Imperial Salesmanship

Retail Station
Salesmanship

SECTION SEVEN

Prepared in Co-operation with
IMPERIAL OIL LIMITED

La Salle Corporation Service
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IMPERIAL RETAIL
STATION SALESMANSHIP

Section Seven
Profitable Management of Your Station

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Introduction

Throughout this entire program your attention has been centered directly on *salesmanship*. You have seen that salesmanship is the real answer to your profit problem—that skilled salesmanship will create *more* sales and *larger* sales than mere vending or giving the customers what they ask for. This fact has been illustrated over and over again in these pages in connection with the selling of all the products and services at your station.

But there are additional factors which enter very importantly into the successful operation of your station. That is, taking each sale as an individual unit of your success, the sum of the units, or your success, is measured by two important factors:

1. The **QUALITY** of the units.
2. The **NUMBER** of the units.

We can look on a sale as a *quality* sale only if it pays an adequate profit in money and satisfies the customer, thereby building good will. For example, if you sell a customer a crankcase drain as a result of convincing him of the protection and the economy of the drain, you will not only make the cash profit on the oil, but you will also build good will through your educational *salesmanship*.

One such sale will mean little in itself; it will have to be multiplied by a sufficient *number* of such sales to give a total that will make the station operation pay an ample profit. Thus you see the importance of both quality and number in your success.
Where Management Enters into Your Success Problem

Therefore, as a proper setting or preparation for salesmanship, there must be skilled and intelligent management which will ensure both the quality and the number of sales.

As an illustration of the above, let’s assume that a certain Steve Nelson is a good personal salesman. He has a good personality, is friendly, and knows how to present the advantages of his products and services. But there are a number of factors that may seriously hamper his success as a salesman if, indeed, they do not defeat him. For example:

Nelson may be sacrificing his profit because of a false conviction that he must do so to promote his business and to meet his competition.

The appearance of Nelson’s station may be such that it does not invite patronage.

Nelson may not be seeking to create sales opportunities either at his station or in community development.

Nelson may not be enjoying the definite sales advantages that a proper display of his equipment, products, and services would ensure.

Nelson may not be following through on business-building methods and policies.

It can readily be seen that each of these factors will have a very definite effect on the success of Nelson’s salesmanship. Each factor will either promote or hamper the effects of his salesmanship and each is a problem of management.

Profitable-Management Factors

Therefore, in order to round out the values contained in the preceding six Sections of this sales-development program, this seventh and concluding Section will be devoted wholly to the principles and methods of management at the service station. Since we have stated negatively a number of factors that will radically modify the effect or success of a service-station salesman, these same factors can be turned around, stated positively, and used as an outline for our discussion of business-building, profit-making principles and methods of service-station management:

Thus, the success of your retail-station operation will involve expert salesmanship based on and supported by:

1. Profitable financial management.
2. Proper station-housekeeping management.
3. Effective sales management.
4. Effective merchandising management.
5. Effective operating management.

Each of these factors will be thoroughly discussed in the following parts of this Section.

You Must Be Your Own Sales Manager

You are, of course, familiar with the term sales management—the planning and management that business organizations put behind their sales efforts to render them effective and profitable. In other words, it is generally recognized that the salesman needs a sales manager.

This sales management is of two types:

1. The planning of sales policies and methods; and
2. The supervision necessary to keep these policies and methods in effective operation.
TWO MAJOR FACTORS—

1. Sales Plans and Policies—

Imperial Oil Limited provides its retailers with a wealth of this first type of sales management in the form of sound counsel, merchandising helps, advertising, and so on. But the company cannot provide the second type of sales management—the management that ensures the smooth, effective operation of a plan or policy after it has been set up and perfected.

This supervisory management you must give yourself. You must be your own supervising sales manager. You must understand the five factors of operating management and their intimate relation to your success as a salesman. The measure in which you base your salesmanship on an adherence to the principles of these five factors of management will also be the measure of the success and profits of your station.

Applicable to Every Station Employee

While this Section will be directed to the retailer who must furnish the supervisory sales management for his
business, it also applies to the work of every employe at the station. The employe works toward two objectives—the immediate rewards of his effectiveness on the job and a bigger job in the future or the management of his own business. Just as the principles and methods of salesmanship set forth in preceding Sections will equip the employe of the service station for greater sales effectiveness in his present job, in any other job, or as the operator of his own business, so will the mastery of the principles of sound business management that are to follow also serve as important equipment leading to personal progress and success. Furthermore, such management ability gives anyone the extra value on his job which more definitely assures him of a permanent position. It makes every person more valuable and more indispensable on his job.

Part I

PROFITABLE MANAGEMENT OF YOUR BUSINESS FINANCES

The final objective of any business operation is to make an adequate profit. Profit is the lifeblood of business. Without profits a business ceases to grow. A business cannot stand still; it goes either forward or backward. When it ceases to grow, it loses out to other businesses that are more profitably managed. Soon there is no money; there are no salaries and no jobs.

The primary source of profit is the difference between the price paid for merchandise and the price at which it is sold. But here is an important business fact for you to consider: The differential between what you pay for a product and what you sell it for is not profit. There are a lot of other demands which have to be satisfied first out of this differential before there is any true profit. And profit ultimately depends on the effective management of these costs. The principal expense factors that have first to be provided for are these:

1. Salaries.
2. Rent, heat, light, insurance, taxes, license fees, and other overhead items.
3. Advertising, signs, displays, and so on.
4. Depreciation of equipment.
5. Miscellaneous losses due to credit losses, breakage, and so on.

These costs are directly under the control of management, but everyone has an opportunity to influence them by caring for equipment, preventing losses, and so on. The three principal methods of control are:
1. Control of operating expenses.
2. Proper accounting methods, which give a true picture of operating profits and losses.
3. Adherence to sound credit policies in order to avoid losses through bad debts.

Profit is the money you have left after you have paid all the charges of doing business and have absorbed all your losses. It represents the wages earned by your invested capital, your time, and your ability. Thus if you waive any part of your profit, either through losses due to careless operation or by giving away a part of your margin between what you pay for a product and what you sell it for, you are impairing the big objective of your business. You are condemning your money and yourself to work for reduced wages or no wages at all.

This brings us to a consideration of the subject of price cutting. In Section Two price cutting was discussed somewhat at length from the standpoint of competition. In this Section the subject becomes an important phase of your management—one of the factors that must support your salesmanship—and it will be discussed from that standpoint.

What Happens When Prices Are Cut

Let's get a clear picture of what price cutting may involve from the standpoint of management as a means of achieving the objective of the service-station business—making an adequate profit. We'll take our Steve Nelson, of a few pages back, and see what will happen if he decides that he can make more profit by giving away a portion of it.

Nelson would like to make more money. In casting about in his mind for ways and means of doing so, he hits on the idea that if he reduces the price of his gasoline, he will attract many of his competitors' customers to his place of business.

On the surface the idea seems to be a good one and, like so many fallacies, seems to offer some logical advantages. There is the old saw about "quick sales and small profits"—or the idea that, if one can do a large volume of business, he can operate on a smaller margin of profit than he can with a small volume of business. Then there is the idea of the "loss leader." This involves incurring a loss or waiving profit on one staple item and making up for it on other items.

So Steve Nelson posts a price for his gasolines that is below his competitors' and gets all set for prosperity.

Before the cut price has been in effect a day, Dealer Jones, down the street, hears about it and, not to be outdone, also cuts the price. This forces Dealers White, Black, Gray, and Brown to do the same. Now all the dealers are selling at a cut price, and Nelson has lost his advantage. He isn’t selling any more gasoline and he is losing a portion of his profit on the amount he does sell. Everybody is dissatisfied, and there may be still further cuts until a "price war" results, which involves a loss not only of legitimate profit, but perhaps all profit. Or the situation may settle down to a basis where the cut price becomes the established one—a price that allows little or no profit. And any one dealer is afraid to raise the price for fear of giving his competitors an advantage.

The idea of bigger volume, through attracting more customers by means of cut prices, falls down because there is no increase in business. No business is created,
no greater amount of gasoline is used, and no dealer gets any larger share of the existing business. Legitimate profits, which the manufacturer of the product has provided for the retailer, have been sacrificed, and all the retailers are poorer for it.

The Effect of Cut Prices on the Customer

Previously in this program it was pointed out that the customer prefers and is willing to pay for quality and he expects the dealer to make a fair profit. That is, he would rather pay the posted price of Three Star, Esso, Marvelube, and other motoring needs than to save a few cents on some cheaper, unknown brand. But the customer is decidedly interested in saving money if he doesn’t have to sacrifice quality. Thus he is always glad to save 1 cent or 2 cents a gallon on Three Star if he can find some retailer who will sacrifice that portion of his legitimate profit.

Then, in addition to the direct loss of profit, there is also another serious side to the effects of price cutting. If a customer who is in the habit of paying the listed price for his motoring needs and is perfectly willing to do so, is given an “edge” of 1 cent or 2 cents a gallon on his gasoline at some service station, he will never again be willing to pay the posted price. As a customer, he is spoiled. He will never be sure that there isn’t some way, somewhere, to get this advantage and he will shop around, putting pressure on retailers wherever he thinks he can succeed in winning this advantage. Thus he becomes a shopper, driving out of his way to save a dime or two a week. If he is compelled to pay the posted price because he can’t find a price cutter, there is always some element of dissatisfaction in his patronage. Instead of being a loyal, satis-

fied customer, willing to pay the regular price for good products and good service, he is ever ready to desert the station to follow the rumor of cut price somewhere else. Thus, a dealer who makes it a practice to cut prices finds it extremely difficult to build good will and permanency.

The fault is with the retailers, not with the customer, because the retailers have established the conditions.
The appeal for business is made on price cutting; and if the customer becomes a “bargain hunter,” it is because the dealer has made him one.

Why the "Loss Leader" Is a "Loss Loser"

Never does the idea of the "loss leader"—the waiving of profit on one item and making it up on another—work out in the long run. If, for example, the customer is getting a reduction on the posted price of gasoline, he will not be willing to pay the posted price on anything else. This is another instance of "training the customer" and training him in the wrong way.

Why should this customer pay the posted price of, say, $10 for a tire or battery when he is getting a reduction on the posted price of his gasoline? And what logical reason can the salesman give for withholding a price advantage on one item and giving it on another? The answer is that there is no logical reason. Such a customer who is in the market for a tire, battery, or anything else will put on pressure to secure a price advantage; he will shop around until he finds a dealer who wants business badly enough to sacrifice a portion of his profit.

The customer will then feel rather proud of having secured a confidential price concession and is quite willing to tip off his friends about where they can save money. These customers, who are really "shoppers," either desert the dealer who is trying to hold them with good service or they put pressure on him. If he weakens and cuts prices, he will eventually find that his margin of profit is so reduced that he is unable to give them the efficient service that has built his reputation for fair dealing.

Thus, one by one, the specious arguments in favor of price cutting fall of their own weight. When price cutting becomes a general, competitive practice, it will not attract more business; it may lose business.

The only thing that can increase business and profits is skilled salesmanship backed by intelligent management; and a firm policy of sound business price maintenance is the very keystone of this intelligent management.

A Fixed, One-Price Policy Is Imperative

Like the proverbial camel who got his nose into the tent preparatory to getting his whole body in, price cutting may lead to some very undesirable consequences for a dealer before he is aware of it. For example, a customer who operates several trucks or delivery units may feel that he is entitled to a lower price on the gasoline he buys. He will reason that his larger consumption warrants such a reduction in price. This seems to be a reasonable concession on its face—although it decidedly is not, as we shall see later—especially if there is some degree of pressure brought to bear in the form of a threat to buy elsewhere. The next step in the "camel-nose" process is that it is only reasonable that the truck owner’s gasoline needs for his personal passenger cars should also be supplied at a discount. Then there are this customer’s employees, who also own passenger cars and they have friends who also have friends—until the time quickly comes when the major gallonage of the station is sold at a cut price, and competing dealers are forced to measures of self-defense.

Retailing at Wholesale Prices Is Unprofitable

It is, of course, a long-established principle in business that a buyer of large quantities is entitled to a
lower price than one who buys in small quantities. But if we stop for a moment to examine the why of this principle, it is immediately apparent that its one and only justification is that the seller can sell more cheaply in large quantities than in small quantities. He thus passes on these implied savings to the buyer when he gives him a lower price. There is, however, no logical justification for selling at the wholesale price where the customer takes delivery of his requirements in retail quantities and expects also the services that are usually provided at a retail station.

Now, let’s see how these principles affect your operation. Your station is set up and organized as a retail operation. You offer the service facilities that are customary at service stations; you sell at retail with the customary retail overhead; and it logically follows that, if you are to meet competition and make money, you must make the legitimate retail profit. So much for your side of the problem.

Now, let’s look at the buyer’s side of the problem. John Smith, who operates a half-dozen transport trucks and uses a lot of gasoline and oil, takes the position that, by reason of his larger consumption, he should receive a lower or wholesale price. That may be true, but then he should buy in wholesale quantities. He should provide his own storage and filling equipment and buy his requirements in “dumps” of 500 gallons or more, paying his own overhead on his equipment and his own employees for its handling. In other words, if he wants a wholesale price, he should conform to established wholesale practices and not expect to enjoy both wholesale prices and retail services and conveniences.

No matter how much gasoline any user may con-sume, if he wishes to buy it in retail lots of ten or twenty gallons at a time, to avail himself of all the services and facilities of the retail service station, and to pay for it on the basis of wholesale prices only, he is asking for what sound business practice should deny him. He is not buying wholesale; he is buying retail and is, therefore, entitled to no more price consideration than any other retail buyer.

On this point a successful Imperial retailer who enjoys a profitable business from large users says:

“The one fact that we Imperial dealers should always bear in mind is that we are retailers. We are geared to sell at retail and the minute we try to do a wholesale business in a retail setup and with a retail overhead, we are simply swapping dollars from one hand to the other.

“It is always something of a ticklish situation when a good customer with several cars or trucks asks for a lower price on the basis of his larger gallonage. The first impulse is to grant the concession, but we can’t overlook the fact that we are in business to make a profit, just like any other merchant. We simply explain that the margin between what we pay for gasoline and the posted retail price will not permit cutting the price.

“At our station we furnish many facilities to the truck owner that are worth money to him. We also carry his gasoline and oil for him at a convenient point along his route without any investment on his part until he actually uses it. These facilities cost us money, and the customer would have to spend money to provide them for himself. I have found that when these facts are explained to the customer, he will, in the majority of cases, see the situation in its true light and will realize that our position is a just one.”

From the foregoing it is clear that there is no justification for the customer’s asking or the retailer’s granting any reduction from the posted retail price. If the customer’s requirements are such that he can buy profitably at wholesale, then he should do so. But your
station is a *retail* operation, organized to sell at retail and to provide retail facilities and services. If the customer disregards the plain equities of the situation and demands a share of the retail profits, let him get them from some other dealer. It is, of course, unpleasant to lose a customer, but it is equally unpleasant to lose one’s profit, and this is what the cut price means.

The wise Imperial dealer who stops to figure it out will find that he just can’t afford to cut the price. He knows that the difference between what he pays for the product and what he sells it for is only his gross profit. Out of that he must pay his many overhead expenses, and only what he has left can be considered *net* profit. Any cut in the price he gives any of his customers must come out of this net profit, and often this cut will mean an actual loss to him—not just less profit.

Here is a selling job for you to do—to sell such customers the idea that their larger requirements, *if purchased at retail*, do not entitle them to a share or the whole of your retail profits. Many Imperial retailers are successfully making this sale, and you can, too. At any rate, remember that there is no profit in cut prices—you not only lose your immediate profit, but you also open up additional loss possibilities through the spread of the price-cutting habit to others, as pointed out in previous pages.

**Experience Proves That Cut Prices Always Result in Loss**

Service-station retailers who are making money today and who will be in business in the future are unanimous in their conviction that price cutting can lead only to loss and eventual failure. On the point of price

Whenever competition forces you to face a price-cutting problem, step up both your service and your salesmanship. And those customers whom you have tied to your station with good service, expert counsel, and created confidence will stay with you.

maintenance in general a successful Ontario Imperial dealer says:

"Price cutting, in any line of business, always suggests itself to merchants who are lacking in good merchandising ability as a short cut to additional profits or as a way to meet competition.

"It is easy enough to figure that if you can double your business as the result of price cutting, you can give up half your profit and still come out with as much money. But a few minutes’ intelligent thought will show the fallacy of any such idea."
If you can sell 20,000 gallons instead of 10,000 as a result of price cutting, you are going to lose more than the amount of the price reduction. You will need more capital to operate your business, and your operating expenses will be greater on account of the increased service you must give.

The catch in the whole idea is that you can’t double your business by halving your profit; you merely throw a monkey wrench into the service-station business in your community, force other dealers to give up their profits, and lose the confidence of the motoring public.”

Another Imperial retailer says on this subject:

“I have lost plenty of customers and plenty of business by refusing to cut prices or to give concessions in special cases. But if money must be lost, I would rather lose it that way than by indulging in such destructive business practices. In the years I have been in business, I have noticed that most of those who attempt to sell on such a basis drop out of the picture sooner or later.

“Running a business is exactly like holding a job—a job that entails definite responsibilities. The responsibilities of a service-station dealer are to render good service to his community and to make sufficient profit to enable him to meet his obligations, both business and personal. If an employee doesn’t discharge the obligations of his job, he is fired. If a dealer doesn’t discharge the obligations of his business, he, too, is fired, because he sooner or later fails.

“Such a dealer fails because he builds nothing permanent. He tries to succeed with unbusinesslike methods. I have seen many dealers try to do this, but I have never seen one stay in business. Therefore, while I hate to lose business as badly as the next fellow, I’ll lose it before I’ll cripple myself by operating without a profit. I need a profit to keep my business abreast of progress, to give high-class service, to pay my bills, and to take care of my family. The only way I can do these things is to operate my business profitably. If the time ever comes when I can’t do that, I’ll close up shop and try something else.”

Substantially the same opinion is expressed by still another Imperial retailer who says:

“Most service-station dealers try to justify cut prices with the alibi that the other fellow started it. Probably that is true, but if someone else wishes to commit business suicide, that is no reason why I must follow suit.

“The dealer who wishes to stay in business must be strong enough to resist the example of those who follow the line of least resistance. It is hard to see a good customer get away, or to see business driving by your place to another. But it isn’t any harder to see this than it is to attempt to do business without a profit.

“When price cutting breaks out in a community, the dealer who sticks to his guns will lose some business—perhaps considerable—for the time being, but the business he keeps will be the cream of his trade. And he can always maintain himself and win out in the end on the sound basis of good service and good business methods.”

Good Salesmanship As an Offset to Price Cutting

In the discussion of competition in Section Two it was pointed out that salesmanship will, in a large measure, overcome the effects of price cutting. That fact should be kept clearly in mind. As stated, price is not the sole consideration in the minds of most motorists. Those whom you have tied to your station with good service, expert counsel on their motoring problems, and the confidence you have created, will stay with you. They will value the service and counsel you give them more highly than the dime or two a week they can save at a cut-price station. On this point an aggressive Imperial retailer says:

“There used to be a service station down there in the next block. The man who ran it had everything to offer in the way of products that I had, but I was winning out on the basis of good service. Then one day he got the
bright idea that he would attract my customers by price cutting.

"He lured away some of my customers, but, one by one, most of them came back, because I had educated them to expect service that he wasn't competent or willing to give—in fact, couldn't afford to give because of his cut prices.

"In the end he had no more business than he had at the start. He had attracted the price buyers and couldn't get the posted price any more. The profit from the business he had wasn't enough to pay him a living. So, in trying to beat me by unsound business practices, he simply eliminated himself."

Extra Profits As an Offset to Price Cutting

Preceding Sections emphasized that, on the basis of gasoline gallonage sold, a profit of equal or greater amount should be made on the sale of the other products and services available at your station. The price cutter disqualifies himself for any appreciable share of these profits by attracting price buyers. By maintaining your prices, you also keep the customers who are the best prospects for these additional sales. In this and in many other ways you must look much further than the mere matter of cut price. There are the effects to be considered—negative results to be weighed against the positive results. And whenever this is done and all the factors are carefully weighed, sound business judgment will always decide in favor of a policy of strict price maintenance.

In this Section of your Imperial-LaSalle sales-development program you will see that your expert salesmanship must be backed by sound management. You can readily see why your salesmanship must be backed and supported by a one price policy that will give you all the advantages of profitable merchandising and will avoid the pitfalls that price cutting is bound to entail.

The salesman who is meeting the customer and encountering all sorts of obstacles and difficulties would sometimes like to meet the price cutter's competition and perhaps do a little price cutting as a business stimulant on his own hook. But the owner of any successful business won't stand for it, because he knows that price cutting of any sort is, at its best, merely a confession of inability to meet the problem of conducting a successful business on sound business lines and is, at its worst, a short cut to bankruptcy.

You are both these people—the salesman who meets the customer at the station and the owner of the business. The part of you that is the salesman must be efficient and constructive; and the other part that furnishes the management of the business must be firm to see that the sales part of you sticks to sound business practices and makes each sale on the only basis that can justify any sale—at a profit.

Profitable Credit and Collection Management

Of course, there may be special cases and conditions where the extension of credit at the service station is advisable, but, on the whole, the very nature of the business should make it as much as possible a cash business. The benefit and value of a tankful of Three Star, for example, are enjoyed immediately and should be paid for when the gasoline is received. The carrying of open accounts always increases the cost of doing business because of the extra work involved in getting out statements, the postage and supplies involved, and the inevitable losses that are bound to occur in any credit business. Therefore, you should, as a matter of good financial management, strive to keep as much of your business as possible on a cash basis. There are,
however, some helpful suggestions relating to credit business in general that you should have.

For example, let’s assume our Steve Nelson, the Imperial retailer whom we met in previous pages, does a portion of his business on a credit basis. He passes on his own credit policies, carries his own accounts, and makes his own collections. Among his credit customers is John Dixon, who is a small contractor. Dixon’s account becomes rather seriously delinquent. Since Nelson needs money to meet his own obligations, he begins to press rather vigorously for payment.

Dixon continues to drive his truck, but instead of coming to Nelson’s station, where he knows he will be dunned, he goes elsewhere and pays cash for his gasoline and oil. Thus Nelson stands to lose not only the amount Dixon owes him, but also a customer.

After thinking over the situation, Nelson goes to Dixon and says:

“Look here, John, let’s figure out some way to adjust this difficulty. I know that your business has been bad and money is scarce with you and I’m willing to take that into consideration. At the same time, I paid money for the gasoline and oil I sold you. Therefore, it is a hardship on me not to get my money. I am sure that you want to be fair and work with me to get the matter cleared up. Now, until we can get squared around, I suggest that you pay me cash for your gasoline temporarily and also pay me $80 (a fair amount depending on the circumstances) each week until the amount due is paid up. This will be easy for you, it will help me, and it will allow us both to continue what has always been a satisfactory relationship.”

If Dixon is acting in good faith, some such arrangement as this will be satisfactory. If he isn’t acting in good faith, his custom isn’t worth holding on a credit basis, and Nelson will have to do what he can to enforce payment, which will inevitably lose the customer.

Profit of Sound Credit Policies

A sound credit policy would have largely avoided such a situation as this in the first place. Accounts become delinquent and are lost for two reasons: The debtor cannot pay, or he doesn’t wish to pay—both of which work out to the same end. If you extend credit at your station and carry your accounts, you have a double decision to make in extending credit:

1. You must decide whether the customer will pay.
2. You must decide whether he can pay.

It is often easier to distinguish the “won’t-payer” than the “can’t-payer,” because the factors that make a man a “won’t-payer” usually exist before he asks for credit and can be disclosed by investigation; whereas the factors that create the “can’t-payer” may develop with an account that has a good previous history.

Prevention is always the best cure for most ills. Therefore, it should be your fixed policy to make a thorough and searching credit investigation of everyone who asks for credit. This is good business practice. No one has a right to ask for credit unless he can prove by references that he is worthy of it, and no one worthy of credit will object to such an investigation.

On this point a successful Imperial retailer says:

“Whenever a customer asks me for credit, he must give definite proof that he is a good credit risk. It is possible to know a man for a long time without knowing anything about his habits of paying bills, and the dealer should never allow his personal feelings or the fact that he has been calling the customer by his first name for a long time to sway his judgment.

“If I am personally acquainted with the applicant for credit, I may not ask him for references, but I do make in-
queries among other businessmen—his landlord (if he has one), his bank, and wherever else I can get a line on his credit standing. Since I’ve used this policy, I’ve saved myself many losses by finding out that now and then people who appear to be good credit risks are not at all.

“I am particularly careful with people who have not previously been my customers and who come to me to open charge accounts. Usually there is some reason why they are asking for credit from me, and I want to know what that reason is. In some instances I have found that their credit has been stopped by other dealers, and the time to know this is before, not after, they have run up an obligation with me.

“The rule I follow is never to take a customer’s credit standing for granted, because a thoroughly agreeable fellow may be a thoroughly bad credit risk. If he is a bad risk, you can find this out. Consequently, a policy of complete investigation of every credit applicant is a money saver.”

Good Credit Is Also the Ability to Pay

As a broad principle, no one has a right to ask for or receive credit unless he knows he will be able to pay, but too many people avail themselves of credit in the hope that they will be able to pay. It is always risky business to bet your money that the debtor who can’t pay now will be able to pay in the future. Perhaps you need not be so stiff and exacting as a bank in extending credit, but you should satisfy yourself that there is something more tangible than the customer’s good faith behind the debt he creates on your books.

For example, the crop that the farmer counts on to square up everything may fail or be unprofitable. The merchant who starts a new business in high hope of success may, a few months hence, leave you only a claim in the bankruptcy court for the gasoline and oil you furnished for his delivery truck. The customer who has always paid his bills may lose his job and expect to be carried until he gets another—at which time he may have so many obligations that he finds it impossible to pay you. Of course, no hard and fast rules can be laid down, but it is well to remember that there isn’t much sentiment in dollars, and the money you need to meet your obligations must be in your till and not in the pocket of the debtor, or nonexistent.

Oftentimes a definite understanding as to when the customer will pay at the time you extend credit to him will eliminate delays in his payment.

A Western Imperial retailer says:

“Now and then we have to carry some of our customers for a considerable period of time, but there are two things I strive to do in order to reduce my hazards to the minimum.
"First, I am careful in extending credit in the beginning and I always determine when the customer intends to pay. Thus we have a definite understanding, and I am in a better position to call the matter to his attention if he isn’t prompt. Second, when a customer owes me money, he is carrying around some of the assets of my business, and I am interested in knowing what is happening to them. Many times the fact that an account is going ‘sour’ is plainly evident long in advance, even though there is no immediate delinquency.

“For example, if someone starts going down hill through some personal habits, or meets with reverses, or is doing something that isn’t sound business, there is often a chance to wind up the account and get out without a loss. In many cases we might be inclined to be sympathetic and help out. But in such cases we should take the money out of our personal pockets and not out of the business. I have had people say that it amounts to the same thing, but it doesn’t. It is always easier to be liberal when we don’t have to handle the money going out. If we want to help some fellow with a loan, that’s fine and commendable—if we can afford it. But if the bank won’t lend the money, we have no right to ask our business to make the loan."

"Painless" Collection Methods

The process of collecting outstanding bills is a selling process. In an orthodox sale you are striving to induce someone to pay money (or credit) for something he is to get. In collections you are striving to get someone to pay money for something he has already received. The same principles apply in both cases; although the problem of "selling" a debtor on paying a bill is often more difficult and is beset with pitfalls.

By adhering to sales principles in your collections, you can avoid much of the difficulty and the danger of creating antagonism.

You have learned that the three-step selling process is the most effective way to induce a prospect to pay money for something he is to get. Let’s see how it will work out in collecting an account that has become delinquent. To begin with, you can’t do much with the advantage step unless you can make some appeal to pride, such as:

“Mr. Jones, this balance on your account is becoming pretty much overdue, and I know that you enjoy a fine reputation for paying your bills,” or, “I know that you are jealous of your credit rating,” or whatever other appeal to pride may be appropriate.

But where you can bear down heavily is at the proof step. Thus:

“I have been glad to extend you this credit, but I need the money now because I have a note falling due (or whatever the specific reason may be) and I will be seriously inconvenienced if you don’t pay me now.”

Then comes the agreement step:

“Won’t you please settle the account now (or make a definite arrangement for settlement)?”

You see, if you merely dun your debtor, you are simply telling him something he already knows. He is thinking only of his own convenience and is inclined to resent the constant reminder of a debt that is inconvenient to pay. But your sales talk sets him to thinking of your interest. You are giving him a logical proof of why he should pay, and he can see that he is sacrificing your interest in favor of his own. You are not merely dunning him; you are stating your rights. And if he will or can, he will respond to such an appeal. You are really getting over on his side of the table; you both owe money and are arranging a way whereby you both can pay your debts.
The Need for a Follow-Up

Here is an easy, logical plan that will do much to effect a solution of your collection problems:

Institute a prompt and regular billing procedure, getting your statements out to reach your debtors on the first of the month, and then follow them up with statements on the tenth of the month and with personal collection efforts at weekly intervals thereafter.

Say, for example, that you are extending Jack Crawford credit on the eighteenth of the month. To ensure an early collection of this account, in accordance with the indicated follow-up procedure, you will bill Crawford so that the statement will reach him on the first of the month. Now, if you do not hear from him within the next ten days, you will send him a second statement, and then about the fifteenth you will call him on the phone or see him personally. And you will use this same follow-up collection procedure if he pays part of the bill, giving him credit, of course, for the amount received, but calling the balance to his attention.

Suppose, however, you delay sending out your statements until about the twelfth of the month. You will then find the situation something like this: Jack, as well as your other customers, receives your bill after the other monthly accounts have been taken care of and he hasn’t enough money left with which to pay you. Experience has proved this true whether credit at your station is extended to a motorist for his car or whether it is extended to a merchant for his trucks.

Therefore, if you determine that you are going to bill your customers promptly on the first of the month and then follow up with prompt billing of those accounts which have remained unpaid or have been paid only in part, your collection problem will be simplified to a considerable degree. It is easy to understand why a customer will neglect payment of an account and thus “spoil” if you have a haphazard plan for making collections.

To sum up this credit and collection phase of good business management, the time to avoid losses is before bad debts are incurred. And the way to avoid the danger of loss of good will through striving to collect delinquent accounts is to look on credit as so much
money and to decline to loan credit where you wouldn’t loan money.

This is easier than it sounds if you pursue the policies and methods of every large business enterprise—strict credit investigation as a requirement for all credit accounts, prompt billing, and follow-up of delinquent accounts. Where collection methods are necessary—and they always will be—avoid the old and often offensive policy of mere dunning. Look on the collection job as a sales job, remembering that you have a double sale to make:

1. Selling the debtor on the idea of paying; and
2. Selling him on the idea of continuing as a customer of yours.

Such policies will collect you your money and will conserve the valuable good will of your business.

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**Part 2**

"GOOD HOUSEKEEPING" IS AN IMPORTANT PART OF STATION MANAGEMENT

The first effect of good salesmanship at your station must, of course, involve getting the customer into the station. A service station, like any other place of business, can either invite or repel. Therefore, the factor of management ensuring a station appearance that invites the motorist and brings him in for the first time is very important.

Suppose that you found yourself in a small community and were in search of a place to eat. Perhaps there wouldn’t be any elaborate restaurants, but you would carefully size up such as there were before deciding on one. And you would invariably decide on the one that looked to be the cleanest and most orderly. We unconsciously rate what we are to get by the appearance of the place where we are to get it. And so you would judge beforehand the kind of food and service you would get in the strange restaurant by its appearance on the outside. You wouldn’t even go into a place you didn’t know that did not attract you, even though there might be good food and good service inside.

The same applies to the service station; and, like the restaurant, it need not be elaborate to be inviting. There are two invitations to the motorist to come into your station. The first is the Imperial identification sign; the second is the general appearance of the station. The Imperial sign will invite the motorist into an Imperial station, but whether or not this Imperial station is your station or another that is more inviting is up to your management.
There must always be a first time for the customer to come into your station. The impressions of your station and your service carried away by the new customer at this first call will probably be the most lasting, because he is, on that first call, making a complete appraisal of your merchandising ability. The first impression—the appearance of your station—he gets through the eye. Almost instantaneously he says to himself, "This Imperial dealer is a good housekeeper."

His second impression is formed when you greet him. Right then he decides whether you are pleasant, courteous, friendly, and have a manner that indicates a desire to serve him.

His third impression is, as a rule, about your knowledge and ability to fill his needs intelligently. He gets this impression mainly from what you say about the products and services you sell and from the advantages you offer to protect his interests fully.

These first impressions are the most lasting. Therefore, you can see how important your station appearance and your conduct are at this first visit from the customer.

How Station Appearance Attracts Business

There are two classes of customers who come to your station for the first time. First, there is the transient motorist. Second, there is the motorist who has only just come into your territory or who comes in for the first time on the recommendation of friends, through the influence of Imperial advertising, and so on.

Let's take a look into the minds of two transient motorists to see just what goes on from the standpoint of station appearance. Mr. and Mrs. Tourist are motoring through Canada. Attracted by the Imperial sign, they go in and receive such courteous and efficient service, and the Three Star with which their tank is filled gives such good performance, that they decide to use Imperial products throughout the trip.

"Your gas is getting pretty low, John," remarks Mrs. Tourist.

"Yes, I see it is," replies Mr. Tourist. "I think I'd better have the oil drained and the differential inspected, too. We'll pull in at the next Imperial sign we see. There's one down the road now."

As they near the station, however, Mrs. Tourist says,
"Good Housekeeping" in Station Management

If he wishes to buy Imperial products and services, he will instinctively select the most attractive place, just as you would if you were selecting a station on which to bestow your patronage.

Station Housekeeping That Wins Customers

Though fully in agreement with the principle that attractive, orderly premises are a definite business asset, the question remains: How can this asset be created at your station? Since no two Imperial stations are exactly alike, and since the opportunities for improvement of station appearance must differ widely, this is a problem that each Imperial retailer must solve for himself. There are, however, a number of general ways and means of improvement which you can consider with profit. Some of them may not be applicable to or practicable at your station, but in the following list practically every Imperial retailer can find a number that will point the way to a more attractive station and the increased profits that attractive, inviting premises always ensure.

1. Fresh Paint

There is nothing that will give a place an appearance of spruceness and order so much as a coat of fresh paint. The Imperial red, white, and blue colors are particularly attractive, giving high visibility and at once identifying the station as Imperial. Fresh paint is like a new suit of clothes: it spruces up the wearer and favorably impresses all who see it. A station that is freshly and attractively painted, even though it makes no pretense of elaborateness, will say to the prospective customer, "Look here. We think enough of our business to keep the faces of our buildings and equip-
ment bright and clean, and this is a criterion of the kind of service you will get here."

On the contrary, a dull unattractive place, the paint of which has long since lost its freshness, or which perhaps has never been painted, says, "We don’t think very well of this business and have lost interest in trying to keep our station inviting. We’re just mechanics at heart, and what’s good enough for us will have to be good enough for you."

Here is what one Imperial retailer says on the subject of paint:

"I have found fresh paint the cheapest sales promoter at our station. When we first painted it in the Imperial colors, we immediately experienced an increase in business, and since that time it has been our fixed policy not only to keep everything painted, but also to keep the paint bright and clean. This applies to everything about the place, from the background to the curb."

How does your station measure up from the standpoint of paint? It might be a good idea to stand across the street and study it with paint in mind. Would a general painting improve its appearance and heighten its visibility? How about your pump island and pumps? Is your lubrication equipment clean and attractive, or is it repellent with old grease?

Go over each paintable item and picture it with bright, clean paint. Then ask such a question as this, "Would my station look better with fresh paint?" No matter what your location may be—out on a country road, on a boulevard, or down in a grimy factory district—and no matter whether you have an elaborate setup or a made-over blacksmith shop, fresh, clean paint, kept fresh and clean, will not only help your own morale, but will also pay real dividends in actual cash.

In painting your station and premises, you should adhere to the Imperial color scheme as this will be an added identification. The Imperial color combination has been especially designed for high visibility and attractiveness and should be followed in all cases. In case you should be in doubt as to the proper combination and arrangement to use, the company will be glad to advise you on the problem.

2. Cleanliness and Order

You don’t think much of a neighbor whose yard is cluttered up with old, broken-down furniture and trash and overgrown with weeds. You probably wouldn’t care to have any business dealings with him, because his mental processes and ethics would very likely be as disorderly as his premises. The motorist may not think this about a cluttered, disorderly station—he may not
think it consciously—but he will naturally shy away from such a station nevertheless.

A recent survey of every kind of service station disclosed the following disorderly conditions: Piles of junk tires, junk automobiles in various stages of dismemberment and decay, battered water cans, dripping taps making puddles beneath them, patched windows, ragged signs, weeds, broken and dirty oil-bottle racks, littered driveways, oil-smudged walls, lubrication equipment strewn about, junk oil-filter cartridges in buckets, and greasy oil drums.

All these disfiguring things cost real money in terms of the business they drive away. In many neighborhoods the appearance of a station may be an asset or a liability for another reason. For example, in a neighborhood where people take pride in the appearance of their homes and in the neighborhood in general, they will be favorably impressed with efforts to bring the appearance of the station up to a par with its surroundings and they will resent the carelessness at a station which detracts from the appearance of the neighborhood in general.

Carelessness and disorder disfigure a station and cost real money in terms of business driven away. It costs nothing to keep the station premises clean and tidy and the unattractive things out of sight. Where there is a repair shop or garage in connection with the station, it may be a little more difficult to keep everything spick-and-span. But this is all the more reason why the attempt should be made. The fact that more and more women are driving cars is an added incentive to neatness and cleanliness. While you are across the street inspecting the paint of your station, also consider its cleanliness and order. If there is anything that detracts from its appearance, get rid of it or get it out of sight. Neatness pays.

Capitalizing Display Facilities

One serious mistake many dealers make is to clutter up their premises with miscellaneous and disfiguring signs. Ninety-nine out of every 100 motorists who drive into your station are thinking about gasoline and oil, not about hot dogs or beverages, and any signs other than those which identify your station as a place to buy motoring products and services are bound to confuse the customer as well as detract from the station’s neat appearance.
Many odd signs which you are sometimes invited to display at your station do not promote your business in any way. They make it difficult for the customer quickly to identify your station as "Imperial" and detract attention from the signs you really want him to see. Your display facilities are valuable. Your objective is to invite the motorist. Therefore, you should display only the signs furnished by the company whose dealer franchise you have obtained. Keep these signs fresh and clean and arranged so that they will most readily meet the eye of the customer.

3. Station Beautification

Here, of course, you must work with what you have and make the most of your opportunities. Following is a list of attractive ways and means of beautification observed at service stations, some of which may be impractical or impossible at your station, but others of which you can doubtless adopt:

A lattice background, built by the dealer himself, which shuts out an unsightly junk yard behind his station.

A patch of grass between the walk and curb with several small beds of flowers. This station is in a factory district and displays the only grass in sight.

A background of shrubs, which hides an unsightly board fence.

Several tubs containing plants, set around in places where they are out of the way, which add touches of beauty to the premises.

Perhaps you consider landscape gardening outside your province or you may feel that there is no opportunity for it at your station. But bear in mind that, without exception, where a service-station retailer has found the opportunity to give his premises a little beautification of this sort, it has created favorable comment and has added to the attractiveness of his station.

4. Inviting Restrooms

Motorists will drive for miles seeking a station with acceptable restroom facilities, and the majority of those who use these facilities also buy something.

Of course, not every Imperial dealer can have tiled and enameled restrooms. But every dealer can have restrooms which are kept immaculately clean, and the locations of which are clearly indicated by readily visible signs. Even where the restroom facilities are of the old-fashioned outdoor variety, they can still be made inviting by means of fresh paint, lattice screens, and clearly visible identification.
No one should be obliged to ask where the restrooms are; the signs should be visible from the street or road. The cleanliness and order of the station will, of course, be indications to the motorist as to the probable conditions of the restroom facilities. Restrooms are one of the most important factors of good station housekeeping, and the efficient management of your station should not only provide inviting facilities, but also keep them immaculately clean. By doing this, you will invite a great deal of business that will otherwise drive by.

b. Personal Appearance

The salesman who is located at a boulevard station that doesn't sell lubrication and repair service may find it easier to present a better personal appearance than the salesman who also gives mechanical and lubrication service, but there are definite cash values in neatness of personal appearance, no matter how situated, and everyone should strive to do as well as possible in this direction. The growing feminine trade is also a factor here. A clean uniform and clean hands, or the reverse, are always noted by the feminine part of your clientele, especially those who have new cars and are overly particular about them. A clean uniform and neat appearance are like clean paint—they indicate a respect for one's business and an orderly and businesslike personality.

To sum up this important subject of proper station housekeeping, it should be remembered that first impressions are lasting. We judge the quality of those whom we do not know largely by their surroundings—the houses they live in, their places of business, and their personal appearance. When one goes courting, to apply for a job, or to any other important interview, he is careful to see that his appearance is an asset, not a handicap. When important persons, whom it will be profitable to impress favorably, are coming to one's home or office or shop, we strive to make the surroundings as attractive as possible. A customer is always an important person whom it is profitable to cultivate. He will judge you largely by your surroundings because that is all he can see at first. You might win his confidence and trade in a shabby, disorderly station if you could get him to come in, but in too many cases you can't get him to come in because he'll avoid the places that aren't attractive and seek those that are inviting.

Besides the modest cost of an occasional bucket of paint, there is no particular investment involved in good station housekeeping. It costs little or nothing to add to the attractiveness of your station—simply an
understanding of the actual cash values of cleanliness, neatness, and orderliness and intelligent management that will create and maintain such surroundings.

You already have a sure means to achieve these results, because your good-housekeeping management problem is in no way different from that of any enterprising, successful merchant who depends on the same factors of cleanliness, neatness, and orderliness of his place of business to attract customers. And the cash values of these factors to you are dependent on your exercising intelligent management to secure and maintain attractive surroundings at your station.

Part 3

EFFECTIVE SALES MANAGEMENT

What would you think of a factory that was thoroughly equipped to manufacture and deliver a good product, but lacked the facilities to sell the product? That is the condition of many service stations; they are well prepared to deliver excellent service and products, but lack any definite plan of selling them.

In any business operation there are two main activities:

- The first is creative activity—the activity which builds business, improves methods, secures new customers, and makes progress.
- The second is routine activity—the "chores" of a business, keeping it operating, doing the jobs that must be done daily, weekly, or at other stated intervals.

You can readily see that there must be a proper balance between these two kinds of activities; if one is neglected, the operation will be "lopsided." At your service station, for example, there are certain "chores" that must be performed regularly, and they must not be slighted, even though they involve time. On the other hand, the prosperity and success of your operation depend, to an important extent, on your promotional activities, such as the securing of new customers both at the station and in community development and the developing of present customers into 100 per cent accounts. If either of these activities is slighted, or if too much emphasis is placed on one, the other suffers. Thus, you see the need of efficient sales management—management that will create a proper balance in your work.
The Time Factor in Sales Management

In every job and every business there is always a battle between the creative and routine activities. The routine duties usually come to meet one and are easier than the creative activities. Unless careful planning and management are employed, these routine duties will absorb an undue share of your time and effort to the detriment of the creative activities that will produce business and increase profits.

Since both your routine and creative activities must come within definite time limits—the hours you devote to your business—it follows that careful planning of your time is the first problem to be solved in your sales management.

The Importance of Time Management

An executive of Imperial Oil Limited who has long been a helpful influence in the building of the profits of Imperial retailers says:

"There is always one sure test to find whether a man is a good manager or the opposite. That test is: How does he manage his time? In the Imperial retail organization, for example, there are dealers who always have time to promote their businesses, to get out among their prospective customers, and to follow up constructive sales plans at their stations. There are others who are always so busy that they have little or no time to devote to anything but station upkeep and service.

"Plainly, this difference isn’t one of available time; it is a difference in the utilization of time. In my opinion, the man who is too busy to devote a proper portion of his time to constructive, productive work can help himself immeasurably by finding out just why he is so busy. If he isn’t merely giving an alibi, he will usually find many ways in which he can make time for constructive work without any sacrifice of his regular routine duties.

Your Two Main—

1. Creative Activity
2. Routine Activity

—Business Activities

"The proper kind of salesmanship, both at the station and in the community, will pay good wages in profits. Yet many Imperial retailers, in doing unskilled work, sell their time for very low prices. For example, it isn’t good business to do certain kinds of work about the station for which talent can be hired at a small wage, when one can make much more money by devoting a share of his hours to selling. In other words, any retailer who is ‘tied down’ to his station isn’t planning constructively."

Here, then, is your first job of sales management: Plan and lay out your time so that you will do full justice to your routine responsibilities and still have the maximum amount of time left for the creative, profit-building opportunities which are everywhere about you.

How to Manage Your Time

The productive management of your time is a problem that you must work out for yourself, because there
are usually special conditions and factors which apply only to your own job or station. Nor can you approach this problem in general terms, such as, “I must devote more time to selling.” Your planning must be definite and specific. If you determine to lay aside a certain amount of money each month, the best way to do it is to make a budget. In this budget you will provide for all your fixed charges, with a fair leeway for emergencies and so on. But each item of these fixed charges should be handled individually and added to the total.

You can budget your time along the same lines. The first step is to identify all the fixed charges against your time—the routine upkeep and operating duties which you must oversee or handle and which cannot be delegated. You know what these are, but you probably have never put them in a time budget.

Remember, if your business is to grow and show increased profits year after year, you must provide an ample amount of creative selling time. Therefore, this time budget shouldn’t be slighted. It is a good plan to work out a budget on paper, not necessarily to make a time sheet to be followed, but just to get a clear picture of how much time you actually have, or can make available, for creative sales work. When you consider your time specifically in this way, you will often see how time can be saved by delegating some of your present duties to others—an effective partition of routine duties among the others at the station—which will allow more selling time.

There are three places where your creative salesmanship can be profitably employed and where your effective sales management will create time to devote to these profitable sources:

1. **At the service station.**
2. **In community development.**
3. **In general sales promotion among friends, acquaintances, business connections, and wherever an opportunity to promote sales can be created.**

It is apparent that time management applied to these three sales opportunities will differ rather widely, and, therefore, it is necessary to make a distinction between them.

1. **Time Management at the Service Station**

   Perhaps you have been wondering just how to make a distinction between routine and creative time at the station, since they are so closely allied. Naturally, you cannot set aside hours at the station during which you will do nothing but sell. A little thought, however, will point out the easy and logical solution to this problem.

   To begin with, you know that sales at the station are created by observing needs of the cars that come in, by suggesting sales to meet those needs, and then by following through with skilled, tactful salesmanship. You know, too, that merely dishing out what the customer asks for is not creative selling. Therefore, you can reduce your sales management at the station to a definite formula.

   **Spend more time observing needs and more time in tactfully suggesting products and services to meet those needs.**

   For example, suppose that you sell five Atlas tires and tubes a month as a result of asking twenty customers to buy them, or that you sell one new Atlas battery for every thirty hydrometer tests. (These figures are, of course, given merely for illustration and not as exact
percentages.) To make these twenty tire sale solicitations and thirty hydrometer tests, with the necessary follow-through salesmanship, you will have to devote a certain portion of your day’s work to these creative activities. Now if you determine that you are going to talk Atlas tires to thirty customers and make forty hydrometer tests, you will have to take the time required for this additional creative work out of your unproductive, routine time and coin it into sales and profits.

In following this program, if you held a stop watch on your work, you would find that by increasing the number of times you observe a need and offer to meet it, you are actually devoting more time to creative salesmanship.

It isn’t, of course, necessary to hold a stop watch on your work; but it is necessary that you hold a stop watch on the sales opportunities you may let slip away from you. This cannot be repeated too often or be too greatly emphasized: *Your sales opportunities and your profit opportunities come rolling into your station all day and every day.* The extent to which you cash in on these opportunities will be governed by the quality of your salesmanship, and the extent to which you employ these opportunities for skilled salesmanship will be governed by the quality of your management.

Management of the Service of Your Station

Today your customers expect complete service. You are not conferring a favor on them when you give service—you are merely doing what they expect you to do. This has been proved by extensive surveys conducted among thousands of motorists. Ninety-three