

## MAXIMS FOR MERCHANTS.

To keep fully posted on all matters pertaining to your business is the fundamental principle on which to build successfully. The way to keep posted is to read. There are always some people who know a few things that others do not, and occasionally you will find one or two of them giving their views to the public through the press. Therefore, the way to keep posted is to read the papers, especially the trade papers. The merchant who cannot find time to read his trade paper will surely miss something that would be of value to him. He ought to read the advertisements as well as other matter. One of the most successful implement dealers in Illinois, who started a few years ago with \$500, and who is now rated at from \$10,000 to \$20,000, attributes his success largely to the fact that he made it a point to study the advertisements in trade papers. In this way he never missed anything new, and was always prepared to furnish everything his customers called for. He kept up a constant correspondence with manufacturers whose advertisements appeared in the papers from time to time, obtained quotations on every implement that might be wanted, and when a customer asked for a price on any article that was not usually carried in stock, he did not have to say, "I will write and find out." His letter files contained not only the price but information concerning the implement as well, and he could talk up its merits and advantages almost as well as if a sample machine was before him. Children are sometimes overcharged with information, but there never was a merchant who knew too much about the business he followed.

—*Canadian Trade Review.*

## BOOK-KEEPING.

A great many men are apt to under-rate the importance of keeping accurate accounts in every business concern. In a factory, the manufacturer and salesman are looked up to as the most important factors in securing success, and the financial man is often considered as a sort of fifth wheel to a coach. But a good many of the failures which occur may be traced to want of efficient financial management and the unreliable character of the books kept. One of the recent heavy insolvent estates, out of which the creditors will probably not get a cent, is said, by one of the inspectors, to have been \$10,000 behind two years ago. Now, either the insolvent did not have sufficiently accurate book-keeping to know his true position, or his proceedings for at least two years have been fraudulent. Many men, otherwise well versed on business, look on book-keeping as a needless expense and bother, and consider that any school boy who can write and figure is sufficiently capable to take charge of a set of books. They do not realize that accountancy is a profession that requires aptitude and practice, and that many a trade is far more easily picked up. An instance has come to our notice within a few days. A firm which has been running a manufacturing and supply business for a couple of years at last engaged a book-keeper, and confessed to him that they did not know how the business stood, as they had not kept any

books beyond memoranda of payments and receipts. They felt sure they had made money, as the stock was paid for; there was a balance in the bank and a good many accounts were owing to them. The book-keeper despairing to get order out of such chaos, started afresh on the double-entry system; but speedily found, that although he was held responsible, his employers occasionally lent him a helping hand by entering up receipts and invoices—but they entered up directly into the ledger. Although he pointed out the mistake of such a want of system, and said he could not answer for the correctness of the books under such divided management, he could not persuade his employers of the mistake, and accordingly he left. Now, this is a case in point, and illustrates our argument. If the book-keeper had suggested his ability to run the factory and take a hand in a complicated process of which he was ignorant, he would have been laughed at for his meddling; but keeping books is considered like editing a paper—anyone can do it. Under the English Bankruptcy Act, any insolvent who does not produce an intelligible set of books is not allowed to start business again, being considered too ignorant or too fraudulent to enter into competition with others. This would be a good addition to the proposed Insolvency Act here.

—*Montreal Trade Bulletin.*

## WHY MERCHANTS FAIL.

The New Haven *Palladium* has the following editorial contribution from Mr. Geo. Henderson, the New Haven manager of the mercantile agency of R. G. Dun & Co. It has interest for every active business man:—

Statisticians claim that ninety per cent. of all who enter mercantile pursuits make a failure. This is an appalling statement, and, if true, some good cause for it must be patent. The changes in business concerns throughout the United States and Canada are computed at two thousand per day. Not necessarily are all these failures, for included in the changes are dissolutions, retirements, deaths, changes of ownership, and fires. There are at the present time nearly 1,217,000 business names in the two countries, and that about one-half of these should be involved in changes during the course of three hundred working days is remarkable.

Personal environments seldom alter the individual financial condition of a merchant, except in so far as rises in values are concerned, hence as thorough a knowledge of the character, capacity and capital of a debtor as can be had is as inseparable to the dispenser of credit as a compass is to a mariner. Business operations are becoming more and more ephemeral in their character, consequently more faith is needed in the transaction thereof, and faith without knowledge is simple superstition—a rudderless vessel intended to widen commerce upon.

The great number of failures is not among men of limited means, but among men of limited knowledge. Abundance of capital at the start is not essential to a successful business man. A good character, an industrious disposition, economical habits, and a knowledge of the business

undertaken are qualifications that capital cannot make amends for. Take, for example, a mechanic making good wages. He has been able to save a few hundred dollars. He is allured into the belief that keeping a shop is an easy life, and all that is necessary is to tie up a few parcels to do business. Ten chances to one he pays too much for the old stock to begin with. He knows nothing of values. He is easily overstocked by energetic salesmen. He has not learned to say "no" to undesirable credit risks. His paltry savings are soon represented by figures on the wrong side of the ledger. He has to depend upon immediate sales to liquidate current obligations. A few dull days overtake him and his paper is protested. This compromises his credit, then where is he?

An assignment follows, stock is seized by creditors, and he is out of the business penniless and with a dear bought experience. These scenes are repeated day after day in almost every instance where a man goes into a business he knows nothing about. An examination of the books of the assignor reveals the fact that he owes twenty or thirty different wholesalers. Is there not something strange about that? Is the man entirely to blame for his failure? His lack of business knowledge induced him to scatter his indebtedness, and it is very easy to understand that indulgence is more readily obtained from a few than many.

Aversion to taking stock is a dangerous habit to fall into. No merchant is safe who neglects to take stock at least once a year. Future operations can only be satisfactorily gauged by the condition of the present. A merchant who does not take stock regularly is doing business on guess work. In case of fire, how can he swear positively to what he has lost, and what proof has the insurance company that they owe what the man claims?

The largest and most conservative houses of the country are now insisting upon their debtors taking stock at least once a year and in carrying ample insurance. They further insist upon a copy of their debtor's balance sheet being placed in their hands every time one is drawn off. There is nothing unreasonable in that. Surely a creditor is justified in satisfying himself as to the advisability of entertaining a debtor's account. When a new account is to be opened, a statement of the prospective debtor's financial condition and information relating to the man personally, should be reviewed. How is a wholesale house to discriminate between the good and the bad without data? The thing is impossible. Investigation respecting a desirable credit list promotes, encourages and strengthens commerce, and is, if anything, more of a benefit, if confidence is deserved, to the inquirer about than to the inquirer, and when the risk is undesirable the fact that it is known is a boon to the whole community. The percentage of failures would be lessened materially if the dispensers of credit were less indulgent and knew more of their debtors. Trade would be steadier and the transaction of business void of many of its irksome responsibilities.

Unusually low water prevails in the Columbia and Kicking Horse Rivers.