

Communications

MARKETING RESEARCH—IDEAL TRAINING GROUND FOR FUTURE EXECUTIVES

In the October, 1951, *JOURNAL OF MARKETING*, Donald R. Longman makes the statement that "the low salaries usually paid (in marketing research) generally lead to the appointment of mediocre people or young people to research positions. The abler young people soon discern the standing of marketing research in the minds of management personnel and gravitate to other fields."¹

It is unlikely that many research men will disagree with Mr. Longman's observation. But why not turn this apparently disadvantageous situation into a triumph for marketing research?

It is true that marketing research activities will probably never pay high salaries to any but the top research executives. It is also a fact that this tends to discourage capable young people from entering the field, regardless of the opportunities for gaining a broad marketing background. For example, a few years ago one of the large soap companies decided to offer training opportunities in research to a few bright young men in the firm's sales department. Not one single sales trainee accepted. This was partly due to the lower starting salary and partly because they felt they had a brighter future in the sales division.

Nevertheless, there is a way to improve the quality of research personnel. Furthermore, this can be done while at the same time laying the ground-work for a

greater appreciation of research among members of top management. The way to accomplish all this is by using the marketing research department as a training ground for future executives.

What are the mental requirements for a good research analyst? Most men in the field will agree that the most important qualities are intelligence, personality, leadership ability, a good analytical mind, initiative, selling ability and imagination. But so are these the same qualifications necessary for a good executive. Why not kill two birds with one stone by allocating a major portion of an executive trainee's time to the marketing research department?

Most established companies now have training programs for men who show promise of having the ability to handle management jobs. These programs usually require a trainee to spend a few months in many different departments. A large part of the time devoted to this type of training is non-productive because it takes a considerable period for a trainee to adapt himself to the routine of each department. It would be much more practical to have a trainee assigned to the marketing research department where his research projects would automatically bring him into contact with the various other departments.

Of course, it would still be necessary for such trainees to spend time observing the activities of the other important departments of the company. However, these observations could then be set up merely to demonstrate the broad general purposes of these departments and would require a shorter assignment pe-

¹ p. 199.

riod. The intimate contacts with most departments would come from digging out research data for specific marketing research assignments.

The status of the trainee in the marketing research department would be somewhat the same as that of an "Analyst In Training." He would work under the supervision of a senior or junior analyst. As a matter of fact, some of these trainees could eventually graduate into research executive positions if their interests and ambitions happened to develop along research lines.

Now, what would be gained from setting up the marketing research department as a training ground for future executives? First of all, what would research gain?

1. *More Able Personnel.* Able young men would be more eager to work in research despite lower salaries because they would be able to look forward to a brighter future. Also, it would increase the number of people in the marketing research department with the ability and inclination to analyze research data.
2. *Better Appreciation for Research Among Top Management.* As trainees graduate from the research department they would become missionaries, eager to spread the good word about the value of research.
3. *Executives Would Eventually Come To Understand Research Techniques.* Since the research department would be in close contact with each management trainee, it is natural that the future executives would have a better understanding of research techniques. This would make the job of the research department much easier and would encourage the use and development of more advanced techniques.

What would be gained by management?

1. *Diversified Training for Executives.* There is no place in the average company where an aspiring young executive could learn more quickly about the many phases of his concern's business than in the marketing research department. One day he might be gathering advertising data from the media department. The next day he might be analyzing sales records or possibly digging into accounting records. Another time he might be presenting the results of a sales test to members of the executive committee. All of these activities would help round out a young man for administrative duties.
2. *Development of Executives Trained To Analyze Facts.* An important part of any executive's function is to make decisions. With competition in all fields becoming stiffer and stiffer, it is essential that these decisions be based on facts rather than hunches. A few years of training under marketing research men would surely develop a trainee's ability to analyze facts.
3. *Development of Good Administrators.* Every trainee in a research department quickly learns the techniques involved in supervising subordinates. Not only does he plan the work of statistical clerks and typists, but he is also forced to use every ounce of personality to persuade busy personnel in other departments to help him dig out data for his research projects. Where could a future executive receive better training in human relations?
4. *Development of Creative Thinkers.* A wise business man once said, "Hard work alone is not always the way to success. Sometimes it is better to put your feet up on the desk and think up

ways for your company to make more money." Working at marketing research forces a man to think creatively. Every new project is another exercise for his imagination.

5. *Productive Work During the Training Period.* All the time a trainee is getting this valuable experience, he would be much more productive than a trainee under other types of training programs. The marketing research department would receive much needed help without increasing the company's overall budget.

In summary, an ideal way to advance the status of the marketing research function in a company is to see to it that each prospective executive devotes a considerable portion of his training period to that activity.

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BASES FOR ALLOCATING DISTRIBUTION COSTS

In his recent article, Robert H. Watson discussed methods of distribution cost allocation and attempted to evaluate the units of measurement used in cost allocation.¹ Periodic review and evaluation is essential for progress in any area of study. To be purposeful the material subjected to examination should reflect current practice. In making his evaluation, Mr. Watson has restricted himself to sources which are outdated and as a result has made some generalizations which can be questioned in the light of data yielded in recent surveys of industry practice in distribution cost analysis.

With regard to sources, apart from Canfield's text in sales administration and four articles from accounting jour-

nals, the analysis focuses on Heckert's text, the two pamphlets written by Sevin and Taggart, and Neuner's cost accounting text.² There is no reference to such recent surveys of industrial practice in distribution cost analysis as Sevin's "How Manufacturers Reduce Their Distribution Costs" and the National Association of Cost Accountants' study of the methods used by some 70 companies.³ The treatment given the problems of distribution cost analysis in more than 90 articles appearing in N.A.C.A. Bulletins over a period of years was practically overlooked by Watson. Some 15 of these articles concern themselves with distribution cost standards.

Having confined himself to just a few sources, Watson makes some generalizations which are not in accord with current developments in distribution cost analysis. For example, the point is made (p. 32) that with regard to measures used in distribution cost analysis, there is an almost exclusive use of data recorded and summarized in the accounting system. The first research study resulting from the N.A.C.A. survey notes the following practices as representative of the techniques employed by various companies:

1. Simple correlation analysis employing scatter charts as part of the task of preparing flexible budgets.
2. Time studies and job analyses of activities of salesmen, clerks and deliverymen.
3. Logical analysis based upon knowledge of the operations of the business.

Further, this survey showed that where results obtained from some expenditures

² The 1947 revision of Neuner's text reproduces the section dealing with distribution cost as contained in the 1942 edition. This author cites the 1942 edition.

³ National Association of Cost Accountants, "Assignment of Nonmanufacturing Costs for Managerial Decisions," Research Series No. 19, May, 1951.

¹ Robert H. Watson, "Bases for Allocating Distribution Costs," THE JOURNAL OF MARKETING, July, 1951.