



Personal Selling

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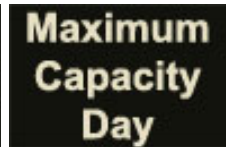
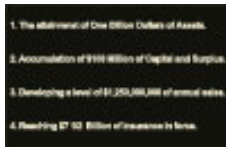
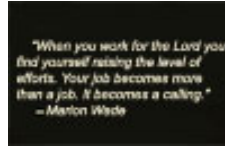
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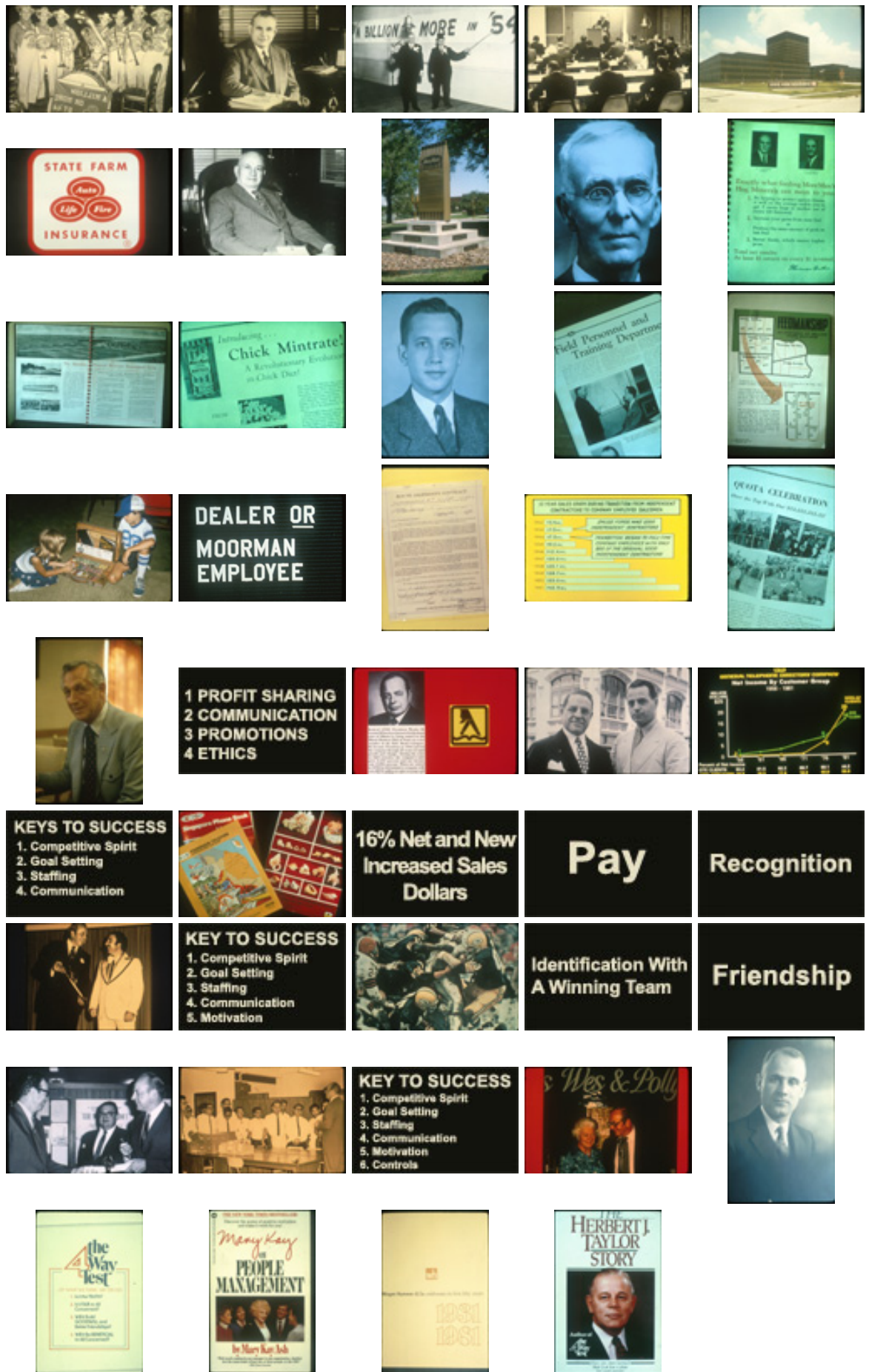
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Personal selling begins with the individual sales person. A very few successful salespersons are able to turn their sales knowledge into a national corporation. Such was the case of Marion Wade, founder of ServiceMaster.



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Wade was the founder of giant ServiceMaster, a home and business cleaning company. Wade began his selling career using unethical techniques. Then a personal life-threatening experience caused him to rethink his priorities and he decided to build a highly ethical business.



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*"When you work for the Lord you find yourself raising the level of efforts. Your job becomes more than a job. It becomes a calling."
— Marion Wade*

Wade's change of heart stemmed from his Christian beliefs. As he put it, his would be a business that implemented God's will. By applying those beliefs to his new business, he created a customer service culture which was the basis of ServiceMaster's growth. The slide on the left presents Wade's explanation of why this approach worked.



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NINE THAT LIGHT THE SKY

COMPANY		RETURN ON EQUITY 1979-88		
		Average	BEST Year	WORST Year
1	SERVICEMASTER	63.7%	142.2% 1987	30.9% 1980
2	PRICE	28.5%	43.2% 1981	19.3% 1987
3	UNITED PARCEL SERVICE	28.3%	37.3% 1981	16.1% 1979
4	TANDY	26.0%	40.0% 1979	15.1% 1980
5	WAL-MART STORES	25.6%	27.8% 1988	22.4% 1981
6	FOOD LION	24.2%	28.8% 1979	22.4% 1982
7	BRUNO'S	22.4%	35.3% 1981	15.4% 1987
8	MARSHOTT	21.7%	32.7% 1988	17.2% 1979
9	MELVILLE	20.9%	24.0% 1979	19.1% 1985

To join this galaxy, drawn from the Service 500 lists starting on page 351, a company had to have averaged at least a 20% return on equity the past ten years, never sinking below 15%.

Wade's vision brought to the company two major talents - Ken Hansen and Ken Wessner. The two Kens proceeded to turn ServiceMaster into America's most profitable service company during the period 1979-1988. Here is one case where a high standard of ethics and high profits went together.



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ServiceMaster's success involved more than a high standard of ethics. Strategy was also involved. For a closer look at sales organization strategy we now turn to the Charles Becker Story.



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Becker's first career was as a newspaper reporter. But the pay was not good and so he tried his hand at selling life insurance.



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He was a gifted salesman and consistently achieved high levels of success through the 1920s.



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Successful as it was, Becker's Texas company wasn't growing fast enough for Becker. And so he acquired the larger Franklin Life Insurance Company in Springfield, Illinois in 1939.



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Becker transformed Franklin Life into a growth giant. Between 1939 and 1964 the company vaulted into the top ranks of the industry as illustrated by the expansion of the home office building.



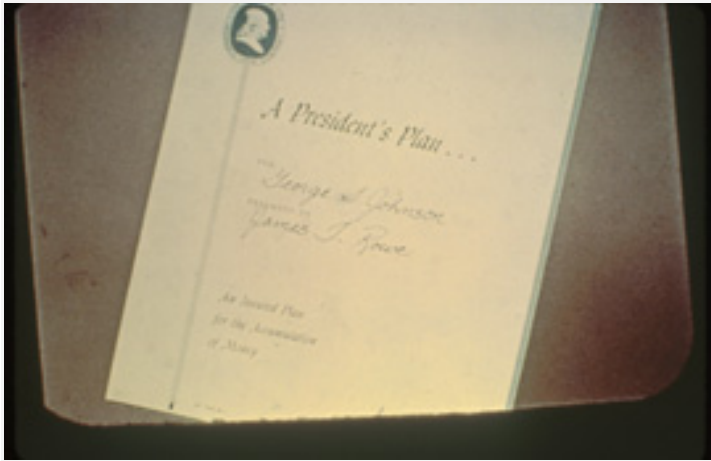
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The secret behind Becker's success with Franklin was a well-executed strategy.



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One key element of Becker's strategy was the basic insurance product called A President's Plan.



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The President's Plan		
SELF	FAMILY	EMERGENCY FUND
\$10 ⁰⁰	\$10,000 ⁰⁰	\$117.45-
\$500 ⁰⁰	ESTATE VALUE	
\$5000 ⁰⁰		\$1,505.88
000 ⁰⁰		\$4,998.18
066 ⁰⁰	GAIN \$13,066 ⁰⁰	ANNUAL INC \$1,934 ⁰⁰
	DEP. FEE all	CAPITAL REQUIRED \$48,000
	% RET. 131 %	% TO EQUAL \$1,920 ⁰⁰

This was a whole life plan, meaning that the customer not only bought protection but also ended up with savings exceeding the amount paid for the insurance. Almost all insurance companies offered similar products. But Franklin was different because it focused on this one type of policy.



Focus on the Company Agent

Specializing in the President's Plan made it easier for company agents to master the product and allowed Becker to focus on developing the company agent (rather than continuous product development).



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Recruiting superior agents was crucial. Becker looked for persons of above average intelligence with good people skills. One good hunting ground was public schools. Teachers and administrators were lured to Franklin with questions such as those illustrated in this film clip. The appeal of a career at Franklin was the superior income that an ex-teacher could earn.

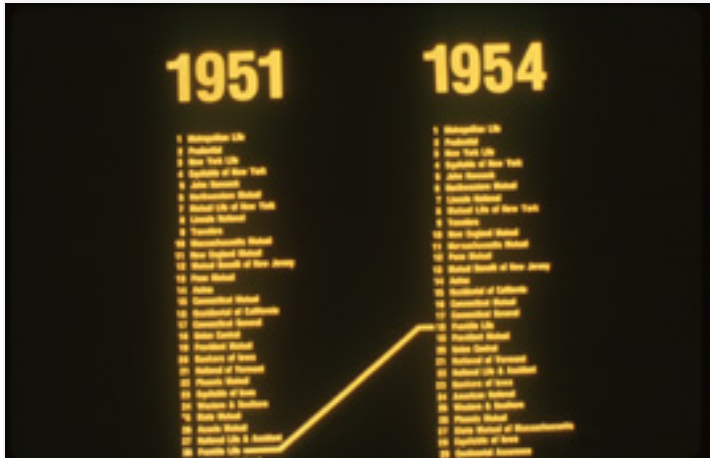


Motivate the Sales Force.

Once an agent had been recruited and trained the Becker strategy called for an array of techniques to motivate the sales force.



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One technique, used from 1951 to 1954 was to set the goal of moving up in the industry rankings.



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1. The attainment of One Billion Dollars of Assets.
2. Accumulation of \$100 Million of Capital and Surplus.
3. Developing a level of \$1,250,000,000 of annual sales.
4. Reaching \$7 1/2 Billion of Insurance in force.

A similar technique, used at different times, consisted of setting company-wide quantitative targets such as these.



Maximum Capacity Day

Yet another quantitative tool was the annual Maximum Capacity Day - The day each year when company agents would attempt to set a new all time high one day sales record





On each year's maximum capacity day the agents would telephone their results directly to Becker at the end of the day. Since the last to report were the Hawaii agents, Becker stayed awake late on that day.



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Another annual sales promotion tool was the Becker Birthday contest. Every November agents would compete for the distinction of selling the most insurance during Becker's birthday month.



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One of Becker's most effective tools was the stream of motivational letters he wrote to the personnel in the field.



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Becker used sales meetings as an opportunity to establish and strengthen personal bonds of friendship with individual agents.





Whether recruiting new agents or motivating existing agents, Becker managed to make each individual feel that he or she was special in the eyes of Charles Becker.



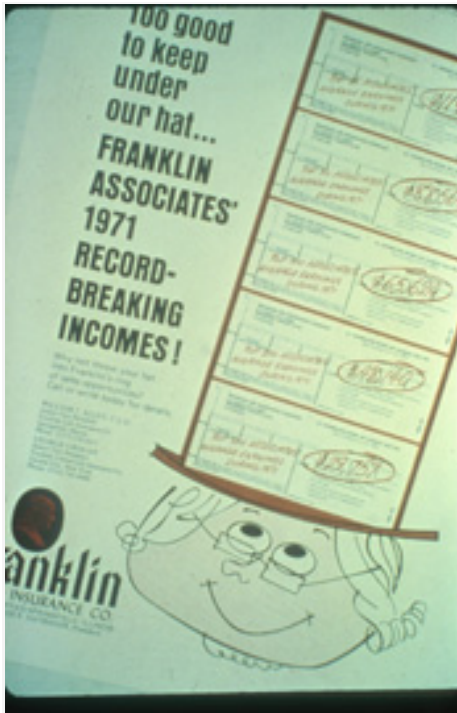
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Becker put his money where his mouth was. He offered superior financial reward to his agency force and he advertised that fact in industry publications. This advertisement is one example.



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And here is another example. Such advertising was unorthodox and met with some criticism.



**Specialization
Communication
Goal Setting
Sales Promotions
Rewards**

In retrospect, Becker's success can be largely explained in terms of the 5 factors shown here.



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But a complete explanation would have to include Becker's energy, enthusiasm and overall leadership gifts.



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An interesting contrast with Charles Becker is George Mecherle, the farmer who created the State Farm Insurance Companies.



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Mecherle was a successful farmer who, at the age of 40, undertook a crusade to give Illinois farmers a fair price on automobile insurance. He was convinced that farmers were charged too much by existing insurance companies.



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He creatively developed a lower cost auto policy and initially teamed up with local mutual farm fire insurance companies to sell it.



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Mecherle personally called on local farmers to obtain the initial group of farm customers.



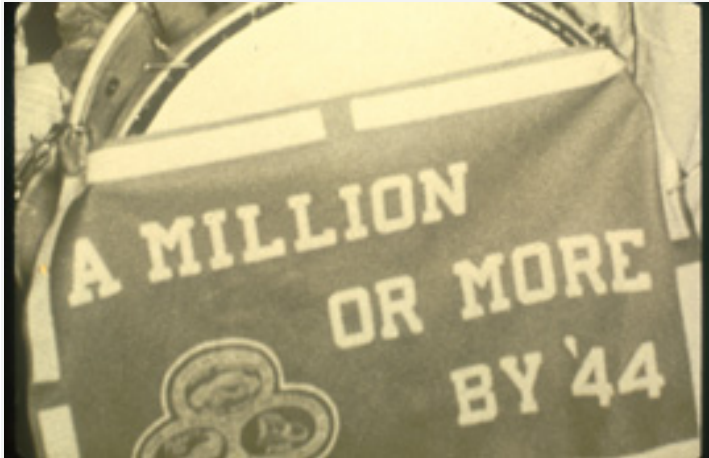
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Once the initial group of customers had been acquired, Mecherle turned from selling to managing.



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He set an ambitious goal for company growth -- A million or more auto policies in force by 1944.



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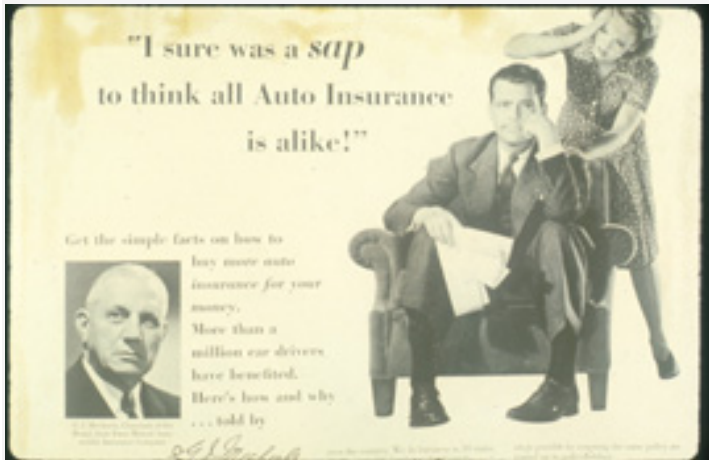
A man in a white shirt and tie stands next to a large table displaying insurance statistics for various states. The table is titled 'STATE INSURANCE FOR YEAR TO DATE AS OF MAY 21, 1944'. The table lists states and their corresponding insurance statistics, including premiums, losses, and expenses.

STATE	PREMIUMS	LOSSES	EXPENSES	TOTAL
ALA.	111,891	32,496	26,766	171,153
ARK.	241,426	32,696	3,526	317,648
CAL.	1,582,416	413,700	191,120	2,187,236
COLO.	413,262	41,500	27,730	482,492
CON.	15,500	2,000	0	17,500
CT.	6,764,775	826,910	117,646	7,709,331
DE.	6,102,052	501,400	151,620	6,755,072
GA.	4,106,807	498,963	135,454	4,741,224
IA.	1,104,152	201,521	114,499	1,420,172
ILL.	464,226	41,897	12,571	518,694
IND.	126,714	22,000	11,952	160,666
MINN.	6,017,832	562,204	358,895	6,938,931
MISS.	2,201,510	100,430	514,612	2,816,552
MO.	1,105,619	22,837	0	1,128,456
NEB.	11,000	8,148	0	19,148
NEV.	114,467	185,213	0	299,680
NEW YORK	1,745,280	217,164	138,111	2,099,555
N.H.	569,877	50,246	31,811	651,934
N.J.	1,783,996	192,692	104,111	2,080,800
N.M.	185,292	14,000	4,211	203,503
N.D.	579,793	6,500	65,711	651,004
OHIO	5,729,378	136,830	167,111	5,993,319

The initial results of the 1944 goal were disappointing. So Mecherle introduced significant strategic changes - A national advertising campaign was started. And the agency force was converted from part time to full time.



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Mecherle, himself, appeared in the new national advertising campaign.



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And the fact that agents were now full time allowed the company to motivate the agents with a full array of sales management tools.



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The goal of a million auto policies in force by 1944 was achieved and Mecherle set his sights on a new goal.



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A billion dollars or more of
life insurance in force by
1954.





Achieving the 1954 goal again required major changes in strategy. In particular, State Farm decided to raise agent training to a significantly higher level. As a result, the company would eventually become known as having one of America's premier training programs.



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State Farm's growth, thus, differed from Franklin Life's growth in terms of consistency of structure and strategy. At Franklin, Becker found a winning formula early and stuck with it. At State Farm, Mecherle periodically changed the formula in order to keep growing.



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Another difference was that whereas Franklin Life agents specialized in whole life policies, State Farm agents sold a wide range of insurance products, in three different basic areas - auto, life and fire.



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One thing State Farm did have in common with Franklin Life was a bigger than life leader, George Mecherle.

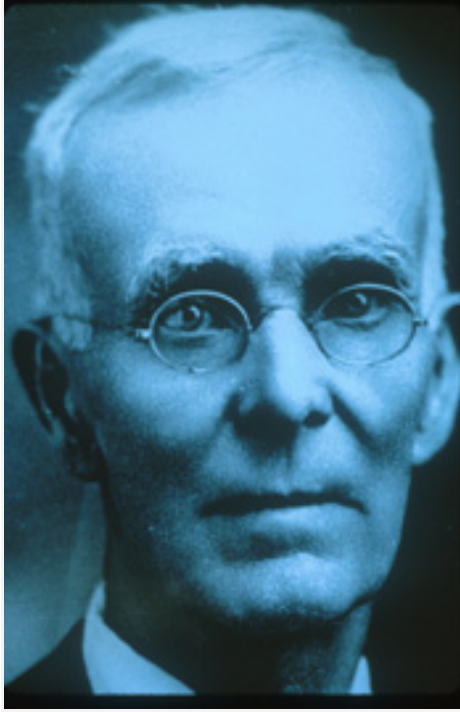


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State Farm and Franklin Life sold an intangible product - insurance. For a look at an outstanding sales organization with a tangible product we turn to the Moorman Manufacturing Company - maker of animal feed nutritional additives.

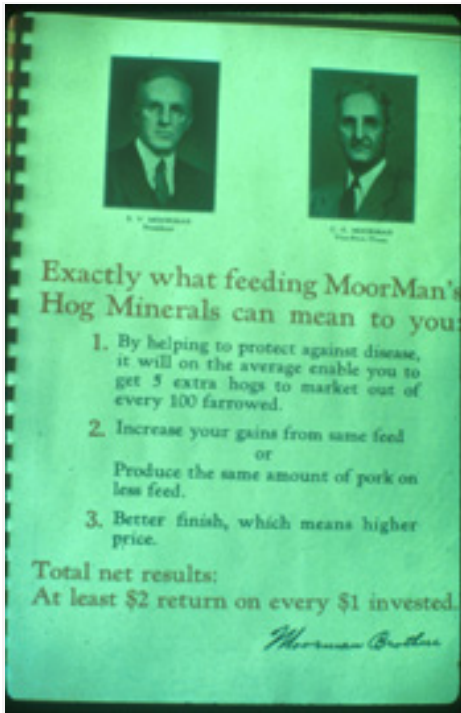




The company was established by Kentucky farmer Tom Moorman after he discovered a mineral feed additive that accelerated the growth of his hogs and kept them healthier.



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His two sons, shown here, moved the company first to Missouri and then to Quincy, Illinois. They formulated a simple three part sales message which convinced many farmers that they could earn a nice return on their investment by using MoorMan's additive.



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Unlike their numerous competitors, the Moorman brothers wanted to be able to prove their sales promise. And so they established a research farm where the sales claims were put to a test. This gave the company a decided credibility edge over the competition. It also gave the brothers, devout Christians both, peace of mind in knowing that they were telling the truth to their customers.



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In the 1930s the research gave MoorMan's another competitive edge by developing a breakthrough new chicken feed additive called Chick Mintrate.



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Thus, MoorMan's seemed to have a competitive edge in terms of product. But sales clearly lagged behind the potential. And that is where this new management employee, Bob Hulsen, played a major role.



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Recently graduated from Culver Stockton College, Hulsen was convinced that the sales force needed guidance and training. His boss, C.A. Moorman, agreed to let him give it a try. Thus was born the new Field Personnel and Training Department.



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Hulsen devised a plan whereby each salesman was to divide his territory in such a way that the salesman called on each farm customer on the same day of the month, once a month.



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The salesman was also provided with a handy sales kit containing samples of all MoorMan's products.



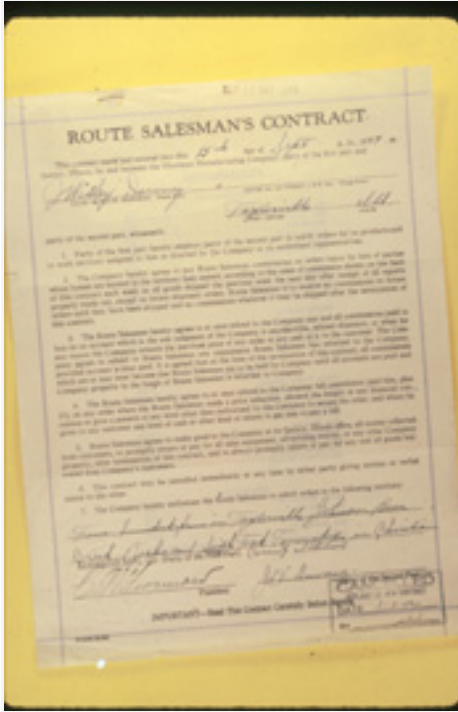


DEALER OR
MOORMAN
EMPLOYEE

Hulsen soon discovered that his training program was not achieving the desired results. As was the practice in the industry, MoorMan's sales force consisted of farmers who also served as part time independent dealers. Hulsen wondered if it would be better to require salespersons to be company employees.



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Hulsen chose the company employee strategy. Out went the old route salesman's contract and in came an employee relationship.



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In 1943 MoorMan's began the transition to full time, company employed salespersons. Only 800 of the original 5000 part time independent contractors stayed with the company. But those 800 were able to sell as much as the 5000 had the year before. After that, sales growth took off.



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Once the new sales organization was in place, MoorMan's perfected the technique of stretching the sales force with attainable but tough to reach sales targets or quotas.





Hulsen's success in energizing the sales force contributed to his selection as president of MoorMan's.



1 PROFIT SHARING
2 COMMUNICATION
3 PROMOTIONS
4 ETHICS

MoorMan's experienced exceptional growth during Hulsen's presidency. In his view, these four factors were the key to that success. They were the factors that energized MoorMan employees not only in sales but also in all of the other areas of the business.



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The Wes Loomis Story provides our final look at an excellent sales organization. This story takes place at the General Telephone Directory Company. That company printed Yellow Pages telephone directories. The companies revenue came from the sale of advertisements in those directories.



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Wes was an industrial management graduate of MIT and came to the General Telephone Directory Company after having learned the directory company business from his successful father.



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Wes took over the directory company at a time when it was losing money. He proceeded to install a new attitude and strategy which produced astounding growth for the next two decades.



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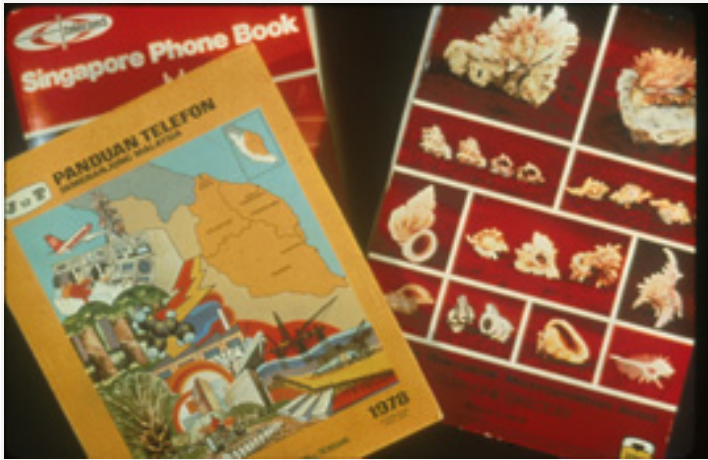
KEYS TO SUCCESS

- 1. Competitive Spirit**
- 2. Goal Setting**
- 3. Staffing**
- 4. Communication**

In retirement Loomis explained his success in terms of a small number of "Keys to Success," four of which are listed here.



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To Loomis competitiveness meant more than a superior sales organization. It also meant invading new territories. His decision to enter the Singapore telephone directory market was one such example.



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**16% Net and New
Increased Sales
Dollars**

Goal-setting took this simple form under Loomis. Year after year this was the company target.





Pay

Successful staffing meant attracting the best potentials sales persons. Superior pay was one way to do that. So Loomis dramatically increased pay while simultaneously requiring the sales force to justify the higher pay with higher productivity.



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Recognition

Good staff were retained not only through high pay but also through frequent recognition.



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Loomis constantly recognized contributions with telephone calls, letters and award ceremonies.



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KEY TO SUCCESS

- 1. Competitive Spirit**
- 2. Goal Setting**
- 3. Staffing**
- 4. Communication**
- 5. Motivation**

Pay and recognition, of course, were two standard forms of motivation. But Loomis added two additional motivational tools.



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One tool was evident in the 1960s when Loomis began promoting the idea that his employees were like the players on the then unbeatable Green Bay Packers professional football team.



Identification With A Winning Team

The story-telling technique of identification with a winning team can be a powerful motivator in the hands of the right leader.



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Friendship

Establishing bonds of friendship was the second extra motivational technique used by Loomis.



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Loomis used sales meetings, casual get togethers, telephone calls and correspondence to establish one-on-one friendship relationships at all levels of the organization.





Loomis communicated respect and empathy for employees at all levels. This came across even in talks with groups of employees. Friendship became a significant bond between Loomis and the rest of his "team."



KEY TO SUCCESS

- 1. Competitive Spirit**
- 2. Goal Setting**
- 3. Staffing**
- 4. Communication**
- 5. Motivation**
- 6. Controls**

A sixth key to Loomis' success was his use of tight controls in all phases of the business. He created a culture of trust, to be sure. But he backed that up with verification.



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A final noteworthy feature of the Loomis story is the fact that he tried to resolve the problem of time away from the family by involving his wife, Polly in his travels and meetings. Indeed, Polly gets some credit for the strength of the friendly feeling of employees toward Loomis.

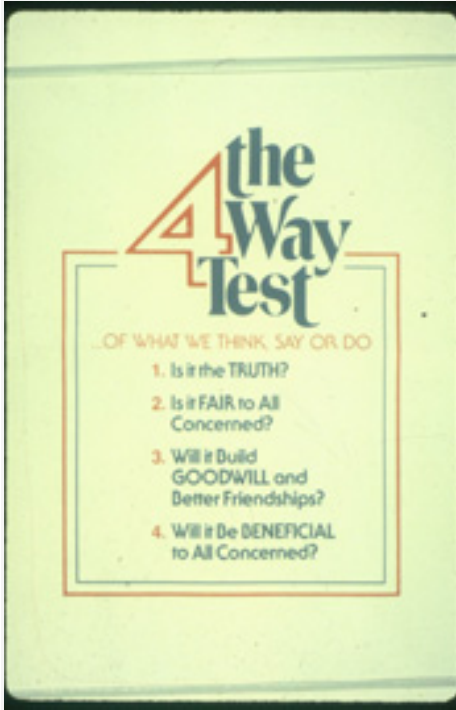


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We began with a company founded on a focused ethical concern. This man, Wayne Hummer, started a small stock brokerage business in order to provide buyers with an ethical alternative to the dishonest securities sales techniques he observed in the 1920s.

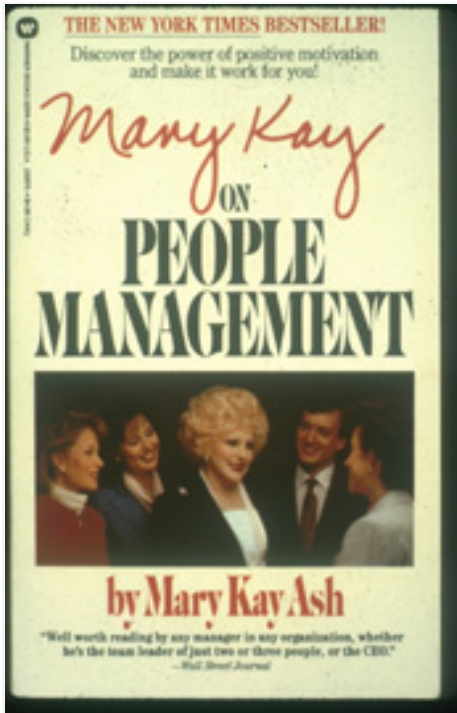




Hummer's action is a reminder that a high standard of ethics and personal selling can be consistent. Indeed, the case studies in this slide presentation all show a concern for one or more of the ethical tests found in Rotary International's 4-Way Test, shown in this slide.



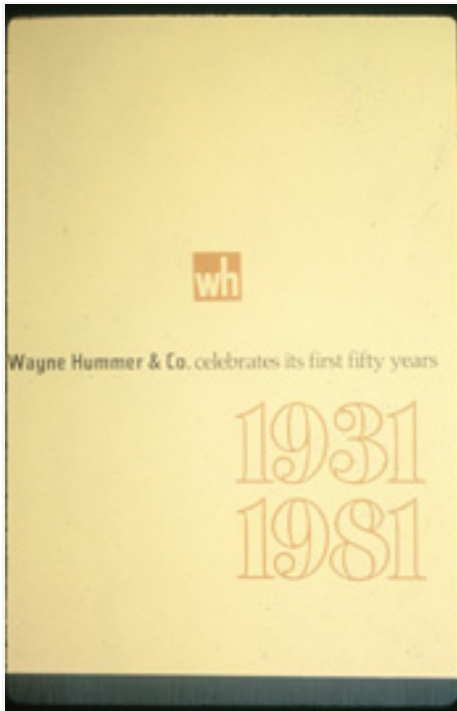
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In most cases the ethical concern has to do with the customer. But in a few cases, such as Mary Kay Ash, employees are the focus. Mary Kay founded her world famous company in order to give women the sales opportunities denied to them in male dominated direct selling organizations.

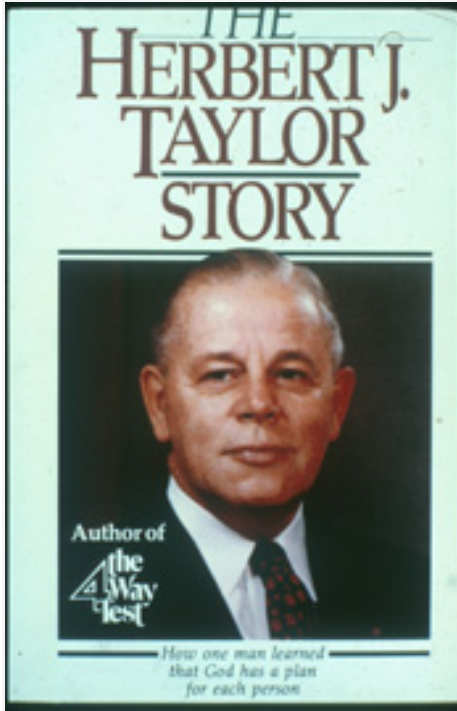


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The success stories in this slide show combine ethics with the creation of a big business. But sometimes the price of commitment to a high standard of sales ethics is to forego the chance to become a large company. Such was the case of Wayne Hummer and Company. On its fiftieth anniversary it was still an ethical paragon in an industry of questionable ethics. It was also a very small company.





Remaining small was also the fate of the company where the 4-Way Test was conceived, Club Aluminum. But the company president and 4-Way Test creator, Herbert Taylor, wasn't concerned about growth. Once he had turned around the company, he turned his attention to non-profit work, principally promotion of Christian youth organizations.

His gift to the business world remains his test. It not only provides useful guidance for current business leaders, but also gives us an inspiring way to interpret the success stories in this slide show. These are more than studies in strategies and techniques. These are also stories of high standards of ethics in a business setting.

