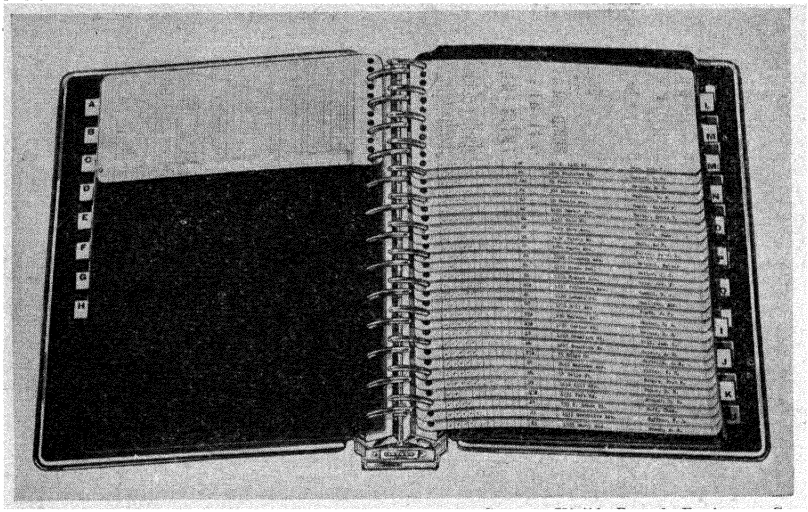
The only object in keeping correspondence or other material any considerable length of time after it has been transferred, is to have available important letters which may be called for or needed as evidence in lawsuits. It is evident,

therefore, that some letters and papers, from their very nature, are not of sufficient importance to be kept. They may, therefore, be destroyed at any time.

There is a slight disadvantage in removing all the correspondence at one time, since some is of greater importance than others, and there is no time when it will not be necessary to refer to some of the recent mail. When a letter is filed, it simplifies matters to indicate then and there the date for "killing" or transferring; or the less important matter may be filed in different-colored folders and all of that color transferred at a fixed date. Some concerns prefer to arrange the two upper rows of their four-drawer cabinets for six months' correspondence and transfer to the two lower rows at the close of that period. In another six months the upper rows are cleared and the lower rows stored in less expensive cabinets.

**How long to keep letters.** Differing conditions vary the length of time it is necessary to keep letters in different offices. One fairly large concern, for example, keeps letters in the current files for six months, and then places them in the transfer files. Others transfer every three months, according to their requirements, while some firms transfer only once a year. The transfer files are similar to the current files, and are readily accessible, only not so conveniently located in the filing department as the current cabinets. Papers remain in the transfer cabinets until they are from one to six years old, according to the requirements of the business. They may then be removed to a warehouse of the company, where space is not so valuable as in the office, or they may be destroyed then and there.

**Visible indexing.** The term "visible indexing" is applied to any system of filing in which the indexes and labels of all guides, folders, and cards are visible. We shall consider visible card indexes first.



Courtesy Visible Records Equipment Co

With a visible record binder like this one, you do not need to hunt for a name; it's right there in front of you.

The outstanding feature of a visible card index is that its use makes unnecessary the hunting for any card. Since the name or number on each card is always visible, the clerk can pick out any desired card without delay. That fact helps to speed up the use of a card index very greatly, thereby reducing the time required to find cards under "blind indexing." Although several types of visible card indexes have been devised, only two types are commonly found. In the "pocket" type of visible card index, the card rests in a pocket hung from a hinge. The bottom of the pocket is made of transparent celluloid, through which the label of the card may be easily read. Since each pocket overlaps the next, the index line of each card is visible. The pockets are held by the hinges in a long tray, which slides like a drawer in and out of a cabinet. To insert, change, or remove any card from its pocket takes but a few seconds.

Another widely used type of visible card record is one in which two metal hinges are fastened to the card itself, which then is hung on tiny rods projecting from the sides of the tray.

**Other visible records.** Visible indexing has also been applied to looseleaf records, appearing commonly in one or two forms. In one form a specially constructed binder with a large number of rings or prongs holds the sheets, which are punched at one end to fit over the prongs. As the figure on page 312 shows, the bottom of each sheet protrudes beyond the bottom of the next sheet just far enough to disclose the index line. There are several different makes of this type of visible loose-leaf-record binder.

The other commonly used type of visible loose-leaf record is one in which a sheet is folded in the middle, with holes punched at the ends of the creased edge, to permit passing a long narrow rod through them. The ends of the rod are inserted in the edges of a tray, and the sheet hangs down.

**How to become a good file clerk.** The essential qualifications of a filing expert are a good memory, keen sight, and skill in reading names and numbers. Skill must also be attained in arranging names in exact alphabetical order, explained on pages 296–298 under "alphabetizing." Then comes the ability to tell quickly which name corresponds to the index and finally, with accuracy, to place the paper in the division where it belongs.

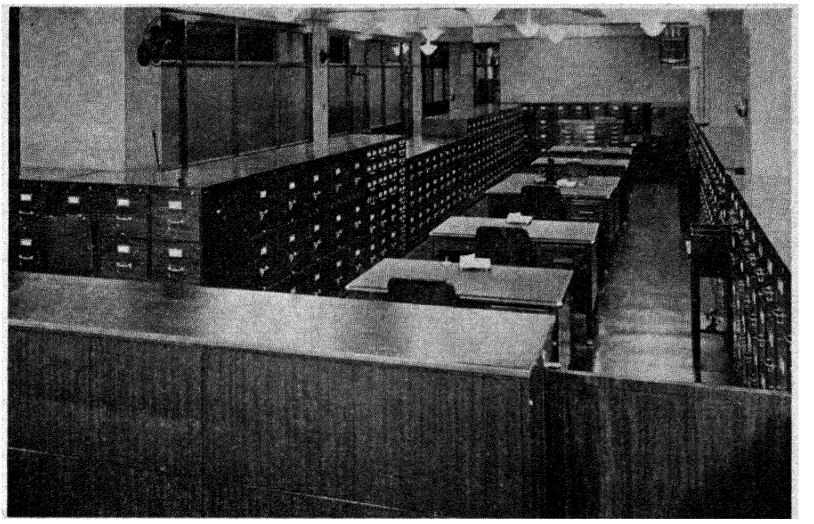
These skills can be acquired through persistent practice and training for accuracy, and are facilities which will be of service in any kind of work. Begin by reading at a glance numbers containing six or more figures and then try to reproduce them orally from memory. Write the figures in their exact order. You might be asked to get from the file, numbers 346529 and 24638. Could you do it without

*Courtesy Globe-Wernicke Co.*

writing down the numbers? Where the numerical system of filing is used, there are many large concerns which use numbers running over six figures.

You should also train yourself to read quickly groups of words, names, and firms names, arranging them in alphabetical order as read. Study the dictionary and directories for the purpose of understanding the exact dictionary arrangement so that you can carry out the alphabetizing of words to the last letter of a word, if necessary. Practice writing names and firms in the proper arrangement for filing and always observe the key which will be used on the index. Then file the papers in the divisions where they belong and remember that 100 per cent accuracy is required: If you become an expert filing clerk, you may reasonably expect to be called upon to manage some filing department where efficiency is desired and rewarded.

**Summary.** The files form a vital part of the records of every office. The object of filing letters and papers is not



*Courtesy Shaw-Walker*

This filing department is ready for business. No space is wasted: yet there is plenty of room for work.

simply to dispose of them—the wastebasket could serve that purpose—but to provide a temporary or permanent storage space for papers and letters, and to make it easy to find those papers or letters when they are wanted. The average business man is not expected to remember the prices quoted, the contracts accepted, or the letters written, if he can depend upon the office files and records to furnish him instantly the information that he desires. These records may consist of correspondence, miscellaneous information, or financial data. A good filing method is one that is adapted to the business, that can be depended upon for accuracy, and that will produce at once the information wanted. Different kinds of records may require different methods of indexing or a certain kind of equipment, but the purpose is the same—to make the desired information immediately available.

Competent filing clerks are essential to the successful operation of any filing system. The most common reason for the failure to find material that has been filed is that the person who filed it was not a trained filing clerk.

Although some offices still use the pointed spindle file and the box file, those offices where time is valuable use modern vertical file cabinets and drawers with adequate indexes, guide cards, and folders.

Correspondence may be filed alphabetically, numerically, geographically, or chronologically. The chronological file is frequently called a "follow-up" file. The purpose of subject filing is to bring together all material on a certain subject. To make sure that all papers are available when they are wanted, none should ever be removed from the files without noting the destination.

The contents of current file drawers are transferred periodically to storage spaces to make room for new correspondence and to make unnecessary the handling of old papers.

Visible indexing speeds up the finding of any desired record by exposing the label of each guide, folder, card, or loose leaf. There are several kinds of visible-record equipment.

## Filing Standards

### The Technique of Filing

1. Filing is putting letters and papers safely away where they may be found quickly when wanted.
2. The filing method must be suitable for the business.
3. The filing clerk must thoroughly understand the method.
4. The filing must be done with the greatest accuracy.
5. Remember, you might as well throw a letter out of the window as to file it in the wrong place.
6. Filing clerks must be quick and accurate in reading names.

7. Clerks should have good memories for names and numbers.

8. Carbon copies should be fastened to the letters they answer; pasting is easy and is commonly used.

9. Letters to be filed are placed in the file folder back of the proper guide.

10. Letters should be filed with the top of the sheet toward the left.

11. The latest letters are always placed in the front of the folder.

12. Letters should not protrude from the ends of folders; the files should always look neat.

13. Letters signed by an individual member of a firm should be filed under the firm name, unless you are instructed otherwise.

14. All correspondence to, from, or about a name or subject (including branch office and interdepartmental correspondence) is filed in one folder under the name of the individual, firm, or subject.

15. Correspondence referring to more than one name or subject is indexed and filed in one folder under the most important name or subject, and cross-referenced by the other names or subjects.

16. There are a few special subjects under which correspondence is filed regardless of correspondent, and without cross reference, such as: *Applications*, *Stockholders*, etc.

*Example*

| *Name* | *Indexed as* |
|---|---|
| Thomas Wilson—<br>applies for position<br>as chauffeur | Applications<br>Chauffeurs |

17. If the subject method of indexing is not used in filing branch office, interoffice, interdepartmental or intradepartmental correspondence, such correspondence is indexed and filed as follows: file *original letters* under the name of the department or official title of the correspondent, and file carbon copies under the name of the department or the official title of the person addressed.

*Example*

Department *A* writes to Department *B*
Original letter is filed in Department *B* by department or title of *A*
File copy is filed in Department *A* by department or title of *B*

18. Never remove papers from the files without making some note of the papers that are removed.

19. An "out" card shows at a glance what letters are missing.

## Filing Standards

### Rules for Alphabetical Indexing and Filing

Before anything can be filed, someone must determine under what heading it is to be filed. This operation of determining under what name the letter, card, or paper is to be filed is called "classification." The next step is "alphabetizing," that is, determining the correct alphabetic arrangement of the names, whether of persons, firms, places, things, or subjects.

As a result of years of practical experience with files of all kinds in every kind of business, filing experts have agreed upon certain rules which, if followed consistently, will help to make filing uniform and not subject to the whims of any one person.

The following rules, adapted through the courtesy of the Library Bureau, will be found to meet the needs of the average file. Should special conditions in an office require variations from these rules, such variations, when approved by someone in authority (usually the office manager), should be considered as new rules and followed strictly in that particular office. They should be put in writing and made available to everyone concerned with filing in that office. In general, however, the following rules will be found to cover the majority of cases that arise in filing:

1. Transpose names of individuals, considering the surname first, then the given name or first initial, and the middle name or middle initial, if any.

| *The Names in This Column* | *Are Indexed and Filed as Shown in This Column* |
|---|---|
| John J. Brown | Brown, John J. |
| H. Albert Jones | Jones, H. Albert |

2. The legal name of a married woman is the one considered in filing, and the husband's name is cross-referenced, if known.

| *Name* | *Indexed as* |
|---|---|
| Mrs. Mary A. Brown | Brown, Mary A. (Mrs.)<br>(Mrs. John A.) |

*Cross Reference*
Brown, John A. (Mrs.)
See—Brown, Mary A. (Mrs.)

3. Hyphenated surnames of individuals are treated as one word. (See rule 7b.)

| *Name* | *First Unit* | *Second Unit* |
|---|---|---|
| Blanche Duff-Gordon | Duff-Gordon | Blanche |
| Cecil Spring-Rice | Spring-Rice | Cecil |

4. Individual name prefixes, such as *De, de, d', du, von, Le, L', M', Mc, Mac, O'*, are considered as parts of the surnames and not separately.

*Correct Filing Arrangement*
DeDuniak, Andrew
DeGaugn, Charles
Degaw, Edwin
D'Olier, Francois
Leck, William
Leeman, Howard
L'Engle, Joseph

5. Abbreviated designations (e.g., *Jr., 2nd, Sr.*, etc.), appearing as part of the name are enclosed in parentheses after the given name or initials and are disregarded in indexing and filing.

| *Name* | *Indexed as* |
|---|---|
| James G. Blaine, Jr. | Blaine, James G. (Jr.) |
| Henry Hale, Sr. | Hale, Henry (Sr.) |

6. Titles or degrees of individuals, whether preceding or following the name, are not considered, and are placed in parentheses in filing, after the given name or initials.

| *Name* | *Indexed as* |
|---|---|
| Dr. John Brown | Brown, John (Dr.) |
| Capt. William Clarke | Clark, William (Capt.) |
| Horace Cook, LL.D. | Cook, Horace (LL.D.) |
| Mrs. A. R. Crawford | Crawford, A. R. (Mrs.) |
| Mayor John Marshall | Marshall, John (Mayor) |
| Prof. W. N. Rice | Rice, W. N. (Prof.) |
| William Walton, Treasurer | Walton, William (Treas.) |

*Exception A*: Foreign titles and individual names, where only the title and one name appear, are treated as written. Cross-reference when necessary.

| *Name* | *Indexed as* |
|---|---|
| Madame Lucile | Madame Lucile |
| Prince William | Prince William |
| Princess Alicia | Princess Alicia |

*Exception B*: When a title or a foreign article is the initial word of a firm or association name, it is indexed as written. (See also rules 4 and 7.)

| *Name* | *Indexed as* |
|---|---|
| Madame Blanc, Hats | Madame Blanc, Hats |
| Il Progresso Italo | Il Progresso Italo |
| La France Novelty Co. Inc. | La France Novelty Co., Inc. |
| La Primodora Cigar Co. | La Primodora Cigar Co. |

7. Names of firms, corporations, and institutions are indexed as written, except where they embody full names of individuals. (See rule 7a.)

| *Name* | *Indexed as* |
|---|---|
| Church of the Epiphany | Church of the Epiphany |
| D E K Co. | D E K Co. |
| Harris, Forbes & Co. | Harris, Forbes & Co. |
| Il Progresso Italo | Il Progresso Italo |
| La France Novelty Co., Inc. | La France Novelty Co., Inc. |
| Lamson & Hubbard Co. | Lamson & Hubbard Co. |

7a. When the full name of an individual is embodied in the firm name, transpose the name of the individual, considering the surname first, then the given name or first initial, and the middle name or middle initial, if any, then the rest of the firm name. Cross-index when necessary.

| *Name* | *Indexed as* |
|---|---|
| Marshall Field & Co. | Field, Marshall & Co. |
| Ben Franklin Steamship Co. | Franklin, Ben, Steamship Co. |
| Washington Irving High School | Irving, Washington, High School |
| Henry E. Kane & Co. | Kane, Henry E. & Co. |

7b. Hyphenated firm names are treated as separate words.

| *Name* | *First Unit* | *Second Unit* |
|---|---|---|
| Air-O-Pad Co. | Air | O |
| Scripps-Booth Co. | Scripps | Booth |

*Correct Filing Arrangement*

Air Automobile Agency
Air-O-Pad Company
Air Silk Mills
Scripps, B. A.
Scripps-Booth Co.
Scripps Motor Co.

7c. Names which may be spelled as either one word or two words are treated as one word. Cross-reference when necessary.

*Correct Filing Arrangement*

Automotive Sales Company
Auto Piano Company
Interstate Drug Company
Inter State Manufacturing Company
Northeast Coal Company
North East Harbor Dredging Company
South Eastern Manufacturing Company
Southeastern Milling Company
South Eastern Rubber Company

7d. Abbreviations such as *Ltd.*, *Inc.*, *Co.*, *Son*, *Bros.*, *Mfg.*, *Corp.*, and *Assn.*, are considered both in indexing and in filing, and are treated as though spelled out in full.

| *Name* | *Indexed as* |
|---|---|
| Wm. Foster, Inc. | Foster, William, Incorporated |
| Jos. St. Clair Co. | Saint Clair, Joseph, Company |
| R. R. Bldg. & Loan Assn. | Railroad Building & Loan Association |

*Correct Filing Arrangement*

Henderson, Lanning & Company
Henderson, Ltd.
Henderson Locke Corp.
Loft, Geo. L.
Loft, Inc.
Loft, John J.

8. When *the* is part of a name, it is placed in parenthesis; if *the* is the first word of a name, it is placed at the end. In either case it is disregarded in filing.

| *Name* | *Indexed as* |
|---|---|
| Hart the Florist | Hart (the) Florist |
| The Castle Hat Co. | Castle Hat Co. (The) |

*Exception:* In foreign corporation names the article is indexed as written. (See *Exception B* under rule 6 and rule 7.)

9. *And, &, of, for,* etc., are disregarded in filing, but not omitted in writing the names.

| *Name* | *First Unit* | *Second Unit* |
|---|---|---|
| Pusey & Jones | Pusey | Jones |
| Committee of Seventy | Committee | Seventy |
| Home for Blind | Home | Blind |
| House of the Good Shepherd | House | Good |

10. Apostrophe *s* (*'s*), indicating possessive case, is not considered in indexing and filing.

*Correct Filing Arrangement*

Brentano, A. R.
Brentano's Book Shop
Brentano, Charles

10a. *S* apostrophe (*s'*), indicating possessive case, is considered in indexing and filing.

*Correct Filing Arrangement*

Girl Scouts
Girley, John
Girlow, William
Girls' Friendly Society
Girls' Home
Girlum, Howard

11. Firms doing business under two names are indexed and filed under the more active or more important name, and a

permanent cross reference is made under the other name. This would include:

(*a*) Proprietors' and trade names.

| *Name* | *Indexed as* |
|---|---|
| William Farley, Prop.<br>A. & J. Garage | A. & J. Garage<br>*Cross Reference*<br>Farley, William, (Prop.)<br>A. & J. Garage |

(*b*) Change of name due to successorship.

| *Name* | *Indexed as* |
|---|---|
| Turnbull & Evans<br>Successors to Borden<br>& Turnbull | Turnbull & Evans<br>*Cross Reference*<br>Borden & Turnbull<br>Succeeded by<br>Turnbull & Evans |

12. When phrases such as *Bureau of*, *Board of*, etc., form part of a corporate or institutional name, index the name as written. (Compare rules 7 and 18a.)

| *Name* | *Indexed as* |
|---|---|
| Board of Missionary<br>Preparation | Board of Missionary<br>Preparation |
| Bureau of Envelope<br>Manufacturers<br>of America | Bureau of Envelope<br>Manufacturers<br>of America |
| Bureau of Social Hy-<br>giene | Bureau of Social Hy-<br>giene |

13. Receiverships, guardianships, trusteeships, etc., are indexed and filed under the names of the individuals or organizations for whom they act. Permanent cross reference is made for the name of the receiver, guardian, etc.

| *Name* | *Indexed as* |
|---|---|
| C. D. Thompson Receiver for Carnegie Foundry Company | Carnegie Foundry Company<br>*Cross Reference*<br>Thompson, C. D. (Receiver) Carnegie Foundry Company |

14. In filing bank names, — for example, *First National, Second National,* etc.,—it is better to arrange first by city, then by name of bank, with the state in parentheses at the end of the name. This arrangement will relieve congestion; also, it is more logical to search for bank correspondence by location than by name. When the name of the city is embodied in the name of the bank at the beginning, do not repeat.

| *Name* | *Indexed as* |
|---|---|
| First National Bank of Boston | Boston: First National Bank of (Mass.) |
| Citizens National Bank of Baltimore | Baltimore: Citizens National Bank of (Md.) |
| New York Trust Co. | New York Trust Company (N. Y.) |

15. Names beginning with numerals are filed as though the numerals were spelled in full. The numeral is treated as one word in indexing and filing.

| *Name* | *First Unit* | *Second Unit* |
|---|---|---|
| 5th Avenue Hotel | Fifth | Avenue |
| 48th Street Theatre | Forty-Eighth | Street |
| 42 Broadway Building | Forty-Two | Broadway |
| 14th Street Store | Fourteenth | Street |
| 3rd Avenue Railway | Third | Avenue |
| 1926 Broadway Building | Nineteen Hundred Twenty-six | Broadway |

16. Addresses containing the name of the building as well as the street and number are indexed and filed by the street and number.

| *Name* | *Indexed as* |
|---|---|
| Standard Oil Co.<br>Equitable Building<br>120 Broadway<br>New York, N. Y. | Standard Oil Co.<br>120 Broadway<br>New York, N. Y. |

16*a*. Street addresses embodying more than one number are indexed and filed by the lowest number.

| *Name* | *Indexed as* |
|---|---|
| Harrison & Treflew<br>910–12 Martin St. | Harrison & Treflew<br>910 Martin Street |

17. Names of federal departments are indexed and filed under *United States Government* and subdivided by name of department.

| *Name* | *Indexed as* |
|---|---|
| U. S. Dept. of Agriculture | U. S. Government<br>Agriculture<br>(Dept. of) |
| U. S. Collector of Internal Revenue | U. S. Government<br>Treasury (Dept.)<br>Collector of Internal Revenue |

17a. Names of foreign governments are indexed and filed under the name of the country, subdivided by department or bureau.

| *Name* | *Indexed as* |
|---|---|
| Dominion of Canada<br>Department of<br>Agriculture | Canada, Agriculture<br>(Dept. of) |
| Republic of France<br>Department of<br>the Seine | France, Seine (Dept.<br>of the) |

18. Names of states, counties, cities, towns, etc., are indexed and filed by name of location, subdivided by departments.

| *Name* | *Indexed as* |
|---|---|
| State of New York | New York, State of |
| Commonwealth of Pennsylvania | Pennsylvania, Commonwealth of |
| Probate Court Norfolk County | Norfolk County Probate Court |
| Town of Berwick | Berwick, Town of |
| City of Boston | Boston, City of |
| Borough of Manhattan | Manhattan, Borough of |

18a. Phrases such as *Dept. of, Bureau of, Board of, Commission of*, etc., when applied to federal, state, or municipal government, are placed in parentheses after the word they modify, and disregarded in filing. (Compare rule 12.)

| *Name* | *Indexed as* |
|---|---|
| New York Board of Aldermen, New York City | New York, City of, Aldermen (Board of) |
| Commission for the Blind, New York State | New York, State of, Blind (Comm. for the) |
| Department of Education, New York State | New York, State of, Education (Dept. of) |
| U. S. Department of Justice | United States Government, Justice (Department of) |

## Filing Standards

### Some Rules for Alphabetizing Names

A mastery of the following rules (pages 328–330) will be of invaluable help in sorting letters and cards.

1. Arrange all material in *A-Z* sequence of letters to the last letter of the word, considering each word separately.

*Correct Filing Arrangement*

Amer, Walter J.
Amerest Baking Co.
American Can Co.
American Car Co.
Americana Art Co.
Amerman, A.
Ames, E. C.

Carr
Carson
Carteret
Carters
Cartersville
Cartwright
Carty

2. Surnames or single titles, when used alone, precede the same surnames having initials or given names.

*Correct Filing Arrangement*

Kurzman
Kurzman, A.
Kurzman, Albert H.

3. An initial precedes a name beginning with that initial.

*Correct Filing Arrangement*

J. W. B. Co.
Jones, H. W.
Jones, H. Wilson
Jones, Harry
Jones, Henry H.
Jones, Henry Howard

4. The dictionary arrangement of *Mac* and *Mc* is a simple, logical method of filing.

*Correct Filing Arrangement*

Maar
Mabb
MacBride
Madden
McAneny
McWilliams
Mellon
Merrill

5. When one name appears with different addresses, arrange alphabetically according to the town or city, considering the state only when there is a duplication of the town or city names.

*Correct Filing Arrangement*

Western Foundry Co., Birmingham, Ala.
Western Foundry Co., Connellsville, Pa.
Western Foundry Co., Newark, N. J.
Western Foundry Co., Newark, Ohio

6. Compound geographic names are filed as separate words, except when the first part of the name is not an English word.

*Correct Filing Arrangement*

Deering
De Kalb
Delaware
Demorest

New Jersey
New London
Newburg
Newton

7. When writing names of correspondents, do not use the word *city* as part of the address. Write the name of the city in full.

| *Name* | *Indexed as* |
|---|---|
| National City Co. | National City Co. |
| City | New York, N. Y. |
| W. K. Emerson | Emerson, W. K. |
| City | Boston, Mass. |

## Vocabulary Exercise

Define or explain:

| | | |
|---|---|---|
| alphabetizing | flat file | pressboard |
| blind indexing | folders | storage |
| card index | follower block | subdivision |
| chronological | guide | tickler |
| cross-reference | index | transferring |
| current | manila | vertical file |
| equipment | | visible index |

## Questions for Discussion

1. Why did offices formerly keep copies of every letter and paper received and sent out? Why do some offices still do so?
2. What practice do well-managed offices follow? Why?
3. Why is it desirable for every office worker to know how to file and find papers?
4. What might happen if the file clerk were unable to locate certain papers which had been entrusted to her care?
5. What are the two objects of filing letters and papers? How is each object attained?
6. Will a good filing system serve every type of business equally well? Why or why not?
7. How would you define a good filing method?
8. Why are competent file clerks necessary?
9. How may a person become a competent file clerk?
10. Name and describe three early devices used for filing.
11. Do you know of any offices in your town where any of these devices are used? If so, what kinds of papers or records are filed in them?

12. What is the Shannon file? How is it used?
13. What are the features of vertical file equipment?
14. What equipment is used with card indexes?
15. Why is alphabetical filing so called? What are the advantages of alphabetical filing?
16. How many guides would you have in an alphabetical file?
17. How is a letter of the alphabet subdivided?
18. What is meant by "alphabetizing"? Illustrate your answer.
19. What is the Russell-Soundex? What is its purpose?
20. Why is geographical filing so called? What are the advantages of geographical filing?
21. How many guides would you have in a geographical file?
22. What is an alphabetical card index? How is it used?
23. Why is numerical filing so called?
24. How many folders would you have in a numerical file?
25. What are the advantages of numerical filing? What are the disadvantages?
26. Why is chronological filing so called?
27. By what other names is chronological filing known?
28. For what is chronological filing used?
29. What equipment do you need for a chronological file?
30. How is a follow-up file operated? What is its purpose?
31. Why is subject filing so called? For what is a subject file used?
32. Which method of indexing—alphabetical or numerical—do you think would be better for a subject file? Why?
33. Why is the alphabetical-numerical method of indexing so called? What are some of the advantages of the method?
34. What points would you consider in choosing the best filing system for a certain office?
35. What safeguard is used when removing letters or papers from the files? Why is a safeguard necessary?
36. What is meant by "transferring"? Why is transferring necessary?
37. How often are letters and papers transferred? How may tranferring be done?
38. What is meant by "visible indexing"?

39. What is the outstanding feature of a visible card index?
40. What is a "blind" card index?
41. What is the advantage of visible indexing?
42. May visible loose-leaf records also be used? How?

## Topics for Special Reports

In preparing the following reports, it may be advisable for the members of the class to work in groups or committees, as explained on pages 41 and 466.

1. Visit the bank in your town and ask the cashier to show you what records are filed in the bank and how they are filed.
2. Visit any local manufacturing concern in your town and ask the manager to show you what letters, papers, and other records are filed and how they are filed.
3. Visit any local store and ask the manager to show you what letters, papers, and other records are filed and how they are filed.
4. Ask the librarian at the public library to show you how books are indexed and catalogued. Be sure to look at the card index.
5. Ask the secretary of your school to show you how she files letters, papers, and other records.

## Collateral Reading

BREWER, J. M., F. HURLBUT, and J. CASEMAN, *Elements of Business Training*, pp. 345–379.

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## Problems

### ARRANGING WORK THE BEST WAY

1. Take the local newspaper and list on a sheet of paper the names of fifty advertisers, selected at random. Then arrange the names in strict alphabetical order. Note down the time you started to arrange the names and the time you finished.

2. On small slips of paper, about 1 by 3 inches in size, copy the names of fifty advertisers in some newspaper or magazine, one name on a slip. Then arrange the slips so that the names are in strictly alphabetical order. Note down the time you started to arrange the names and the time you finished.

3. Compare the time taken to do No. 1 above with the time for No. 2. Which took less time? Why? Can you think of some way by which the names on the sheet in No. 1 could be arranged as quickly as the names on the slips in No. 2. (There is a way.)

### FINE POINTS IN FILING

1. Which should come first in the files: the C. & E. I. Ry., or the C. & N. Ry.? Why?

2. Under what name would you file the Stanley Morton Co.?

3. Which would be filed first: Clarence Brown, of St. Louis, or Clarence Brown, of Minneapolis? Why?

4. In what order would you file: Brown Bros., Chicago; Brown, Barrett and Co.; Brown and Carter; James R. Brown; James J.

Brown; William G. Brown; Brown and Barrett; Brown and Co.; Brown Bros., New York?

### Testing Accuracy, Speed, Neatness, and Punctuation in Copying Addresses for Mailing and Filing

Copy each of these names and addresses on one side of a 3- by 5-inch card just as you would on an envelope, punctuating properly, and abbreviating where it is logical. On the other side of the card arrange the name and address in the best form for filing alphabetically. Mark the exact number of minutes it takes you to write all the names and addresses, stating whether you used a pen or a typewriter. An easy way to keep time is to write down the time when you start and again when you finish. A fair typist can address 100 to 150 envelopes an hour; addressers using a pen can do 250 an hour.

1. T B Bridges Manager Heald-Dixon College Oakland California
2. Bishop Paul Restarick Honolulu Territory of Hawaii
3. James F Smith Esquire 1786 Magnolia Avenue Denver Colorado
4. Charles V Bloomington Attorney Little Rock Arkansas
5. Mrs Margaret W Eaton 957 East 24 Street New York New York
6. Captain John S Moore 231 Beemis Court Omaha Nebraska
7. Mr W E G Foster Manila Philippine Islands
8. George N Carter Secretary Olympia Flour Mills Olympia Washington
9. Benjamin I Wheeler President First National Bank Des Moines Iowa
10. Doctor William A Wright 141 Cambridge Place Brooklyn New York
11. Honorable Peter Williams Providence Rhode Island
12. Miss Gertrude Hunter Fond du Lac Wisconsin
13. Thomas A Cook and Sons 56 Ludgate Circus London England

14. Nathanial O Perry Senior 7182 West Sycamore Street St. Louis Missouri
15. Maurice L Bond Junior Burlington Vermont
16. Colonel Claude Conrad Salt Lake City Utah
17. Messrs Judd and Todd Washington District of Columbia
18. Mr Earl A White Santa Fe New Mexico
19. Reverend Matthew 2 Taylor Fort Wayne Indiana
20. Mrs W B Manson 1373 Union Street Schenectady New York
21. A P Johnson Assistant Secretary Northern Life Company Portland Maine
22. Miss Cora A Thompson Anchorage Alaska
23. Arnold J Bates President Arrow Mining Company Reno Nevada
24. Mr Homer K Baldwin Charleston South Carolina
25. William R Edwards Postmaster El Paso Texas
26. Mr Hugh T Jones Huntington West Virginia
27. H E Parish and Sons Cumberland Maryland
28. Mr Joseph O Davis Grand Rapids Michigan
29. Mr F E Davis Care of Bach and Land Boise Idaho
30. Marshall Field and Company Chicago Illinois
31. Mr Walter C Dole East Orange New Jersey
32. Mr Oscar A Wilde Paducah Kentucky
33. Bach and Buhl Lebanon Oregon
34. Miss Kate Fronsdal Bergen Norway
35. Mr Daniel Forest Pittsburgh Pennsylvania
36. Mr Harry T Coons Richmond Virginia
37. Robert E Forbes Attorney General Hartford Connecticut
38. Miss Nina D Langdon Kobe Japan
39. Mrs Belle Hart Sheffield England
40. Right Reverend Patrick J Reilly Rector St Anthonys Church Cohasset Massachusetts
41. Harvey B Black Doctor of Medicine Auburn Maine
42. Mr Herman Small Birmingham Alabama
43. Lieutenant L K Moore Oklahoma City Oklahoma
44. Miss Juliah S Snow 83 Byrne Mawr Terrace Omaha Nebraska

45. Mr Lewis A Stone Nashville Tennessee
46. Albert Maxwell Civil Engineer United States Navy Yard, Charlestown, Massachusetts
47. Gordon and Company Newark Ohio
48. Mr Frank Y Gault Phoenix Arizona
49. Mutual Life Insurance Company, Dayton, Ohio
50. The National Paper Company Atlanta Georgia

CHAPTER XI

# Telephone, Telegraph, and Radio

*Aims for Study of This Chapter*

To consider different communication systems and the need of them
To learn how to use the telephone
To understand how to write telegrams and cablegrams
To know when and how to use radio messages
To learn about the teletypewriter and the telautograph

**The speed of modern business.** Without any of the mechanical aids and other kinds of equipment which make possible the transaction of business on the extensive scale of today, business would be hampered at every turn. For the tremendous pace of modern business depends upon speed in two things above all else: speed in communication and speed in preparing information—facts and figures upon which to base judgments involving sometimes millions of dollars. Someone has said that a man's judgment is no better than his information; if his information is not complete, accurate, and up to the minute, how good is his judgment?

Since the most important purpose of communication is to get information or to give it, a knowledge of modern means of communication and their efficient use is of value to every person in business. In this chapter we shall consider some of the means of communication which are available to the business man in getting and giving information quickly.

Consider, first, what information may be obtained by communication.

*When a machine breaks down.* In a Pennsylvania factory a machine suddenly stops because of a broken part. Because this is a special machine, made to order, no repair parts are available nearer than the plant of the New England maker, in Worcester, hundreds of miles away. The Pennsylvania concern telegraphs the Worcester concern to make up and send a new part at once. In the course of a week the new part arrives at the factory in Pennsylvania and is placed in the idle machine, which starts up again. It would seem as if all had been done that could be done. An order for a repair part had been placed and filled.

Suppose, however, that instead of telegraphing, the mechanical superintendent of the plant had telephoned the chief engineer at Worcester. Telephoning would have given each man an opportunity to ask and answer questions. The superintendent could have impressed the engineer with the emergency nature of the breakdown and the Worcester man might have suggested an emergency repair, pending the arrival of the new parts. Indeed, a special part might have been taken from a machine then in process of manufacture, and shipped by air express, to reach the Pennsylvania plant the same day.

*Keeping salesmen posted.* When the salesmen of a large middle western clothing house start out on their fall selling trip, they have hundreds of items in the "line." They carry a wide choice of frabrics and designs. Each day certain items are sold out, and it becomes necessary to inform each salesman so that he will not continue to take orders for numbers no longer available. A list is made up every night of the numbers sold out that day, and a telegram is sent to each of the hundred and twenty salesmen of the company. To type one hundred and twenty telegrams would take

considerable time; but it isn't necessary. All the clothing house does is to take one copy of the telegram to the Western Union Telegraph Company with a list of the salesmen's addresses. The telegraph company sends each salesman on the list a copy of the telegram. Such a telegram is called a "book" and is used a great deal by large concerns which desire to send the same message to several different addresses. The plan is especially useful in sales campaigns, in "pepping up" salesmen, in notifying customers of sudden price changes, and so on.

*Collecting information quickly.* On the eleventh floor of a metropolitan hotel, a departing guest has just left his keys at the desk of the floor clerk in front of the elevator. As he takes the elevator, the clerk writes on a metal plate with an electric pencil. What she writes is simultaneously reproduced, in her handwriting, on the pad in the bookkeeper's office in the front lobby. By the time the departing guest has left the elevator at the lobby floor and has appeared at the cashier's desk to pay his bill, the bookkeeper has finished making out his bill, which is presented to him with all charges on it, even for a ginger ale which he ordered just before leaving his room. The instrument with the electric pencil is the telautograph.

*Saving executive time.* The president of a financial house is talking in his office with an important caller, a large customer. A question arises as to certain details which are familiar to another officer of the bank. Ordinarily, the president would probably send for the officer, who would drop whatever he was doing at the moment and hasten to the president's office. Now, however, the president simply flicks a button on a box on his desk, asks a question or two, receives the answer, and resumes his conference with the visitor. By use of the dictograph, all this has taken place within two minutes, and without seriously interrupting the other officer.

*Courtesy Telautograph Corp.*

In a bank equipped with Telautograph, a bookkeeper can answer almost instantly any inquiry from the cashiers. The question and answer, with initials to identify them, are recorded on the same strip of paper, as shown in the inset above.

*Quick service to customers.* One of the large department stores in Boston has a fur storage building in Cambridge, across the Charles River. Formerly, when a customer called at the Boston store to order her fur coat out of storage, the clerk wrote out an order and sent it by messenger to the Cambridge building. In the course of time, a day or so, the coat would be delivered to the Boston store and then to the customer. Now, by means of a device called the teletype, when the order is written by the Boston clerk, it is simultaneously typed in the office of the Cambridge building. Within thirty minutes from the time the order is thus transmitted, the coat is on its way to the customer's home.

*Watching the market.* On Georges Bank, off the North Atlantic Coast, are large numbers of fishing vessels. As a vessel becomes loaded, it heads for port. At a stated time each day the market prices at the Boston fish pier are broadcast by radio, together with the arrivals of fish. Thus each skipper, while he is still a long distance from port, is informed of the price which he is likely to get for his haul.

*The key-town plan of telephoning.* The advertising representative of a large trade magazine published in New York goes to a few towns and cities throughout the country. He stays in each place not longer than a week. He sees no one, but sits all day at the telephone, calling up one prospect after another and giving his sales talk. As fast as he finishes one conversation, the telephone operator has another prospect on the wire. This is the telephone company's "key-town plan," by which the company furnishes special telephone facilities in so-called key towns from which calls may be made to other towns within a fixed radius.

**Intelligent use of communication systems.** In the incidents related in the preceding paragraphs, we have seen the facilities provided for rapid communication between near and distant points. We have seen how valuable time is saved

and long distances are annihilated. But it does not do us any good to know that these services exist if we do not know how and when to use them to the best advantage.

We have seen how the telephone gives practically immediate communication and is the best substitute for the personal conference. But in some cases the telephone may be more expensive to use than another medium equally satisfactory under the circumstances. When to use the telephone rather than some other means of communication is a matter of judgment. The rest of this chapter will therefore be devoted to the practical, efficient, and economical use of these communication systems.

It costs money to use any medium of communication to save time. If the time saved is not worth the cost, it may be better to use the least expensive means of communication—the mail. Since the main object of all business is to make a profit, all unnecessary expenditures must be carefully watched. But when the saving of time in getting an answer is more important than the cost, the telephone will probably be chosen, since it permits actual conversation between two or more persons.

**The correct way to telephone.** There are, however, other ways of saving time in using the telephone than by the mere annihilation of distance. Considerable time may be saved by knowing how to use the telephone properly. First, of course, you must find the telephone number of the person to whom you wish to speak. In Chapter XII you will learn just how to find a number in the quickest possible time. It might be well to study the instructions (pages 393–395) to make sure you can follow them correctly. This leaves only three things to consider—the use of the instrument, making a call, and answering a call.

The procedure to be followed in making a call depends upon whether the office is equipped with "manual" tele-

*Courtesy New York Telephone Co.*

The operator in a telephone central exchange office plays an active part in modern communication.

phones or "dial" telephones. In using the manual telephone, you give the operator the number and ask her to get it, while with the dial telephone you get your own numbers on the dial. We shall first see how to use the manual telephone.

*How to use the manual telephone.* Lift the receiver from the hook, and place it closely against your ear; put your lips directly in front of and close to the mouthpiece of the transmitter, and speak in a moderate tone of voice, enunciating your words distinctly. Do not talk fast.

When you lift the receiver from the hook, the operator will say: "Number, please?" Give the exchange name and number of the subscriber wanted, and the operator will say:

"Thank you!" or if she did not hear the number clearly, she will ask: "What number, please?" After she understands the number, she will thank you and proceed to establish your connection. You may hear her pass your number to other operators. Listen carefully, to be sure she repeats it correctly. Remain with the receiver at your ear until an answer is received. This courtesy is due.

If the desired line is busy, the "busy signal" (an interrupted, buzzing sound) or the operator will notify you of that fact. This means that the line called for is connected with some other line. Hang up the receiver and wait a few minutes before trying that number again.

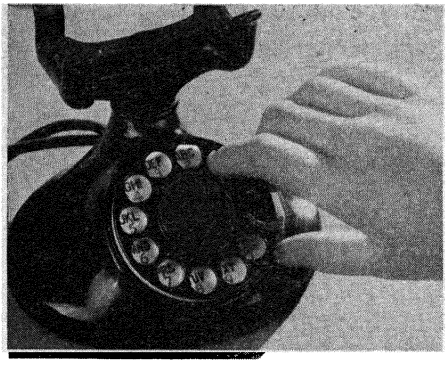
*How to call a number.* In giving the number to the operator, state the name of the exchange first, and then the number, like this: "Franklin, five, seven hundred" (Franklin 5700). Each figure of the number should be spoken distinctly, with a pause after the name of the exchange, and after the first two figures, like this: "Lincoln, two three, four six" (Lincoln 2346), or "Dexter, oh one, seven three" (Dexter 0173). If the number ends in two zeros, use the word "hundred," as above; if it ends in three zeros, use the word "thousand," as "Main, three, thousand" (Main 3000).

Your object in making these pauses is to help the operator make the connection more quickly. The first two figures represent a particular part of her switchboard, and the last two figures represent a line in that particular part.

Speaking the numbers this way also helps you to memorize the numbers themselves, since it is much easier to carry in your mind two numbers of two figures than one number of four figures. Of course, in some cities where only two or three figures are used in numbers, it is not difficult to remember them.

*How to use the dial telephone.* On page 346 is shown the dial of the dial telephone. As you can see, the dial in the

picture has ten openings through which appear the figures 1, 2, 3, 4, 5, 6, 7, 8, 9, 0 and all the letters of the alphabet except *Q* and *Z*. This type of dial is used in the largest cities. In many cities the dial shows only figures, or figures and a few party-line letters such as *W*, *M*, *R*, and *J*. Where the dial shows both letters and figures, they are shown in two different colors to avoid confusing the letter *O* with the figure 0 (zero) or the letter *I* with the figure 1 (one).



*Courtesy New York Telephone Co*

Move the dial to the right until your finger strikes the guard.

In the larger cities where there are several telephone central offices with different names, the letters are used in spelling the name of the desired office and the figures for the desired number. Instead of spelling out the whole name, however, you use only the first two or three letters. In the telephone directory of a city where two letters are dialed with a number, the first two letters of central office names are printed in heavy capitals, thus: **DE**xter; **UN**ion. If the first three letters are to be dialed, the directory shows three capital letters, thus: **BEA**chwood; **REG**ent. In a city where central office names are not used in the directory, you dial figures only.

The dial revolves to the right just like the hands of a clock. To see how it works, you put your finger in the opening where the figure 2 is, and move the dial to the right as far as it will go, until your finger strikes the guard at the right of the dial as shown. Then remove your finger, and the dial will return to its place with a clicking sound. That

is all there is to dialing the figure 2. That's easy, isn't it? In the same way, you can dial any combination of letters and figures; take one letter at a time, until you have dialed the first two or three letters of the exchange office name; then dial each figure of the number in order. Take it easy, and do not hurry. Take pride in dialing the number correctly the first time.

*Making a call.* Now make an actual call on the dial telephone. Suppose you are to call the number **BEA**chwood 0729-W (**BEA**0729W). Remove the receiver from the hook carefully and place it against your ear. Listen for the "dial tone," a steady, humming sound, indicating that the office is ready to receive a call. When you hear the dial tone, place your finger in the hole through which the letter *B* appears. Pull the dial around until your finger strikes the finger stop or guard. Remove your finger, and without touching the dial, let it return to its first position. Do not interfere with its return. Dial the letters *E* and *A* in the same way and then dial the figures 0-7-2-9 and finally the letter *W*. The party-line letter, *W*, should be dialed immediately after the last figure. Remember that the letters and figures are of different colors and be sure to use the figure zero instead of the letter *O* when dialing the figures.

If the line is not busy, you will hear the ringing signal, an intermittent bur-r-ring sound. This tells you that the bell of the number you are calling is being rung. If the call is not answered within a reasonable time, replace the receiver and call again later.

If the line you call is busy, you will hear the busy signal, a buzz-buzz-buzz, the same as with a manual telephone. Hang up the receiver and wait a few minutes before calling that number again. Should you have difficulty in getting a number, dial the operator and ask her to help you. To dial

the operator, after you hear the dial tone, simply place your finger in the opening marked "Operator," pull the dial all the way around to the finger stop, and release it. If the telephone should get out of order, call the operator from any other telephone, and she will connect you with the proper telephone employee to whom to report the failure of service.

*Courtesy New York Telephone Co*

"The voice with a smile" helps this secretary.

In the front part of the telephone directory are given additional instructions for using the telephone, as well as for making long-distance calls. In directories of cities with dial service you will find instructions for using the dial for making local and long-distance calls in that area. These and the other instructions on the first few pages of the directories will help you to secure the best use of your telephone service. You should thoroughly familiarize yourself with this information, so that you can use it without hesitation when needed. Do not wait until you need it.

**How to answer the telephone.** In answering telephone calls, do not say "Hello," but give your name or the name of your firm, or both, such as "Berkeley and Company, Lee talking"; or "Shipping Department." Some firms ask

their employees in answering calls to give simply the firm's telephone number. Whatever way the manager instructs should, of course, be followed, the object always being to save time, both yours and that of the person calling. It is surprising how thoughtless many people are when they use the telephone. The very words used, the inflection and tone of the voice may convey to the person at the other end of the line an entirely erroneous impression of the speaker, of the firm, and worst of all, of one's employer for permitting such discourtesy. What a terrible impression to create when it is so easy to put a smile into one's voice and make the listener feel that one is really doing everything possible for him.

Do not be afraid to use the words "Please" and "I'm sorry" and "Thank you," and say them as though you meant them. As Emerson said, "Life is not so short but that there is always time for courtesy." Never say anything over the telephone that you wouldn't say to a person face to face.

*Answering calls for your employer.* In many small offices, one person may handle all the incoming telephone calls. That person may have to give information requested over the telephone, or he may have to relay the calls to others in the office. In taking a telephone message, it is imperative to get the message correctly; do not leave the telephone until you are sure of that. If the message does not make sense, repeat it to the one calling. Put it down in writing; do not trust to your memory. Get the right name of the person calling, and note the time of the call.

It is frequently necessary to give messages over the telephone, especially when the person desired is absent. In giving a message, be certain that the one you are calling is the right person to take the message, that he gets the message correctly, and that he understands it. Make sure;

**TELEPHONE MESSAGE.**

Date_____

For_____

From_____

Their No._____ Time Rec'd_____

Remarks:_____

Every telephone message should be reported on a blank like this if the person desired is not present.

do not take anything for granted; your employer is depending upon you.

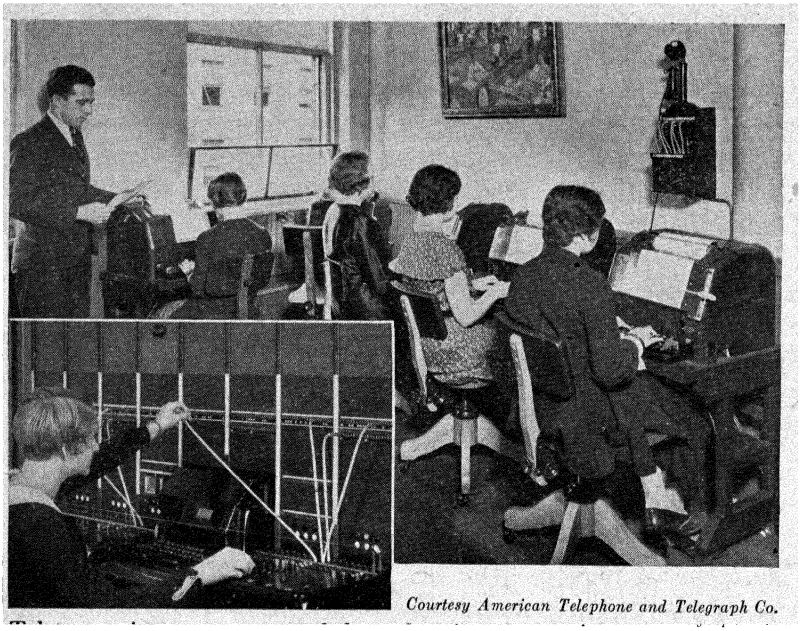
**Handling intrahouse calls.** Offices having many telephones handle all calls, both within the house and outside, through a central switchboard which may be small enough for a stenographer to handle in addition to her other duties, or large enough to be called a "private branch exchange," with several operators who spend their entire time answering and making telephone calls. A central switchboard like this makes it possible for the intrahouse calls to be handled expeditiously and at the same time permits a control on the outside calls.

When there are a large number of intrahouse calls, a dial system may be used for handling them. The telephone

companies furnish a system that allows intrahouse calls and outgoing calls to be made by dialing and provides a switchboard where an attendant may sort incoming calls. If desired, a private automatic exchange may be used exclusively for intrahouse calls, without attendant operators or connection to the regular telephone exchange; calls are made by dialing the number desired, just as with a dial telephone. Of course, these systems ordinarily would not be used except in large offices where a great many calls are being constantly made between departments and individuals in the office.

*Other methods of intrahouse communication.* Three other methods of intrahouse communication are worthy of mention. One of them, called the "dictograph," has microphones encased in small box cabinets called "stations." There are two or more stations, depending on the number of persons who are to use the system. The box rests on the desk and permits one to speak in a natural tone of voice without holding a receiver to the ear or a transmitter to the mouth.

*Getting confidential information.* A second method of intrahouse communication is called the "telautograph," which means "transmitting one's own writing." There are occasions when it is desirable to get information without using the telephone, or without divulging the fact that you are getting the information. In some banks, for instance, if you present a check to be certified, perhaps you will notice that the teller goes to a corner of his cage and makes a notation. Then he prepares one or two forms to sign and after a few minutes he goes to the corner again and looks at what is written there. He next proceeds to have your check certified, or to tell you that he cannot certify it because the signer of the check has not sufficient funds on deposit to cover the amount for which the check is drawn.



*Courtesy American Telephone and Telegraph Co.*

Teletypewriters are connected through a central exchange like that shown in the inset.

What the teller did was to write on the telautograph, an electric instrument which transmitted the actual writing to the bookkeeping department of the bank. There the depositor's account was looked up to see if the balance was large enough to permit certifying the check, or to obtain any other desired information about the account.

The third method, the telephone typewriter, or "teletype," as it is sometimes called, also allows confidential communication. By this method two machines with typewriter keyboards are connected with telephone wires; matter typed at one machine is at once automatically typed out at the other machine, which may be in an adjacent room or a hundred miles away. Messages may be reproduced in typewriting at several stations simultane-

ously. This system may be used for transmitting orders quickly from the sales department to the stock or shipping room, or for regular and frequent communication between the general office and the branch offices. The telephone company has also established a regular telephone typewriter exchange service by which any teletype subscriber may communicate with any other teletype subscriber, using typed messages. The names of teletype subscribers are published by the telephone company in a directory.

**Long-distance calls.** To a larger and larger extent telephone companies are now handling long-distance calls through local operators. The "long-distance" operator, however, always handles "person-to-person" calls, that is, calls placed for a particular person by name. (In dial systems the telephone directory specifies the code number to dial in order to reach this operator.) These person-to-person calls naturally involve more work on the telephone company's part and consequently are more expensive than calls to a particular number, that is, "station-to-station" calls, on which the caller is willing to talk to anyone at the called telephone. Station-to-station calls are quicker as well as cheaper, and should therefore be used whenever it is not necessary to talk to a particular person or when the person desired is likely to be at the called telephone. It is well to remember that between 7:00 P.M. and 4:30 A.M. telephone rates are much lower than during the day; the same is true of calls made at any time on Sundays.

**The telephone and the telegraph.** Two particular points of distinction stand out between the telephone and the telegraph. First, the connection by telephone is practically instantaneous. Second, conversation over the telephone is unlimited; you may ask as many questions as you like. An ordinary business conversation that lasts over fifteen minutes is exceptional.

# Charges for Out-of-Town Calls

*Subject to change without notice*

**REDUCED RATES** to points in the United States, Canada and Cuba are in effect from 7 p m to 4 30 a. m and all day Sunday, and to certain International points between 5 p. m. and 5 a m. and all day Sunday

**CHARGES BEGIN** on station-to-station calls when the called telephone answers, on person-to-person calls when conversation begins with the desired person.

**MINIMUM CHARGES** are for 3 minutes except on station-to-station charges of 25c or less, when they are for 5 minutes Rates for additional minutes may be obtained by dialing or calling the Operator

**U. S. GOVERNMENT TAX** applies on all calls of 50c or more, as follows: 50c to 99c, 10c each. $1 00 to $1.99, 15c each; $2 00 or more, 20c each.

## Typical Rates from Lower Manhattan to Out-of-Town Points

| | Station-to-Station | | Person-to-Person | |
|---|---|---|---|---|
| | Week-Days | Nights & Sundays | Week-Days | Nights & Sundays |
| Akron, Ohio | $1.40 | $ 85 | $1.85 | $1 30 |
| Albany, N Y | 75 | .45 | 1 05 | 75 |
| Albuquerque, N. Mex | 5.00 | 3 25 | 6 75 | 4 75 |
| Allentown, Pa | 50 | .35 | .70 | 55 |
| †Amityville, L I. | 30 | 30 | 40 | 40 |
| Asbury Park, N. J | 35 | 35 | 50 | 50 |
| Asheville, N C | 1 80 | 1 10 | 2 40 | 1 70 |
| Atlanta, Ga | 2 20 | 1.35 | 2.95 | 2 10 |
| Atlantic City, N J | 55 | 35 | .75 | 55 |
| †Babylon, L I | 35 | 35 | 50 | .50 |
| Baltimore, Md | 75 | 45 | 1.05 | 75 |
| †Bayonne, N J | 10 | .10 | .20 | .20 |
| †Bay Shore, L I. | 35 | 35 | 50 | 50 |
| †Belleville, N J | 15 | 15 | .25 | .25 |
| Bennington, Vt | 70 | 45 | 1 00 | 75 |
| Birmingham, Ala | 2 50 | 1 50 | 3 25 | 2.25 |
| †Bloomfield, N J | 15 | 15 | .25 | .25 |
| Boise, Idaho | 5 75 | 3 75 | 7 75 | 5.75 |
| Boonton, N J | .30 | 30 | .40 | .40 |
| Boston, Mass. | 80 | 50 | 1 10 | .80 |
| †Bound Brook, N J. | 30 | .30 | .40 | .40 |
| Bridgeport, Conn | 40 | .35 | 55 | .50 |
| †Fort Lee, N J | $ 15 | $ .15 | $ 25 | $ 25 |
| †Freeport, L I. | 25 | 25 | 35 | 35 |
| †Garden City, L. I | 20 | 20 | 30 | .30 |
| †Glen Cove, L. I | 20 | 20 | 30 | .30 |
| Glen Ridge, N J | 20 | 20 | 30 | .30 |
| Grand Rapids, Mich | 1.90 | 1.15 | 2.55 | 1.80 |
| †Great Neck, L I. | 15 | 15 | .25 | .25 |
| Greensboro, N C | 1 45 | 90 | 1.95 | 1.40 |
| †Greenwich, Conn | 25 | 25 | 35 | .35 |
| Hackensack, N J. | 15 | 15 | 25 | .25 |
| Hagerstown, Md | 85 | 55 | 1 20 | .90 |
| Harrisburg, Pa | 70 | 45 | 1.00 | 75 |
| Hartford, Conn | 55 | 35 | 75 | .55 |
| †Hastings, N. Y | 20 | 20 | 30 | 30 |
| †Haverstraw, N Y | 30 | 30 | .40 | .40 |
| †Hempstead, L I | 20 | 20 | 30 | .30 |
| †Hicksville, L I | 25 | 25 | 35 | .35 |
| †Hoboken, N J | 10 | 10 | 20 | .20 |
| Houston, Texas | 4 00 | 2 50 | 5.25 | 3.75 |
| †Huntington, L I | 30 | 30 | 40 | .40 |
| Hurleyville, N. Y | 55 | .35* | .80 | .60* |
| Hyannis, Mass | 85 | 55 | 1.20 | .90 |

*Courtesy New York Telephone Co.*

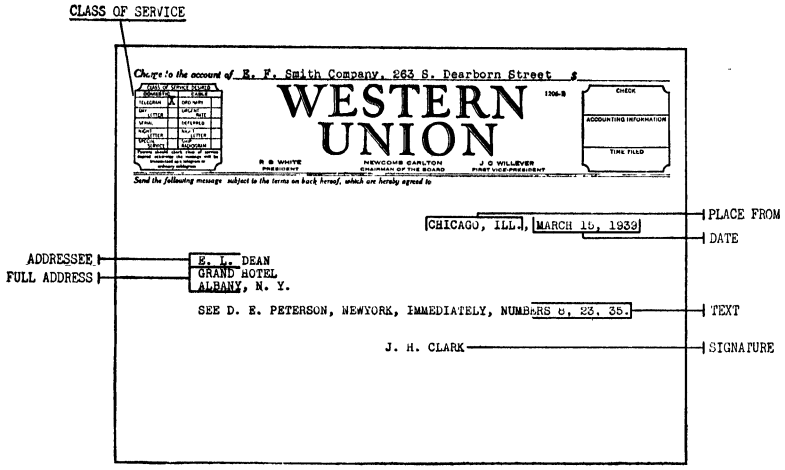
These figures show how to use long-distance telephone service to the best advantage.

With the telegraph, however, the message is first written and then sent over the wire, and you must wait for a reply. Also, each word of a telegram, except the address and signature, is charged for, although in a regular telegram any number of words up to ten may be sent for a specified charge, based on the distance; and by using night letters and day letters, as described later on, it is possible to use the telegraph service at a moderate cost.

Since each word over ten in a regular telegram is charged for at so much a word, it may be possible, without sacrificing the sense of the message, to limit the number of words in the message to ten, not counting the address and signature. Of course, the longer the distance, the greater the cost, and the proportionately greater saving made by limiting the number of words. Few ordinary messages really require more than ten words. Unnecessary and meaningless words, such as "a," "the," and "are," may usually be omitted. By using a little thought it is often possible to substitute a longer word for several shorter ones.

**Writing out the telegram.** Perhaps the easiest way to prepare a telegram is to write out what one wants to say, and then cross out such unnecessary words as do not affect the meaning. For instance, suppose we have just received a request from one of our largest customers in a city a thousand miles away for immediate specifications and quotations on some of our products. It happens that one of our salesmen is near that city but does not expect to go there until next week.

We have a choice of two actions: either wire our quotations direct to the customer, or wire our salesman to stop work where he is and go to the city where our customer is located. By calling personally, the salesman will get the opportunity to answer any questions the customer may wish to ask, and he can also help the customer in ordering.




*Courtesy Western Union Telegraph Co.*

The essential parts of any telegram are here labeled for your study. Business concerns are usually supplied with forms like this showing the charge line at the top.

Accordingly, we decide to wire the salesman. We could write something like this:

"Please leave your work in Albany, go to New York immediately, and call upon Mr. D. E. Peterson, who wants us to give him specifications and quotations on our numbers 8, 23, and 35."

This message contains thirty-three words. By eliminating unnecessary words, we can reduce it to:

"SEE D. E. PETERSON, NEW YORK, IMMEDIATELY, NUMBERS 8, 23, 35."

This makes exactly ten words, since each initial is counted as one word, and each number of less than five digits is also counted as one word; NEW YORK is counted as one word, as are all two-word or three-word names of towns, cities, counties, and states.

Since no charge is now made for punctuation marks in a message as written by the sender, all necessary and desirable punctuation marks should be inserted at the proper places. If paragraphing is desired, the telegram should be written in paragraphs, and it will be so transmitted without extra charge.

Formerly each digit in a number was charged for; now each five digits in any one number are counted as one word. Each decimal point, comma, dash, or fraction mark in a number is counted as though it were a digit. Every other mark in a number is counted as one *word* (e.g., $ — & % # ¢). In groups containing both letters and figures, each unbroken sequence of five or less letters or figures (including decimal point, comma, dash, or fraction mark) is counted as one *word*. Observe the following examples:

| *One word* | *Two words* |
|---|---|
| 12345 | $1.80 |
| ¾ | AB123 |
| 22½ | #22½ |
| 34.50 | $34.50 |

*Code words.* Since every word over ten costs extra, business men have developed the use of code words by which one word may be used to mean a whole sentence. For instance, the code word "GUSTY" means "Do the best you can," while "HAZEL" means "Economize as much as possible," and "GREEN" means "Do not know him well enough to express an opinion." By the use of code words, then, a telegram of ten words, written entirely or even partially in code, may convey a message of many times that number of words. Obviously, the use of code words effects a decided saving in telegraph costs. Code words may be used not only in regular telegrams but also in day or night letters and in cable messages, as discussed later.

The telegraph and cable companies have developed uniform code books which may be used. On the other hand, many business firms have developed their own codes for use by salesmen and customers. For example, an automobile manufacturer designates a "rear axle left housing nut bolt No. 352" by the code word "EEM," while "DECEIVABLY" means "Ship immediately by express prepaid." The private code also insures secrecy, since only those having copies of the key can read the message. Among the universally used code books are the A B C (Sixth Edition), the Western Union Five-lettered, Bentley's, and the Acme. Nearly every kind of message may be found in a code book.

*Restrictions upon code words.* The telegraph and cable companies have indicated certain precautions to be followed in developing code words. Improper grouping or mutilation of words is not permitted, although groups of figures or letters which are not dictionary words of one of eight specified languages will be counted at the rate of five characters to a word. The eight languages are: English, French, German, Spanish, Dutch, Italian, Portuguese, and Latin.

For example, "ALRIGHT" would be counted as two words because improperly combined, while "NAVY-YARD" or "CANNOT" would be counted as one word. "HAVYU" would not be permitted or would be counted as two words because it is intentionally mutilated for the purpose of gaining a word. "ITISI" would be counted as three words, while "SIITI" could be used as one code word and might mean "Your order was shipped today."

*How to make your message clear.* It may be well to remember that it is not economy to sacrifice clearness to brevity. If your message is not clear, add enough words or change it until it is clear. Otherwise, you may be simply throwing away the cost not only of one telegram, but possibly of two

more—one from your salesman asking for more information, and one from you to him in answer.

What we have studied so far applies to so-called "regular" telegrams, or "fast day messages," as the telegraph companies call them. This is the standard telegraph service, which takes precedence over all other classes except Government business.

There are several other kinds of telegraphic services, among them the "day letter" and the "night letter." Each of these has its uses, and often one of them will serve the purpose just as well as a regular telegram, at less cost. Code language may be used in both, just as in regular telegrams.

**Day letters.** A day letter containing fifty words or less may be sent any time during the day, for one and one-half times the cost of a regular ten-word telegram. This leeway of fifty words makes it possible to make our message longer than if we used only ten words; on the other hand, the day letter is not so fast as a regular telegram. The regular telegram is usually transmitted at once, while the telegraph company agrees to send the day letter some time during the day. This enables the telegraph company to keep its wires busy during slack periods.

Ordinarily a day letter is only slightly longer in transmission than a regular telegram. If, for instance, a telegram were sent from Chicago to Boston, leaving Chicago at 9:00 A.M., it might be delivered in Boston within half an hour, while a day letter sent at the same time might reach Boston twenty or thirty minutes later; if the wires between Chicago and Boston were unusually busy, the day letter might not get through for two or three hours. Delays like this, however, are said to be rare, except in severe weather.

**Night letters.** For many years the telegraph companies had two other services—"night messages" and "night

# WESTERN UNION

**Relationship of Rates:**
**(Rates Stated in Cents)**

| Where the Full-Rate Telegram Rate is: | | The Night Letter Rate is: | | | | | The Day Letter Rate is: | | The Serial Rate is: | |
|---|---|---|---|---|---|---|---|---|---|---|
| For 10 Words or Less | For Each Additional Word | First 25 Words | Each Additional 5 Words or Less | | | | For 50 Words or Less | For Each Additional 10 Words or Fraction | For 50 Words or Less | For Each Additional 10 Words or Fraction |
| | | | 26 to 50 Words | 51 to 100 Words | 101 to 200 Words | Over 200 Words | | | | |
| 20 | 1 | 20 | 0 | 1 | 1 | 1 | 30 | 6 | 35 | 7 |
| 30 | 2 5 | 24 | 1 | 1 | 1 | 1 | 45 | 9 | 55 | 11 |
| 36 | 2 5 | 28 | 1 5 | 1 | 1 | 1 | 54 | 10 8 | 65 | 13 |
| 42 | 2 5 | 30 | 2 | 1 5 | 1 | 1 | 63 | 12 6 | 75 | 15 |
| 48 | 3 5 | 35 | 2 5 | 2 | 1 5 | 1 | 72 | 14 4 | 90 | 18 |
| 60 | 3 5 | 42 | 3 5 | 3 | 2 5 | 2 | 90 | 18 | 110 | 22 |
| 72 | 5 | 48 | 4 5 | 4 | 3 | 2 5 | 108 | 21 6 | 130 | 26 |
| 90 | 6 | 50 | 7 | 5 5 | 4 | 3 | 135 | 27 | 165 | 33 |
| 120 | 8 5 | 50 | 9 | 7 5 | 5 | 3.5 | 180 | 36 | 215 | 43 |

The night letter and serial rates shown in the above table do not apply on messages to Canada and Mexico. Rates for night messages to Canada and Mexico will be furnished on application.

Night Letters may be filed at any time up to 2 A.M.

*Courtesy Western Union Telegraph Co.*

From this table you can calculate the cost of any length or type of message sent by these services.

letters." On June 1, 1937, the night-message service was discontinued and the night-letter service revised.

A night letter of twenty-five words or less may be filed[1] with the telegraph company at any time up to 2:00 A.M. for delivery on the morning of the next ensuing business day.

[1] To "file" a message means to hand it to the telegraph company's representative for sending.

## WESTERN UNION RATES FROM DULUTH, MINN.

**All Rates Subject to Change without Notice.**

The rates shown in the following lists are for full-rate telegrams. All rates are expressed in cents. The figures before the hyphen indicate the rate for ten words or less (address and one signature free), and the figures after the hyphen indicate the rate for each word over ten.

| | | | | | |
|---|---|---|---|---|---|
| **Alabama.** | | **Maryland.** | | **Mich.—*Con.*** | |
| To all W. U. offices | 72–5 | To all W. U. offices | 72–5 | Owosso | 60–3½ |
| | | | | Paw Paw | 60–3½ |
| | 190–16 | | | Petoskey | 60–3½ |
| **Alaska.** | to | **Massachusetts.** | | Plymouth | 60–3½ |
| | 1120–49 | To all W. U. offices | 72–5 | Pontiac | 60–3½ |
| | | | | Port Huron | 60–3½ |
| **Alberta.** | | | 150–10 | Rochester | 60–3½ |
| | 120–8 | **Mexico.** | to | Roseommon | 60–3½ |
| To all | to | | 225–16 | Royal Oak | 60–3½ |
| W. U. offices | 160–11 | | | Saginaw | 60–3½ |
| | | **Michigan.** | | St. Clair | 60–3½ |
| | | Adrian | 60–3½ | St. Ignace | 60–3½ |
| **Arizona.** | | Albion | 60–3½ | St. Joseph | 60–3½ |
| To all W. U. offices | 120–8½ | Algonac | 60–3½ | S. S. Marie | 60–3½ |
| | | Allegan | 60–3½ | South Haven | 60–3½ |
| | | Alma | 60–3½ | Sturgis | 60–3½ |
| **Arkansas.** | | Alpena | 60–3½ | Three Rivers | 60–3½ |
| To all W. U. offices | 72–5 | Ann Arbor | 60–3½ | Traverse City | 60–3½ |
| | | Bad Axe | 60–3½ | Wayne | 60–3½ |
| | | Battle Creek | 60–3½ | Whitehall | 60–3½ |
| **Brit. Columbia.** | | Bay City | 60–3½ | Wyandotte | 60–3½ |
| | 90–6 | Benton Harbor | 60–3½ | Ypsilanti | 60–3½ |
| To all | to | Bessemer | 30–2½ | | 30–2½ |
| W. U. offices | 175–12 | Big Rapids | 60–3½ | To other | to |
| | | Birmingham | 60–3½ | W. U. offices | 60–3½ |
| | | Boyne City | 60–3½ | | |
| **California.** | | Cadillac | 60–3½ | | |
| To all W. U. offices | 90–6 | Calumet | 36–2½ | **Minnesota.** | |
| | | Caro | 60–3½ | Albert Lea | 48–3½ |
| **Colorado.** | | Cassopolis | 60–3½ | Austin | 48–3½ |
| To all W. U. offices | 72–5 | Charlevoix | 60–3½ | Bemidji | 36–2½ |
| | | Charlotte | 60–3½ | Brainerd | 30–2½ |
| **Connecticut.** | | Cheboygan | 60–3½ | Cloquet | 30–2½ |
| To all W. U. offices | 72–5 | Coldwater | 60–3½ | Crookston | 48–3½ |
| | | Crystal Falls | 48–3½ | Duluth | 20–1 |

*Courtesy Western Union Telegraph Co.*

This table shows the cost of full-rate telegrams from a given point

That the cost is low may be seen from the fact that the lowest rate for a 25-word night letter is only 20 cents, and the highest only 50 cents; that is, a 25-word night letter may be sent to any part of the United States for 50 cents or less, according to the distance sent. Additional words are charged for in groups of five, and the total charge for any number of words and any distance may readily be reckoned

from a table published by the telegraph companies and available for the asking at any telegraph office.

Although the telegraph company does not agree to deliver a night letter before noon the next day, usually a night letter from Chicago to Boston, for instance, would be delivered in Boston about seven or eight o'clock in the morning. Night letters of a business nature, sent on Saturdays or on the day before a holiday, will be delivered on the morning of the next ensuing business day, but the telegraph company will attempt to deliver a night letter the next morning if requested to do so. Some business concerns provide for the delivery of telegrams received outside of office hours by asking the telegraph company to telephone such messages to the home of some specified officer of the concern.

*Which kind of telegraph service to use.* Just which kind of service to use depends largely on the urgency of the message. If your message requires an immediate reply, you will, of course, use a regular telegram. If you do not require an immediate reply but simply want an answer during the day, a day letter may serve, provided the message is long enough to justify the additional cost of a day letter. A regular telegram of fifteen words costs no more than a day letter of fifty words, and receives preferred service. On the other hand, if you do not need an answer the same day, yet cannot wait for the mails, you may use a night letter.

From many post offices there are no Sunday deliveries of mail. If you were planning to leave town Saturday night on an extended trip and found Friday that you had to have certain information from your Boston office, you would probably send a day letter to your Boston office; they would reply with a night letter, which would reach you Saturday morning. If you had written, the letter could not have reached Boston in time to get any kind of reply back to you

before you left town Saturday night. That is why you must keep in mind the object you are trying to accomplish.

If you did not realize until Saturday morning that you had to have the special information, then you would send a regular telegram and probably would receive either a day letter or a regular telegram in reply, depending upon how long it took to look up the information.

**Serial service.** The telegraph companies have developed a number of special low-rate services, of which "serial service" is perhaps the most outstanding. Occasions arise in business which necessitate sending more than one telegram to the same correspondent on the same day, as to a home office or a branch office. Under such circumstances, a substantial saving may often be made by using the serial service, the charge for which is based on the total number of words sent the same day to the same correspondent at the same address, instead of for each telegram separately.

To take advantage of this low rate, which is available to anyone, all that is necessary is to mark each telegram "SER" to indicate that it is one of a series. At the end of the day the number of words sent that day to that correspondent will be totaled, and the charge based on the day-letter rate to that point. To reckon the approximate charge for serial service, simply find the day-letter rate for the number of words sent and add one fifth to it. If any telegram in the series contains less than fifteen words, it is counted as fifteen words; that is, the minimum number of words chargeable in any one telegram in a series is fifteen.

**Timed-wire service.** Another low-rate service of the telegraph companies is known as the "timed-wire service," the charge for which is based on the number of minutes the wire is used instead of on the number of words sent. It requires special equipment known as the "Teleprinter," which is installed by the telegraph company. As the

message is typed on the Teleprinter in the office of the subscriber, it is instantly typed in the office of the telegraph company, which transmits the message to the addressee in the usual way, unless of course the addressee has a Teleprinter also. There is no limit to the number of words which may be sent, since the charge is based on the time it takes to send the message. For three minutes' use of the wire, the charge is the same as for a 50-word day letter between the same points, regardless of the number of words sent. Since it is possible for a typist to send as many as 120 words in three minutes, there are possibilities of real savings. For each minute over three, one third the three-minute rate is added.

**Telemeter service.** Another service known as the "telemeter service" also requires the use of the Teleprinter; but instead of the messages going to the telegraph company's office for retransmission, they go direct to the correspondent's office, where there is a similar machine. For example, a Chicago concern will have a permanent connection with its New York office, or vice versa. To all appearances, this connection is the same as a private leased wire, except that the charge is based on the number of words used during the month, instead of on a flat rental. At present, the telemeter service is available between Boston, New York, Buffalo, Detroit, Cleveland, Philadelphia, Pittsburgh, Chicago, Kansas City, St. Louis, Minneapolis, Salt Lake City, Seattle, San Francisco, and Los Angeles; it is being extended to other cities as fast as the special equipment required can be procured by the telegraph company.

**Facsimile telegraph.** The "facsimile telegraph" makes it possible to transmit over the wires any handwriting, drawing, sketch, or printing. By means of the photoelectric cell (the electric eye) the message is reproduced exactly as submitted by the sender. Although only two commercial

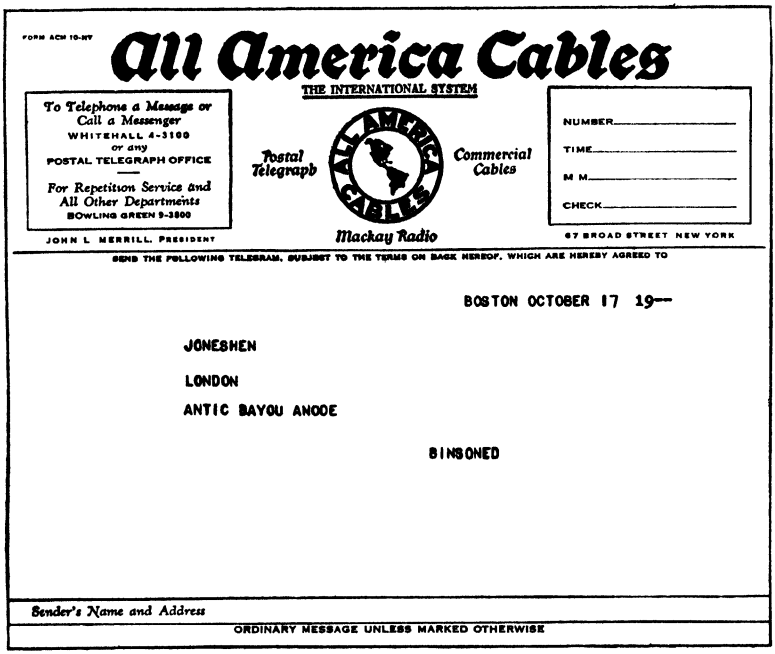
circuits are operating at present—from Buffalo to New York and from Chicago to New York—the service will undoubtedly be expanded as and if the demand warrants such expansion.

**Long-distance messages.** While the telegraph is used for continental long-distance communication, when we wish to wire business men in London or other foreign places, it is necessary to use cable service or the wireless, which has been developed very rapidly. The rates for "radiograms," as the wireless messages are called, are the same as for cablegrams. It is also possible now to telephone to almost any point in the world from any point in the United States.

**Cables and cable messages.** There are six kinds of cable services available: "full-rate," "deferred half-rate," "cable night letter," "*CDE*" (code), "urgent-rate," and "urgent *CDE*." You can get the latest rate schedule from your local telegraph office, and you should have this on hand for reference when needed.

Full-rate cablegrams may be written in any language that can be expressed in Roman letters or in cipher. Messages in plain language permit words of fifteen letters or less to be counted as one word. In code each five letters is counted as one word; in cipher, each five figures or five letters.

Deferred half-rate cable messages must be written in plain language—any language that can be expressed in Roman letters; and only one language may be used in the same message. That is, if the language selected is English, no French words may be used in the message; if the language selected is French, no English words may be used. The letters *LC* must be written immediately before the address and are charged for as one word. Registered code addresses may be used, but code language is not permitted in the text of the message. Figure groups, trade-marks, and commercial abbreviations must not exceed one-third of the



FORM ACM 10-NY

**All America Cables**

THE INTERNATIONAL SYSTEM

To Telephone a Message or Call a Messenger
WHITEHALL 4-3100
or any
POSTAL TELEGRAPH OFFICE

For Repetition Service and All Other Departments
BOWLING GREEN 9-2800

Postal Telegraph — Commercial Cables

Mackay Radio

NUMBER
TIME
M M
CHECK

JOHN L. MERRILL, PRESIDENT

67 BROAD STREET NEW YORK

SEND THE FOLLOWING TELEGRAM, SUBJECT TO THE TERMS ON BACK HEREOF, WHICH ARE HEREBY AGREED TO

BOSTON OCTOBER 17 19—

JONESHEN

LONDON

ANTIC BAYOU ANODE

BINSONED

Sender's Name and Address

ORDINARY MESSAGE UNLESS MARKED OTHERWISE

*Courtesy Postal Telegraph Co.*

These six code words stand for the following twenty-two words: "Henry Jones, London: Baggage has arrived. Business is quiet; everything all right and everybody well. When will you arrive? Edwin M. Robinson." Different code books use different code words. These are taken from a traveler's code published by a telegraph company.

chargeable text and signature, although figures expressed in words are excluded from this restriction. Words of fifteen letters or less are admitted at single word count. Deferred half-rate messages cost half of the full rate and may be subordinated to full-rate messages for a period not exceeding twenty-four hours, although they are usually transmitted in the order of receipt.

Cable night letters perform a function similar to that of telegraph night letters—the sending of a longer message at a lower rate for delivery the following morning. They must

be written in plain language and are subject to the same conditions applicable to deferred half-rate cable messages. The letters *NLT* should be written immediately before the address. The cable night-letter rate is one-third of the full rate, with a minimum charge based on twenty-five words, except to Cuba, in which case the minimum is fifteen words. Cable night letters will be accepted up to midnight for delivery at destination the following morning, except in the Far East territory, where delivery is made the second morning after filing.

Cable messages which are indicated as written entirely in code take the *CDE* (code) rate. Code words may be formed without condition or restriction, but cannot exceed five letters in length. Plain language words in *CDE* messages are counted at five characters a word. Figures or groups of figures exceeding one-half the total number of chargeable words in text and signature are considered as cipher language. The letters *CDE* should be written immediately before the address, but are not charged for. The rate for *CDE* messages is 60 per cent of the full rate, with a minimum charge based on five words.

Urgent-rate messages are charged at double the full rate and take precedence in transmission over all other messages except official Government telegrams. The indicator *Urgent* or *D* is inserted immediately before the address and is charged for as one word.

Urgent *CDE* messages rank with urgent-rate messages in the order of transmission, are subject to the same conditions as ordinary *CDE* messages, and are charged double the ordinary *CDE* rate.

**Radiograms.** Four classes of radiograms are provided by R.C.A. Communications, Inc. The fastest service is the "urgent-rate service," for messages of an extremely urgent nature. Urgent-rate radiograms are given priority over all

other commercial messages on the R.C.A. and connecting foreign telegraph systems. The word *Urgent* must be written as the first word of the address; it is charged for. Code language is permissible. The cost is double the full-rate service.

The "full- or ordinary-rate radiogram" is intended for messages requiring prompt transmission. Full-rate messages rank in importance after urgent messages. Code language may be used.

The "deferred half-rate service" is provided for messages of a less urgent nature, which are accepted on condition that their transmission may be deferred as long as any urgent-rate or full-rate radiograms of the same date remain to be disposed of. Plain language only may be used, not code, although the language may be that of the country from which or to which the message is sent, or French; only one language may be used in the same message.

"Radioletters" are especially adapted to social and business correspondence which permits of some deferment. They are accepted upon the condition that their transmission will be deferred until all higher-rate messages of the same day have been disposed of. Plain language only may be used.

Radiograms may be filed at any office of the Western Union Telegraph Company, as well as at the offices of the R.C.A. Communications, Inc., in New York City, Boston, Washington, Baltimore, Chicago, Detroit, Los Angeles, New Orleans, Philadelphia, Seattle, and San Francisco.

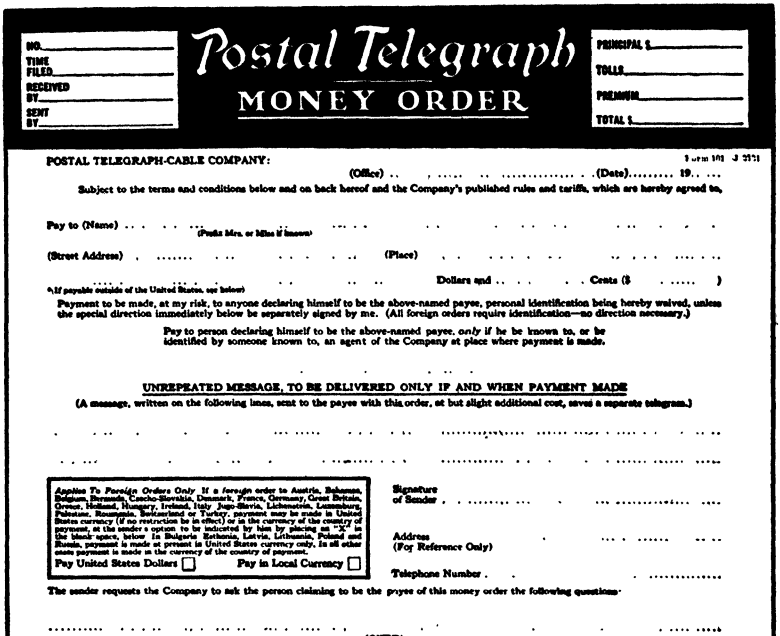
*Cable and radio addresses.* Although there is no charge in this country for the address, date, and signature in telegrams unless extra words are included, it is customary in cablegrams and radiograms to charge for every word; so the messages are further abbreviated by the use of registered code addresses.

For example, if a cable were sent to the Commonwealth Edison Electric Light and Power Company, the full address would be counted as seven words. The company might adopt a cable address such as "CEDELCO" which is made up from parts of the company name. If no other firm had adopted this name, it would be registered and accepted as the address of that particular company. Cables addressed to "CEDELCO" could be delivered easily, and the code address would be counted as one word, representing a saving of six words.

Sometimes two firms doing a large amount of cable business with each other will adopt a reversible cable address, so that each firm will address the other by that word and they will know by whom the message was sent as soon as they receive it. It is not necessary in that case for either firm to sign a message to the other. You can easily see that this would mean a considerable saving over a period of time.

**Transferring money on short notice.** One important service performed by the telegraph and cable companies remains to be considered—the transfer of money by telegraph or cable. Occasions often arise when it is necessary to pay money at some distant point upon very short notice, so short that it would be obviously impossible for either mail or express to reach that point in time. Resource must therefore be had to the "wire" companies, who will arrange for the immediate transfer of funds from any part of the world to any other part at a moderate cost.

The rates vary according to the distance, since the regular rate for a fifteen-word message is added to the transfer rate, which runs from 25 cents for $25 to 85 cents for $100, with a rate of 25 cents for each additional $100 up to $3,000, and 20 cents for each additional $100 above $3,000. The night money order service provides similar overnight accommodations at a still lower cost.



Postal Telegraph
MONEY ORDER

NO.
TIME FILED
RECEIVED BY
SENT BY

PRINCIPAL $
TOLLS
PREMIUM
TOTAL $

POSTAL TELEGRAPH-CABLE COMPANY:

(Office) .. (Date)..... 19..

Subject to the terms and conditions below and on back hereof and the Company's published rules and tariffs, which are hereby agreed to.

Pay to (Name) ..
(Prefix Mrs. or Miss if known)

(Street Address) .. (Place) ..

*If payable outside of the United States, see below) Dollars and .. Cents ($ )

Payment to be made, at my risk, to anyone declaring himself to be the above-named payee, personal identification being hereby waived, unless the special direction immediately below be separately signed by me. (All foreign orders require identification—no direction necessary.)

Pay to person declaring himself to be the above-named payee, *only* if he be known to, or be identified by someone known to, an agent of the Company at place where payment is made.

UNREPEATED MESSAGE, TO BE DELIVERED ONLY IF AND WHEN PAYMENT MADE

(A message, written on the following lines, sent to the payee with this order, at but slight additional cost, saves a separate telegram.)

*Applies To Foreign Orders Only. If a foreign order to Austria, Bahamas, Belgium, Bermuda, Czecho-Slovakia, Denmark, France, Germany, Great Britain, Greece, Holland, Hungary, Ireland, Italy, Jugo-Slavia, Lichtenstein, Luxemburg, Palestine, Roumania, Switzerland or Turkey, payment may be made in United States currency (if no restriction to be in effect) or in the currency of the country of payment, at the sender's option to be indicated by him by placing an "X" in the blank space below. In Bulgaria, Esthonia, Latvia, Lithuania, Poland and Russia, payment is made at present in United States currency only. In all other cases payment is made in the currency of the country of payment.*

Pay United States Dollars ☐ Pay in Local Currency ☐

Signature of Sender .

Address (For Reference Only)

Telephone Number .

The sender requests the Company to ask the person claiming to be the payee of this money order the following questions:

(OVER)

*Courtesy Postal Telegraph Co.*

This is the kind of blank you would use in sending money by telegraph. How is the receiver to be identified?

These services give an opportunity for paying premiums, taxes, fines, mortgages, or other obligations before a fixed time limit expires. Or when a deposit is required to guarantee a purchase, sale, contract, or advertisement, it may be paid by telegraphic transfer. Travelers and salesmen may require extra funds on short notice, and there are many other ways in which business is facilitated and the public accommodated by these telegraphic transfers of money.

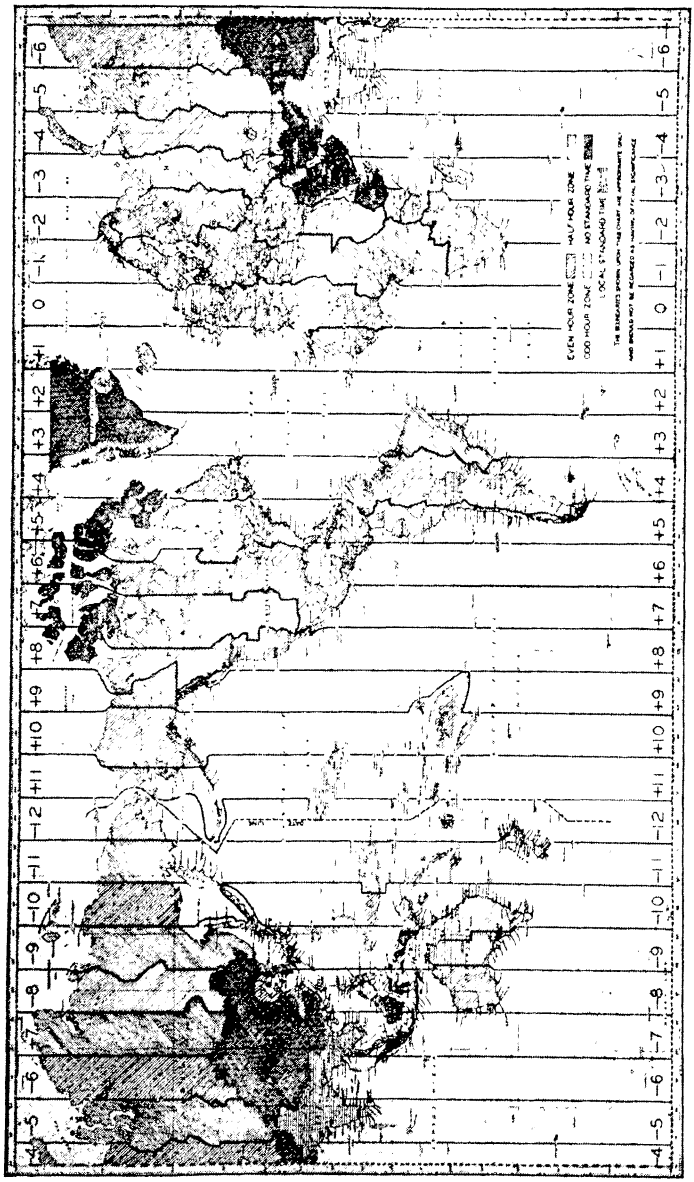
*Differences in time.* When transferring money at a specified time, or when business transactions must be accepted or closed before some fixed date, it is necessary to know the difference in time between the two places, especially if they

are far apart. Since the earth rotates on its axis once in twenty-four hours and there are 360 degrees in a circle, the sun seems to travel 15 degrees in each hour of time, which makes a difference of one hour with each 15 degrees of longitude. If a message were started at three o'clock in the afternoon in San Francisco, it would reach New York instantly, but the business offices there would be closed for the day, because the time in New York is three hours ahead of San Francisco time. If a cablegram left New York for London at three in the afternoon, the time would be eight in the evening when it arrived in London, which is about 75 degrees east of New York.

If a radio message were sent from a steamer in the Pacific Ocean just east of the international date line at noon on July 1, it would reach San Francisco about four o'clock in the afternoon; New York at seven o'clock; London at midnight, Constantinople at two o'clock the next morning (July 2); Manila at eight o'clock that morning, and a steamer just west of the date line at noon of July 2. If the steamer now crosses the date line going west, it will gain a day in a second. Therefore, if you wish to send money by cable from a point east of the date line, such as San Francisco, and have it in Manila on July 2, you must send it on July 1, or it will arrive a day too late, even though it is sent and received instantly.

You can easily calculate the difference in time between two cities by finding the difference in degrees of longitude and dividing that by 15 degrees, the number of degrees in an hour of time; or you can obtain from the telegraph or cable company a table showing the difference in time between the important cities of the world. Allowances should also be made for differences in time due to "daylight saving."

The wire companies publish additional information about their services from time to time and they are always willing




*Courtesy National Bureau of Standards, from Circular 406.*

It is often important in business to know what time of day it is in some other part of the world. This chart makes it easy to find out.

to give you any help they can. Procure the latest rate sheets from the telegraph, cable, and radio companies, so that you may be able to meet any situation that may arise which calls for long distance communication.

**Summary.** Modern communication systems make it possible to communicate between almost any two points in the world—whether between two desks in the same office, or between New York and Manila. Two factors are considered in the choice of service—the urgency of the message and the cost of the service. The advantage of the telephone is that a personal conversation may be carried on. The advantage of the telegraph is that it is less expensive than the telephone for long distances. The advantages of radio and of cable are that for very long distances they are fast and economical and, like the telegraph, provide a written message which leaves no room for misunderstandings or mistaken recollections. The dictograph, the telautograph, and the teletype are useful for frequent communication between two or more points.

## Telephone Standards

### How to Use the Telephone

1. Before calling a number consult the directory. There are over 500,000 numbers in some directories. Don't try to remember all of them.

2. You can save time in looking up numbers if you make a list of the numbers you call most frequently and keep it near the telephone. Be sure to check it when a new directory is issued.

3. Speak into the transmitter, not at it or at the ceiling.

4. Keep your voice below your ordinary pitch rather than above it.

5. If you cannot be understood, try to speak more slowly and distinctly.

6. Listen when the operator repeats the number after you and see that she gives it correctly.

7. Notice how the operator pronounces *four* (fo-wer) and *nine* (ny-en).

8. Say: "two-nine, eight-seven" not "twenty-nine eighty-seven," or "two thousand nine hundred eighty-seven."

9. Say: "four, four-four" not "four double four" or "four forty-four."

10. Say: "two-one, one-O" not "two one ten."

11. Say: "three hundred" not "three double O" or "three O O."

12. Say: "five thousand" not "fifty double O" or "five O O O."

13. Say: "three, five hundred" not "thirty-five double O" or "thirty-five hundred."

14. Don't hang up the receiver when you get the wrong number.

15. Move the receiver hook *slowly* up and down three or four times to attract the operator's attention, and then give her the right number.

16. If you wish to make an emergency call and don't know the number, simply say you want to report a fire or you want to get a policeman, and give your name and address.

17. No charge is made for emergency calls.

18. In answering the telephone, do not say "Hello." It is a waste of your time, and the time of the person calling you.

19. Introduce yourself by giving your number, or your firm name and then your name.

20. Don't give any information until you know to whom you are talking.

21. Don't trust your memory in receiving messages but always have a pencil and pad at hand for taking notes.

22. When there is a call for a member of the office force who is absent, secure the name and number of the person calling and also the message if possible. It is a good idea also to note the hour the call was received.

23. If possible, without being discourteous, find out what is wanted before connecting a call with the manager. Perhaps you can answer the question and save the manager's time.

24. Don't get angry; to do so is unbusinesslike. Besides, you may be the one who is to blame.

25. A well-modulated, pleasing voice, tact, and good judgment will help to win friends for your employer and promotion for yourself.

26. Don't do your visiting over the telephone during office hours.

## Telegraph, Cable, and Radio Standards

### Writing and Sending Messages

1. The telegraph is less expensive than the telephone for long-distance communication.

2. The cost of a telegram depends on the number of words in the message and the distance it is sent.

3. A folder giving the rates to all parts of the world may be obtained at any telegraph office.

4. Messages should be typewritten in triplicate on blank forms furnished by the telegraph company.

5. The original copy is furnished to the telegraph company for transmission.

6. One copy may be enclosed in a letter confirming the telegram.

7. The third copy is to be filed in your office as a record of the message, and also to check the telegraph company's bills.

8. Telegraph companies are required by law to send messages exactly as written.

9. Make your telegram brief, but never sacrifice clearness for brevity. Omit words that do not help to make the message clear.

10. A night letter of 25 words costs less than a telegram of 10 words.

11. A day letter containing 50 words costs only one and one-half times as much as a 10-word telegram, and it is almost as fast.

12. Omit the complimentary close and the salutation in telegraph and cable messages.

13. Abbreviations in common use, such as C.O.D., F.O.B., O.K., %, A.M., and P.M., are each counted as one word and should be so written: COD, FOB, OK, %, AM, PM.

14. Each five digits in a number are counted as one word.

15. Each decimal point, comma, dash, or fraction mark counts as one digit when used in connection with figures.

16. No charge is made for punctuation when used in the ordinary way in a message; use the characters, and do not spell out punctuation.

17. The use of ciphers and codes reduces expense and promotes secrecy. The use of code is permissible in regular telegrams, in day and night letters, and in cablegrams, but not in deferred cablegrams or cable night letters.

18. Never send a regular telegram when a day letter will serve your purpose, if it costs less.

19. Never send a day letter when a night letter will do as well.

20. Never send a night letter when the mails are fast enough.

21. If your business is urgent enough to require a regular telegram, it is not economy to send either a day letter or a night letter.

22. In cablegrams each word in the address, date, and signature is charged for.

23. Deferred half-rate messages and cable night letters are cheaper than regular cablegrams, but not as prompt.

24. Messages must be written in one of the following languages, using roman characters: Latin, Italian, German, Dutch, Spanish, French, Portuguese, English.

25. Radiograms may be used in transoceanic communication; they cost the same as cablegrams.

26. Radio messages may be sent to nearly all ocean and lake steamers, making it possible to keep in touch with them at all times.

27. Radio messages and cablegrams must be paid for in advance, unless arrangements for sending messages collect have been made in advance with the telegraph company.

28. Telegrams may be sent collect, but the payment must be guaranteed by the person who is sending the message.

29. If you want to get money quickly from one place to another, you can telegraph it.

## Vocabulary Exercise

Define or explain:

| | | |
|---|---|---|
| cable | intrahouse | telegraph |
| code | key town | teletype |
| dictograph | radiogram | wire |
| filed | telautograph | wireless |

## Questions for Discussion

1. Why may incorrect information have some effect upon a business man's judgment?
2. What information may be obtained by communication? Illustrate your answer with several examples.
3. What advantage has the telephone over all other means of communication?
4. How is it possible to save considerable time by knowing how to use the telephone properly?
5. How would you proceed to call a number on a manual telephone?
6. How should you pronounce the number you want?
7. How would you know that the number called is busy?
8. What should you do when the number called is busy?
9. How do you call a number on the dial telephone?
10. How should you answer a telephone call? Why?
11. What are the effects of delays in answering calls?
12. What is the best method of introducing yourself in answering the telephone?
13. Why should you get the name of the caller?
14. Is it necessary to say "Good-by"?
15. How can you recall the operator?
16. What should you do when you get the wrong number?
17. What are the advantages of an extension telephone?
18. What are the advantages of a private exchange?
19. What are the advantages of making station-to-station calls?
20. What are the advantages of night calls over day calls?

21. What are "emergency calls"?

22. How would you telephone in case of fire?

23. How would you call the police?

24. What is meant by "long distance" in telephone service?

25. What is meant by "information"?

26. What would you do if the telephone should get out of order?

27. What would you do if the person wanted at the telephone was absent? Give your reasons.

28. What information should the memorandum of a telephone message show?

29. What points should be observed in giving a message?

30. What is the dictograph, and how does it differ from a telephone?

31. What is the telautograph, and how may it be used?

32. What is the telephone typewriter, and how may it be used?

33. What is the difference between station-to-station calls and person-to-person calls?

34. Are telephone rates lower at one time of the day than at another? If so, when and why?

35. What are the principal differences between the telephone and the telegraph?

36. Why is the use of the telegraph slower than that of the telephone?

37. How can you often reduce the cost of a telegram?

38. Why should telegrams always be written in capitals?

39. How are figures and numbers written in a telegram? Why?

40. Why do we omit the salutation and complimentary closing in telegraph messages?

41. How many copies of a message are usually made? Why?

42. What is meant by "decoding" a message?

43. How can the telegraph company guarantee the delivery of a message in a remote place where there is no telephone?

44. What are code words and why are they used?

45. How would you find desired code words?

46. Are there any restrictions upon the choice and use of code words? If so, what and why?

47. In how many different languages can cablegrams be sent?

48. What are the three classes of telegraph service, and how do they differ from each other?

49. When would you use a regular telegram?

50. When would you use a day letter?

51. When would you use a night letter?

52. Why are day letters and night letters called "deferred messages"?

53. How many kinds of cable messages are there, and how do they differ from each other?

54. When would you use each kind of cable message?

55. How many classes of radiograms are there, and how do they differ from each other?

56. What advantages are there in using a registered cable address?

57. How long does it take to send a cablegram from New York to London?

58. How long does it usually take to get a reply? What causes the delay?

59. Why is the time when a message is delivered of great importance?

60. Why is the difference in time between two places important?

61. How can a message be received at an earlier hour than it was sent?

62. How is it possible to read in the New York morning paper about an event that took place in London at 9:00 A.M. the same day?

63. How do express companies transfer money by telegraph?

64. Under what conditions is it advisable to transfer money by telegraph through an express company?

## Topics for Special Reports

1. Visit a business house which has a private branch telephone exchange and ask the office manager to show you how calls are received and made, and what telephone records are kept.

2. Select ten important foreign cities and prepare a chart showing the cost of sending a telegram, a cablegram, and a radiogram

from your locality. Show also, if you can, the time it would take to transmit each kind of message.

3. Prepare a map of the United States showing the different time zones. Such a map will show which cities are on Eastern Time, which on Central Time, and which on Mountain and Pacific Times. Using a colored crayon, show which sections of the country are on Daylight Saving Time.

## Collateral Reading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LEFFINGWELL, W. H., *Office Management*, pp. 356–372.
———, *The Office Appliance Manual*, pp. 541–582.
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## Problem

### CODING AND DECODING MESSAGES

Invent a code for sending cable messages To do this, draw up a list of twenty phrases which might be in common use and assign a code word to each phrase. Then write several messages, putting them into code. Each message should be "decoded," or translated, by writing the meaning in different colored ink or type underneath the code words.

1. Where would you be likely to find phrases which would commonly be used in business?
2. What kinds of words may you use for code purposes, and where might you find such words?
3. When coding a message, must every part of the message be in code? Why or why not?

CHAPTER XII

# Office Reference Books and How to Use Them

*Aims for Study of This Chapter*

To appreciate the need for keeping information handy
To learn how to use directories
To study the use of special reference books

**The need of information.** Nearly every office has need for certain kinds of information which it uses constantly, as, for instance, telephone numbers. Unless it is possible to ascertain any desired telephone number quickly, a part of the time saved by the use of the telephone will be lost.

Another question continually arising in offices is the correct spelling of words, sometimes even of words which are being used right along. To permit a written communication to leave the office containing even one misspelled word stamps the managers of that business as inexcusably careless of and indifferent to the firm's good name and standing.

Occasions frequently arise which call for the address of a customer or prospect. With the proper reference book, this information may be quickly found.

In passing orders, credit departments need to look up the ratings of their customers. Since conditions are constantly changing, it is imperative that the latest rating be available.

Concerns whose officers are constantly traveling require up-to-date information about trains, busses, airplanes, ships, and hotels.

The shipping clerk wants to know the quickest, safest, and cheapest way of sending goods. Prices quoted often depend upon transportation costs.

The mail clerk wants to know how much postage is required to send a parcel to a certain city or town.

Authors and other writers are frequently at a loss for the right word to express the exact meaning intended. The word which comes to mind is correct, but not exact. Exactness is desirable.

Trade associations and chambers of commerce interested in proposed legislation wish to get in touch with legislators and congressmen to present their side of the question. The names and addresses of the proper authorities would be helpful.

Citizens desire to follow the progress of governmental affairs from day to day.

An advertising agency contemplating the insertion of an advertisement in several newspapers would like to know what newspapers are published in the section where it wishes to advertise, what the circulation of these papers is compared with the population, and what kinds of people read them.

A public speaker, collecting material for a historical address, wishes to ascertain when certain events took place, and who the participants were.

The librarian, eager to keep on her shelves the latest books of interest to her readers, wants to know what books are published, and their nature, as well as what well-known authorities think of them.

And so it goes, all day long. In the desire to be accurate, to render service, to know what is going on, offices are in constant need of reference to sources which will give them the desired information without delay.

*Limited sources of information in the past.* Information was once hard to get. In ancient times, when any informa-

Proofreaders' Marks

| Correction desired | Mark in copy | Write in margin |
|---|---|---|
| Take out; delete. | ——— or / through word or letter to be deleted | 9 |
| Insert something omitted or to be added. | ∧ where letters or words should be inserted | (*the letters or words to be inserted*) |
| Let it stand. | below words or letters to be retained | stet |
| Transpose. | ∼ around words or letters to be transposed | tr |
| Spell out figures or abbreviations. | ○ around figures or abbreviations | sp |
| Query author: Is this right? | — — below or (?) opposite matter questioned | Qy |
| Insert period, question mark, or exclamation point. | ∧ where mark should be inserted | ⊙ ?/ !/ |
| Insert comma, colon, or semicolon. | ∧ where mark should be inserted | ∧, :/ ;/ |
| Insert apostrophe, quotation marks, or superior figures. | ∨ where mark or figure should be inserted | ∨' ∨" ∨1 ∨3 |
| Insert hyphen. | ∧ where hyphen should be inserted | / = / *or* -/ |
| Insert dash—short, long, or very long. | ∧ where dash should be inserted | $\frac{1}{\text{en}}$ / $\frac{1}{\text{em}}$ / $\frac{2}{\text{em}}$ / $\frac{3}{\text{em}}$ |
| Begin new paragraph. | ¶ where paragraph should begin | ¶ |
| Continue as one paragraph. | ⊇ from end of one paragraph to beginning of next | No ¶ *or* run in |
| Set in capitals. | ≡ below letters or words | caps |
| Set in small capitals. | ≡ below letters or words | sc |
| Set in capitals and small capitals. | ≡ below letters or words | c & sc |
| Set in italics. | — below letters or words | ital |
| Set in roman (ordinary type). | — below letters or words | rom |
| Set in boldface type. | ∼∼∼ below letters or words | bf |

Proofreader's Marks—(*Continued*)

| Correction desired | Mark in copy | Write in margin |
|---|---|---|
| Set in boldface caps. | ≈≈≈ below letters or words | bf caps |
| Set in smaller type. | ⎸ at the left of matter to be set in small type | small type (*or name the type size desired*) |
| Change from capital to small letter (lower case). | / through letter to be reduced | lc |
| Change style or size of type. | / through letter that is wrong font | wf |
| Change bad type. | ——— below faulty type | × |
| Turn type right side up. | ——— below upside-down letters or words | *9* |
| Allow space or more space between words or letters. | ∧ where more space is desired | # |
| Allow less space. | ∨ where less space is desired | ⌣ |
| Equalize spacing. | ∨ ∧ where spacing is irregular | eq # |
| Close up space. | ⁀ between letters or words | ⁀ |
| Allow more space (leads) between lines. | > where more space is desired | ld *or* # |
| Allow less space (leads) between lines. | > where less space is desired | *9* ld *or* *9* # |
| Straighten crooked lines. | ═══ above and below crooked lines or letters | ═══ *or* / / |
| Indent one em (usual paragraph indentation). | | □ *before matter to be indented* |
| Indent two or three ems. | ● | □□ *or* □□□ *before matter to be indented* |
| Straighten ends of lines. | ‖ at ends of ragged lines | ‖ |
| Move words to right or left. | ⌋ or ⌊ before or after words to be moved | ⌋ *or* ⌊ |
| Move words or letters up or down. | ⌐ or ¬ above or below letters to be moved | ⌐ *or* ¬ |
| Push down lead that makes a smudge. | ( beside the smudge | ⌊ |

tion was required, it was the custom to sit in a conspicuous place and make inquiries of passers-by. As towns grew in size, the town crier was employed to answer questions and make public announcements. When towns became cities, directories replaced the crier.

The first American directory was compiled in Philadelphia at about the end of the Revolutionary War. Boston did not have one until the year in which the Constitution of the United States was adopted. Well-known landmarks were used to define locations; for example, Federal Street, Boston, was described as "running from Simpson's in Cow Lane down by Rev. Mr. Popkin's Meeting House into Milk Street."

**The most useful reference books.** In all these stages of development saving time has been the basic motive. Time is money, and many an expense is justifiable if it represents a worth-while saving in time. Directories, dictionaries, guidebooks, and reference books of one kind or another are essentially timesaving devices, in that they give the desired information quickly, accurately, and briefly. To be able to use reference books to the best advantage, let us first classify them into

1. Dictionaries and word books
2. Directories
3. Books and publications of general information
4. Books and publications of special information

There are three books which will be found in nearly every business office. They are the dictionary, the city directory, and the telephone directory. And yet few people really know how much valuable information each of these books contains, or how to get the information out of the books.

**Dictionaries and how to use them.** In some respects the dictionary is one of the most useful books in the office. The stenographer who does not have constant use for one is

indeed rare, and she should keep the book within easy reach at all times. However, not every book labeled "dictionary" is authoritative. The following dictionaries have recognized standing among persons who use English with discrimination:

*Webster's New International Dictionary*, G. & C. Merriam Company
*New Standard Dictionary*, Funk and Wagnalls Company
*Oxford Dictionary*, Oxford University Press
*New Century Dictionary*, D. Appleton-Century Company
*Winston Simplified Dictionary*, John C. Winston Company

Good dictionaries such as those just named are published in several different-sized editions, ranging from the complete or "unabridged" dictionary, which may cost from twenty to thirty-five dollars according to the binding desired, down to a more handy desk size costing about three dollars.

The following brief excerpt shows what complete information an unabridged dictionary gives about a word:

**im·mor'tal** (ĭ·môr'tăl; -t'l), *adj.* [L. *immortalis*, fr *im-* not + *mortalis* mortal; cf F. *immortel*. See MORTAL; cf IMMORTELLE.] **1.** Not mortal; exempt from liability to die; imperishable; everlasting; as, the *immortal* gods
**2.** Connected with, or pertaining to, immortality.
I have *immortal* longings in me. *Shak.*
**3.** Destined to live in all ages of this world; abiding; exempt from oblivion; imperishable; as, *immortal* fame.
**4.** Superhuman; excessive; grievous. *Obs.*
**Syn.** — Divine, godlike; undying; eternal, ceaseless, enduring, endless, incorruptible, deathless.
**Ant.** — Human; perishable; mortal.
**im·mor'tal,** *n.* **1.** An immortal being; one exempt from death; esp., *pl.*, *Gr. & Rom. Myth*, the gods.
**2. a** *pl.* A body of troops regarded as immortal in some way, as the royal bodyguard of ancient Persia, whose number was always kept full; troops famous for gallant behavior in war, or, derisively, troops which never see war. **b** A person, esp. an author, whose fame is lasting. **c** [*cap.*] A member of the French Academy. See FORTY IMMORTALS.

Reproduced by permission of the publishers of Webster's New International Dictionary, Second Edition
Copyright, 1934,
By G. & C. Merriam Company, Springfield, Mass.

Probably the dictionary is more often used as an authority on meaning, spelling, and pronunciation than for any

other purpose, but it offers much other valuable information to one who knows how to use it. The wide range of information contained in an unabridged dictionary may be indicated by the following summary of the contents of one of those previously mentioned:

It contains all words in common use today, with a careful selection of Scottish, archaic, dialectal, colloquial, and slang words; technical terms; abbreviations; Biblical and mythological names; alphabets of ancient and modern languages, and for the blind and deaf; symbols used in all sciences and in architecture, medicine, music, proofreading, radio, woodcraft; metric and domestic weights, measures and standards; foreign currencies; interest tables; perpetual calendar and Jewish calendar; foreign expressions, proverbs, and quotations; mottoes of states and nations; law terms; historical personages and contemporary characters from all walks of life; all places in the United States with a population of ten thousand or over; other geographic names all over the world, with pronunciation, location, population, and so forth; English idioms, allusions, and antiquarian lore; definitions of words used by Burns, Scott, and other Scottish poets and authors; pronunciation, etymology (derivation), and meaning of Christian names of men and women; chronology of world history; history of the English language; outline of English grammar, with illustrations of right and wrong usage; and an atlas and gazetteer of the whole world, including colored maps and statistics.[1]

To be able to use words with their proper meaning is a faculty that must be cultivated. Sometimes the misuse of words may be costly. Indeed, one great lawyer has said that if it were not for the misuse of words, the lawyers would starve. Whether this is true or not does not matter half so much as does your ability to make your meaning clear to those to whom you are writing or speaking. Whenever you

[1] By permission of The John C. Winston Company, Publishers.

are in doubt about the meaning of a word, look it up in the dictionary. If you will always take pains to make sure that you are saying just what you mean to say, you will find yourself gradually acquiring a very useful habit.

*What you can do with synonyms.* There is another profitable use for the dictionary which is well worth knowing about. Nearly every dictionary gives lists of synonyms—words which have almost the same meaning. Suppose, for example, that you are writing a letter or an advertisement, and you are not quite satisfied with a particular word, either it does not mean exactly what you want it to mean, or it does not sound right. Anyway, you feel sure there must be some other word that will express your thoughts a little more clearly, but you cannot seem to recall the word.

Turn to the dictionary and find the word you are using; after the definition you will see a number of other words which have almost the same meaning as the word you have in mind. Pick out the one that best suits your purpose. If you are not sure that the new word will express your meaning as you want it expressed, look up the definition of that word also; eventually you are sure to get just the word you want for your particular purpose.

For example, an executive in preparing instructions for a group of salesmen might write:

"Saving money for the company does not hinder a good salesman."

He would probably see at once that instead of the words *saving money* he should use the word *economy*. Then he might feel that there should be a better word than *hinder* to express his thought. He would turn to the dictionary and find under *hinder* the synonyms—*retard, delay, hamper, impede, block*. Then he might write:

"A proper sense of economy does not hamper the efficiency of a good salesman."

**802. Treasury.**—N. treasury, bank, exchequer, almonry, fisc, hanaper, bursary; safe; strong-box, -hold, -room; coffer; chest &c. (*receptacle*) 191; depository &c. 636; till, -er; cash-box, -register, purse, pocket-book, wallet; money-bag, -box; *porte-monnaie*.

purse-strings; pocket, breeches pocket.

sinking fund; stocks; government –, public –, parliamentary--stocks, – funds, – securities, bonds; gilt-edged securities; Consols, *crédit mobilier*.

**803. Wealth.**—N. wealth, riches, fortune, handsome fortune, opulence, affluence; good –, easy-circumstances; independence; competence &c. (*sufficiency*) 639; solvency, soundness, solidity.

provision, livelihood, maintenance; alimony, dowry; means, resources, substance; property &c. 780; command of money.

income &c. 810; capital, money; round sum &c. (*treasure*) 800; mint of money, mine of wealth, *El Dorado*, Pactolus, Golconda, Potosi, *bonanza*; philosopher's stone.

**804. Poverty.**—N. poverty, indigence, penury, pauperism, destitution, want; need, -iness; lack, necessity, privation, distress, difficulties, wolf at the door.

bad –, poor –, needy –, embarrassed –, reduced –, straitened- circumstances; slender –, narrow- means; straits; hand to mouth existence, *res angusta domi*, low water, impecuniosity.

beggary; mendi-cancy, -city; broken –, loss of- fortune; insolvency &c. (*non-payment*) 808.

empty-purse, – pocket; light purse; beggarly account of empty boxes.

*Courtesy Longmans, Green and Co.*

A portion of a page from Roget's *Thesaurus* shows what a supply of synonyms it offers.

*The synonym books.* For all ordinary purposes the list of synonyms given in the dictionary will serve; but some offices, particularly advertising and editorial departments, require even wider uses of words. To meet this requirement, books of synonyms have been prepared. These synonym books, of course, give many more synonyms than the dictionary gives, and writers find them almost indispensable. One special type of synonym book, called the "thesaurus," makes it possible to find almost any given word or phrase needed to express any desired shade of meaning. Writers find the thesaurus indispensable.

**The city directory.** Suppose you want to find out where Albert Wallace works, and what his business is. Of course, if you knew someone who knew Albert Wallace, you might ask your friend about him. But you may never have heard of Albert Wallace. The city directory will tell you not only

where Albert Wallace works and what his business is, but also where he lives. Furthermore, the directory will tell you exactly where the streets are that he works and lives on, and also how to get there.

In fact, the city directory not only contains an alphabetical list of all persons over eighteen years of age who live or work in the city, giving their names and occupations, where they work and where they live, but it also lists all the business houses in the city, with the names of the partners or officers. Some city directories give the names of married women, immediately after the name of the husband. There is definite information regarding streets and numbers and how to get there; local transportation systems; public, semipublic, and private institutions; clubs, museums, and churches. Anyone who knows how to use a directory can in a very short time learn more about the city than some people know who may have lived there for years.

*How reference is made easy.* The table of contents in the front of the city directory shows the page of the directory on which any desired section may be found. In the *Boston City Directory*, for example, there are listed in one section the names and locations of all departments of the Commonwealth of Massachusetts and of the City of Boston, together with names, addresses, and salaries of the office holders; this same section includes a list of all societies and associations, together with the names of the officers and the days that regular meetings are held; a list of the courts holding sessions in Boston, with the names of the judges and other court officers and the dates for hearing cases; the Federal departments and their location; the political sections of the city and their boundaries. In another section of the directory is an alphabetical list of all streets in the city, showing the street number of each building on the street and the names of the tenants at that address. Another section is

**Chain Mfrs**

Diamond Chain & Mfg Co 27 Purchase
Hub Chain Mfg Co 262 Dover
Morse Chain Co 1105 Comlth av
Ramsey Chain Co 27 Purchase
Whitney Chain & Mfg Co The 250 Stuart rm 606

**Chair Mfrs** (See also Furniture Mfrs)

Allen Chair Co 66 Canal 4th fl
Domore Chair Co 44 Bromfield rm 712 (posture)
Harter Corp 31 Bedford rm 304
Ideal Chair Mfg Co 51 Chardon 4th fl right
Independent Chair Co 32 Pitts
National Chair Co 80 Hampshire Rox
Readsboro Chair Co 27 Haymarket sq rm 20

**Chair Renting**

Belanequa Vincent 1140 Columbus av Rox
Lovell Folding Chair Co 14 Farrington av Alls

***Chairs For Rent**

**JACKSON BYRON** 27 Haymarket sq 2d fl tel Capitol 3632 (folding chairs, tables, Bentwoods, coat racks and Chromsteel Furniture)

**Chemists—Analytical** (See also Laboratories)

Aquasol Co 10 High rm 329
Boston Bio-Chemical Laboratory 246 Stuart 3d fl
Coughlin Michl F 40 Central rm 311
Esselen Gustavus J Inc 857 Boylston 6th fl
Miles Geo W 88 Broad rm 214
Sharples Laboratory 19 Central (land assayers)
Werby Laboratories Inc 88 Broad rm 418

**Chemists—Consulting**

Analab Laboratories 110 Broad
Feedwaters Inc 10 High rm 623 (hydrological)
Ohl Edwin N 7 Water rm 915
Skinner & Sherman Inc 246 Stuart 3d fl
Sutker Sol 88 Broad rm 218

**Chemists—Manufacturing**

Abbott Laboratories 150 Causeway rm 614 (pharmaceutical)
Alb-Argentum Laboratories Inc 110 Broad 4th fl
Armstrong Chemical Co 19 Rutherford av Chsn (pharmaceutical)
Beacon Co 89 Bickford Rox
Becco Sales Corp 207 A 1st fl (peroxides)

*Courtesy R. L. Polk and Co*

This section from a city directory shows how business firms are listed according to the lines of business.

arranged by kinds of business, and lists under each kind the names and addresses of firms engaged in that kind of business. Still another section lists in alphabetical order all the express offices in Boston (some four hundred), also a list of cities and towns in New England and eastern New York and the names of express companies running from Boston to those localities.

*How to use a city directory.* All directories are arranged alphabetically, and since many names are listed under more than one heading, it is usually easy to locate any desired name. Of course, it is necessary to know something about the person or firm you wish to locate, how to spell the name, for instance, or the location if you wish to find the name, or the business if you wish to find the name or the location.

If you are looking for a name, open the directory in the middle. You will notice two or more columns of names. (The Chicago city directory, for instance, has five columns.) At the top of each column is printed in black type the name of the first person in that column. The names are all arranged alphabetically so that you can quickly locate any desired one. If the name you are looking for is *Wallace*, turn over the

pages of the directory fairly rapidly until you come to names beginning with *W*; then turn the pages more slowly until you see at the top of the column *Wa*, then *Wall*, then *Wallace;* run your finger down the column till you come to the name *Albert*, and there you will find the information you are seeking.

Of course, every name is not printed at the top of a column. An unusual name like *Slyde*, for instance, might appear only once in the directory and might not happen to be the first in a column; in that case look at the top of the column for the name nearest to the one you are seeking.

**The telephone directory and how to use it.** Anyone who has learned to use a city directory will find it easy to use a telephone directory. The purpose of the telephone directory is obviously to furnish telephone numbers. Since the use of the telephone itself is described in Chapter XI, we shall take up here only the correct way to find the number.

Suppose the manager asked you if you knew how to look up a telephone number. You would probably say, "Why, of course." But there is a wrong way and a right way to look up a telephone number. One manager wanted to find out how many of his employees really knew how to find a telephone number in the directory. Out of ten who tried, only two were efficient. The others floundered around, and while they finally located the correct number, they took three or four times as long as was necessary. You should be able to find any number in ten seconds! If it takes longer than that, you are not using the right method. Practice the method given here until you are perfect.

First, make sure you have the right telephone directory. In a large city all the telephone exchanges are generally included in one alphabetical list. Some telephone directories include several localities in one volume, but provide separate alphabetical lists for each locality. In such cases,

**Sangamo—Smith**

Sangamo Hat Co 23E38 . . . WE llingtn 5-2030
Sanger C Anna 28Cntr . . . . . MA son 8-0921
Sanger Morris fish 23W32 . . . CH elsea 3-6200
Sanger Morton 3E38 . . . . . JE rome 6-3822
Sansone John 32E28 . . . . . HA rlm 8-3536
Santa John Apts 23W8 . . . WA tson 8-5829
Santangelo Jas CE 3W38 . . . WA tson 8-8619
Santangelo P E 23Ellis . . . . . SP ring 9-1653
Santini A Sons—
Whol 238W88 . . . . . WA shHts 8-8300
Wrhse 333W238 . . . . WA shHts 8-1121
Call after 8 . . . . . WA shHts 8-5250
Santini S Storage Co transptn
32E33 HA rlm 9-2200
Santoro Selma 8Watr . . . . . WH itehl 5-3588
Saratoga Mineral Water Co
283Waren JA mes 9-1823
Sargent E H Co fish 23W28 . . HA rlm 8-6209
Sarno Jos 28E32 . . . . . AM pere 2-6325
Sarnoff John 223W83 . . . CH elsea 2-6221
Satnano Jas 88Carmin . . . CH elsea 2-6583
Satterlee Hope 3W82 . . . . . CA pe 5-0239
Satterlee Jane 32W28 . . . MA son 8-6091
Satterlee Jones ins 88Carmin CH elsea 2-6563
Satterlee Marion 328E28 . . . . MA in 5-3058
Seal Warren off 222W82 . . . MA son 2-9699
Seale Jas E CE 83West . . . WH itehl 5-9812
Seaton Jos steel 383W82 . . . CA pe 5-6212
Sea Shell Mills Co 83Worth . . . CA nal 6-0390
Seagram Jos E Sons 33E38 . WE llingtn 5-6900
Seligman Walter off 23Wall . . . . . WH itehl 5-0500
Seligmann Anne hats 33E88 . . . . . MA son 8-2381
Seligson Chas 238W82 . . . . . CA pe 5-3593
Seligson John ins 233W22 . . . CH elsea 3-6609
Selinger Jerome 2E88 . . . . . MA son 8-5900
Selinger Joseph Mrs 23E38 . . . JE rome 6-3033
Sell Anne 823W88 . . . . . MA son 6-8366
Seller Jane 882W28 . . . . . WE lles 9-3812
Sellers Chas J Co stofage—
Whol off 23Whithl . . . . . WH itehl 5-2508
Wrhses—
83E3 . . . . . SP ring 9-0801
238W23 . . . . . ME tropoltn 2-2153
23W33 . . . . . AM pere 2-8963
282W38 . . . . . WA tson 8-6212
333W83 . . . . . MA son 6-6338
Selma Cotton Mills Co rags
32Whithl WH itehl 5-0396
Selman Jas 38W83 . . . . . CA pe 5-0606
Selman Sam 82W23 . . . . . ME tropoltn 2-0262
Selson Engnrng Co 222West . . . . . JA mes 9-3326
Seman Emil rl est 233W223 . . . . EA st 5-1920
Semans Saml 88Chrstphr . . . . CH elsea 3-5338
Semel E hats 828W33 . . . . . AM pere 5-3950
Semel J H Co 833W233 . . . . WA shHts 8-6822
Semles Chas H CE 3E33 . . . . . WE llingtn 5-2333
Semlet Marie hats 82E82 . . . . MA son 8-1626
Semmel E 23E22 . . . . . ME tropoltn 2-3606
Semmel Pearl 323W228 . . . . . SA lmon 6-0693
Semon Jean 32E38 . . . . . MA son 8-0583

*Courtesy New York Telephone Co.*

This shows the usual alphabetical arrangement by name found in all regular telephone directories.

the names of subscribers are listed under the name of the exchange which serves them. The front pages of a directory show what localities and exchanges are included in that directory, and at the top of each page appears the name of the area covered by that page.

Like the city directory, the telephone directory contains the names of the subscribers arranged in alphabetical order. But instead of a name being printed in black type across the top of each column, there are only two of these "index names" on a page, and in some small directories which are set in large type the index names are entirely omitted. In some directories only the first three letters of names are used as column indexes. When index names are used at the top of a page, the left-hand name shows the first name on that page, and the right-hand name shows the last name on

that page. Since these two names show the first and last names on each page, all the other names on the page are alphabetically between these two.

For example, suppose you were looking for the name *Wall;* the first name on that particular page might be *Walker* and the last name *Wallace;* therefore, you would know that the name *Wall* must be on that page, since *Wall* comes after *Walker* alphabetically and before *Wallace.*

Many names have several possible spellings. Consider this when using a directory. For example, for *MacPhail* look under *Mac;* if you don't find it listed there, look under *Mc* for *McPhail.*

For municipal offices, government bureaus, public libraries, and similar institutions, look under the name of the city or state, or under *United States Government,* as the case may be.

When you have found the name you are looking for, run your finger over to the right of the column where there is a number. That is the telephone number of that subscriber. The number may include an exchange name; if it does, be sure to give both name and number to the operator. **FRA**nklin 5700 after a name means that the telephone is in the Franklin exchange and the number in that exchange is 5700. "Franklin five, seven hundred" is, therefore, the number you give the telephone operator; or, if you have a dial telephone, you dial **FRA**5700.

If the name you are looking for is not in the telephone directory, you can get the desired number by lifting the telephone receiver and asking for "information." (With dial phones a code number given in the front page of the directory is dialed to reach "information.") When the information operator responds by saying "Information," give her the name and address of the person you desire to reach and ask her what the number is. If there is no telephone in that

name at that address, the operator will so inform you. You should call "information" only for numbers you fail to find in the directory, since it is quicker to look up the number yourself.

The telephone directory also gives the street address and generally indicates the business of the subscriber. If the telephone is in a residence, small *r* or *res* follows the name. No punctuation is shown except the hyphen and the apostrophe. Usually only one number is shown for a subscriber at a given address, although the subscriber may have several "trunk lines," as they are called; the same number is used for all departments which are reached through the central switchboard. The other lines to the same subscriber have consecutive numbers and the operator connects you to the first idle line in the group if the number shown in the directory is busy when called.

**The classified directories.** Practically all city and telephone directories contain a classified section where all persons, firms, and corporations in business are listed under their business or profession. The classified section of the telephone directory is generally printed on yellow paper and in some large cities is issued as a separate volume. Names are grouped under headings generally descriptive of the business or occupation and under subheadings indicating particular branches of the business or occupation shown by the main heading. Commodity and trademark names are also used as headings with the names of dealers listed under them.

Many business men take advantage of the classified section as an advertising medium by paying something to have their names printed in heavier type than usual or in a sort of business card. They also find it sometimes pays to be listed under several different headings as well as to insert a good-sized advertisement.

**METROPOLITAN BOSTON ADDRESS RECORD**

..CHE 3526
..CHE 1161
..CHE 2034
..CHE 2294
..CHE 1121
CHE 0237-J
CHE 1922-M
CHE 0083
CHE 1922-W
CHE 1463-J
CHE 1489-W
..CHE 2133
CHE 3658-M
CHE 4076-R
CHE 2202-J
..CHE 1309
GRA 7915-J
CHE 3265-R
CHE 2369-W
CHE 3124-W
CHE 3124-W
CHE 3006-M

★WARREN AV. Milton

*BLUE HILLS PARKWAY*

2 Morse Earl H r..S-1.....BLU 2298
3 Grissom H L r..S-2.....BLU 9465
5 Josefson Aron r..S-2.....BLU 1265
5 Mosher Norman R r..S-1.....BLU 6258
7 Goodwin C P r..S-1.....BLU 8063
8 Lynch Bernard R r.....BLU 3404
10 Sneddon David M r.....BLU 5265
12 Rubin Lewis L r..S-1.....BLU 1238
14 Paro L Edward r.....CUN 0518
24 Lynch Samuel T r..S-2.....BLU 2642
26 Cross Henry L r..S-1.....BLU 4712
28 Bratt Charles M r..S-2.....BLU 4940
28 Hunt Edward C r..S-1.....BLU 7683
32 Mackin Charles J r.....BLU 3694
35 Muldoon C W r.....BLU NON-PUB

*HAROLD AV 35*

36 Beaumont Albert S r.....BLU 5754
46 Hussey Philip E r.....BLU 5247
47 Mathewson S G r.....BLU 1556
50 Fogel Fred G r.....BLU 7067
51 Hoffman Henry E r.....BLU 5188

108 Taylor J H & Co r J H Taylor.....GRA 9179
111 Pinkham Walter S r.....GRA 1775

*GRAND VIEW AV 115*

129 Eldredge Albert E Mrs r..S-2....GRA 2282-M
136 Smith A N Mrs r..S-1.....GRA 1693
140 Lane Myron N r.....GRA 5719-J
141 Marion Steam Shovel Co.. .....GRA 7991
141 Westland Walter N. .. .....GRA 7991
141 Westland Walter N r.....GRA 5688
145 Jones Ethel H Mrs r..F-2.....GRA 0529-W
145 Lovejoy Clarence A r.....GRA 6563-W

*WINTHROP AV 157*

161 Pinkham Robert S r.....GRA 0068
162 Djerf Ida r..S-1.....GRA 7993-W
167 Carlisle Clarence W Mrs r.....GRA 9188
167 Crowe G Francis r..S-1.....GRA 4037-J
174 Wellington William O r.....GRA 3230

*PROSPECT AV 179*

182 Shaw Frank R r..S-1.....GRA 2654-W
188 Gurney, H J r.....GRA 8760-W
195 Clark Dana B r.....GRA 3311-W
195 Perry Regina M r.....GRA 5462-W

*Courtesy New England Telephone and Telegraph Co.*

In this kind of directory the telephone numbers are arranged by street and number. It is corrected several times a year.

These classifications make it possible to locate quickly any individual, firm, or corporation by simply looking under the headings descriptive of the business. When you know a man's name and business, this grouping helps you to find his telephone number quickly, since the list of names under his business heading is shorter than the alphabetical list in the main directory. When you are not sure of his name, but know the business in which he is engaged, the classified list helps because of the shorter list of names and the closer proximity of similar names. The classified section also tells "where to buy it" at times when you know what you want but do not know where to get it.

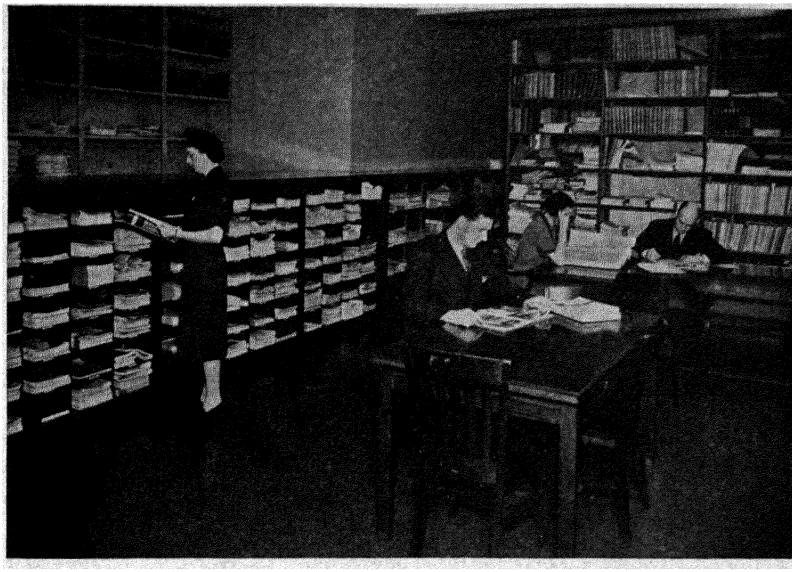
In certain large cities the telephone company also publishes a directory of telephone subscribers arranged by street and number. This is called the *Telephone Address Record Service*, which makes it possible to tell whether there is a telephone at any given address and in whose name the telephone is listed, as well as the telephone number. Such a

directory is a valuable help in compiling mailing lists or in keeping them up to date, in house-to-house selling campaigns, in laying out delivery routes, and in neighborhood campaigns.

**Some other reference books.** In addition to the three books of which nearly all offices have copies—the city directory, the telephone directory, and the dictionary—some offices have special directories and reference books. Information about people and their doings, about business and its progress, about history and its development, and about the thousand and one things that are going on all around us has been compiled into special reference books and directories covering nearly every conceivable subject. Such books have become the principal source of information concerning the people living in various communities: their names; the business activities in which they are engaged; their financial, social, and professional standing; where they live, whether they keep house, board, or have rooms; where they work; and how their names are spelled.

Special directories are available which furnish a fairly complete knowledge of who makes, sells, buys, or trades in practically every line of merchandise or product. They list public and private institutions. They locate all transportation facilities, whether by boat, rail, cab, bus, or airplane. They direct people how to get to any place by furnishing a complete list of streets; where they begin, end, or cross others; where in every block and between what streets any given number is. A special house directory gives at each number of every street the people living or transacting business there.

*Social registers.* Concerns whose customers are persons of social distinction and wealth frequently find social registers helpful. Most books of this kind contain the names of socially prominent people, arranged alphabetically



This library of a large business concern is equipped with reference books and magazines needed in the office work.

by name and also by sections and streets. This second arrangement is helpful to exclusive retail shops.

*Trade directories.* These are directories of manufacturers, with lists classified by products or by states or both: bankers' directories, showing the officers of banks throughout the country; partnership and corporation directories. There are directories of trade names, registered and not registered, and their proprietors; lists classified by trades and professions; institutions, like schools and hospitals; foreign business houses and their local offices and representatives; publications of all kinds arranged by towns, which, in turn, are listed by states; manufacturers who advertise, with the names of their advertising managers and their agencies; and a directory of directors of corporations.

*Directories as sources of mailing lists.* Directories may be profitably used in compiling lists of special trades or

professions; in selecting names by occupations or according to whether they are high-class, medium, or low-class prospects; in making up lists of persons within, say, ten minutes walk of a certain establishment; or in correcting the initials, addresses, or occupations of persons on mailing lists.

One firm has even published a directory of mailing lists, giving a description of each list, its size and completeness, the number and kind of names it lists, where it can be obtained, and the price. A mail-order house might find a book like this useful. There is usually at least one concern in every large city which specializes in mailing lists and directories. Find out the name of this concern in your locality and you will have a convenient source of information whenever you need it.

*Directory libraries.* The National Association of Directory Publishers maintains a library of directories in more than four hundred cities in North America. Ordinarily these libraries can tell you the address of any person, firm, or corporation in any city in the United States or Canada. There is no charge for single references; if a number of references are required at one time, a small charge is made to cover the labor of getting the data.

*Credit-rating books.* The mercantile rating book is a book giving the credit ratings of all persons, corporations, and firms doing business. Specimen sections from a rating book are shown on pages 124 and 125. The ratings are determined by mercantile agencies which make a business of collecting credit information.

Since over 90 per cent of the business of our country is said to be conducted on a credit basis, business men can reduce losses in bad debts by eliminating guesswork in granting credit privileges. Every business man naturally wants to keep his credit rating as high as possible. It is also essential for wholesalers and manufacturers to obtain the

most reliable information possible concerning the financial standing and integrity of their customers and their prospective customers.

The subscription to the rating books also usually includes a number of special reports. The reference books are usually issued every two months, but special reports can ordinarily be obtained at almost any time. If a merchant asks a wholesaler to sell him goods on time, the wholesaler obtains a report concerning the amount the merchant has invested in his business, a statement of his assets and liabilities, and the time he has been engaged in business; if the report is satisfactory, the credit may be allowed.

It is usually advisable to consult the latest statistics when looking up the rating of any firm, since it is estimated that over four thousand changes are made daily by the various mercantile agencies.

*Atlases and gazetteers.* If you have frequent occasion to look up the geographical location of cities and towns, or such points as population, relative distances between places, and so forth, a good combination atlas and gazetteer will serve your purpose.

*The Official Railway Guide.* The *Official Railway Guide* is another source of valuable information, especially for sales departments where the salesmen's trips must be scheduled and sometimes close connections with trains made. The guide gives the timetables of all air lines, railroads, steam navigation lines in the United States, Puerto Rico, Canada, Mexico, Cuba, and Central America. A man in Vancouver, British Columbia, could map out in advance a trip clear across the country to Key West, Florida, and know just what trains to take at each transfer point, as well as where he could make stopovers. The *Hotel Red Book* would give him information about hotels and hotel rates.

*International Postal Service*

**INTERNATIONAL POSTAL SERVICE**

**POSTAL UNION (REGULAR) MAILS**

**POSTAGE RATES, LIMITS OF WEIGHT AND DIMENSIONS APPLICABLE TO ARTICLES IN THE REGULAR (POSTAL UNION) MAILS**

*Table No. 1*

[Applicable to all countries except those mentioned under Table No 2]

| Classification | Rates | Weight limits | Dimensions |
|---|---|---|---|
| Letters | 5 cents first ounce; 3 cents each additional ounce. | 4 pounds 6 ounces. | Length, breadth, and thickness combined, 36 inches; greatest length, 24 inches. When sent in the form of a roll the length (the maximum of which is 32 inches) plus twice the diameter is limited to 40 inches. |
| Post cards | 3 cents single; 6 cents reply-paid. | ..... | Maximum, 6 by 4¼ inches; minimum, 4 by 2¾ inches. |
| Printed matter | | | |
| In general | 1½ cents each 2 ounces. | 4 pounds 6 ounces. | Same as letters. |
| Single volumes | ....do..... | 6 pounds 9 ounces. | Do. |
| For the blind | 1 cent each 2 pounds 3 ounces. | 11 pounds. | Do |
| Samples | 1½ cents each 2 ounces; minimum charge, 3 cents. | 18 ounces. | Do |
| Commercial papers | 1½ cents each 2 ounces; minimum charge, 5 cents. | 4 pounds 6 ounces. | Do. |
| Small packets[1] | 3 cents each 2 ounces; minimum charge, 10 cents. | 2 pounds 3 ounces. | Do. |

[1] The service of small packets is not applicable to all countries. (See sec. 9.)

*Table No. 2*

[Applicable to Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras (Republic of), Mexico, Morocco (Spanish Zone), Newfoundland (including Labrador), Nicaragua, Panama, Paraguay, Peru, Rio de Oro, Salvador (El), Spain (including Balearic Islands, Canary Islands, and the Spanish Offices in Northern Africa; also Andorra), Spanish Guinea, Uruguay, and Venezuela]

| Classification | Rates | Weight limits | Dimensions |
|---|---|---|---|
| Letters | 3 cents an ounce or fraction. | 4 pounds 6 ounces[1]. | Length, breadth, and thickness combined, 36 inches; greatest length, 24 inches. When sent in the form of a roll the length (the maximum of which is 32 inches) plus twice the diameter is limited to 40 inches. |
| Post cards | 2 cents single; 4 cents reply-paid. | ..... | Maximum, 6 by 4¼ inches; minimum, 4 by 2¾ inches. |
| Printed matter. | | | |

*Courtesy U. S. Post Office Dep't.*

This specimen shows the kind of helpful information to be found in the United States Postal Guide.

*The U. S. Postal Guide.* The *United States Postal Guide* is published in July of each year by the Post Office Department at Washington. This book, which is kept up to date by monthly supplements, not only contains comprehensive information about domestic and foreign mail matter, together with rules and regulations governing the various classes of mail matter, but also contains complete lists

of all the post offices in the United States, arranged alphabetically by states, by counties, by classes, and by names.

The monthly supplements contain the latest changes in post offices and additional information about the postal service, particularly with reference to new rulings and changes in the old rules. The guide is used to advantage by mailing and shipping departments to check addresses, verify postage, and to enable them to comply with the requirements of the Post Office Department.

*The Congressional Directory.* Published at the beginning of each session of Congress, the *Congressional Directory* gives the names and addresses of senators, representatives, cabinet officers, judiciary, army and navy officers, and important officials of the executive department, with other official information. Like all other federal publications, the *Congressional Directory* may be obtained from the Superintendent of Documents, Washington, D. C.

*The United States News.* This weekly, privately published in Washington, reports the essential information about the activities of the Government.

*The World Almanac.* This book, published annually, gives a wealth of information about domestic and foreign events of the preceding year, together with information and statistics concerning such matters as prohibition, taxation, dates of historical events, famous men, great inventions, and so on. It is probably one of the most widely used of all reference books.

**Special sources of information.** Although we have covered the scope of the principal reference books likely to be used in business offices, nevertheless one extremely valuable source of business information remains to be considered. This source consists of special bulletins, trade,

# WEIGHTS AND MEASURES

## The Metric System

(Data by the Bureau of Standards, U. S. Department of Commerce)

The International Prototype Meter is kept at the International Bureau of Weights and Measures. By definition the meter now bears no definite relation to the earth's quadrant, but is the length of a certain platinum-iridium bar when supported in a definitely specified manner, at the temperature of melting ice and at standard atmosphere pressure (760 millimeters of mercury).

The kilogram is independently defined as the mass of a definite platinum-iridium standard, the International Prototype Kilogram, which is also kept at the International Bureau of Weights and Measures. The liter is defined as the volume of a kilogram of water, at standard atmospheric pressure, and at the temperature of its maximum density, approximately 4° C. The meter is thus the fundamental unit on which are based all metric standards and measurements of length and area, and of volumes derived from linear-measurements

## Comparison of Metric and Customary Units From 1 to 9

LENGTH

| Inches (In.) | Milli-Meters | Feet (ft) | Meters (m) | Yards (yd) | Meters (m) | Rods (rd) | Meters (m) | U.S.Miles (mi) | Kil'ers (km) |
|---|---|---|---|---|---|---|---|---|---|
| | 1= 25 4001 | | 1=0 304 801 | | 1=0.914 402 | | 1= 5.029 21 | | 1= 1.609 347 |
| | 2= 50 8001 | | 2=0 609 601 | | 2=1.828 804 | | 2=10.058 42 | | 2= 3.218 694 |
| | 3= 76 2002 | | 3=0 914 402 | | 3=2.743 205 | | 3=15.087 63 | | 3= 4.828 042 |
| | 4=101 6002 | | 4=1 219 202 | | 4=3.657 607 | | 4=20.116 84 | | 4= 6.437 389 |
| | 5=127 0003 | | 5=1 524 003 | | 5=4.572 009 | | 5=25.146 05 | | 5= 8.046 736 |
| | 6=152 4003 | | 6=1 828 804 | | 6=5 486 411 | | 6=30.175 26 | | 6= 9 656 083 |
| | 7=177 8004 | | 7=2 133 604 | | 7=6.400 813 | | 7=35.204 47 | | 7=11.265 431 |
| | 8=203 2204 | | 8=2 438 405 | | 8=7.315 215 | | 8=40.233 68 | | 8=12.874 778 |
| | 9=228.6005 | | 9=2.743 205 | | 9=8.229 616 | | 9=45.262 89 | | 9=14.484 125 |
| 0 039 37=1 | | 3.280 83=1 | | 1 093 611=1 | | 0.198 838=1 | | 0.621 370=1 | |
| 0 078 74=2 | | 6 561 67=2 | | 2.187 222=2 | | 0.397 677=2 | | 1.242 740=2 | |
| 0 118 11=3 | | 9.842 50=3 | | 3.280 833=3 | | 0.596 515=3 | | 1.864 110=3 | |
| 0.157 48=4 | | 13 123 33=4 | | 4.374 444=4 | | 0.795 354=4 | | 2.485 480=4 | |

*Courtesy "The World Almanac"*

*The World Almanac* gives facts, statistics, and other information on a variety of subjects.

technical, financial, and business periodicals, and various kinds of guides. These special bulletins and guides usually contain current information that is continually changing in character, such as prices of merchandise, stock and bond quotations, dividend and interest dates, special and general meetings, steamship sailings, earnings of corporations, and so forth.

Each trade has its own periodical, containing the latest news about the trade and also any special information that may be of value. One advantage of the trade periodicals is that they enable their subscribers to keep informed and up to date on happenings in their particular fields.

Then there are general business magazines, which contain material that is not restricted to any special field, but is usually adaptable to any business. A careful study of the

best of these periodicals will help to develop many valuable ideas that might otherwise be lost forever.

Every public library is a source of information, and the library assistants are usually eager to be of service. Even though they can not immediately supply the information desired, they often are able to tell where the information can be secured. The same is true of service bureaus established by chambers of commerce or other civic associations.

One source of information which has not been mentioned is the clipping bureau. For a stated fee, based usually upon the number of clippings made, the clipping bureau will clip from newspapers which appear locally or throughout the country items about any person or subject desired. By subscribing to this service, one can keep in close touch with all the developments in any desired field.

**Summary.** Nearly every kind of information needed by modern offices is available in one form or another. Those publications which are in constant use should be kept at hand in the very latest edition. Sources for which only occasional reference is necessary may be consulted at the public libraries, or at the offices of trade associations, chambers of commerce, or governmental departments. Every office worker should familiarize himself with the kinds and sources of information used by his employer and with the method of using them. It is not necessary to know everything, but the more one knows the more useful one may become; and the next best thing to knowing a fact is to know how and where to find it. There are many office workers who do not know how to use dictionaries and other reference books so as to find quickly the desired word, name, or data. Practice in searching for different kinds of information so that it can be found when it is wanted will make one a more valuable assistant in any office and, indeed, in many other situations.

## Reference Standards

### The Value and Use of Reference Material

1. No man's judgment is better than his information.

2. The next best thing to knowing something is knowing where to find it.

3. Knowledge is not wisdom, but a man can not be wise if he has not the necessary knowledge.

4. To be useful, information must be accurate, adequate, and timely.

5. Information from reliable sources is more likely to be accurate than that from unreliable ones.

6. Information is adequate when it is sufficient for one's purposes.

7. Information is timely when it is known in time to be of use.

8. Nine-tenths of wisdom consist of being wise in time.

9. Most reference books have directions for their use in the front of the book; to use these directions is to save time in finding desired information.

10. If desired information is not at hand, it may often be obtained from the public library, the board of trade, or governmental offices.

11. No one should hesitate to ask questions of others; that is sometimes the best and only way to get desired information.

12. Every kind of information desirable is in existence somewhere or may be ascertained. In many cases all that is needed is the willingness to make the effort to get it—assuming, of course, that the information is worth while.

13. Whatever information is needed should be procured.

14. If information should be kept up to date, make a point of doing so regularly.

15. One would not use a last year's calendar to tell today's date, nor an old time table to find out the time that trains arrive and depart.

16. Always consult the latest available source of information, whether it be a telephone directory, a city directory, a time table, a dictionary, or any other reference material.

17. Automobile maps change from year to year; get the latest.

18. Even post office names are changed occasionally; every postmaster receives this information regularly from Washington.

19. Postage rates change from time to time; the postmaster can tell what the correct charges are.

20. An unabridged dictionary is one that has not been shortened by leaving something out.

21. The variety of information to be found in an unabridged dictionary is amazingly large.

22. A good dictionary gives the correct spelling of every word in it.

23. The only reason for not looking up the correct spelling of a word about which one is in doubt is unwillingness to make the effort—that is, laziness.

24. The use of incorrect spelling stamps one as lazy.

25. The use of incorrect punctuation shows that one is careless.

26. The incorrect use of words indicates indifference.

27. Synonyms are words that have nearly the same meaning.

28. The use of synonyms lends variety to expression and also helps one to say exactly what he means.

## Vocabulary Exercise

Define or explain:

atlas
bulletin
chamber of commerce
dictionary
directory
gazetteer
judiciary
legislation
newspaper circulation
periodical
social register
stopover
synonyms
telephone information
telephone subscribers
thesaurus
trade association
trunk lines

## Questions for Discussion

1. Why are so many kinds of information needed in offices?

2. What information other than the spelling of words might be looked for in dictionaries?

3. Besides the address, what other information about a customer or prospect might it be desirable to know?

4. What information might travelers like to know, in addition to that given in timetables?

5. In addition to knowing the quickest, safest, and cheapest way of sending goods, what other information might a shipping clerk want to know?

6. What other information besides postage costs should a mail clerk know?

7. Besides proposed legislation, what other information might trade associations and chambers of commerce have occasion to look up?

8. What information about newspapers might advertising agencies wish to have, in addition to places of publication, character of subscribers, and size of circulation?

9. How were streets described in the first Boston directory?

10. What four classes of reference books are there? If possible, name one specific book in each class.

11. What are the three most useful office reference books?

12. Why are these three called the most useful for offices?

13. What information does the city directory contain?

14. How would you find a name in the city directory?

15. What information does a telephone directory contain?

16. How would you look up a number in the telephone directory?

17. How long should it take to look up a telephone number?

18. Why does it take some people longer than others to look up telephone numbers?

19. Who is telephone "information"?

20. What information can telephone "information" give you?

21. How would you get "information"?

22. If a telephone subscriber has several telephone numbers, how many of them appear in the directory? Explain your answer.

23. For what purpose is the classified section of a telephone directory? What information does the classified section contain?

24. What is the *Telephone Address Record Service?*

25. What is a synonym? Give some examples.

26. In what three books would you find synonyms?

27. Why are synonyms helpful?

28. What is a thesaurus and what does it contain?

29. How would you find out where a prominent man was born and what he did?

30. What kind of information is found in a social register?

31. What kind of information is found in trade directories?

32. What is a mailing list and for what is it used?

33. How are mailing lists compiled?

34. What is a directory library? Where are directory libraries found?

35. How would you use a directory library?

36. How would you find out about the financial standing of a customer?

37. Who publishes credit-rating books?

38. What other information may subscribers procure from the publishers of a rating book?

39. How does a merchant secure a good credit rating?

40. Why is it important for any merchant to have a good credit rating?

41. Why is it important for the wholesale merchant to know the capital and credit rating of his customers?

42. How would you find a name in a credit-rating book?

43. Why is it advisable to consult the latest rating books?

44. What kind of information is found in an atlas?

45. What kind of information is found in a gazetteer?

46. In what way is a gazetteer of use in an office?

47. Of what value is an atlas in an office?

48. What does the *Official Railway Guide* contain? How would you use it?

49. How would you find out the best freight route for shipping goods?

50. What is the *United States Postal Guide?*

51. What information does the *Congressional Directory* contain?

52. How often is the *Congressional Directory* published?

53. Where would you look for the biography of a prominent politician?

54. From whom may the *Postal Guide* and the *Congressional Directory* be obtained?

55. From whom do you think other Government publications might be obtained?

56. What weekly publication reports the essential activities of the Government? Is it a Government publication? How do you know?

57. What is the *World Almanac?*

58. What other sources of information are there?

## Topics for Special Reports

In preparing the following reports, it may be advisable for the members of the class to work in groups or committees, as explained on pages 41 and 466.

1. Visit any five offices in your town (except the bank) and make a list of the reference books found in each office. Compare the five lists and see how many offices have the same books. How can you explain differences, if any are found?

2. Visit a bank and make a list of the reference books found there. Compare with the other five lists and see which books the bank has that the others have not. What explanation can you give?

3. Visit the public library and make a list of the ten reference books most often used. (The librarians may have to help you with this assignment.) Now compare this list with the other six lists and see if you can find some explanation of the differences.

4. Visit the local railroad, bus, or express office and ask the agent to show you what reference books he has and how he uses them.

5. From your investigations under the four previous questions, make up a list of five books you believe every office should have. Give your reasons for each choice.

## Collateral Reading

BROWN, T. K., JR., W. J. PELO, and V. BENDER, *The Secretary's Manual*, pp. 177–188.

HAINFELD, C. F., *Secretarial Practice*, pp. 329–340.
HAMILTON, C. W., and J. F. GALLAGHER, *First Lessons in Business Training*, pp. 212–221.
HUTCHINSON, L., *Standard Handbook for Secretaries*, pp. 587–594.
JONES, L. L., *Our Business Life*, pp. 322–336.
KILDUFF, E. J., *The Private Secretary*, pp. 259–269.
KIRK, J. G., H. B. BUCKLEY, and M. A. WAESCHE, *Introduction to Business*, pp. 100–106.
LOSO, F. W., C. W. HAMILTON, and P. L. AGNEW, *Secretarial Office Practice*, pp. 147–157.
MCNAMARA, E. J., *Secretarial Training*, pp. 73–87.
MORRILL, A. A., M. A. BESSEY, and J. V. WALSH, *Applied Office Practice*, pp. 265–314.
NICHOLS, F. G., *New Junior Business Training*, pp. 150–154.
———, *Junior Business Training for Economic Living*, pp. 305–313.
SCHOLFIELD, E. E., *Filing Department Operation and Control*, pp. 177–196.
SLADE, M. L., M. H. HURLEY, and K. L. CLIPPINGER, *Secretarial Training*, pp. 9–27.
SORELLE, R. P., and J. R. GREGG, *Applied Secretarial Practice*, pp. 244–250.
STICKNEY, R., and B. G. STICKNEY, *Office and Secretarial Training*, pp. 209–232.
TAINTOR, S. A., *Training for Secretarial Practice*, pp. 281–285; 313–316.
TURNER, B. C., *The Private Secretary's Manual*, pp. 387–391.

## References

*Book Review Monthly.*
*Readers' Guide to Periodical Literature.*
SCHMECKEBIER, L. F. *Government Publications and Their Use.*
TAINTOR, S. A., and K. M. MUNRO, *The Secretary's Handbook*, pp. 337–342.
WOOLLEY, E. C., F. W. SCOTT, and J. C. TRESSLER, *High School Handbook of Composition.*

## Problems

### Requiring Use of the Dictionary and the Thesaurus

Prepare a sheet of paper numbered to correspond to the following lists of words, 24 in each list. Do not write in the book. On your paper write the words called for after the corresponding numbers.

*a.* Write a synonym (word of similar meaning) for each word:

1. contract
2. amount
3. account
4. frequent
5. permanent
6. abandon
7. efficient
8. finish
9. accurate
10. condemn
11. approve
12. receive
13. economize
14. exchange
15. sufficient
16. customer
17. postpone
18. slaughter
19. dishonest
20. argument
21. necessary
22. durable
23. discount
24. prosper

*b.* Write an antonym (word of opposite meaning) for each word:

1. income
2. similar
3. debit
4. assets
5. accept
6. censure
7. simple
8. deficit
9. profit
10. reliable
11. prompt
12. agreement
13. intelligent
14. difficult
15. separate
16. diminish
17. valuable
18. shortage
19. punctual
20. sensible
21. surety
22. wasteful
23. deposit
24. bankrupt

*c.* Write a homonym (word of similar sound) for each word:

1. capital
2. dun
3. heard
4. route
5. rap
6. allowed
7. principal
8. canvas
9. peel
10. counsel
11. seize
12. weighed
13. stationery
14. steel
15. clause
16. straight
17. leased
18. currant
19. lien
20. medal
21. waste
22. bail
23. plum
24. loan

### Requiring Search in Various Reference Books

When you have found the source of information giving the answer to a question, be sure to include with your answer the name of the source, the name of the publisher, the copyright date of the publication, and the page on which the information is to be found.

1. What were some of the early kinds of manufacturing?
2. What has been the influence of the invention of machinery?
3. What has been the influence of the increase in population?
4. What has been the influence of the improvement in transportation?
5. What factories are usually located near the raw material?
6. What factories are usually located near the distribution market?
7. What factories import their raw material?
8. Why does the United States import her raw silk while Italy grows most of hers?
9. Why do we ship iron ore from the mines instead of manufacturing steel products at the mines?
10. Why does Australia not manufacture much steel when she has plenty of iron ore and fuel?
11. Why does England import her wool and cotton?
12. Why do we have more flour mills than sugar mills when we import so much sugar?
13. Why is it an advantage to replace wooden cars and bridges with steel and concrete?
14. Why is New Jersey an important manufacturing state when it has little fuel or water power, and imports most of the raw material used?
15. Why are there more important cities on the Atlantic coast than on the Pacific coast of the United States?
16. Why are there more cities on the United States side of the Great Lakes than on the Canadian side?
17. Why does West Virginia rank low as a manufacturing state when it produces much coal, iron ore, natural gas, and petroleum?

18. Why is three-fourths of all the manufacturing of the United States carried on east of the Mississippi River and north of the Mason and Dixon line?

19. Which is the most important industry of the United States?

20. According to value of products, what is the leading manufacturing industry of the United States?

21. What industry has shown the largest percentage of increase in business during the past year?

22. Are there greater business opportunities in the manufacturing or mercantile lines in the United States?

23. Why does South Africa do little manufacturing?

24. Why are wages lower in England than in Canada?

25. Could a manufacturer produce cheaper goods in a rich country than in a poor one?

26. Compare the importance of water power and coal in the development of manufacturing in New England and Pennsylvania?

27. Why is water power likely to increase in importance?

28. Is the profit-sharing plan for employees likely to produce greater efficiency in the working force?

29. Why does the average person stand a better chance to succeed in business than in a profession?

30. What are some of the advantages of piece work?

31. What are some of the advantages of co-operation?

32. Should there be a struggle between capital and labor?

33. What is the greatest manufacturing country of the world?

## Exploring Directories

1. How is the city directory of value when you wish to buy something? To sell something? To call a doctor?

2. In case the water pipes spring a leak, how would you find the nearest plumber?

3. How would you locate by telephone a person at his place of work when his name was not listed in the telephone directory?

4. How would you find what cross street is nearest a given address?

5. How would you find the location of a prominent office building?

6. How would you locate a small corporation?

7. How would you locate the business address and firm name if you knew a person's name?

8. How would you find the name of the person if you knew the street number?

9. How would you find out the occupation and whether a person was rooming, boarding, or keeping house?

10. How would you find out where to go to pay your taxes? To record a deed? To safely deposit your money? To buy a railroad ticket? To rent an apartment? To ship goods by express or freight?

11. If you came into a town as a stranger, where would you get access to a directory?

12. How would you find out where to rent a room near a school?

13. How would you find out the location of the bank nearest to your place of residence?

14. How would you locate the nearest church to your place of residence?

15. How would you find out the salary of the mayor of your city?

16. How would you find out the address of the Board of Health? Board of Education? Board of Aldermen?

17. How would you find out how many railroads entered your city?

18. What is the value of classified business directories?

19. Of what value would a classified directory be if you were marketing a special feed suitable for horses?

20. If you were marketing a high-grade article, how would the directory aid you in obtaining a mailing list?

21. If you wished to reach the medium class of trade, how would the directories be of service?

22. Of what value are directories several years old?

23. Why should the directory in general use be up to date?

24. How are directories of use in correcting mailing lists?

25. How could you obtain a list of persons who were within a five minutes' walk from a certain office?

26. Of what special use are directories in a lawyer's office?

27. Of what special use are directories in an installment house office?

28. How could you find the name of a customer whose name was lost or could not be read, if you knew the city and street number?

29. Suppose the state was missing but you knew the name of the city was Portland; how would you find the address?

30. How would you find out the best transportation service in a city?

31. What are the advantages of having special corporation, professional, institutional, and social directories?

32. Why is a telephone directory not as serviceable as a general city directory?

33. What use would you make of directories in case of accident, fire, or burglary?

34. What information is found in Blue Books?

35. What use could you make of directories in selecting a location for a tea room?

CHAPTER XIII

# How to Get a Job and How to Keep It

*Aims for Study of This Chapter*

To study and find opportunities for office work
To analyze one's own abilities and aptitudes
To judge the value of an employment agency in helping to get a position
To learn how to meet a prospective employer
To consider the interview and its purpose
To find out how to start on the new job
To discover what one's employer wants
To learn how to get along with others
To discuss one's chances for getting ahead

**A problem with two sides.** Opportunities for well-prepared and thoroughly trained office workers are always present, although such opportunities are more obvious at some times than at others. The position of the worker who wants a job is similar to that of the salesman who wants an order. Each must find someone who wants what he has to sell. On the other hand, the most difficult problem facing employers is the problem of finding workers upon whom they can depend to accomplish the work that has to be done.

**What the employer wants.** Opportunities are all around us. They are not to be had for the asking, however, and sometimes real salesmanship is necessary to land a job.

Few employers are willing to hire the first applicant who presents himself, any more than a woman shopper expects to buy the first piece of merchandise shown her by the store salesclerk. An employer is not looking simply for someone to hire; he wants someone who can do the work that is to be done, someone who can do that work the way he wants it done, and upon whom he can rely. Altogether too many employees look upon a job as a necessary evil which must be tolerated for the sake of the few dollars it pays; they do not consider the employer's side at all. Many an employee feels that he is doing his employer a favor by consenting to work for him and by continuing to do so. Anyone with such an attitude need not expect to get very far in office work.

**The five essentials.** There are five essentials to success in office work, as in most other lines of endeavor. They are:

1. Thorough preparation
2. Selection of the right employer
3. Proper presentation of your qualifications
4. Continued and intelligent application to the job
5. Alertness for opportunities to serve your employer

If you have not been thoroughly prepared, you cannot expect much consideration, either from a prospective employer or from a present one. The world is full of people who believe that the world owes them a living, but who do little or nothing to justify that belief. The fact that a person needs work is perhaps the least qualification that he can have. The most that such a person can expect is charity, in whatever form it may appear; and Josh Billings, the noted humorist, expressed the thought pointedly when he wrote, "The cent pieces wuz made for charity." Just as no merchant ever made a success simply by hanging out a

## What Employers Are Looking For

A large number of employment managers met in Chicago for the purpose of discussing the subject: "Positions I find the most difficult to fill, and why." It was generally conceded that it is difficult to find trustworthy and competent employees with the qualifications listed below. Here is what these employment managers decided they wanted in the people they hire:

1. Loyalty, reliability, and truthfulness
2. Will power or tenacity of purpose
3. Accuracy and attention to detail
4. Memory and ability to follow directions
5. Perseverance and willingness to be workers before being bosses
6. Interest enough to do your best and co-operate
7. Initiative to plan for your future
8. Observation and care in your work of today
9. Judgment and discrimination of relative values
10. Wisdom to know when to keep your mouth shut

While there are probably few employees with all these desirable qualities, the acquiring of most of them is largely a matter of self-training and development. Everything depends largely on your own efforts.

sign, "Store Open for Business," so no prospective employee can expect much simply by announcing that he is "open for a position." The merchant must have goods the people want; and the applicant for office work must have something that employers want. As some clever writer has put it, "No one ever made a howling success by simply howling."

It is assumed that every reader of this chapter has thoroughly prepared himself and is ready to place his time and ability at the service of some employer who wants

the kind of ability he possesses. The rest of this chapter, therefore, will be devoted to ways of getting a job and making good in it.

**Opportunities in office work.** Let us first consider the opportunities there are in office work, and then how to take advantage of those opportunities.

*All offices keep records.* Every office has some records which must be kept; the minimum in record-keeping is required by the income-tax laws. Whether the owner of the business will keep his own records or hire someone to keep them for him will depend upon how much time he wants to take from his main responsibility of supervising the operation of the business. Following are a few of the records kept by offices:

Accounting records
- Purchases and sales
- Receipts and payments
- Changes in capital assets
- Costs of operation
- Profits and losses

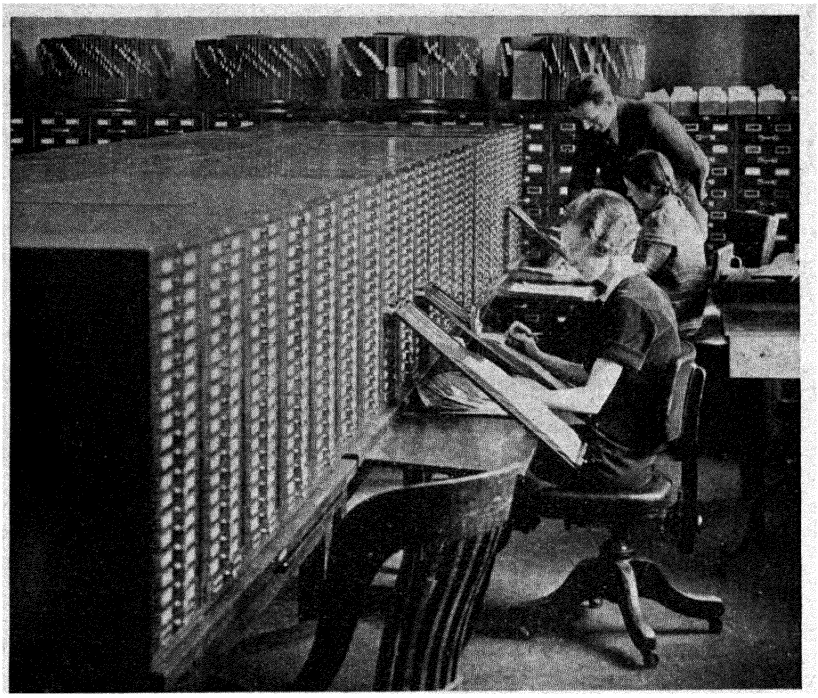
Lists of customers and prospects
- Calls made
- Letters written
- Sales literature sent
- Orders taken
- Shipments made
- Complaints received
- Adjustments made

Lists of suppliers and vendors
- Items for sale (catalogues, price lists, quotations)
- Purchases made
- Deliveries received
- Bills received and paid
- Complaints made
- Adjustments received

- Lists of employees
  - Information about them (application blanks)
  - Rates of pay
  - Social-security data
  - How they do their work
  - Progress in the company
- Lists of materials (inventories)
- Lists of equipment (condition, repairs, etc.)
- Insurance records
  - Dates when policies expire
  - Extent of insurance coverage
- Production records
  - Plans and schedules
  - Orders of work
- Advertising records
  - Schedules of insertions
  - Results obtained
- Salesmen's records
  - Routes
  - Expenses
  - Sales
  - Commissions

Someone has to keep these records. Certainly a trained clerk can do this work much better and at less cost than can the employer himself. The extent to which such records are kept varies with the size of the business and with the nature of the business. A small repair shop may have a minimum of recording; a large insurance company, on the other hand, may have thousands of workers making records like those listed above, as well as many other records not included. Facility with pen, pencil, typewriter and other machines is desirable, since records may be made in a number of ways.

*Letters are written in offices.* In addition to record-keeping, which is of course the fundamental basis of office work,



*Courtesy Postindex Co.*

With visible records like these, it is possible to make entries by hand quickly.

most offices have need of more or less letter writing; such work requires dictators, stenographers, transcribers, typists.

*Office services.* The files are an important part of every office, requiring file clerks and assistants. Messenger service requires messengers. Stock rooms require stock clerks. Reception desks, telephone switchboards, and mail desks require competent attendants and operators.

**Six conditions which create opportunities.** Somebody has to do these various kinds of work. Of course, in many concerns these requirements are already being satisfactorily met. In others there may be dissatisfaction. Changes are

frequent. At all times, regardless of general business conditions, there are present in every concern five conditions which create opportunities:

1. Employees are being released for incompetency; someone must do the work to be done.
2. Employees are being promoted; someone must do the work formerly done.
3. Employees are leaving to get married; someone must do the work they were doing.
4. Employees are leaving to take other positions; someone must do the work they were doing.
5. Employees are leaving on account of sickness, travel, death, accident, and so on; someone must do the work they did.

To these may be added, in normal times, a sixth:

6. The business is expanding, creating new jobs, since more people are required to handle the increased volume of work.

From the foregoing, it is obvious that there is a large amount of office work to be done, and that there are real opportunities for office workers who are thoroughly prepared. The question each individual must now answer is, "How can *I* take advantage of these opportunities?"

**Determining local opportunities.** The answer to the question just asked involves an analysis of the opportunities afforded by local business concerns. What concerns are there in this locality? What office work do they require done? How satisfactorily is this office work now being done? Is the business of these concerns increasing or decreasing? How do I know?

If local concerns do not seem to offer opportunities, the scope of the survey must be widened to take in an increasingly larger field. Let the applicant seeking a position take

the same attitude as the salesman seeking orders: "Somewhere there is a concern which wants what I have to sell. If the only way I can find that concern is to ask every firm, then I am going to do just that. Sooner or later I shall find what I want. Meanwhile, I shall keep right on asking."

**Choosing your life work.** If local concerns seem to offer several opportunities, the choice of the right one is important. You may wish to enter a certain type of business, such as banking, insurance, retailing, manufacturing; or a business handling a commodity such as lumber, hardware, woolens, and so forth. An examination of the field will help you to determine the businesses for which you have some preference or aptitude. If you decide to learn a business such as lumber, for instance, or hardware, you will expect eventually to know that business from top to bottom, inside and out. In other words, you will become an expert in that particular industry and you will know little about any other. Therefore, it is wise to give considerable thought to your choice.

*Two important standards.* A person has two standards by which to choose: one, the kind of work he feels would interest him most; and the other, the kind of work which would probably be in most demand—in short, the line in which he could do the best work, as compared with the line which will pay him the most money for his efforts.

Practically all human activity can be expressed in the terms used in the Declaration of Independence—the providing and maintaining of the factors essential to "life, liberty, and the pursuit of happiness." What things are essential to life? Food, clothing, and shelter. To liberty? Protection and education. To the pursuit of happiness? Nearly everything that is not included in the other two.

Another division into which all of these factors can again be separated is that of necessities and luxuries. Some foods

### What Are Your Chances for Success?

1. May a poor merchant succeed?
2. Can a poor doctor succeed?
3. Must a poor preacher succeed?
4. Might a poor teacher succeed?
5. Could a poor lawyer succeed?
6. Would a poor banker succeed?
7. Should a poor workman succeed?
8. In each of the first seven questions, substitute the word "good" for the word "poor" and see if the answers would be changed.
9. Substitute the word "incompetent" for the word "poor." How are your answers affected?
10. Substitute the words "hard working" for the word "poor." How are your answers affected?

are necessities, others are luxuries; some clothing is a necessity, some palaces are luxuries. The dividing line between necessities and luxuries is not clearly defined, nor will it ever be, probably; but it will be found that as the things essential to life and liberty approach the description of luxuries, they also become more or less essential to the pursuit of happiness.

**Persistent effort is necessary.** This survey of opportunities may seem like a lengthy job and rather tedious, perhaps. But it is your life work you are planning for, and a few days or a week, or even a month or more, spent now in finding where you belong will be well spent. Consider the answers to these questions: How old are you now? How many more years do you expect to live? What proportion of the years you expect to live is the number of years you have already lived? Is it worth while, then, to plan for those years ahead? You are not planning only for the next two or three years; you are planning for the next twenty, forty, or sixty

years, depending on how old you are now. And what you do in those twenty, forty, or sixty years will depend largely on the nature of the steps you take now.

*Don't be afraid to ask questions.* The trained job seeker should pick out two or three of the really big men in the lines of business chosen, and call on them, asking them questions about their work and what opportunities it offers. If they are approached in an earnest, sincere, businesslike way, these men, whose time is so valuable that it can not be bought, will ordinarily give a young person their attention. He will be able, perhaps, to go through their offices and shops and plants and find out at first hand whether the work would appeal to him or not. Thus, the young job seeker can get a line on almost any business, and determine more easily which one to enter. Of course, he can hardly expect to include everything in one or two hasty trips, but he can at least get some ideas.

*One office manager's advice.* The following advice, given by a well-known office manager to an applicant, is interesting:

When you have determined the line of endeavor you want to take up, two ways of getting a position are open to you. One is to scan the classified advertisements in the newspapers and trade journals; the other is to select the most progressive concerns in your line and write to the office manager, or to employment managers. Whichever way you choose, the information desired by your prospective employers is much the same—the main points on which you will be judged are what you can do and how well you can do it. That is, if you are selected for a position, it will not ordinarily be because of your knowledge, but how well you can apply that knowledge.

In many instances you will be given an application blank to fill out. The care with which you fill out this blank, and your answers to the questions asked, will go a long way toward determining whether or not you are fitted for the job.

## Suggestions That May Help You

1. Do not apply for a position you cannot fill.
2. Do not answer an advertisement if you do not fill the requirements.
3. Do not say you are better than you know you are.
4. Do not lie about your age or about anything else.
5. Do not fail to obey instructions.
6. Do not hesitate in answering questions.
7. Do not ask unnecessary questions.
8. Do not fail to be polite.
9. Do not fail to be clean and neat in appearance.
10. Do not say: "I feel that I am capable."
11. Do not waste words on unimportant details.
12. Do not fail to tell what you can do—and then stop.
13. Do not fail to answer all the questions in the advertisement.
14. Do not have someone write your letter for you.
15. Do not make any mistakes in spelling and punctuation.
16. Do not boast or cringe.
17. Do not be afraid to ask what your services are worth.
18. Do not sign your name with the typewriter.
19. Do not use fancy letter paper.
20. Do not use hotel paper or the letterhead of your last employer.
21. Do not send a letter that is soiled or that contains erasures.
22. Do not fail to fold your letter properly.
23. Never forget to look pleasant and be cheerful.
24. Never look for the easy job or "soft snap"; it does not lead anywhere.
25. Never forget that you learn to climb mountains by climbing.
26. Never forget that hard work is a game you can enjoy.
27. Never forget that you can do something well if you really want to do it and know how.

If, on the strength of your written application, the manager is interested to consider you further for the position at his disposal, he may ask you to call and see him. Or, if you are in his office when you make out the application blank and he is in a hurry to fill the job, he may see you then and there. Some managers, unless the need is urgent, do not like to decide at the time of the first call, but will ask you to come again the next day, or possibly later the same day. This also gives the manager an opportunity to look up your references and satisfy himself as to your character.

**Use employment agencies.** Just as a salesman calls on *all* prospects, so should the seeker after employment use every available means for getting a job. The employment agency is one such logical source of positions. While all office managers do not use employment agencies, enough do to enable the agencies to continue in business year after year. Such a service must be worth while or it could not continue.

If an applicant makes a favorable impression upon the agency manager, his chances for being sent to a job are much greater than if he is indifferent and careless. Some office managers leave standing orders with employment agencies to send them every applicant who measures up to their standards. Others use the agency only when they have definite positions to fill.

*Appearance is important.* The first point about an applicant that impresses an agency manager and makes one applicant stand out above all the rest, is appearance. A favorable appearance is created by neatness, absolute cleanliness, an erect bearing, and an air of alertness. Just why anyone should be so careless of his chances as to neglect important points like these, is hard to understand. And yet hundreds of applicants receive little or no consideration simply because their poor appearance causes the agency manager to hesitate to send out such applicants as coming

from his agency. The agency manager wants to create with the employer as favorable an impression as possible, and he cannot afford to refer the wrong kind of applicants lest he lose the employer's business altogether.

*Filling out the application blank.* The agency application blank should be filled out with very great care. You can not be too careful. It is so easy to make this sample of your work stand out above the rest of the applications received by the agency, that there is no excuse for not making the effort. Be sure to answer every question, lest it be thought you are trying to conceal something. And be sure your answers are truthful.

*Follow these instructions.* Merely filing an application is not enough, however. The applicant should ask the agency manager when he should call again and how often. Some agencies wish their applicants to call daily at certain hours. After ascertaining the wishes of the agency manager in this respect, the applicant should follow them strictly. Whatever else is done, the applicant should not make the mistake of telephoning the agency and asking "if anything has come in." With so many applicants coming in daily, it is almost impossible for the manager or his assistant to remember every applicant. For that reason, a personal call is always more effective, since the manager can then see what the applicant looks like. Furthermore, repeated calls help to fix one's features and qualifications in the manager's memory so that even though the applicant may not be in the office when the right job comes in, the manager may remember him favorably and send for him in preference to others.

*The employment agency's fee.* All private employment agencies charge a fee for their services. This fee, which is ordinarily paid by the applicant, is usually one week's salary, payable in weekly installments after getting a posi-

| Position |
|---|
| Department |
| Salary |
| |
| |
| Date |
| Employed by |

Do not fill in the above space

# Miller & Grove

## Jewelers

## Application for Position

Name _____ Age _____ Date _____

Address _____ Telephone No. _____

With whom do you live? _____ Nationality _____

If with parents, state so.

Position desired _____ Introduced by _____

| | | |
|---|---|---|
| Education | Grammar school<br>What grade? If graduate, state so. | State below if you have any special training or qualifications. |
| | High school<br>How long? If graduate, state so. | |
| | College<br>If business college, state so. | |

### References:

Give below four personal references who have known you for past five years.

Business or professional men preferred. (Do not name relatives or previous employers.)

| | Name | Business or Occupation | Address |
|---|---|---|---|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| | | | |

You cannot be too careful in filling out an application blank.

## Record of Previous Employment

**Give your present or last position first and other positions in order**

1 Last position

Employer _____ Address _____

Business _____ From _____ 19 To _____ 19

Position held _____ Under whom _____ Salary _____

Reason for leaving _____

2 Next to last position

Employer _____ Address _____

Business _____ From _____ 19 To _____ 19

Position held _____ Under whom _____ Salary _____

Reason for leaving _____

3 Third last position

Employer _____ Address _____

Business _____ From _____ 19 To _____ 19

Position held _____ Under whom _____ Salary _____

Reason for leaving _____

4 Fourth last position

Employer _____ Address _____

Business _____ From _____ 19 To _____ 19

Position held _____ Under whom _____ Salary _____

Reason for leaving _____

Employers examine closely every statement you make.

tion. A few employers pay the agency fee, but that practice is by no means universal. A qualified applicant should not hesitate to use the services of an employment agency and pay the fee, since the value of the time saved in getting a position will often more than offset the fee. If a person is out of work five weeks, he is out five weeks' salary; if, by going to an agency, he could have been placed in two weeks, he would be paid for three weeks, even though one week's pay went to the agency for its services. In one case he is out five weeks' pay; in the other, only three.

**Valuable pointers for the interview.** The suggestions as to appearance apply with equal force when interviewing a prospective employer. Neatness, cleanliness, erectness, and alertness impress an employer more quickly than any other feature about an applicant. Employers know how hard it is to get help who are really interested in their work; therefore, they are eager to talk with someone who looks the part.

*Do not talk all the time.* Perhaps the greatest mistake made by an applicant at an interview with an employer is talking too much. The applicant is eager to get the job and in his eagerness he tries to impress the employer with his ability by talking about it.

During the interview, the applicant should sit quietly and respectfully (but not abjectly), answering such questions as the employer may ask, but ordinarily not speaking unless spoken to. It is better to be thought stupid by keeping quiet, than to prove it by opening one's mouth. But no employer thinks the quiet applicant is stupid; he respects the applicant's ability to "hold his peace," giving the employer a chance to frame questions which will bring out the information desired. The employer knows what information he wants; most applicants do not, and should therefore wait for questions before volunteering information which may disrupt the employer's train of thought.

*The employer's problem.* The employer has in front of him the application blank, stating the main facts and demonstrating the neatness (or lack of it) of the applicant's clerical work. Beside his desk sits the applicant, on dress parade. The employer's problem is to determine the answers to these questions:

1. Can this applicant do well the work that we want done?
2. How will he get along with our other employees?
3. How much salary does he want?

A moment's thought will show that the second question is dependent upon the first being answered in the affirmative, and the third upon the second. If the applicant can't do the work, he will not have a chance to get along with the others, and if the employer decides that the applicant would not be a desirable addition to his office force, the question of salary is not important.

*Information the applicant wants.* There are five questions the applicant wants answered:

1. Do I want to work for this company?
2. If I do, and they want me, how soon do I start work?
3. What will my work be?
4. What are the office hours?
5. What will my pay be?

*The first question.* It may seem rather peculiar to bring up the question of whether or not the applicant wants to work for this company, especially after getting as far as the interview. But the interview is not one-sided; its primary purpose is to bring together employer and applicant, to let them see and talk with each other and to size each other up. If the employer has the privilege of deciding whether or not he wants to hire this applicant, hasn't the applicant an equal privilege of deciding whether or not he

*Courtesy Western Electric Co., Inc.*

In an employment office the skillful interviewer usually puts the applicant at ease while he is sizing him up.

wishes to work for this employer? Most certainly! Any other course would be slavery; the law compels no one to work for someone he doesn't wish to work for. Until both employer and applicant agree, there is no contract; and unless each likes the other, the result is not likely to be happy. Of course, the applicant may need a job so badly that he is willing to take any position that is offered to him. Under these circumstances he cannot afford to be too independent, but must decide to make the best of things. After all, he may find that the employer is not so terrible as he thought; it has happened that way time and time again.

*Surprise the employer.* The second question of the applicant to himself is, "If they want me, how soon do I

start work?" Since nearly all employers put off hiring additional help as long as possible, the need becomes pressing and most employers expect the applicant to be willing to start at once, either the same day or the next morning at the latest. Too many applicants, otherwise favorably considered, try to put off the starting day to the beginning of the next week, or the first day of the next month. Hence, an employer is likely to be agreeably surprised if an applicant answers the question, "When can you start?" with the answer, "Just as soon as you want me. Today, if you wish." The employer has work to be done, and if the applicant shows that he appreciates that fact and is ready to pitch in and help do it, the right kind of employer can not help being favorably impressed.

As a rule, the applicant should not ask the question about starting, unless the employer overlooks it. Usually the employer will ask, and it is better that he should. If he should not ask, the applicant can readily put the question casually, "When would you want me to start?"

*Find out what is expected of you.* The third question of the applicant is, "What will my work be?" The answer to this question will usually develop in the course of the interview, but it is well for the applicant to be sure that he understands definitely just what is required of him. Should he be in doubt, he may say, "I understand that I am to do this, and take care of that, in such and such department, and also keep my eyes open for any other duties that may come my way." Such a statement, if correct, will indicate to the employer that the applicant understands what is wanted. The lack of a clear understanding at this point has resulted in many embarrassing consequences. If either person overlooks the point, the other should bring it up.

*Never ask this question.* The fourth question of the applicant, but one which he should never ask of the em-

ployer, is, "What are the office hours?" Many employers have the feeling that the bulk of their employees are "clock watchers," with more concern for the closing time than for finishing the work in hand. When an employer hires people to assist him, he is likely to have the feeling that his assistants should take the same enthusiastic interest in their work that he does in his, and that they should pay no more attention to working hours than he does. Although it must be admitted that this attitude is unreasonable, the fact remains that it does exist, and if an employee can turn it to his advantage, there is no reason why he should not do so.

*How to ascertain the office hours.* Of course, the applicant must know at what time he is to start work and quit, but he need not ask the employer for that information. Usually the employer will volunteer it, or the company may have a handbook of rules and regulations which gives this and other helpful information. If office hours are not mentioned, the applicant may ask, *after he has been hired* (and not before), this simple question, "What time is the door open in the morning?" This way of putting the question is bound to bring out the desired information, at least as to starting. The closing hour may be ascertained next day from fellow employees; meanwhile the employer has not gained an unfavorable impression.

*Settling the question of salary.* The fifth and last question of the applicant is, "What will my pay be?" The employer may state the starting salary and leave it to the applicant to take it or leave it. Or, he may ask the applicant what salary he would be willing to start at. This puts the applicant in a difficult position, which must be handled carefully. If the applicant states too high a figure, the employer may conclude he can't afford to pay that amount and declare the interview at an end. If the applicant states too low a

*Courtesy National Protective Insurance Co.*

These girls are checking premium payments in an insurance office. Mistakes here mean delays when claims arise.

figure, the employer may conclude the applicant isn't as good as he looked, or the employer may agree to pay the low figure, which may be less than the job is really worth; in which case the applicant is working for less than is necessary or desirable.

When the employer asks the question, "How much would you be willing to start at?" the applicant should say something like this, "You know what that work is worth better than I do. How much are you now paying the clerks who do that work?" This response turns the question back to the employer. It should be stated right here that more and more offices are setting up a system of salary standardization, which provides maximum and minimum salaries for each kind of work. Under such a plan, an employer does not ask what the applicant would be willing to start at, but tells him what the standard salary is for the job. The

applicant then has the choice of deciding whether he wants to start at that figure. Generally speaking, an office which has a carefully worked out plan of salary standardization is a good office to work for.

*Closing the interview.* After the interview is over, if the applicant has been hired, he should bid the employer good morning or good afternoon in some such words as these, "I have enjoyed our talk very much. I shall be on hand tomorrow morning promptly at eight o'clock. Good day."

If the applicant was not hired, he should leave with the employer as pleasant an impression as possible by saying, "Thank you for the interview. I have enjoyed meeting you. Good day."

**Starting in the position.** The first day on a new job is a trial to all concerned, but particularly to the new employee. Everything is strange—the work, the workers, the equipment, the surroundings, and everything else—all is confusing. The only consolation is the assurance that before long everything will straighten out and the confusion clear up. All that is required is patient, determined effort and continued application to the job.

*Listen closely to all instructions.* Usually some instructions for doing the work will be given, either by the department head or by some other supervisor. Frequently the new employee will be turned over to an older employee to "break in." In any case, the new employee should do everything in his power to please his fellow worker; the best way to do that is to pay strict attention to everything that is told him and *to remember it,* doing just as he is told. Many new workers make notes of what is told them, so that they can refer to them from time to time and refresh their memories. It is an excellent idea and, in addition, causes the instructor to be more cautious and accurate in his instructions.

## How Would You Answer These Questions?

1. Is it your fault or the employment manager's if you do not get the position for which you apply?
2. Is it better to be able to do a number of things fairly well or one thing exceedingly well?
3. What would you think of greatest importance in preparing yourself for an office position?
4. Suppose you could write one hundred words a minute on the typewriter but your application blank revealed an untruth; do you think you would get the job?
5. Suppose you were interested in your work, accurate and rapid in execution, but talked outside about the secrets of the office; how long would you hold your job?
6. How would neatness, accuracy, speed, and perseverance as a bookkeeper compare with trustworthiness?
7. How would ability, experience, and initiative as a stenographer compare with reliability?
8. Would an employer keep an experienced and capable employee who did not have good health?
9. Would an employer keep an expert stenographer who was careless and slovenly in appearance?
10. Would an employer keep a clerk with ability and perseverance if he was grouchy or impolite?

Some offices have prepared written standard practice instructions which tell exactly how to do the work. With these, the new employee can learn the right method quickly without any loss of time. But there are still many offices which have not prepared written instructions, and it is in these offices especially that the new employee must depend on his alertness to carry him through the beginning period satisfactorily. If something doesn't seem right, he should ask about it; he should never be afraid to ask for help. He cannot be expected to do his work properly if he

Five Principles of Effective Work

| Plan | Schedule | Execute | Measure | Reward |
|---|---|---|---|---|
| To plan rightly you must know.<br>1. What work is to be done<br>2. How it is to be done<br>3. When it is to be done<br>4. Where it is to be done<br>5. How fast it can be done | The work must be scheduled. A schedule to be effective must be:<br>1. Definite<br>2. In harmony with other schedules<br>3. Difficult to accomplish, but<br>4. Possible to accomplish<br>5 Rigidly kept | It must then be executed:<br>1. Skillfully<br>2. Accurately<br>3. Rapidly<br>4. Without unnecessary effort<br>5. Without unnecessary delay | The work accomplished must be measured:<br>1. As to your potentiality<br>2. As to your past records<br>3. As to the past records of others<br>4. As to quantity<br>5. As to quality | If your work is accomplished effectively, you should be rewarded with:<br>1. Good working conditions<br>2. Health<br>3. Happiness<br>4. Self-development<br>5. Money |

doesn't know how; but he *is* open to criticism if he doesn't ask for instructions.

**How to get ahead.** It might be well, at this point, to restate a fact mentioned earlier in this chapter: employees are hired to do certain work that has to be done. They are not hired simply because the employer wants the privilege of paying out salaries. The only reason the employer doesn't do all the work himself is that there is too much of it; he hasn't the time nor the energy. It is necessary to distribute the various tasks among others upon whom the employer depends for the performance of those tasks. It would seem clear, therefore, that the obvious way for an employee to get ahead would be to find out what his employer wants and expects, and then see that he gets it. What could be simpler? And yet hundreds of office workers never grasp this vision, but just plod along day after day, wondering why nothing ever happens, and blaming their condition upon circumstances. "Circumstances?" said Napoleon. "I make cir-

cumstances!" And any alert, capable employee can make circumstances favorable by doing a little more work than is expected of him, and by doing it a little better than is expected. In every office there are multitudes of little tasks which are neglected because "Nobody has the time to look after them." What an opportunity for the worker who wants to get ahead!

"But," asks the interested worker, "how can I find out what my employer wants?"

*Use your eyes.* Nature has endowed us all with these helpful senses—hearing, seeing, speaking. The alert office worker hears everything, sees everything, and says little, except to ask questions about what he does not understand. Let him see how his employer does things; let him cultivate the power of observation. Let him ask himself why things are done in certain ways. The inquiring mind (not the inquisitive one) can constantly add to its store of useful knowledge. Let the worker make copious notes of his observations. Gradually he will build up a manual of practice which will be invaluable to him. He cannot know too much about his work, about the work of his associates, about the office, and about the business itself.

*Find the answers to these questions.* What about the business? Well, how long has it been established? Who founded it? Who are its competitors? What standing has the firm in the business world, as well as locally? What products does it handle? Are there others it could handle with profit? How long have different people been with the concern? How did they start? What did they do to deserve advancement? And so on.

*Put yourself beyond competition.* There is no limit to the amount of information one may gather. In a relatively short time a new employee who is alert may know more about the business and its policies than other employees who may have

## How a Railroad President Started

Daniel Willard began railroading as a track laborer and is now president of the Baltimore and Ohio Railroad. His philosophy of "getting on" is:

"I have always tried in every position to suit my employer, to make myself as useful as I knew how, never bothering about the number of hours I put in if there were things that needed to be done. I have always been an early riser. It is well to read up everything within reach about your business; this not only improves your knowledge, your usefulness, and your fitness for more responsible work, but it invests your work with much more interest.

"I had no special advantages. I had no superior education, no unusual mental gifts, no physical advantages, no influential friends, no money. I worked my way out of the rut by determination to keep right on doing the best I knew how to fill my job, plus, and losing no opportunity to increase my fitness for my job."

been with the concern for years, but who have kept their eyes shut and their ears plugged up, lest they see or hear something which would be useful to them.

It is possible for an employee with the proper attitude and energy to make himself so nearly indispensable that the firm would not consider letting him go. And let such an employee always remember that for every competent employee who may be released during retrenchment periods, there are hundreds of less competent ones who are let out at the same time. Let an individual resolve to put himself *beyond competition*, and he will not have any competition; he will be so far ahead of those who might be his competitors that he has the road to himself. Is it worth while? Is it worth the effort? Let each individual worker answer the question for himself. No one else can or will.

### What Happened to One Man

Two young men graduated from the same school under similar conditions, with practically the same educational qualifications. They were stenographers and began work in the same establishment at the same salary.

In three years one man was a good stenographer at a fair salary, but he was not likely to be promoted again soon. The other one was a department manager and was in line for further promotion.

The employment manager told the secret of the difference in their progress. The first was not interested in his work and never did anything more than he was required to do. The other one was always interested in his work and was never afraid to make improvements, or suggest them at least, as well as to go ahead and do things without being told. He was always looking for a harder job and trying to make himself more valuable to the company. That, after all, is really all there is to initiative—being a "self-starter," instead of waiting for somebody else to "turn the crank" or to push the button. The man with initiative does not have to be pushed.

Some men never get up until they are called. If no one happens to apply the stimulus, they are gunpowder without the spark, dough without the yeast, an engine without the steam. They have potential abilities but do not use them, not because they can not, but because they will not.

**Getting along with others.** One very important point has proved the stumbling block in the path of many an otherwise successful and ambitious employee. That is, getting along with others. The ability to get along with people is a valuable possession for anyone; it is doubly valuable in an office worker, since every office is full of petty details which, in the pressure of the day's work, may become very annoying.

*Watch this point carefully.* The secret of getting along with others lies in gaining their confidence and respect. When your fellow workers really believe that you are sincere, that you are not trying to take undue advantage of them, but are willing and able to help them and work with them, the fear which lies at the bottom of non-co-operation vanishes, and a real spirit of teamwork takes its place. The motto of the Sherwin-Williams Company is: "Merit begets confidence, confidence begets enthusiasm, and enthusiasm conquers the world."

If one can get a group of people interested in working together for a common end, there is no limit to the possible accomplishment of that group. And what does "interest" mean? Primarily, "interest" means that which is of advantage to one. That is, it is to our interest; things are interesting to us because we believe they are to our interest. Most people will work unremittingly for the accomplishment of those things in which they are interested; that is, in those things which they believe are to their interest, which they believe are of advantage to them. Try it and see!

**Summary.** The dependence of modern business upon the work of the office has created many opportunities for the trained and capable office worker who is willing to make the effort to take advantage of them. It is desirable, if possible, to get located in a type of business which is interesting, since one can do much better work when he is interested than when he is not. The outstanding favorable characteristics of an applicant for employment are neatness, absolute cleanliness, an erect bearing, and an air of alertness. The employment interview gives both employer and applicant an opportunity to determine whether they can work well together. The applicant should let the employer do the talking. The trials of the first few days on a new job may be alleviated by patient, determined effort

and continued application to the work. An alert employee will find many things to do that are not obvious to one less observing. Honors gravitate to those who can wear them well. It is necessary to please one's employer by doing well the work to be done, and by co-operating with one's fellow employees. "Merit begets confidence, confidence begets enthusiasm, and enthusiasm conquers the world."

## Office Service

FACILITATING THE WORK OF THOSE RESPONSIBLE FOR OTHER FUNCTIONS

*Telephone Switchboard*

Handle and dispatch
  incoming calls
  outgoing calls
Arrange and get
  long-distance calls
  foreign calls
Record and control all
  personal calls by
    officers
    employees
Directory maintenance
Other necessary records
  and reports

*Mail and Messenger*

All messenger service
  within the building:
    between departments
    within departments
  outside the building
Intra-office mail service
  collect letters and papers
    from departments
  sort material collected
  deliver to departments
    designated
Incoming mail
  get from post office
  open, read, sort
  deliver to proper
    departments
Outgoing mail
  collect from departments
  sort by branches
  fold, enclose, seal, stamp
  get to post office or train
  care of postage stamps
Miscellaneous work
  shave cylinders
  keep executives' desks
    supplied with pins,
      clips, pencils,
      rubber bands,
      paper, etc.
  clean inkwells and
    keep them filled
  sharpen pencils
Necessary records and reports

*Information Desk*

Receive and direct
  all callers
"In-and-out" directory
  of executives
Employees' time records
Incoming and outgoing
  telegrams
  cablegrams
Necessary records
  and reports

*Clerical Personnel*

Interview and select
  applicants
Provide preliminary
  instruction in
    company rules
Introduce new employees
Follow up new employees
Office discipline
  absences
  tardiness
  personal conduct
Prepare and distribute
  office manual
  job specifications
  instruction sheets
  notices to employees
Supervise bulletin boards
Transfers and promotions
Releases and discharges
Supervise vacation schedule
Essential personnel records

*Office Maintenance*

All janitor work
All cleaning
All porter work
Maintenance of lights,
  shades, etc.
Report needed repairs
  to purchasing agent
Heat and ventilation

*Stenographic Service*

Take all dictation
Transcribe dictation
Typing of all kinds
All duplicating and copying
  including
    multigraphing
    mimeographing
    hectographing
    typing
Keep necessary records of
  stenographic work done

*Filing Service*

Index, file, and locate
  all correspondence and
  papers of all kinds
Operate central tickler
  or follow-up file
Operate and supervise
  credit department file
Supervise circulation of
  magazines to executives
Keep data and clipping files
Keep file of directories

Keep record of kind and quantity of filing work done

*Circularizing Work*

Addressing work
- operate addressing machine
- make address plates
- change addresses
- hand addressing

Stuff circulars
- fold material
- collate enclosures
- enclose in envelopes

*Purchasing Service*

Purchase for all departments
- materials, equipment, stationery, supplies — upon properly authorized requisition

Be responsible for specifications, prices, delivery, inspection

Arrange for
- inspection, maintenance, repair, replacement — of all the equipment in the office

Keep necessary records for operation of department

*Receiving and Shipping*

Receive all goods delivered by vendors

Deliver to storeroom goods received for stock

Pack for shipment goods to be shipped

Deliver shipments to transportation company or post office

Receiving department records

Shipping department records

*Stationery Supply Service*

Store properly
- stationery
- printed forms
- miscellaneous supplies
- surplus equipment

Disburse these upon proper requisition

Keep proper supply on hand

Replenish supply when needed

Keep necessary stock records

*The Control of Forms*

Inspect and pass upon all office forms
- before printing a new form
- before reprinting an old form

Determine proper amounts
- to order
- to keep on hand

Control the proper use of forms
Design new forms when needed
Redesign present forms when desirable
Supervise the initial use of forms
Provide for changes in the use of forms
Keep form book, showing all company forms

## Employment Standards

### Some Points to Remember

1. The difference between good work and bad work may be due to the difference between good training and poor training.

2. The cost of hiring, placing, and training employees has been estimated at from $50 to $150 for each new worker.

3. If workers are carefully selected before they are hired, they will usually prove more satisfactory than if they are hired without regard to their qualifications or disqualifications for the job.

4. Tests are used to determine the applicant's mental maturity, observation, memory, alertness, accuracy, speed, and general fitness for performing certain mental and physical operations.

5. The tests also show for just what kind of work each applicant's training and ability fit him.

6. In "breaking in" a new employee, many concerns use standard practice instructions in preference to having an older employee do the teaching.

7. Standard practice instructions show the very best way to perform each operation in the office.

8. Standard practice instructions for any job are usually prepared only after that job has been thoroughly analyzed and carefully studied.

9. The advantage in using standard practice instructions in training employees is that they give the worker the three essential points necessary for a proper start: complete instructions, the reasons back of those instructions, and the conduct expected of him while he remains an employee of the concern.

10. The manager whose employees are contented will not need to worry about their leaving him for better positions elsewhere.

11. Other things being equal, employees will usually be contented if they are paid what their work is worth.

12. To find out what an employee is worth, a careful check must be kept on his work.

13. The usual methods of checking work are counting and measuring, comparing and inspecting, supervision and reports.

14. Some companies pay bonuses for work which is up to or beyond a reasonably attainable standard.

15. Every office worker is or should be looking forward to the job ahead.

16. This is the reason why many companies fill vacancies by promotion wherever possible.

17. Some companies have an "understudy" in training for every position. Thus someone is always ready to take the next job.

## Employment Standards

### Is a Lowly Start a Handicap?

1. Henry Clay began his career as a clerk in a lawyer's office.

2. Daniel Webster worked his way through college by teaching school.

3. William A. Clark, the multimillionaire copper magnate, at one time sold maps for a living.

4. George B. Cortelyou, former president of the Consolidated Gas Company of New York, began life as a civil service stenographer.

5. Benjamin Franklin was the son of a tallow chandler and did without meat in order to buy himself books.

6. John Adams was the son of a poor farmer.

7. The father of Shakespeare could not spell or write his own name.

8. George W. Perkins, a New York financier, was a stenographer in his younger days.

9. Robert Burns was the son of a bankrupt.

10. James A. Garfield was a boy of all work; he was too poor even to have a trade.

11. Ulysses S. Grant was a tanner by trade.

12. Abraham Lincoln was a boatman and rail splitter.

13. Edward Bok, formerly editor of the *Ladies' Home Journal*, was once a stenographer.

14. James J. Hill, the great railroad builder, began work as a section hand.

15. Frank A. Vanderlip, formerly president of the National City Bank of New York, was once a stenographer.

16. Andrew Carnegie, who at the time of his death, had given away more millions than any other man, began business without a dollar.

17. A prince is born to be a king, and he can never rise above his station because he thinks he is already at the top.

## Employment Standards

### Business Maxims That Have Helped Others

1. The only helpless people in the world are the lazy.
2. The wise man learns by experience, but fools never learn.
3. Procrastination is the thief of time.
4. Time is money. Thou shalt not steal.
5. Have a time for everything and everything in its time.
6. "By and by" leads to the road "never."
7. No man has any right to say he is of no account.
8. He who moves not forward goes backward.
9. Our work counts for more than our talk.
10. Trifles make perfection but perfection is no trifle.
11. One today is worth two tomorrows.
12. The deepest rivers flow with the least sound.
13. No man can contradict his own deed.
14. He who comes into court must come with clean hands.
15. Many promises lessen confidence.
16. No one can be profited by his own wrongs.
17. He that wrongs his friend wrongs himself more.

18. The bigger the work the greater the joy in doing it.
19. Luck consists in always being on the job.
20. It is not enough to be good—be good for something.
21. Concentration is the secret of strength.
22. A damaged reputation is hard to repair.
23. God helps them who help themselves.
24. Diligence is the mother of good luck.
25. A penny saved is a penny earned.
26. He is poor whose expense exceeds his income.
27. Better go to bed without supper than to rise with debts.
28. See'st thou a man diligent in his business; he shall stand before kings.
29. Love not sleep lest thou come to poverty.
30. Whatsoever ye would that men should do to you, do ye even so to them.
31. Don't let your wishbone take the place of your backbone.
32. Folks who never do any more than they get paid for never get paid for any more than they do.
33. A wise man will make more opportunities than he finds.
34. It may be a little farther around the corner of a square deal, but the road is better.
35. To rest content with results achieved is the first sign of business decay.
36. The talent of success is doing what you can well and doing well whatever you can.
37. Success does not consist in never making blunders, but in never making the same one a second time.
38. Even the fool when he holdeth his peace is counted wise.
39. I know what pleasure is, for I have done good work.
40. The only man who never makes a mistake is the man who never does anything.
41. Our doubts are traitors and make us lose the good we oft might win by fearing to attempt.
42. Blessed is the man who has found his work.
43. Talk less and listen more.
44. When in doubt mind your own business.
45. Failure is only for those who think failure.

46. Plow deep while sluggards sleep, and you will have corn to sell and keep.

47. Today is short. Yesterday is gone. Tomorrow may never come. If you have anything to do, get busy.

48. Getting things done is largely a matter of getting things started.

49. Anything that is worth doing is worth doing well.

50. The world generally gives its admiration not to the man who does what nobody else ever attempts to do, but the man who does best what multitudes do well.

## Employment Standards

### Getting a Job

Here are some of the questions that must be answered by applicants for a position. They were taken from the application blanks of several different firms. Why do you suppose that any company would care to know the answer to each of these questions? Do you think you could answer them satisfactorily?

1. Give your name, age, height, weight, the color of your hair and eyes, your complexion, and nationality.
2. What education have you had?
3. What school did you last attend?
4. How long has it been since you left school?
5. Why did you stop school when you did?
6. Why did you leave your last position?
7. If you are now employed, why do you wish to change?
8. Do you live with your parents?
9. Have you anyone dependent on you?
10. Do you attend church?
11. Are you addicted to the use of tobacco, liquor, or opiates?
12. Is your health good?
13. Do you have any defect of sight, hearing, speech, or limb?
14. What are your favorite forms of recreation?
15. To what club, union, or society do you belong?
16. Have you done any studying since leaving school? If so, what?

17. Have you ever been discharged? Give full particulars.

18. Have you ever been charged with being in arrears in any position?

19. Did you ever give a surety bond?

20. Would you be willing to do so, if required?

21. Are you financially interested in any business?

22. Have you any income aside from your salary?

23. To what extent have you engaged in speculation?

24. To what extent are you in debt?

25. Do you carry any life insurance?

26. Do you carry any accident insurance?

27. Have you ever been involved in any lawsuits?

28. Do you own any real estate?

29. Have you a savings-bank account?

30. If married, give the name and address of your wife or husband.

31. Give the name and address of your parents, if living.

32. If you are not married and your parents are not living, give the names and addresses of your nearest relatives.

33. Are you subject to dizziness or fainting spells?

34. What long or serious sickness have you had?

35. Have you ever been injured? If so, to what extent?

36. Were you ever operated on? If so, for what?

37. What languages do you speak or write?

38. Are you good at figures?

39. What kind of work do you like best?

40. What work do you think you are best qualified to do?

41. Have you ever been expelled from school?

42. Give the names and addresses of your last three employers.

43. Give the names and addresses of three persons, not relatives or employers, who can certify as to your character.

44. What leads you to make this application, and why do you think you could succeed in this business?

45. If you subscribe regularly for some magazines, state which ones.

46. Name some book of fiction, travel, science, or business which you have read and liked.

47. What newspapers do you read, and which sections of these papers interest you most?

48. Do you belong to any athletic club or association?

49. Do you engage regularly in any athletic sports? If so, which ones?

50. Do you have any hobby, such as music, painting, or drawing?

## Employment Standards

### Getting a Bond

In addition to the questions asked applicants for a position, the surety companies will ask you for information that is decidedly personal, before they will guarantee your honesty.

1. Give your name, age, residence, and a full personal description of yourself.

2. What is the nature of the business carried on by your employer?

3. How long have you been in the service of your present employer?

4. How long have you been in the position for which the bond is required?

5. Who will pay the premium for this bond?

6. If you have ever furnished any other bond, why was it discontinued?

7. Has a loss ever been paid on your bond?

8. What salary will you receive?

9. Are you responsible for any losses occasioned by bad credits?

10. If you own any real estate, where is it located and what is its value?

11. If you own any personal property, of what does it consist?

12. Is there any encumbrance on your property? If so, how much?

13. What other indebtedness have you?

14. How much property do your parents own?

15. How many persons are dependent on you for support?

16. If your life is insured, to whom is the policy payable?

17. Were you ever in business on your own account?

18. What were your reasons for discontinuing your business?

19. Did you ever make an assignment for the benefit of your creditors?

20. Do you occasionally invest in stocks, grain, oil, or real estate?

21. When and by whom were your accounts last examined?

22. If you have ever been discharged from any position, state why.

23. Where and when were you born?

24. If you were foreign-born, how long have you been a resident of the United States of America?

25. If you have been naturalized, give the date, the place, and the court.

26. Of what country are you a citizen if you are not naturalized?

27. Do you ever use alcoholic liquors? Did you ever use them to excess? If so, when?

28. Give the names and addresses of your employers for the past two years.

29. Give the names and addresses of three of your school teachers to whom we can refer.

30. Give names and addresses of three persons, not relatives, to whom we can refer.

## Employment Standards

### What the Bonding Companies Ask Your References About You

Below are some of the questions that a surety company will ask your instructors, your employer, and your references. There is a reason for asking each question. How do you think a truthful answer to each one would influence the bonding company in case you were to be promoted to a position of trust and were required to furnish a bond?

A large New York surety company says: "This form must be returned to the home office of the company before any bond will

be issued. As we depend largely upon an applicant's record at school and with his former employer for an estimate of his general worthiness of guarantee, we would thank you for answers to all questions asked, assuring you that any information given us will be treated as strictly confidential, and will be used by us solely in judging the risk."

1. How long was the applicant in attendance?
2. Do your records show punctuality in attendance?
3. Do your records show good deportment?
4. Did he give good attention to his studies?
5. Was he a student of ability?
6. Was he known to have any bad habits?
7. Were his companions favorable associates?
8. Was he ever known to bet or gamble?
9. Was he addicted to the use of any liquor, drug, or opiate?
10. Was he ever fond of speculation?
11. Have you ever known or heard of any dishonorable action?
12. Was he good-natured or irritable?
13. Was he level-headed or erratic?
14. Was he careful or careless about his work?
15. Was he honest and truthful?
16. Was he a willing worker?
17. Was he careful or careless about his personal appearance?
18. Was he afraid of long hours?
19. Did he generally try to give satisfaction?
20. From your acquaintance with him and his antecedents, do you regard him as entirely trustworthy?
21. If ever in your employ, what objection, if any, would you have to employing him again?
22. What position did he occupy in your service?
23. Did his duties embrace the handling of cash?
24. Did he always make prompt and correct settlement?
25. For what reason did he leave your service?
26. Was he in debt to you at the time he left your service?
27. How long have you known the applicant?
28. Why is bond now wanted on his behalf?
29. What will be the title of the applicant's position?

30. How much is his salary and when will it be paid?

31. What is the largest amount of cash he will be permitted to control at one time?

32. State whether applicant is permitted to indorse checks drawn to your order.

33. Can he sign checks without the countersignature of some other person?

34. What means will you use to ascertain whether his accounts are correct?

35. How often will his accounts and books be audited?

36. Has he ever been short in his accounts with you?

## Employment Standards

### Why Do Bonding Companies Ask These Questions?

1. In addition to the questions the bonding companies ask, they will also want to know the names and residence of your parents or nearest relatives. Why?

2. Would they prefer to have your relatives live in the United States or in a foreign country? Why?

3. Why do they want to know how much you are in debt?

4. Why do they want to know the color of your hair, beard, eyes, and complexion?

5. Does it make any difference to them about your size and weight? Why or why not?

6. Why do they always insist on knowing the names and addresses of your former employers?

7. Do they place much dependence on your school record? Why or why not?

8. Would they pay much attention to the report from a reference who knew you only slightly? Why or why not?

9. Why do they want to know about the way your employer conducts his business?

10. If their premiums are paid promptly does it make any difference about the amount of your salary or income? Why or why not?

## Vocabulary Exercise

Define or explain:

| | | |
|---|---|---|
| applicant | fee | references |
| application | installment | retrenchment |
| break in | instructions | salary |
| clock watcher | manual | salesmanship |
| competition | merchandise | service |
| contract | merchant | shopper |
| co-operation | policies | standard |
| employee | politics | success |
| employer | problem | survey |
| expert | | wages |

## Questions for Discussion

1. Do you believe there are many opportunities for well-prepared and thoroughly trained office workers? Why or why not?

2. In what way is the position of an applicant for work similar to that of a salesman looking for orders?

3. What is the most difficult problem facing employers?

4. Why are not all workers dependable?

5. Why doesn't an employer always hire the first applicant for a position?

6. What is the attitude of some employees toward their jobs?

7. What are the five essentials to success in office work?

8. Do you believe that these are essential to success? Why or why not?

9. What is meant by thorough preparation?

10. Why is thorough preparation important?

11. Do you believe that the world owes everyone a living? Why or why not?

12. Do you believe that the world owes you a living? Why or why not?

13. What did Josh Billings say about charity? What did he mean?

14. Why can't a merchant make a success by simply hanging out a sign reading "Store Open For Business"?

15. Why can't a person get a position by simply announcing that he is "open for a position"?

16. What is one way not to make a howling success?

17. Name one kind of office work which has to be done by someone in every office. Can you do that kind of office work?

18. Name several other kinds of office work. How many of these kinds can you do?

19. Do you really believe that an employee can do office work better and more cheaply than his employer? Why or why not?

20. What determines how many office employees a concern will need?

21. What six conditions are present in every concern to create opportunities? Do you believe it? Why or why not?

22. Why should an employee be released for incompetency? Or should he?

23. If you were an employer, would you hire an incompetent applicant, knowing that you might have to discharge him later for incompetency?

24. Why are employees promoted?

25. Under what circumstances might the promotion of employees not leave positions open for outside applicants?

26. Why should an employee leave a position with one concern to take a position with another?

27. For what other reasons might an employee give up his position of his own accord?

28. Why are more employees needed when a business is expanding?

29. How does a business expand, and when?

30. How may an individual take advantage of the opportunities presented by the six conditions stated?

31. How would you determine the opportunities in your community or city?

32. What advantage would you expect to gain by analyzing the local opportunities?

33. What would you do if your analysis showed no local opportunities?

34. What is the attitude of the salesman who is trying to get orders?

35. Do you believe a job seeker has the same problems as a salesman? Why or why not?

36. If you decided to enter a certain kind of business, how much would you eventually expect to know about that business? Explain.

37. By what two standards may you choose your life work?

38. Which of these two standards seems to you the more important? Why?

39. What is meant by the statement that practically all human activity can be expressed in the terms used in the Declaration of Independence?

40. When did you last read the Declaration of Independence?

41. What is the difference between necessities and luxuries?

42. Is it worth while to spend much time choosing your life work? Why or why not?

43. Do you believe that really big men will take the time to talk with you about their work? Why or why not?

44. What advice did one office manager give to an applicant? Why do you suppose the manager gave this advice?

45. In filling out an application blank, what should you try to do? Why?

46. What are some of the questions asked on an application blank?

47. Why does a prospective employer want to know where you have worked and what you did there?

48. Of what value are references?

49. Should a person seeking employment visit the employment agencies? Why or why not?

50. Why is it desirable to make a favorable impression upon the agency manager?

51. Why do some office managers leave standing orders with an employment agency?

52. Why should an applicant not be careless of his appearance?

53. What should an applicant do after he has registered with the employment agency?

54. Why are personal follow-up calls at the agency likely to be more effective than telephone calls? Do you believe they are?

55. Why should an employment agency charge a fee for its services?

56. What is the weak point in the argument of some people that they will not go to an employment agency because they have to pay a week's salary for a job?

57. Why do some employers pay the agency fee?

58. What is the purpose of the employment interview?

59. Why is one's appearance important in an interview?

60. Why do employers sometimes find it difficult to get help who are really interested in their work?

61. What is the greatest mistake that an applicant is likely to make at an interview?

62. What should the applicant do during the interview?

63. Why is it better for the applicant not to "make conversation" during a long pause?

64. To what three questions is the employer trying to find the answer during the interview?

65. What five questions does the applicant want answered?

66. Why should an applicant for employment ask himself if he wants to work for the company which is giving him the interview?

67. What circumstances might affect the applicant's attitude?

68. When the employer asks the applicant how soon he can start work, what should the applicant say? Why?

69. How may an applicant find out what work he would be expected to do?

70. What is the one question the applicant should never ask an employer? Why?

71. How may an applicant find out what the office hours are?

72. What answer should an applicant give when asked what salary he wants to start at?

73. What might happen if the salary question were not handled with care?

74. Why is a system of salary standardization a good thing for an office to have?

75. If the applicant is engaged, how should he close the interview? Why?

76. If the applicant is not engaged, how should he close the interview? Why?

77. Why is the first day on a new job a trial to all concerned?

78. What is required on a new job to straighten out the apparent confusion?

79. From whom may a new employee receive his instructions?

80. What should a new employee do when receiving instructions?

81. What good does it do to write down instructions as they are being given?

82. What are written standard practice instructions?

83. What should an employee do if he does not understand what is desired?

84. How may an employee make circumstances favorable for him?

85. What is meant by the suggestion, "Use your eyes"?

86. What is the difference between an inquiring mind and an inquisitive one?

87. How can a worker build up his own standard practice manual?

88. What information about the office and the company should the new worker try to get?

89. What good does it do to get this information?

90. Are competent employees ever discharged? Explain.

91. How can you put yourself "beyond competition"?

92. Why is it desirable for one to have a good reputation for getting along with others?

93. What is the best way of getting along with others?

94. What is the motto of the Sherwin-Williams Company?

95. Explain what "interest" means in connection with one's work?

96. Why will most people work harder if they are interested in what they are doing?

## Topics for Special Reports

In preparing the following reports, it may be advisable for the members of the class to work in groups or committees, as explained on pages 41 and 466.

1. Visit ten concerns in your city and procure an application blank from each one. Compare the ten blanks with each other and make a list of those questions which appear on all ten blanks.

2. If there are any questions on any of the application blanks referred to in Topic 1, which are not on any of the other nine blanks, write them down and see how many such questions you can find. Below each such special question, give your explanation of the reason for including it in the application blank.

3. Try to procure an application for a fidelity bond with a bonding company, and count the questions to see how many are asked.

4. Call on from twenty-five to fifty concerns in your city and find out how many have written or printed standard practice instructions. At the same time find out how many of these you visit have some plan of salary standardization for their office employees. Compare the two kinds of information you have obtained and see how many offices have one, the other, or both. See if you can give any reasons for the results of your survey and analysis.

5. Select some business in your town and write a thousand-word report on why you would like to work for that concern, what you could do for the concern, and why you think so, what position you would like to hold in it and why, and what position you think you could start at and why. Give the name of the concern, the name of the office manager (or whoever is in charge of the office), and the number of office workers it employs.

## Collateral Reading

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## Problems

### ORGANIZING FOR WORK

Let five students work together on this problem, each student being held responsible for some definite part of it. In determining which five students shall work together, select those whose interests are similar. Let the group meet as a Committee on Office Jobs and organize by selecting a chairman and a secretary. The chairman's duties are to call meetings of the committee and preside over them, and to assign to each member of the committee the part of the work that he is to do. The duties of the secretary are to take minutes of the meetings and to receive and hold the material collected by the members until it is finally turned over to the instructor. Both chairman and secretary are to carry out assignments, the same as any other member of the committee.

The object of the committee is to find out and make a report on the office jobs which exist in the locality (not only those that may be open, but *all* office jobs).

To get this information, determine in a committee meeting which concerns shall be visited and then assign to each member of the committee the offices that he is to visit.

Have it clearly understood by each member the information he is to get, as follows:

Name and address of the concern
Name of the office manager
Name of the employment manager
Approximate number of office workers now employed
Titles of all the office positions in the office. (Some concerns may be willing to state the salary of each job, but it must not be expected that every concern will do this.)

Approximate ages of the workers in each job listed (at the time the survey is made).

When the complete assignment has been given to each member of the committee, set a day and time for the next meeting, when each member will report what he has done.

After all the information has been collected, then it should be analyzed and tabulated in three ways:

First, by companies, alphabetically arranged by company names

Second, by companies, alphabetically arranged by the kinds of business

Third, by jobs, alphabetically arranged by job name and showing for each job how many jobs there are in each company

1. What is the object of this problem? (To determine the object of any procedure, consider what you are expected to have accomplished when the work is all done.)
2. What organization is set up to attain this object? Why?
3. Notice that the principal functions of sound organization methods are brought out in this problem. Four of these organization functions are:

   *a.* Determining the object to be accomplished
   *b.* Selecting the people who are to do the work
   *c.* Assigning a definite task to each member of the group
   *d.* Following up the individual assignments

Question: Show how each of these four functions is to be carried out in this problem.

4. What obstacles to the collection of the desired information are the members of the committee likely to encounter?
5. How would you meet these obstacles to try to overcome them? (Remember that there is always a way over, under, through, or around any obstacle.)

### Can You Follow Instructions?

A test like this shows the employment manager who uses it whether or not you are above or below the required standard

of ability to interpret printed instructions and carry them out quickly, carefully, and accurately.

In preparation for the test write the numbers 1 to 10 about an inch and a half apart in a column down the left-hand side of a sheet of paper. Answer each question on your paper after the corresponding number. Do not write in the book.

This exercise is given for the purpose of testing your speed, accuracy, and ability to interpret correctly what you read. It is really a game which enables you to compare your score and efficiency with that of other applicants for the same position. Each question is worth a certain number of points and your total number of correct points earned, divided by the number of minutes you required for answering the questions, will give your score per minute. Answer all questions as quickly and accurately as possible and hand in your paper as soon as completed, so that your exact time may be recorded as a part of your record.

1. Read the above paragraph and state how your score per minute will be obtained.
2. How many words in the same paragraph?
3. How many sentences in the same paragraph? If the first sentence is the longest, copy the first word of the last sentence. If the third sentence is the longest sentence in the paragraph, copy the last word of the last sentence.
4. How many letters in the longest sentence?
5. From the same paragraph copy each word containing exactly four letters.
6. If *efficiency* is the longest word in the paragraph, copy the first word of the paragraph. If there are other words just as long, copy those words.
7. Give the number of *e's* and *o's* altogether in the paragraph.
8. Write all the letters of the alphabet. Repeat three times.
9. Write the nine digits. Repeat nine times.
10. An even number is one that is exactly divisible by two. An odd number is not exactly divisible by two. Draw a ring around every even digit which you wrote in 9. If you have written

more odd digits than even, draw a line through every *a*, *e*, *i*, and *o* which you wrote in 8. If there are more even digits than odd, draw a line through every *9*.

It is possible to make 1,000 points if all of these questions are correctly answered.

### Are You a Clear Thinker?

An interesting test which gives an employment manager an idea of your mental alertness is the following one.

In preparation for the test, write the numbers 1 to 15 down the left-hand side of a sheet of paper and the numbers 16 to 30 down the left-hand side of a second sheet. Do not write in the book.

Place a cross like this (X), on your paper after the number of each statement or definition which is reasonable and correct. If you think it is not reasonable and correct, you may write the sentence as you believe it should be written.

1. Living expenses are higher in the country than in the city.
2. There is a greater variety of amusements in the country than in the city.
3. It is pleasant to hear the birds singing and the roosters crowing and the horses neighing at dawn in the morning.
4. Our best business men were brought up in the country.
5. More people attend church since the automobile has come into general use because it is so easy to get there.
6. People owning automobiles save money because they do not spend so much carfare.
7. Driving a car is not so dangerous as driving horses; so there are fewer accidents since automobiles came into use.
8. To write is to make words on paper with a pen or pencil.
9. To solve a problem is to make figures and put them in the proper places.
10. A chair is a piece of furniture on which we may comfortably sit.
11. The boundary between two states is a line which shows where one state begins and another ends.

12. If Sunday were called Monday, then Thursday would be Friday.

13. Edison invented the Bell telephone.

14. The laws of England do not permit a man to marry his widow's sister.

15. Richard wrote "Poor Richard's Almanac."

16. The boys are not allowed to wear soft collars and cuffs on their pants.

17. The Indian was eighty years old and looked twice his age.

18. A woman said she had no children and that her mother was afflicted in the same way.

19. The unfortunate patient lay speechless for six long weeks in the month of August, crying incessantly for water.

20. With these few words he lit a cigar.

21. If eighteen eggs cost eighteen cents a dozen, one egg costs one cent.

22. If three cats catch three rats in three minutes, one cat will catch one rat in one minute.

23. If three men standing on a mountain can see nine miles, one man can see one-third of nine miles or three miles.

24. If a calf weighs seventy-five pounds standing on three legs, it will weigh one hundred pounds while standing on four legs.

25. Moses drove the animals into the ark two by two.

26. Americus discovered America in 1492.

27. Thomas Jefferson wrote Franklin's autobiography.

28. Samuel F. B. Morse invented the wireless telegraph.

29. Robert Fulton invented the steam engine.

30. George Washington wrote the Declaration of Independence.

### Some Problems in Office Efficiency

1. A firm employing eight addressing typists found that by standardizing the work and using the block form of address they gained 25% in efficiency. How much would the same improvement save a firm employing 12 typists at $800 each a year?

2. If the average distance from the desks to the drinking fountain is 100 feet and it requires 2 minutes for a clerk to get a

drink and return to his work, how much time will 2,000 clerks lose in a year of 300 working days if they make an average of 5 trips a day?

3. At an average of 25 cents an hour how much money would be saved in 10 years by placing fountains 20 feet from each clerk?

4. If it costs $100 to hire and instruct a clerk, what will the yearly expense be in an office where 400 new clerks are employed every year to maintain a working force of 200? It is estimated that 20% of the force is changed by death, accident, or some unavoidable cause and should not be charged to labor turnover expense, as it is called.

5. A clerk opening mail found that by standardizing her work it was possible to handle 300 letters an hour instead of 80 letters an hour under her former methods. What is the percentage of improvement?

6. Two typists were taken from a noisy general office and placed in a quiet room. They increased their output 100%. What saving in a year would be effected with a force of 200 typists at an average salary of $18 a week?

CHAPTER XIV

# Personality in Business

*Aims for Study of This Chapter*

To recognize the cash value of a good personality in office positions

To discover the essential features of a good personality

To learn how to develop one's personality

**Importance of personality.** Two applicants for the same position were being interviewed by the employment manager of a large concern. Both applicants were graduates from the same school, in the same class, and both studied the same subjects, earning good grades. So far as ability to do the required work was concerned, there was little choice between the two. And yet the employment manager chose one in preference to the other. Why? The answer was, "Personality." Here was a case where the deciding factor in determining which would get the coveted position was personality. That is, the employment manager felt that one of the applicants had a better personality than the other.

There are on record many other cases where an applicant with less ability than others has been selected for the position simply because he had a more attractive personality. If personality is so important, perhaps it would be well to find out what it is and how it may be developed and used to one's advantage.

**Personality and individuality.** Strictly speaking, personality is individuality; that is, it is made up of those

characteristics which distinguish one individual from another. As the word is commonly used, however, "personality" means more than mere individual characteristics. The fact that a person is good-looking or even beautiful does not mean that he has a good personality. Many a beautiful woman has found that until she developed a good personality, she was not taken at her face value. Curiously, many women never seem to discover this truth, but feel that they must depend for their success upon personal beauty. One has only to read the advertisements of "beauty aids" in the women's magazines to confirm that statement. No, beauty alone is not enough; there must be something more, and that something more is personality. A plain woman with personality can often make faster progress in business than a beautiful woman without it.

*An interesting point.* An interesting difference between individuality and personality is that while every person has an individuality under all circumstances, he has what we call "personality" only when other people are around. Suppose, for example, you were alone on a desert; you would still have your individuality, made up of those characteristics possessed by you as an individual. But you would not have personality, because personality is not what you see in yourself, but something that others see in you, in your "person."

This fact helps us to draw another conclusion about personality: Personality is the *reflection* of one's individuality upon others. If one's individual characteristics reflect favorably upon others, then he may be said to have a pleasing personality. If the reflection is exceptionally favorable, someone may say that he has a striking personality.

*Favorable conditions.* Another curious fact about personality, which emphasizes the statement that personality exists only when others are around, is that one's personality

### A Big Man's Secret of Success

The late Judge Elbert H. Gary, who was chairman of the huge United States Steel Corporation from its organization until the day of his death, compiled the following prescription for the young man ambitious to attain success:

1. He should be honest, truthful, sincere, and serious.
2. He should believe in and preach and practice the Golden Rule.
3. He should be strong and healthy, physically and morally.
4. His habits and mode of living should be temperate and clean, and his companions selected with regard to their character and reputation.
5. He should possess good, natural ability and a determination constantly to improve his mind and memory.
6. He should possess a good education, including particularly the fundamentals, such as mathematics, grammar, spelling, writing, geography, and history, and also a technical education concerning the lines he proposes to follow.
7. He should be studious and thoughtful, keeping his mind upon a subject until it is mastered.
8. He should be conscientious, modest but courageous, energetic, persistent, even-tempered, economical, faithful, and loyal to his friends and the interests he represents.

is often favorable or not, according to the company he is in. Everyone knows what a "wallflower" is. Most of us have been wallflowers at one time or other; we just didn't seem to fit in with the rest of the party that time. But a few days later, with an entirely different group of people, we felt quite at home; indeed, we may have been "the life of the party."

Perhaps a homely example may serve to illustrate the point still further. To start a fire or light a candle, we use a friction match. One type of friction match will light on any surface; another type, called "the safety match," will light

only on specially prepared surfaces. But each match has the same characteristic of "lighting up" when it is struck on the proper surface, whether that surface be special or ordinary. In the same way, some people are at home in any company, while others are happy only under special circumstances. The first person probably has an unusual personality, while the personality of the second does not show up favorably except under favorable circumstances, and in the presence of certain types of people.

**Can personality be developed?** The important point for you to bear in mind, however, is not that you may have a good personality only under certain circumstances, but that your personality can be developed so that it is favorable under all circumstances. If this can be done (and thousands upon thousands of individuals have done it) then it is extremely important for you to learn the secret of personality development and to start practicing it.

**The value of naturalness.** Be cautious about one point: Personality is not something that you can put on and take off at will. You can develop it and you can control it, but if you wish to get the most benefit from it, you must make your personality so much a part of you that it seems perfectly natural, not artificial. You probably know people who have the reputation of "turning on" their personality when they wish particularly to impress others. Such people may find that they have a reputation for insincerity—a reputation which will quickly destroy many chances that would otherwise be theirs. The finest reputation that anyone can have is that of being trustworthy; no one has yet found a substitute for honesty and integrity, either in business or society. When a person is known to be trustworthy and able, he will find responsibilities constantly being handed to him. Business men insist upon trustworthiness, upon sincerity, in their employees.

Now let us see what one must do to develop a pleasing personality.

We know that a pleasing personality is one that is pleasing to others. We must, therefore, find those characteristics which make a person pleasing to others. There are many of them, and they are well worth the time and study necessary to develop them.

**Personal appearance.** The first, though not by any means the most important characteristic of a pleasing personality, is your personal appearance.

Appearance is important because it is the first thing about you that others notice. "First impressions are lasting," and if your appearance is favorable, thereby creating a favorable first impression, you will have a better chance of showing your other good qualities.

Occasionally a young man will scoff at the idea of appearing well at all times. "It is what I am, not what I appear to be, that counts," he says. That is true, but only if he does not destroy all chance of further contact by neglecting his appearance. Opinion to the contrary notwithstanding, a slovenly appearance is not a mark of genius, but a symbol of disrespect of and disregard for those with whom one comes in contact. It is very difficult to overcome unfavorable impressions caused by one's careless appearance. It is better and easier to make the right impression first.

Since appearance is the first characteristic of a pleasing personality, let us examine the features which enter into a good appearance.

*How to make a good appearance.* First and foremost are absolute personal cleanliness and neatness. Aside from any considerations of health or aesthetics, cleanliness is the most attractive characteristic a person can possess; the ingredients are soap and water. Since it is so easy to get clean and keep clean, unwillingness to do so stamps one as

*Courtesy American Women's Assn.*

A good appearance counts, both during the interview and afterwards in the daily work.

lazy; and lazy persons are not wanted in business offices. Neatness is simply a matter of order and arrangement. Is your necktie carefully tied? How about your shoelacings? Are buttons missing, and buttonholes gaping? Are your clothes brushed free of dust, dirt, and lint? Are your fingernails clean and properly trimmed? Is your hair carefully dressed? Make no mistake; these are important points; do not neglect them if you would have a reputation for being well-groomed.

*The part that clothes play.* Clothes are a part of one's appearance, of course, but there are clothes and clothes. Here is a little secret about the choice of clothes: Let the clothes you choose fit the occasion. You would not wear a

business suit to a formal social function; neither should you wear party clothes to the office. One is as much out of place as the other.

The best business dress is simple almost to plainness. Plainness does not mean lack of style; it means a lack of frills and furbelows. Dress should be becoming, that is, suitable; your clothes should fit, and should be clean, neat, pressed, and of good material. Expensive and extravagant garments are not necessary; appropriateness is.

*Is one's bearing important?* The next item entering into your personal appearance is your bearing. Do you slouch along, slither, stumble, and drag your feet? Or do you stand erect, head up, chin in, and lift your feet as you walk, stepping along firmly without hesitation? If your bearing shows that you have confidence in yourself, it will help transfer that confidence to others. But beware of arrogance.

So much for appearance.

**How is your voice?** Is your voice weak, loud, harsh, or soft? Do you enunciate your words clearly, speaking slowly enough to utter every word distinctly and to permit regular, easy breathing while you are talking? Or do the words stumble over each other as they rush to get out of your mouth, so that you are asked to repeat what you have just tried to say? Do your listeners ask you to speak louder, or do they exhibit signs of distress because you raise your voice unnecessarily? The purpose of voice training is to enable you to speak clearly without conscious effort and to modulate the tone to suit the occasion. Why is it that the speech of a Southern gentleman is so easy to listen to? The right kind of voice is largely a matter of training. Have you trained your voice so that it obeys your commands?

**Showing interest in other people.** Now we come to the most important characteristic of a pleasing personality. For some people, this characteristic is the most difficult

*Courtesy Workman Calculating Service*

These employees are taking an opportunity to relax and also to make friends with their fellow workers.

of all to acquire; for others it seems to come easily and naturally. But it is vital to everybody. This important trait is the interest you show in the people around you. The quickest way to get in anyone's good graces is to show a real interest in him. You know how you feel about someone who is interested in you; you like it.

*A valuable faculty.* But there are some people in whom it seems almost impossible to take any interest whatever. The expression, "I am not interested," states the situation precisely. What should one do under such circumstances? If you don't care, just do nothing. But if you wish to gain the reputation of having a pleasing personality, then some effort to take an interest would be advisable. Perhaps you might find the experience helpful. The ability to adapt yourself to whatever circumstances you may be in is a very

valuable faculty. "Adaptability," as it is called, is very useful in business. The best example of its importance is seen in the retail salesclerk, who has to meet all kinds of customers during the day's work. Once a salesclerk gets the reputation that customers like to have him wait upon them, his sales will increase, and so will his value to his firm.

So, try to take an interest in other people. It will pay you dividends a thousandfold—in the interest they take in you, in the increased knowledge you obtain, and in the satisfactions that inevitably accompany the possession of a pleasing personality.

*How to find interesting points.* There is something interesting about everyone and everything, if you start looking for it. It may indeed be simply the fact of difference from everyone and everything else. The experiences that other people have had, the places they have visited, the people they have seen and talked to, the things they have done—there is no limit to the interest you will find in other people, once you start looking for it. It isn't necessary to keep up a running fire of conversation; the simple ability to ask questions which draw out other people, so that they talk, is invaluable. Very few people are unwilling to talk about their work, or their interests, or themselves. All that most people want is a chance to talk and someone who will listen to them. Be a good listener; you will often hear something worth while, and in addition you will get the reputation of being an interesting person, one with personality.

While we are on the subject of listening, let us suggest a way of checking to determine whether or not you are a good listener. The next time someone is talking to you, watch yourself; ask yourself if you are really listening to what he says, or if you are only waiting for a chance to

*Courtesy George La Monte and Son*

A well-groomed appearance, modulated voice, courteous manner, and interest in others, all are part of a pleasing personality.

talk yourself. Some wag has defined a bore as "a person who wants to talk about himself when you want to talk about yourself." Don't be a bore.

**Courtesy and politeness.** Nothing has been said about courtesy and politeness, both of which are essential elements of a pleasing personality. No one ever lost anything by being polite and courteous at all times and to all people. This habit—for it is nothing but a habit—is perhaps the most valuable and helpful that a person can acquire. It will often open doors that would otherwise remain tightly shut; it will mark one as a gentleman or a lady instead of a boor.

*Consideration for others.* The rush and bustle of modern business have shortened the length of the day to a point where time is at a premium. In the endeavor to get the

day's work done in a day's time, many people have succeeded in eliminating all "unnecessary" acts and words until all that is left are orders and action. Such people feel that courtesy is a waste of time; that life is too short to permit consideration for others; and that so far as a desire to please is concerned—if others don't like it, they know what they can do. Arrogance—for that is all it is—is the curse of untrained power and wealth. A little success is dangerous to many people, who feel that at last they have found the lodestar of success, and that from now on nothing can stop them. Their disregard of others is appalling, and often the only curative for such a person is to run up against another pirate with similar ideas, who by superior brute force overwhelms the first.

Some people feel that to show consideration of others is a sign of weakness. On the contrary, it is an evidence of character, and it is often rewarded handsomely. It is better to have friends working for you than enemies working against you; and no one ever made a friend of a person by showing him a lack of consideration.

**The desire to please.** The desire to please is a happy possession of those who have pleasing personalities. Again, this does not mean that one must do what intelligent thought tells him is unwise. One's own interests are almost always paramount; but in contacts with others, a desire to please will help in developing a pleasing personality. And a desire to please starts with a willingness to make the effort. A young man whose attitude is expressed by the question, "Why should I?" will sooner or later find that the number of opportunities which come his way are steadily diminishing and will eventually cease. Every opportunity for service to others should be carefully considered, not for what you are to get out of it, but for the satisfaction and friendships and increased capacity which will come to you.

**Summary.** Personality is the reflection of your individuality upon those people with whom you come in contact. A pleasing personality means that the effect upon those around you is pleasing. The importance of personality in business lies in the necessity for making others like you, believe in you, and be willing to help you. Between two persons of equal abilities, the one with the better personality is more likely to be chosen. The elements entering into your personality are your appearance, the interest you show in others, and a desire to please. A good appearance is helped by personal cleanliness and neatness, by wearing becoming clothes appropriate to the occasion, by a confident (but not arrogant) bearing, and by the quality of your voice. It is possible for anyone who is in earnest to develop a good personality, regardless of any ordinary handicap he may think he possesses.

## Personality Standards

### Some Personal Questions

1. Am I physically fit? Am I up to the standard for my age in weight and height?
2. Am I fond of outdoor recreation? Do I excel in any athletic games?
3. Have I decided on my vocation? Am I doing anything that is directly preparing me for my life work?
4. Am I neat and careful in my work? Do I give enough and yet not too much attention to my personal appearance?
5. Am I a coward physically or mentally? Do I have the tenacity and will power to stick to my work and face difficulties?
6. Do I perform my mental and physical work to the extent of my possibilities? Am I above the standard in my line of work?
7. Am I a shirker? Am I interested and attentive to detail, or am I looking for the easy job?

8. Am I punctual in all my work and appointments? Have I attended school or kept other engagements for several years without failure?

9. Am I a knocker or a grouch? Am I as cheerful and polite at home as I am with strangers or in business?

10. Do I choose the right kind of associates? Am I fond of gambling or any game of chance?

11. Do I enjoy reading good books or magazines? Am I interested in the things that have made others successful?

12. Am I fond of music or art? Do I have a hobby which may be of permanent value?

13. Do I control my temper? Am I invariably courteous to others?

14. Am I truthful at all times? Do I deceive myself as to my honesty?

15. Am I accurate and rapid in my work? Am I interested in improving my efficiency?

16. Did I ever get a job by my own effort? Am I capable of filling some position well? Have I cultivated my observation and memory?

17. Am I loyal to my employer and friends? Can I be relied upon in time of trouble? Do I talk too much?

18. Have I a savings bank account? Do I save money because I am stingy or selfish? Do I want money to spend in self-indulgence?

19. Have I formed habits of thinking and doing which may some time injure my health or character?

20. Do I wish to succeed for the purpose of showing off, to have an easy time, or to satisfy my ambition or appetites?

## Personality Standards

### Tests for Memory and Attention

If you use the muscles of your arm, they will grow strong, but if you tie up your arm in a sling, your muscles will grow flabby and weak, no matter how much you desire to have them strong.

If you do not use your mind, you cannot expect it to develop any more than your arm would grow strong in a sling. If you wish to see what you can do in the way of mind training, practice these exercises and make a record of your improvement from time to time.

1. As you walk by a show window, observe as many articles as you can and see how many you can recall afterward.

2. While riding in a street car, observe six or more advertisements. Close your eyes and see how many you can remember.

3. Whenever you meet a stranger, try to associate his name, face, or some striking characteristic with some known fact and remember the name as well as the face by the association of ideas. It is a valuable asset in business to be able to remember names and faces.

4. Have someone read to you numbers which contain six or more figures and see how many figures you can repeat without a mistake.

5. Read the following three words carefully once; then close the book and repeat each word: *incomprehensibility, phthisic, parallelopipedon.*

6. After reading the following instructions carefully, close the book, and follow the instructions without any error: Draw a square, a circle, and an equilateral triangle, each one inch in diameter. Connect the lower left-hand corner of the square with the lower right-hand corner of the triangle. If the area of the circle is greater than the area of the square draw a dot in the center of the circle.

7. Draw a square, a rectangle, a parallelogram, and a parallelopipedon and have only one figure when finished. Refer to the dictionary if you do not know the meaning of the words.

8. Read the following instructions once; then draw the figure without rereading the instructions: Draw a horizontal line two inches in length and bisect it. From the right extremity of the line draw a perpendicular one inch in height. Connect the upper extremity of the perpendicular with the point of bisection in the original line. From the left extremity of the original line drop a

perpendicular one inch in length. From the extremity of the last perpendicular drawn, connect the point of bisection of the original line.

## Vocabulary Exercise

Define or explain:

| | | |
|---|---|---|
| characteristic | individuality | pirate |
| face value | personality | symbol |

## Questions for Discussion

1. Why is personality important?
2. Name some conditions under which the possession of an attractive personality would be helpful.
3. Why should an employer prefer an applicant with a good personality?
4. What good would it do you to develop a pleasing personality?
5. Is personality the same as individuality? Explain.
6. Are good looks or beauty essential to a pleasing personality? Explain.
7. May one have personality when others are not around? Explain.
8. What is meant by the statement, "Personality is the reflection of one's individuality upon others"?
9. What are "individual characteristics"?
10. When may one be said to have a "pleasing personality"?
11. When is a person said to have a "striking personality"?
12. Does one's personality vary according to the company in which he finds himself? Explain.
13. What is a "wallflower"?
14. Have you ever been a wallflower? If so, what were your sensations?
15. What is meant by being "the life of the party"?
16. How does the use of friction matches illustrate personality?
17. Do you believe that personality can be developed? Why or why not?

18. Reconcile these two statements from the text:
    *a.* "Personality is not something you can put on and take off at will."
    *b.* "We all know people who have the reputation of 'turning on' their personality."
19. How does insincerity affect one's reputation?
20. Why do responsibilities flow to the person who is known to be trustworthy?
21. Why do business men insist upon sincerity and trustworthiness in their employees?
22. Name six essential characteristics of a pleasing personality.
23. Why is your appearance important?
24. What factors enter into "appearance"?
25. Why are first impressions lasting?
26. Why is it difficult to overcome unfavorable first impressions?
27. Is the following statement true: "It is what I am, not what I appear to be, that counts"? Why or why not? Explain.
28. Is a slovenly appearance a mark of genius? Explain.
29. Why are personal cleanliness and neatness important?
30. Do you really believe that persons who are careless about their personal appearance are merely lazy? (Look up in the dictionary the meaning of "lazy.")
31. What are some of the indications of neatness, or lack of it?
32. Are clothes an important part of one's personality? Why or why not?
33. What is the secret of choosing clothes?
34. What is the relation between simplicity, plainness, style, becomingness, and appropriateness, with respect to one's clothes?
35. When are expensive or extravagant garments justified?
36. What is meant by one's "bearing"? Why is one's bearing important?
37. What has one's voice to do with one's personality?
38. What are the characteristics of a pleasant voice?
39. How may one develop a pleasant voice?
40. Why is the interest you show in others stated to be the most important characteristic of a pleasing personality?

41. What is the quickest way to get in the good graces of another person? Do you believe it? Why or why not?

42. How may a person who "isn't interested" develop an interest?

43. What is adaptability?

44. Why is adaptability useful in business?

45. Should a retail-store salesclerk be adaptable? Why?

46. Name five other positions in which adaptability is desirable, and give your reasons for thinking so.

47. How may one get the reputation of being a good conversationalist without talking too much?

48. How can you tell whether or not you are a good listener?

49. In what subject do you think most people are interested?

50. Upon what subject do you think most people like to talk?

51. Do you believe that courtesy and politeness are nothing but habits? Explain.

52. How does the dictionary define "gentleman"?

53. To what extent should anyone show consideration for others in these busy days? Why?

54. Explain this statement: "Arrogance is the curse of untrained power and wealth."

55. What makes people arrogant?

56. What is meant by "the desire to please"?

57. What does the desire to please start with?

## Topics for Special Reports

1. Call on five persons in your town and ask each one these questions:

*a.* What is personality?
*b.* Is personality important?
*c.* How can I develop my personality?

In order to get as wide a range of experience as possible, let the persons you call on be representive of different occupations; for example, manufacturer, banker, lawyer, minister, doctor, merchant, and so on. After you have seen all five, compare the answers which each has given you with those of the others.

2. List ten business positions in which the possession of personality is desirable, and state your reason for each selection. You may wish to consult several business men for their opinions.

3. From any newspaper or magazine select three advertisements in which personality or some characteristic of personality is mentioned. In from twenty-five to fifty words, state your opinion of the truthfulness of each advertisement. Ask yourself if the desired result could be obtained in any other way.

4. Go to your local public library and make a list of five books concerned with personality. In your list state the title of the book, the name of the author, his position, the copyright date, the name of the publishers, and the number of pages in the book. Glance through each book quickly and then note on the list an appropriate comment, such as "looks interesting," "hard to read," "full of illustrations," "old," and so on.

5. Select any chapter from a book on personality and make an outline of the chapter. Then give a fifty-word summary of the chapter.

## Collateral Reading

BREWER, J. M., F. HURLBUT, and J. CASEMAN, *Elements of Business Training*, pp. 490–501.

CENTER, S. S., and M. J. HERZBERG, *Secretarial Procedure*, pp. 294–300.

CHARTERS, W. W., and I. B. WHITLEY, *Analysis of Secretarial Duties and Traits*, pp. 48–62.

HAMILTON, C. W., and J. F. GALLAGHER, *First Lessons in Business Training*, pp. 25–33; 95–104.

KIRK, J. G., H. B. BUCKLEY, and M. A. WAESCHE, *Introduction to Business*, pp. 85–96.

LOSO, F. W., C. W. HAMILTON, and P. L. AGNEW, *Secretarial Office Practice*, pp. 120–141.

MCNAMARA, E. J., *Secretarial Training*, pp. 51–61; 88–102; 191–203.

SPENCER, W. H., *Textbook on Law and Business*, pp. 25–45; 175–184.

TAINTOR, S. A., *Training for Secretarial Practice*, pp. 1–21.
TURNER, B. C., *The Private Secretary's Manual*, pp. 744–754.
ZUFAVERN, A. B., and A. E. BULLOCK, *Business Principles Everyone Should Know*, pp. 387–396.

## References

CARNEGIE, DALE, *How to Win Friends and Influence People.*
DAVIS, H. L., *The Young Man in Business*, pp. 162–172.
FREDERICK, J. G., *The Great Game of Business.*
GOWIN, E. B., *Developing Executive Ability*, pp. 293–361; 417–469.
LEWIS, E. S., *Getting the Most Out of Business.*
PURINTON, E. E., *The Triumph of the Man Who Acts.*
WILSON, E. B., *Getting Things Done in Business.*
WRIGHT, M., *Getting Along with People.*

## Problem

### ANALYZING PERSONALITIES

Copy the following form on a sheet of paper. Below the form, copy B, C, and D, leaving five blank lines after each. Do not write in the book. Read all the directions first.

On your paper, in the first column of the form, write the names of five persons, nationally known, who have a reputation for possessing unusual personalities. In the other columns check those personality characteristics which each individual possesses.

| A. Names | Appearance | Interest in others | Courtesy | Politeness | Consideration for others | Desire to please |
|---|---|---|---|---|---|---|
| 1. (Rule as needed.) | | | | | | |

B. Other personality characteristics of the persons named
C. Position or occupation of each person named
D. How you think these people acquired their personalities

If there are other characteristics which you think enter into the personality of any one of the persons named, write them on your paper under B after the corresponding number. In this way you will find out all the elements which give these people their personalities.

Under C on your paper write after corresponding numbers the position each of these persons holds.

Now write under D on your paper the ways by which you think these persons acquired their personalities.

1. Did you have much difficulty in recalling five persons of national prominence who were reported to possess unusual personalities? If so, what explanation can you give for this difficulty?

2. If you had chosen persons who are not now living, would your choice have been easier? Why or why not?

3. Suppose you had chosen persons, living or dead, who were or are internationally famous. Would your choice have been easier? Why or why not?

4. Suppose you had chosen persons living in your home town. Would your choice have been easier?

5. Let a committee make from the individual lists a class list. Look over the positions occupied by the persons chosen by the whole class and see if more than one has the same type of occupation. For example, how many are statesmen, how many are politicians, how many are clergymen, business men, authors, lecturers, and so forth?

6. If you find on your list that more than one person has the same type of occupation, how would you explain that fact? (Suggestion: Do some occupations lend themselves to the development or exposition of personality more than others?)

# Glossary of Business Terms

The business words and expressions here listed and briefly defined are in common business use. Familiarity with them and with their meanings will make it easier for you to understand what business men mean when they use these words and expressions. No attempt has been made to give an exhaustive definition, merely one that will make clear the usual meaning.

**account payable.** Our ledger account with a person or firm to whom we owe money for materials or services rendered us. Distinguish from notes payable, which see. See also ledger.

**account receivable.** Our ledger account with a person or firm who owes us money for materials or services we have rendered; frequently called customers' ledger. Distinguish from notes receivable, which see. See also ledger.

**accountant.** Any person engaged in accounting work.

**address stencil.** The plate or stencil used in an addressing machine and bearing the name and address of the customer or prospect.

**administration.** The management of a business by the owners or the highest-ranking officials.

**affidavit.** A written statement, to the truth of which the one making the statement has sworn or affirmed before a properly authorized officer, such as a notary public or justice of the peace.

**alphabetizing.** Arranging a list of names or words in strict alphabetical order.

**analysis.** The process of finding out what the object or problem analyzed is made up of.

**applicant.** Anyone who applies for something; usually refers to a person applying for employment.

**application.** Usually refers to the blank filled out by an applicant; it contains the information on the basis of which he expects to get what he is applying for.

**appropriation.** The sum of money allotted to a specific purpose, as, for instance, advertising.

**assessment.** An official valuation of property or income for the purposes of taxation; also, payments required from stockholders of a corporation that is being reorganized.

**at sight.** When presented for payment.

**atlas.** A collection of maps, bound together.

**auditing.** Usually, examining any bookkeeping or accounting work to see that the work has been done correctly or in accordance with the approved method; also, checking invoices to make sure that they are correct before approving for payment.

**auditor.** Anyone whose principal work is auditing; frequently the term used to designate the chief accounting officer of the company; see controller.

**balance sheet.** The statement of assets and liabilities; also called statement of condition or financial statement.

**bank discount.** See discount.

**bankruptcy.** The situation existing when a court has declared a person or firm to be bankrupt, i.e., insolvent, or unable to pay one's debts. Notice that insolvency is not bankruptcy unless so adjudged by the court. See insolvent.

**beneficiary.** A person entitled to the income from a trust estate, or to the proceeds of an insurance policy. See trustee.

**bill.** Usually an invoice, which see.

**bill of exchange.** Same as draft. The Negotiable Instruments Law defines a bill of exchange as "an unconditional order in writing addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time a sum certain in money to order or to bearer."

**bill of lading.** The agreement between a shipper and a carrier for the transportation of goods; it is in three parts—the original, the memorandum, and the shipper's order.

**bill of sale.** A statement, signed by the seller of personal property, that he has transferred his ownership to the buyer named, for a consideration. It is used to prove ownership, when necessary. It may be a formal document under seal, or it may be simply an invoice marked "PAID."

**billing.** Making out bills or invoices for goods or services sold.

**bin ticket.** A small card used in storeskeeping to show balance of stores on hand in the bin or shelf.

**blind index.** Refers to a card index in which only the tabs of the guide cards show. Compare visible index.

**blue book.** Another name for the social register, which see.

**board of trade.** Another name for a chamber of commerce, which see.

**bond.** The contract by which a surety company guarantees the faithful performance of the person or firm bonded; also, a sealed promissory note, usually of a corporation, with or without security for the payment of the note; when a corporation wishes to borrow a large sum of money for a number of years, it does so through investment bankers who divide the loan into several equal parts and issue "bonds," each bond representing one part of the whole loan. A loan of $2,000,000, for instance, may be divided into 2,000 bonds of $1,000 each; the investment bankers sell these thousand-dollar bonds to their customers. Sometimes $100 and $500 bonds are also issued, but the usual denomination is $1000.

**break in.** To instruct a new employee on work with which he is unfamiliar.

**budget.** An estimate of the expected income for a stated period, and of the things for which that income may be expended during the period budgeted.

**bulletin.** Usually, a brief official statement to inform those interested.

**business activities.** All activities connected with business, such as buying, selling, financing, manufacturing, etc.

**business conditions.** At any given time business is better or worse than it has been, or is the same; business conditions are said to be good if there are brisk trading, prompt payment of bills, and no serious uncertainties such as labor troubles, political agitation, financial difficulties, etc.

**by-laws.** The rules by which a corporation or any association is governed; they are drawn up by, and can usually be changed only by, the members.

**cable.** Submarine telegraph between continents.

**capital.** The total of a person's or firm's assets, less the total liabilities; same as net worth.

**capital rating.** A symbol representing a mercantile agency's estimate of the net worth of a person or firm.

**carbon paper.** A sheet of tissue paper, coated on one or two sides with lampblack; when placed face down between two sheets of paper, it will transfer to the lower sheet any handwriting or typewriting impressed on the upper sheet; used extensively in offices to make copies of letters and office forms at the same time the original is made.

**card index.** A set of cards arranged in some definite order (alphabetically, numerically, etc.) and containing references to information desired; frequently used as a card record, also, on which entries may be made. See also index, blind index, visible index.

**carrier.** The term usually applied to a railroad, express company, trucking concern, steamship line, or any owner of a conveyance regularly used to transport persons or things.

**cash discount.** See discount.

**cash mail.** That part of the incoming mail which contains checks, money orders, stamps, or cash.

**cash position.** A statement showing cash on hand, money coming in, and bills to be paid (money going out); it shows the cash position of the firm at the time the statement is made.

**cash voucher.** Another name for currency voucher, which see.

**cashier.** Usually, one who receives or pays out cash; in a national bank, the chief executive officer.

**chamber of commerce.** An association of firms and individuals interested in promoting the commercial progress of the community; sometimes called board of trade. See also trade association.

**charging.** The process of posting a charge sale to the customer's ledger account.

**chart.** A sheet of paper giving information by means of tables, lines, curves, squares, etc.; e.g., an organization chart shows the distribution of authority and responsibility in a group of people. See also graph.

**charter.** A document issued by the government authorizing the recipient to do certain things; the charter of a corporation is the authorization by the state to permit the corporation to engage in the activities stated, and a corporation may not legally engage in any business not stated in its charter.

**check.** A written order upon a bank to pay a stated sum of money to the order of a named person or to the bearer, at sight, i.e., upon presentation to the bank upon which it is drawn. See also draft.

**chronological.** In date order; usually refers to a file in which letters are arranged according to date.

**circular** and **circular letter.** Same as standard letter, which see.

**circularizing.** The process of preparing and mailing sales letters (formerly called circular letters or circulars) to a group of prospective customers.

**claim.** A more or less detailed statement of damages suffered and a demand for reimbursement. See supporting papers.

**classification.** The procedure by which material intended for filing is marked to show the class in which it belongs; also, the list of classes, e.g., a filing classification, a classification of accounts, etc.

**clerical work.** Same as office work, which see.

**clock watcher.** A derogatory term used to designate employees who watch the clock as it nears quitting time, in order to be

sure they do not work overtime. With scientific management requiring the completion of work upon schedule, clock watching has become necessary in order to see that work is completed on time.

**code.** A selection of letters, words, or numbers arranged in some definite order, each one designating a commonly used message of several words; used in telegrams to save the cost of a large number of words.

**collection.** The process of inducing or persuading a debtor to pay what he owes.

**collection agency.** The name given to a person or firm making a business of collecting debts for others; ordinarily used only as a last resort because of the harsh methods employed; forbidden in some states, as in Massachusetts.

**commission.** Usually, the percentage of a sale which is paid to the salesman for making the sale; no sale, no commission.

**commodity.** Any article that is bought and sold.

**communication.** The passing of a message or messages from one person or firm to another, whether by mail, telephone, telegraph, wireless, messenger, or in person.

**competition.** The rivalry of firms for the same business.

**compression slide.** Same as follower block, which see.

**comptroller.** Same as controller, which see.

**consignee.** The person or firm to whom a shipment is addressed.

**consignor.** The person or firm who ships the goods.

**contract.** The agreement between two or more competent parties (i.e., sane, sober, adults) to do or not to do something which they legally may or may not do (called the subject matter of the contract), in return for a consideration (i.e., anything of value, whether it be services, money, goods, property, or even a promise); such an agreement is enforceable in court.

**control.** The means by which an executive keeps in touch with, supervises, and directs intelligently the conditions and activities for which he is responsible, in order to make sure that his plans and policies are put into effect.

**controller.** Usually, the chief accounting officer of a corporation, responsible for seeing that proper records of the firm's affairs are kept and interpreted to the board of directors; also spelled comptroller. See also auditor.

**co-operation.** Another word for teamwork, the essence of which is that all persons work together in the interest of the group objective.

**corporation.** A fictitious person, created by the state and endowed with definite, limited powers, the two outstanding features being the limited liability of the stockholders, of whom there may be an unlimited number, and the perpetual existence of the corporation, except as limited by law, by its charter, or by vote of its stockholders. Contrast with partnership, which see.

**correspondence.** Letters or notes written by one person or firm to another.

**credit approval.** The permission granted by the credit department to ship goods to a customer on credit terms; often called credit O.K., which see.

**credit file.** The collection of papers, letters, documents, and reports concerning the financial and credit standing of a customer; usually kept in a folder, one for each customer, and filed in cabinets with similar folders for other customers.

**credit interchange.** See trade references.

**credit O.K.** Same as credit approval, which see; no shipment is permitted to leave the shipping room until the credit department has given its O.K.

**credit rating.** A symbol representing a mercantile agency's estimate of the reputation of a person or firm for paying his bills.

**credit transaction.** A sale in which the property sold is to be paid for at a later time, which may be in a stated number of days, months, or years, and in one payment or in several payments called installments, as determined by the terms of the transaction.

**creditor.** One to whom another, called the debtor, owes money.

**cross reference.** A reference to another place where additional information may be found.

**currency.** Money, coin, bank notes.

**currency voucher.** The slip which, when properly filled out and signed, authorizes the cashier to pay out money to the person presenting it; used in business offices for getting small sums for petty disbursements and larger sums for traveling expenses, etc.; the cashier is not supposed to pay out any money except on a properly approved currency voucher; also called cash voucher.

**current operations.** Refer to the operations of the business during the present year, month, or week.

**curve.** See graph.

**customers' ledger.** See account receivable.

**cut.** A zinc or copper reproduction of a type form or a picture, used in printing forms or pictures; so-called because in the process of making it, acid is used to cut away undesired parts. See also electrotype, half tone, zinc. The word is also frequently used to denote a decrease in pay.

**cylinder.** The wax roll used in dictating machines to record dictation.

**damage.** Usually, any breakage in a shipment; legally, the amount suffered by the party damaged.

**debtor.** One who owes money to another, called the creditor.

**delivery.** The actual depositing of goods purchased at the place agreed upon; in law, constructive delivery takes place where one person rightly attempts to make delivery which is wrongfully refused by the person who should accept delivery.

**demurrage.** The charge made by carriers for the delay in loading or unloading freight from the carriers' vessels, cars, or vehicles. See also spotting.

**department.** A group of persons brought together for the purpose of facilitating the performance of certain related activities under a department head.

**depression.** That part of the business cycle in which business is getting dull, and before recovery sets in.

**deputy.** One to whom certain duties and authority are delegated or deputized; frequently, a deputy has equal authority with the person whose deputy he is, within the limitations indicated by the appointment.

**destination.** The geographical point to which goods shipped are addressed.

**dictator.** One who handles correspondence by dictating letters to a stenographer or to a dictating machine.

**dictograph.** An electrical instrument like a microphone, which picks up words spoken at one point and transmits them to another point at which the words are reproduced in full volume; used to communicate between offices.

**directors.** Persons elected by the stockholders of a corporation to manage the affairs of the corporation.

**directory.** An alphabetical list of names or places to which the reader is directed for information, such as sources of materials, merchandise, or services.

**discount.** Any deduction from the list price; cash discount is allowed for payment within a specified time, usually ten days; trade discount is the deduction allowed to the trade, i.e., by a manufacturer to a wholesaler or retailer, or by a wholesaler to a retailer or to another wholesaler; bank discount is the interest deducted by the bank when it makes a loan,—bank discount is always deducted in advance, whereas interest is usually paid after it has been earned.

**discrepancy.** Any disagreement in figures or in actual performance compared with what was expected.

**dishonor.** When a person obligated to accept or pay a note or draft refuses to do so, he is said to dishonor it. See honor.

**distribution.** In accounting, the allocation to proper ledger accounts of items of income or expenditure.

**dividend.** A payment to the stockholders of a corporation as declared by the directors out of the corporation's earnings.

**draft.** The common name for a bill of exchange; a written order by one person, ordering another person to pay a stated sum of money to himself or to a third person at a definite

time. A check is a sight draft drawn on a bank. See also check and sight draft.

**draw off.** In accounting, used to designate the operation by which information from the books or reports is copied for inspection or other use.

**efficiency.** The extent to which effort or work expended brings results in relation to the established standard.

**electrotype.** A thin, copper shell, filled with type metal, exactly reproducing an original copper half tone or type form, and made by electrolytically depositing copper upon a wax or papier-mâché impression of the original; used in long runs of printing instead of the original, which might become damaged or worn. See also cut, half tone, zinc.

**employee.** One who is employed by another.

**employer.** One who employs one or more other persons.

**equipment.** In an office, desks, chairs, tables, filing cabinets, office appliances, and machinery.

**executive.** Any person who directs, supervises, or is responsible for work of one or more other persons; the plural form often, but not necessarily, refers to the heads of a business.

**expansion.** The increase in a concern's organization or facilities in order to handle more business; the opposite of retrenchment, which see.

**experience.** Knowledge, skill, and caution gained by working. Note that these same benefits may frequently be obtained by observing or remarking the experience of others—a less expensive method. See training.

**expert.** One who has more knowledge or skill in a certain field than the average person.

**express.** A quick form of transportation service providing pick-up, special care, security, and rapid delivery.

**extension.** In accounting, the figure obtained by multiplying the number of units shown on an invoice by the price per unit. See also footing.

**extension lines** (telephone). See trunk lines.

**fabrication.** Another name for manufacturing, which see.

**face value.** The value of anything judged according to its appearance, i.e., on its face; the face value of a check or note is the amount shown on the face of the check or note; its actual value lies in the fact that it will be paid when properly presented for payment.

**fee.** A charge for services rendered.

**filed.** Refers to the delivery of a message to a telegraph or cable company for transmission; usually in the phrase "the time filed."

**filing.** The operations involved in arranging letters, papers, documents, or records according to some definite system of classification, in order that they may be found quickly when wanted.

**fill-in.** The name and address of a person or firm typed in on a circular letter. See standard letter.

**financial statement.** Another name for balance sheet, which see.

**flat file.** See vertical file.

**folders.** Tough, heavy paper folded to provide a convenient receptacle for letters and papers filed, of a size to fit the filing cabinet, and usually provided with projecting tabs to show the contents.

**follower block.** The wooden block or metal sheet in the back of a vertical-filing cabinet drawer which may be moved back and forth to hold the folders in a vertical position; also called compression slide.

**follow-up.** After the first step, any subsequent steps taken to bring about the desired results, such as a follow-up letter, a follow-up file, etc.

**footing.** The total of any column of figures; probably more frequently used in connection with invoices, to refer to the total of the column in which extensions appear. See also extension.

**form letter** and **paragraphs.** See standard letter and standard paragraphs.

**forms.** Printed sheets with blank spaces, used in offices to save unnecessary writing; e.g., receipts, invoices, order blanks, etc.

**freight.** Goods sent by boat, railroad, or truck (not express).

**function.** That which a person, firm, or thing is expected to do.

**gazetteer.** A geographical dictionary giving the names of places, the pronunciation, location, population, and also sometimes a brief historical note.

**graph.** A diagram or chart showing changes in relation to quantity and time; often called a curve.

**guide.** In filing, the stiff guide card which shows what is filed behind it.

**half tone.** A copper reproduction of a photograph, used in printing. See also cut, electrotype, zinc.

**honor.** When a person obligated to accept or pay a note or draft does so, he is said to honor it. See dishonor.

**in transit.** Refers to the status of a shipment from the time the carrier receives it for transportation until it is delivered to the consignee or placed in storage by the carrier for the consignee.

**income sheet.** Same as operating statement, which see.

**index.** An alphabetically or numerically arranged source of reference to desired information. See also blind index, card index, visible index.

**individuality.** Those characteristics which distinguish one individual from another.

**inquiry.** A request for information.

**insolvent.** Unable to pay one's debts. The Uniform Sales Act states: "A person is insolvent who either has ceased to pay his debts in the ordinary course of business or cannot pay his debts as they become due, . . . whether he is insolvent within the meaning of the federal bankruptcy law or not." Under the federal bankruptcy law a person is insolvent if his total assets are not enough to discharge his total liabilities.

**installment.** When a sum of money is to be paid in parts at stated times, each part is called an installment. See credit transaction.

**instructions.** Directions given by one person to another as to ways of doing something.

**intrahouse.** Within the company; usually used in referring to correspondence, instructions, stationery, etc.

**inventory.** A list of materials, merchandise, or other things on hand; sometimes referred to as an invoice. See perpetual inventory and physical inventory.

**invoice.** A list of the items shipped on an order, showing also the price and quantity of each item, the date of shipment, terms, how shipped, etc.; often called a sales invoice by the seller, who makes it out, and a purchase invoice by the buyer, who receives it from the seller; same as a bill; also sometimes refers to an inventory, which see.

**item.** One of several things of the same kind; e.g., the items in an invoice; a newspaper item; etc.

**judiciary.** Refers to any group of judges.

**key town.** A town selected by the telephone company as a center from which several telephone calls may be made to the surrounding area in selling by telephone.

**keying.** The use of symbols in reply coupons or sales letters to identify the publication in which an advertisement appears or the source of an inquiry.

**knocked down.** Not assembled; e.g., a table, when shipped knocked down, takes less space in a freight car than when set up. Often abbreviated, as K.D.

**lead** (lēd). Information which may lead to a sale or other desired action.

**ledger.** The book of accounts, in which are brought together and classified all bookkeeping entries; frequently refers to the accounts receivable ledger, containing the details of our transactions with charge customers. See also accounts receivable and accounts payable.

**ledger experience.** Term used by credit men to designate their experience with a charge customer, such as how he pays his bills, the largest amount recently owing, etc. See also trade references.

**legible entry.** An entry which can be read. The opposite of legible entry is illegible entry.

**legislation.** Refers to the making of laws by a law-making body; frequently used to refer to a group of laws, e.g., recent legislation.

**letterpress.** Refers to a copy made by pressing an original letter or document written or typed with copying ink, against a moistened sheet; used instead of carbon paper by some offices.

**line of credit.** The maximum amount of credit which a bank or business house will extend to a specific customer.

**loose-leaf system.** A system consisting of sheets of paper (loose leaves) with holes punched at one side or the top, through which rings or posts are passed to keep the sheets together, permitting the arrangement of sheets in any desired order, as well as the insertion or removal of any sheet or sheets without disturbing the arrangement.

**mailing list.** A list of names and addresses used in mailing circulars and announcements to customers and prospects.

**mail-order selling.** Selling through the mail instead of through salesmen.

**management.** That function which determines what is to be done, plans how and when it is to be done, selects the person or persons who are to do it, trains and directs them, and exercises control over the plans, the organization, and the results.

**manila.** Paper made from the fiber of a Philippine tree; usually refers to so-called yellow railway manila, a cheap yellow paper often used for carbon copies of letters.

**manual.** A handbook of instruction and information.

**manufacturing.** The making of articles by hand, by machinery, or by a combination of processes; often called fabrication, and frequently, production.

**medium.** In advertising the means used, such as magazines, newspapers, etc.; in bookkeeping, posting medium refers to the duplicate invoices, credit memorandums, or other written memorandums from which entries are made in the ledger.

**memorandum.** A notation made on a slip of paper; literally, a reminder.

**mercantile agency.** A source of information about the credit and financial standing of individuals and firms engaged in business.

**merchandise.** Any goods which are bought and sold.

**merchant.** One who buys and sells merchandise.

**model letter.** A letter, carefully typed, placed in the hands of typists and stenographers to show them how their employer wants his letters typed.

**money order.** A form used in transmitting money safely from one point to another, provided by the post office, the express companies, and the telegraph companies.

**monthly statement.** A copy of the ledger account of a charge customer, sent him on the first of each month and showing purchases and payments or other credits made in the previous month, as well as the balance owing.

**mortgage.** A conditional deed which transfers title to property from one person to another, as security for the payment of a debt, with the provision that if the debt is paid, the title goes back to the one who gave the mortgage.

**mortgage bond.** A promissory note under seal, secured by a mortgage.

**net result.** What is left after all charges, deductions, and allowances have been made.

**net worth.** Total assets less total liabilities. See also capital.

**note payable.** A promissory note, from the viewpoint of the person who is liable for its payment.

**note receivable.** A promissory note from the viewpoint of the person who has the right to receive payment.

**notes payable.** The ledger account in which is entered every memorandum of a note payable. Distinguish from account payable, which see.

**notes receivable.** The ledger account in which is entered a memorandum of every note receivable. Distinguish from account receivable, which see.

**obligation.** A duty which one is obliged to perform.

**office service.** The service rendered generally to all departments of a business and including usually telephone, messenger, mail, filing, stenographer, general clerical, stationery stock, and sometimes janitor service.

**office system.** The various routines of an office, taken as a whole. See also procedure, routine, system.

**office work.** Any work usually carried on in an office (though not necessarily so) and concerned with writing, recording, communicating, filing, and computing; often referred to as clerical work, since it is done by clerks.

**open account.** When arrangements have been concluded for charging purchases, an account is "opened"; such purchases are frequently referred to as "made on open account."

**open item.** Entries on a charge account which are still "open," i.e., not settled nor closed.

**operating statement.** The statement of income and expenditures, showing the profit or loss from the operation of the business for the period covered; also called income statement, income sheet, or profit and loss statement.

**operation.** The work by which something is done.

**order analysis.** The inspection of orders received from customers, to determine whether they can be filled from stock, can be manufactured, or must be purchased.

**order register.** A book in which orders are entered as they are received, and from which the order number is obtained.

**organization.** A group of people working toward a common end. A good organization is a group of people, each of whom knows what he is to do, how to do it, and when to do it, under a competent leader. The term is also often used to indicate any group, firm, or association; e.g., "in the organization." See chart.

**packing slip.** A sheet of paper, usually a copy of the order, enclosed with goods in a shipment, to show what has been packed in the bundle, box, or crate.

**parcel post.** The service of transporting parcels of a limited size by the post office.

**partnership.** An association of two or more persons in a business where each partner shares in the net profits of the business. The outstanding features of a partnership are the sharing of net profits of the business, the unlimited personal liability of each partner for all the partnership debts, the power of each partner to bind the firm as a general agent of the partnership, and the fact that the partnership is instantly dissolved by the death, disability, or withdrawal of any partner. Contrast with corporation, which see.

**pay roll.** The list of employees, prepared weekly, biweekly, or monthly, showing the time each employee has worked during the period covered, his rate of pay, and the amount he has earned.

**pep letter.** A letter written by the sales manager to a salesman in an endeavor to encourage or "pep up" the salesman to renewed or greater selling effort.

**periodical.** Any publication issued regularly at intervals greater than a day.

**permit indicia.** The imprint appearing on the upper right-hand corner of an envelope in place of a postage stamp.

**perpetual inventory.** A record of items kept in stock, showing quantities received, issued, and balance on hand; often shows also quantities allotted to certain orders, even though not yet actually taken out of stock. If accurately kept up to date, a perpetual inventory makes unnecessary the frequent taking of a physical inventory, which see.

**personality.** The reflection of a person's individuality upon those with whom he comes in contact.

**personnel.** All the persons in any organization; often used to denote the "rank and file" of employees, i.e., those under the rank of executive; but strictly speaking, the word includes everybody in the organization.

**petty cash.** A stated sum of money kept in the cash drawer from which incidental payments may be made, making unneces-

sary the drawing of a check each time it is necessary to pay out small sums. No payments are made without a properly authorized currency voucher, which see.

**physical inventory.** The actual counting of stock on hand, piece by piece, or unit by unit, done weekly, monthly, semi-annually, or annually, in accordance with the custom or requirements of the business concerned. Distinguish from perpetual inventory, which see.

**pirate.** In business, refers to one who makes unauthorized appropriation of another's work.

**policy.** That which determines what shall be done under any given circumstances.

**politics.** In business, refers to the situation which exists where one or more individuals in an organization play other individuals against each other to the advantage of the person or persons playing politics.

**posting.** Making an entry in a ledger or other account, using information previously recorded elsewhere, as in a journal.

**pressboard.** A tough, hard, smooth-surfaced sheet used for guides in filing cabinets, and obtainable in several degrees of thickness called plies; e.g., one-ply, two-ply, three-ply, etc.; frequently used for stenciling names and addresses on boxes and packing cases intended for shipment. See stencil.

**pricing.** The operation of looking up the price of each item on an order and writing the correct price opposite the item. This may be done before the order is "put through," or after the order has been shipped, just before making out the bill.

**problem.** Any situation which requires statement, analysis, and solution.

**procedure.** The steps to be taken in doing any work or in solving any problem. See also routine, system.

**production.** Another name for manufacturing, which see.

**profit and loss statement.** Another name for operating statement, which see.

**proof.** In accounting, a check on the accuracy of the work done; in editing or advertising, an impression of type set, so that errors or changes may be more easily made, and also that one may get a clearer idea of how the finished printing is going to look.

**purchase invoice.** When we buy something we receive an invoice, which to us is called a purchase invoice; the purchasing department checks all purchase invoices to make sure that the items billed were ordered, received, and correctly priced. See invoice.

**purchase requisition.** See requisition.

**putting in work.** An expression frequently used in manufacturing companies to indicate that an order has been started on its way through the factory or shop.

**quota.** A standard of accomplishment set for salesmen and others.

**quotation.** The price at which a supplier offers to furnish an article.

**radiogram.** A wireless message.

**rate.** In traffic-department work, the price per hundred pounds which a carrier charges for transporting goods in his vehicles; in advertising, the price per line, inch, or page which a publisher charges for the insertion of an advertisement.

**rating book.** A book published by a mercantile agency, giving the agency's estimate of the credit and financial standing of the persons and firms listed in the book.

**record.** Any written entry.

**references.** Persons or firms to whom one refers other persons or firms for information about himself.

**registered mail.** Letters or parcels for which the post office has given a receipt to the sender and for which the post office will, upon request and payment of an additional fee of three cents, obtain a receipt upon delivery to the addressee and send that receipt to the sender as proof of delivery. If the letter or parcel should be lost, as indicated by its nondelivery, the post office will pay the sender the

declared value up to the amount of the fee paid; any amount up to $1000 may be covered, and the fee varies accordingly.

**regulation.** A rule for regulating conduct.

**remittance.** A sum of money sent or received, whether in the form of cash, stamps, check, or money order.

**remittance slip.** A memorandum accompanying a remittance, stating the amount of the remittance, for what it is in payment, and who is to be credited.

**report.** To present information as to conditions or progress, or as the result of an investigation.

**requisition.** A request to supply something; e.g., a purchase requisition is a request upon the purchasing department; a stock requisition is a request upon the stock department.

**research.** Investigating, experimenting, and collecting facts, sifting them, and analyzing them to discover the truth.

**reserve.** In storeskeeping, the quantity of any item which is determined as sufficient to last while a new supply is being ordered; it is usually plainly marked so that the supply will not run out before the new supply arrives.

**retailing.** The sale of goods in small quantities, direct to the consumer.

**retrenchment.** In business, the restriction of operations and the elimination of many activities which cost money, in an endeavor to keep down to a minimum the payment of money, a procedure usually resulting in the release of employees; cutting down; the opposite of expansion, which see.

**route.** In traffic, a way or road by which shipments are sent; in order handling, the sequence of operations or departments through which an order passes.

**routine.** A series of steps or operations taken in performing the same kind of work the same way, day after day. See also office system, procedure, system.

**salary.** A regular weekly, semimonthly, or monthly payment of a stated sum for services; often reckoned by the year, even though paid as above stated. Distinguish from wages, which are usually reckoned by the piece, hour, or day.

**sales invoice.** When we sell something, we send to the customer an invoice, which we call a sales invoice, since it is made out in the sales department and represents a sale. See invoice.

**salesmanship.** Selling ability.

**schedule.** In management practice, a list of duties or steps in the order in which they are to be performed, together with the times at which each one is to receive attention.

**seasonal.** Varying with the seasons.

**secretary.** A personal assistant who performs duties and services intended to facilitate the work of the person served.

**securities.** Stocks and bonds.

**service.** Prompt attention to the requirements of a customer or others entitled to such attention.

**set up.** Assembled. Compare with knocked down, which see.

**shipment.** Anything shipped, i.e., sent by parcel post, express, freight, or truck.

**shipper.** The person or firm sending a shipment; often refers to the shipping clerk, who is in charge of the department which sends out shipments.

**shipper's order.** The name given to that copy of the bill of lading which the carrier keeps as its copy of its contract with the shipper. See also bill of lading.

**shipping directions.** How a shipment is to be sent and when it is to be shipped; they usually accompany each order.

**shopper.** A person who shops for others who are unable to do their own shopping; a person employed by a retail store to make comparisons between merchandise carried by the store and that of its competitors; the first is called a "professional" shopper and the second, a "comparison" shopper.

**shortage.** Refers to items missing from a shipment upon arrival at its destination.

**sight draft.** A draft payable upon demand. See draft and check.

**social register.** A directory of persons living in certain streets or sections of a town or city, or who are socially prominent; often called the blue book.

**specialist.** A person who specializes in one or two activities, as compared with a person who engages in many activities.

**spotting.** The placing by a railroad of freight cars at spots designated by the shipper or consignee for convenient loading or unloading, usually on a sidetrack or on a spur track at the shipping or receiving platform of the concern. See also demurrage.

**standard.** A level of excellence established for accomplishment; that by which other things are measured; e.g., a standard of length, a standard of speed, and so on.

**standard letter.** A form letter prepared to cover a specific set of circumstances requiring the writing of a similar letter to several correspondents, as in sales, acknowledgments, adjustments, collections, etc.; often called form letter, circular letter, circular, etc.; may be made up of standard paragraphs, which see.

**standard paragraphs.** Paragraphs prepared to cover circumstances which recur frequently; used to save time in dictating letters; often called form paragraphs.

**standard practice instructions.** When a method of performing any piece of work has been selected as the best way of doing that work, the method is adopted as standard practice, and the instructions for doing the work by the standard method are written down and called standard practice instructions, so that every worker who follows them will do the same work in the same standard way.

**standardization.** The process of reducing to an established standard.

**statement.** See monthly statement, operating statement, balance sheet.

**statistics.** Figures which, when properly arranged in tables, columns, charts, or diagrams, will show conditions and enable the reader to interpret the significance of the figures.

**stencil.** A specially prepared paper through which letters and pictures may be cut preparatory to printing on a mimeograph or similar stencil-printing device; also, letters cut in press-

board which may be transferred to a packing case by brushing with a stiff brush dipped in stencil ink.

**stenographer.** A person who takes dictation in shorthand and transcribes it.

**stenographer-correspondent.** A stenographer who also writes letters of her own composing.

**stock.** In finance, the evidence of ownership in a corporation; in trading, merchandise on hand.

**stock maintenance.** In storeskeeping, the keeping on hand of a sufficient supply of materials or merchandise to meet all ordinary requirements.

**stock requisition.** See requisition.

**stockkeeping.** Same as storeskeeping, which see.

**stopover.** The privilege, arranged for beforehand, of breaking a railroad trip at some desired point and resuming the trip later on within a reasonable period, which may be the same day, the next day, or the next week or month, depending upon circumstances and upon the understanding with the railroad.

**storage.** Keeping in a safe, accessible place materials or supplies not immediately needed.

**storeskeeping.** The work of keeping merchandise, materials, or supplies in stock or in storage; often called stockkeeping.

**stuffing.** Placing posting media such as duplicate invoices in the ledger at the proper places so that the machine bookkeeper can concentrate on posting.

**subdivision.** In filing, a breakdown of the system of notation, e.g., A into Am, Az; S into Sa, Se, Si, Sl, So, St, Su, Sw; 8 into 8.4, 8.7; 10 into 10.76, 10.89; and so on.

**success.** Attaining the standard of accomplishment set by oneself or by others.

**summary report.** A condensed report showing only the total figures and not the details.

**supervisor.** One who supervises the work of others, to see that the work is done in accordance with the prescribed standard, and that the workers are not unnecessarily idle.

**supplier.** A source of supply of any desired item.

**supporting papers.** Information in the form of figures, statements, affidavits, or reports which confirm the claim made. See claim.

**survey.** An investigation of conditions in an endeavor to discover the existing situation and ascertain what must be done to improve it.

**symbol.** A letter, character, or mark representing something else.

**synonym.** A word which means almost the same as another word.

**system.** All or any part of the methods, routines, and procedures by which work is accomplished, especially when interrelated parts are brought together and co-ordinated. See also office system, procedure, routine.

**tabulating.** Arranging in systematic form, usually in columns.

**tariff.** In traffic work, a schedule of rates or charges.

**technical departments.** Departments of a business whose work is more of a technical nature than clerical; refers to the accounting, credit, manufacturing, purchasing, sales and advertising, and traffic departments, as distinguished from the filing, mail and messenger, stenographic, and telephone departments of the office.

**telautograph.** An electrical communicating device which transmits messages written by hand from the point of writing to another point, where the handwritten messages are reproduced identically as written.

**telephone information.** The name given to the operator in the central telephone office who is prepared to inform any inquirer of the telephone number of a desired person or firm not listed in the telephone directory, or whose number has been changed.

**telephone subscribers.** Persons or firms who contract with the telephone company for telephone service at their homes or offices.

**teletype.** A machine with a typewriter keyboard which transmits messages as typed on the machine to any other point where there is a similar machine, which in turn types the message on a tape or sheet of paper.

**terms.** In credit work, the length of time a buyer may have in which to pay for his purchases; often includes special or regular discounts and allowances.

**territory.** A geographical section assigned to a salesman, a representative, a correspondent, or a sales branch.

**thesaurus.** A dictionary of words which gives practically every shade of meaning of each word listed, including nearly all, if not all, synonyms of the word.

**tickler.** Any one of a number of devices for "tickling" the memory, such as a follow-up file, a dated memorandum book, a desk-calender pad, a diary, and so on.

**trade association.** An association of firms and individuals interested in promoting the interests of their particular trade; usually national in character, as distinguished from chambers of commerce and boards of trade, which are usually local unless otherwise indicated.

**trade discount.** See discount.

**trade references.** Firms in the same trade to whom an applicant for credit refers for information about his credit standing; also called credit interchange. See also ledger experience.

**training.** Instruction under a competent instructor, with opportunity for practice under supervision. See experience.

**transcriber.** A typewriter operator who types material dictated to a dictating machine.

**transferring.** The operation of clearing current files of material over a certain age to make room for more recent letters and papers.

**transportation.** The act of carrying goods or passengers from one point to another.

**trunk lines.** The telephone wires running from any subscriber's office to the central office of the telephone company; distinguish from extension lines, which are wires running from the subscriber's switchboard to other parts of the building or plant.

**trustee.** One in whose hands property is placed in trust for a certain purpose and for the benefit of one or more persons called beneficiaries. The trustee may be limited by specific

instructions or he may be free to exercise his discretion, according to the terms of the declaration of trust.

**unit.** One individual in a group, or one group in a number of groups; for example, a department is a unit in a concern with several departments; a section is a unit in a department with several sections; an individual is a unit in a section containing two or more individuals; likewise, a corporation may be a unit in a group of corporations. Again, in any quantity of articles, all alike, one article would be a unit; hence, the term, "unit price," meaning the price for one article or unit.

**vault.** A fireproof and burglarproof chamber made of brick or steel for storing valuable and irreplaceable records. If part of a building, it is usually located below the surface of the ground, although it may be in the superstructure, in which case it is supported in such a way that if the building burns, the vault still remains intact, without falling to the ground.

**vendor.** The seller.

**vertical file.** A file in which letters are filed on one edge, in folders, in contrast to the "flat file," where papers lie flat in the drawer.

**visible index.** An index, usually of single line references, in which each line is completely visible, making reference very quick. Compare blind index.

**visible record.** A record consisting of cards or loose leaves, so arranged in trays, cabinets, stands, or binders, that a reference line on each card or leaf is visible, as in a visible index. The rest of the card or leaf is not visible, but is quickly found by the reference line.

**voucher register.** A record of invoices payable, showing desired details such as date, amount, date due, distribution, etc.

**wages.** Money paid for services rendered by the hour, day, or piece. See salary.

**warranty.** A guaranty by the seller that the goods he is selling are as represented.

**wholesaling.** The purchase or sale of goods in relatively large quantities; usually selling to retailers rather than to consumers.

**wire.** Often used to mean a telegram or cablegram, or to send such a message.

**wireless.** The method of transmitting messages by means of radiotelegraphy or radiotelephony.

**yield.** The return on an investment; for example, a six-dollar annual income on an investment of $100 is said to yield 6%. The yield on any investment may be found by dividing the annual income by the amount invested.

**zinc.** A reproduction of a line drawing used in printing; made of zinc by an acid-etching photographic process. See also cut, electrotype, half tone.

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