

THE OFFICE

DEVOTED TO THE
OFFICE STAFFS OF
BUSINESS
ESTABLISHMENTS

CASH PAYMENTS.

By AN OLD TRAVELLER.

IT is so easy for a merchant to convince himself that the time datings are to his advantage, that one is surprised that the advantages of cash payment are not more fully dwelt upon by the traveller and the supply house. Primarily the wonder is that anything has to be said in favor of it, but, since it is such a general thing to accept the long datings without really reasoning out the results, much might be done by the traveller or by trade journals in drawing the attention of buyers to the fact that both money and credit are gained by accepting the cash discounts.

My experience on the road has taught me that with three out of five buyers, there is a demand for the full time, and very little interest in the cash discounts. And yet it has also been a part of my experience that by reasoning and a careful explanation at least one of those three will see the fallacy of banking their money and taking the time limit. With most travellers the habit is to avoid the mention of payment, leaving all that to headquarters, and relieving themselves of all responsibility by noting that the terms are printed on the copy of the order. This is not sufficient, however, as a "2 per cent. 10 days, net 30 days," conveys no idea to the mind of the three but the "net 30 days."

A simple statement of the fact that by paying cash that merchant is receiving 24 per cent. on his money will put the case in a new light to him. The saving of \$2 on \$100 seems a mere trifle when compared with the 30 or 60 days which he may have in which to pay; but the realization that he is getting 3 per cent. on his bank account and perhaps 5 per cent. on his mortgages, while he can make 10 to 25 per cent. on his cash payments will be almost sure to change his methods of business.

In the line which I carried there was not so much profit in paying cash, but there was enough to impress every merchant with its size, when it was properly brought before him. Three quarters per cent. per month, although only 9 per cent. per annum, was an inducement which they could not pass by, and in the case of a 20 per cent. profit, I do not think any merchant would consider for a moment long datings if he realized the money he could make.

The objection might be raised that when there is a lack of funds, the discount cannot be accepted, however great it be. To this it is only necessary to say that any firm which sells to a man who is positively unable to pay cash, is taking a risk which stamps it as a loosely run business. With such interest a merchant should make desperate efforts to borrow elsewhere if he has not the money. He can borrow on reasonable security at 5 or 6 per cent., and in this way make from 1 to 16 or 18 per cent. on the money he has borrowed. In general it is not wise to "borrow from Peter to pay Paul," and some have such an antipathy to it that they would rather not only be in debt, but lose money.

The benefit derived does not proceed only from the actual money made, but also from the reputation which

a buyer gets among the supply houses. The man who pays cash is never put off in a rush of orders; he sees the very best samples of the very best houses; he is quoted prices at times that are minus the 3 to 6 per cent. which many firms allow for "risk"; he is visited regularly and treated in the very best way by the supply houses, each of which is anxious about his account. It was often the case that a time buyer was passed by me when I was in a rush, or else he was shown only part of the stock, and the price was necessarily higher than to the cash buyer. In the heavy season we naturally left his order to the last, and thus he was either unable to obtain exactly what he ordered, or any part of his purchase.

I have in mind a merchant who kept a thriving general store in a small village in Eastern Ontario, who was eagerly besieged by the largest and best houses with their best samples and prices. Mr. T— was the talk of the travellers, and many were the toasts drunk to his health "and more of him." One hot Summer afternoon I was driving to his store from the neighboring town of P—, when I met him on his way to town. Drawing up, I told him I was just going to see him and was in a hurry. Without more ado we drove under a tree, I opened up my samples, and in less than half an hour had sold him a bill of about \$250 dollars worth of goods. When the business was over and I had done up my trunks, he coolly put his hand into his pocket, pulled out 25 ten-dollar bills and handed them over to me. And the goods were not to be delivered for over two months. This was not at all an unusual thing with him, if he had the money, and if he had not he often made out a cheque on the spot. You may be sure we used our very best manners in dealing with him. If that man through adverse circumstances should fail to-morrow, I know a score of firms that would fill his orders for any amount and wait until he was able to pay.

But such men seldom fail, for in conjunction with such principles go honesty and care in every other branch of business. It is the man who has not the common sense to realize that 20 per cent. saved is 20 per cent. gained who is weak in other ways and in the end figures in Bradstreet's list of failures in the column headed "Incompetency." It may be only an illusion of his that a month's time is better than \$2 on \$100, and it may require only a few words from the traveller to dispel the illusion.

A HELPFUL CARD.

The Pullman car shops at Wilmington, Delaware, have in use a workman's record system which is adaptable elsewhere.

A card is used for each employee; this contains his name, number, department in which employed, daily, weekly and monthly record, reasons for being absent or discharged; in fact, a complete report of a man's business history from beginning to end.

This is of value to the foreman or office manager who can determine at a glance whether a man is prompt for a considerable period, if entitled to promotion or to an increase in salary.