

Suggestions for the Office End

By Howard R. Wellington

A great deal of time is unnecessarily wasted in posting items to a customer's account in the ledger, and it might not be out of place to suggest a few simple ideas, which are not new by any means, but which will save considerable time in posting. When posting merchandise to the debit of an account, use the letter "M"; for cash use the letter "C", for bills payable, "B.P.", for bills receivable, "B.R.", for January "1", the first month, for February "2," the second month, etc. Some ledgers have item after item written in carefully in detail. Note the difference.—

1907.		
Jan. 2, Mdse.	\$25.50	
Feb. 2, Cash		\$25.50
March 5, Bills Rec.		25.50
Apr. 5, Bills Pay.	21.50	
May 6, Bills Pay	25.00	
1907.		
1, 2, M	\$25.50	
2, 2, C.		\$25.50
3, 5, B.R.		25.50
4, 5, B.P.	24.50	
5, 6, "	25.00	

It is a small matter, but of some importance when a number of items are involved.

What Per Cent. Shall I have for Profit?

Is it a general practice in the retail trade to add a certain percentage to the cost of an article in order to obtain the selling price, or does the dealer say, for instance, "These goods cost me 80 cents per yard, I can get \$1.50 per yard for them?"

Is it more profitable to impress a customer favorably with the fact that your prices are right, than to have him leave your store feeling that he has paid a fairly high price for the article purchased? There is no doubt that a customer who is well satisfied with his purchase is the most valuable advertisement a dealer can have.

As to percentage to be added for profits, this depends upon several things—

1. The cost of selling
2. The general expense cost of maintaining the store outside of the selling force, such as rent and taxes, insurance, stationery, bookkeeping, etc
3. The profit which the dealer should have over and above all expenses

It is difficult to state any definite percentage which would represent a fair margin of profit, as it depends altogether upon the particular business in which the dealer is engaged. For instance, the margin in a certain business is very fine, owing to necessity of maintaining low prices on account of keen competition. In such a case the dealer will have to be satisfied with a small margin on this particular line, even though his selling expense is high. Again, there may be a good margin on a certain line, but sales are rather slow and the selling expense is fairly high. In such a case the dealer will find it necessary to maintain a good price for his goods in order to meet expenses and leave a fair profit.

It should be ascertained definitely at the end of a period what percentage of the sales or profits, the expenses, salaries, rent, taxes, insurance, light, etc., formed, and in this way a certain percentage added to the true cost of the goods for each expense item involved,

will give the true cost, to which the percentage for clear profit is added.

Cash Discounts.

The system of paying all accounts once a month, either on the 10th, 15th or 25th, as the case may be, is steadily growing in favor, and this is a good indication of the fact that the merchant is becoming more conversant with his business, the stock he carries, and his ability to handle quantities of goods during the season when his stock is largest.

Have you ever stopped to think, Mr. Merchant, of the amount which could be earned annually through taking advantage of cash discounts? Suppose your purchases amount, as per invoices, to \$30,000, subject to cash discounts of 2½ per cent., 3 per cent., or even 5 per cent. By taking advantage of each in turn, our cash discount amounts to \$750, \$900, and \$1,500, respectively.

Now the question arises as to whether this cash discount should be taken into consideration when arriving at the selling prices placed on goods. Suppose a shipment of goods is subject to 20 per cent. trade discount and 5 per cent. for cash within 10 days. Should this rebate of 5 per cent. enter into the matter of cost and selling price, or is it simply a clear profit for the merchant who buys the goods? The retailer almost invariably sells his goods for cash or "net" terms of 30 or 60 days, and does not, therefore, allow the item of cash discount to enter into his selling price. This being the case, one might suppose that it would be in order for the retail merchant to figure his cost price on the basis of 20 per cent. trade and 5 per cent. cash discount; but look at it from another standpoint: the merchant finds that business is not very brisk, money is tight and he is unable to take advantage of his cash discount, although his prices have been figured on this basis. It will be seen that the wiser plan is to figure cost and base selling prices irrespective of cash discounts. The merchant will either take "time" on his goods to run his business or borrow money from his banker in order to take advantage of his cash discounts. In the first place he loses his discounts, in the second he makes a profit of the difference between the cash discount earned and the interest paid the bank for the use of money borrowed. It is only by actual experience in operating a business that a merchant knows whether or not he is in a position to take advantage of all his cash discounts. An unusually backward season, when sales are comparatively small, will tighten up the finances of even a business with ample capital for ordinary requirements to such an extent that renewals must be asked for or cash discounts lost, through not being in a position at a particular time to take advantage of short dates and cash discount.

W. L. Heinemann (21 Bedford street, London, England), announces that he has arranged with Cecil Alden and John Hassall, to prepare a new annual, which he will have ready early in November. The collaboration of two so well-known artists as Cecil Alden and John Hassall should have the most happy result, and the title itself, "The Happy Annual," gives a foretaste of what may be expected. As we understand there will be another of Cecil Alden's dog stories—who has not laughed over "A Dog Day?"—it will not only appeal to children in the nursery, but to those of a larger growth.