19 APR 2004 RESEARCH & IDEAS

Birth of the American Salesman

by Laura Linard

Modern sales management is a uniquely American story, says Harvard Business School's Walter A. Friedman, author of *Birth of a Salesman*. PLUS: Book excerp

Walter A. Friedman's new book *Birth of a Salesman* chronicles the rise and development of modern sales management from the 18th century to the present day. Its fascinating cast of dynamic business figures and academic leaders includes John Patterson, Frederick Taylor, Henry Heinz, and Walter Dill Scott.

The book looks at the changing image of the salesman, represented by the likes of George Babbitt and Willy Loman. In the end, says Friedman, salesmen not only fed America's thirst for consumerism, they also shaped it.

Laura Linard: In the introduction to *Birth of a Salesman*, you write: "The development of modern sales management is an uniquely American story." Why do you think this is?

Walter Friedman: In the early nineteenth century, many nations, certainly all the European ones, had traveling peddlers and peddling networks. But no nation developed organized sales forces to the same degree as the United States by the early twentieth century.

There were many reasons for this: The emergence of salesmanship in the U.S. depended on a stable currency, the rule of law, the protection of private property, and the availability of credit. These were all aspects of the American economic system. But what made the U.S. unique was the scale of American firms that were founded in the late nineteenth and early twentieth centuries. These massive manufacturing concerns, which produced tremendous numbers of business machines, appliances, and cars, hired salesmen in the hundreds in some cases, and even thousands in others, to create demand for their products. These goods, all pushed by aggressive salesmanship, distinguished the American economy by their early appearance and widespread purchase. British industry, which produced on a smaller scale, and German manufacturers, which were rooted in craftwork traditions, seldom exhibited a similar interest in mass selling campaigns.

Salesmanship flourished in America for cultural reasons as well. In a country that, from the outset, held democratic elections and had no established church or hereditary aristocracy, salesmanship provided political and religious groups with a way to compete against their rivals for followers. Moreover, with more fluid class boundaries than in European countries, the skills of salesmanship, especially beginning in the late nineteenth century, offered a pathway to personal success. By the early twentieth century, Americans read how-to-sell books and turned Bruce Barton's *The Man Nobody Knows* (1925), which portrayed Jesus Christ as a successful sales and advertising executive, into a bestseller. Books on salesmanship skills still sell well today. Dale Carnegie's *How to Win Friends and Influence People*, published originally in 1937, remains one of the most popular and draws in part on lessons the author learned working as a salesman for Armour.

Q: You trace the world of selling in America and the salesman from the eighteenth century peddler to the present day. What do you consider the most significant time period in terms of transforming sales and American business?

A: The birth of modern salesmanship occurred in the late nineteenth and early twentieth centuries with the rise of large mass manufacturing firms. National Cash Register, Eastman Kodak, Coca-Cola, Westinghouse Electric, and Carnegie Steel were all founded in the 1880s; in the following decade came Wrigley's Chewing Gum, General Electric, Burroughs, and Pepsico. These companies developed modern sales techniques, created procedures for management that paralleled those of the new science of mass production.

NO NATION DEVELOPED ORGANIZED SALES FORCES TO THE SAME DEGREE AS THE UNITED STATES BY THE EARLY TWENTIETH CENTURY.

For the average salesman, used to traveling more or less on his own (and at that time, almost all were male), this meant a number of changes. Now his routes were planned, his customers evaluated before his departure, and he recorded his every move in sales reports and receipts. Sales managers at large corporations assigned salesmen specific territories and gave them monthly or weekly quotas to meet. They aimed to make salesmanship uniform and predictable, and capable of being taught to new recruits. They often even instructed salesmen how to stand while talking with a customer, or how to hand over the pen at "closing."

The revolution in selling had consequences beyond individual firms. The growth of systematic methods of sales management gave rise to a number of products and services that supported sales managers, including trade journals and popular magazines about salesmen and sales management. The creation of methods of sales management also opened up new branches of academic inquiry, such as marketing, consumer behavior, and industrial psychology. (HBS was a leader in this: In 1913, Harvard's Bureau of Business Research published its first bulletin, which concentrated on the selling of shoes.)

By the 1920s, sales management had "arrived." American businesses recognized salesmanship as an essential component of modern strategy. Indicative of the rising importance of selling within corporations was the fact that something like one-quarter of the chief executives of the top 200 industrial firms in 1917 had spent part, or all, of their career in selling. Arthur Vining Davis, who had figured out a way to sell aluminum to consumers in the form of pots and pans and numerous other items, became chairman of Alcoa. Edward Prizer, who became president of Vacuum Oil in 1918, made his reputation by organizing the firm's domestic and foreign sales operations. Clarence Mott Woolley, president of the American Radiator Company from 1902 to 1924, had similarly made his mark in sales.

Q: What role have salesmen played in the development of America's consumer society? What do you see as the distinction between sales and advertising?

A: The entrepreneurs who built large mass manufacturing businesses usually relied on both selling and advertising. But the salesman's role in promoting goods was different from that of advertising. To use a military analogy common in the early twentieth century, advertising was a weapon for waging an air war, while salesmen were deployed as foot soldiers in a ground campaign.

Sales workers performed a range of different tasks: explaining and servicing products, collecting information, and pressuring people to make purchases by overcoming resistance. Salesmen learned to answer specific questions about a product and its application, and to grant credit to buyers and make arrangements for delivery. The industries that traditionally invested heavily in salesmen—insurance, automobiles, office machines, branded foods, and pharmaceuticals—did so because they believed salesmen were effective and persuasive in creating demand.

AMERICAN BUSINESSES RECOGNIZED SALESMANSHIP AS AN ESSENTIAL COMPONENT OF MODERN STRATEGY.

Salesmen pushed customers to buy products or services that they might not have otherwise purchased. They were particularly good at introducing new products to customers. For instance, the cost of selling the first electric refrigerators in the early twentieth century was very high as salesmen worked to convince homeowners of the value of the new machine over the traditional delivery of ice. After the demand for refrigerators was established, manufacturers concentrated on advertising, on differentiating their product from other makes, and on price competition.

Salesmen also persuaded customers to buy their company's product rather than a competitor's, championing an Electrolux vacuum cleaner rather than a Hoover, for instance. Salesmen could be effective in this regard, pointing out marginal differences between one product and another. If two cars or two refrigerators were similar in performance and design, salesmen might be able to sway the customer toward one brand or another. This was not a trivial accomplishment. The consequence of this type of marginal ability to influence consumers could be great. Once "prospects" purchased one company's product over another's, they became customers of that company and were targeted for follow-up calls or for more promotional material. They also became familiar with the product and were likely, unless disappointed with it, to continue to purchase from the company again, as this was less risky than trying something new.

Q: Who do you think was the most significant figure in the history of sales?

A: Probably John H. Patterson at National Cash Register (NCR). Patterson, who lived from 1844 to 1922, was a contemporary of the Henry J. Heinz, William S. Burroughs, and other founders of great sales organizations. More than any of his contemporaries, however, he strove to make an all-encompassing system of sales management. He created a global sales force that constantly sought new customers (and tried to sell replacement merchandise to existing ones) and strove to quash competitors.

Beginning in the mid-1880s and continuing to his death, Patterson promoted "scientific" salesmanship. Like Frederick W. Taylor, the founder of scientific management in production, Patterson carefully analyzed business processes and tried to perfect them. He created carefully written sales scripts, drew up detailed maps of sales territories, and tested different methods of compensation. Also, like Taylor, he placed the pace of work under managerial control by demanding that salesmen meet monthly quotas.

Patterson was not a likeable person. He believed in the need to break men down, treat them cruelly at times, and then rebuild them as good agents or executives for NCR. But he was influential. He was a great promoter of himself and of the idea that sales management had to be handled systematically, even "scientifically." He attracted many talented people to NCR while he was there. A remarkable number of former NCR executives became presidents of other concerns, many in the field of automobiles, office machinery, and other mass-production industries. NCR alumni included Charles F. Kettering of General Motors, Hugh Chalmers of Chalmers' Motor Company, and Richard H. Grant of Chevrolet. William F. Bockhoff of National Automatic Tool also worked at NCR, as did Joseph E. Rodgers of Addressograph-Multigraph, Henry Theobold of Toledo Scale, William Sherman of Standard Register, and Thomas J. Watson of International

Business Machines. In a very direct way, the blue-suited salesmen of IBM were linked to the sales strategies worked out at NCR. The well-known IBM motto "Think!" first appeared on an NCR trade card, apparently at Watson's suggestion.

Q: The salesman is perhaps the most familiar and consistent image of American business particularly in literature. George Babbitt and Willy Loman are familiar names to many Americans. Why do you think the salesman has become the symbol of American business?

A: Salesmen have always held a special place in American culture. This was true from the earliest days of the republic, when folk tales of Yankee peddlers abounded. In the nineteenth century, Nathaniel Hawthorne, Herman Melville, and Mark Twain all wrote about peddlers and canvassers. In the 1920s, stories about salesmen frequently appeared in popular magazines like The *Saturday Evening Post* and *Colliers*. Sinclair Lewis's novel *Babbitt*, about the arch real estate salesman, was published in 1922 and then, the most famous fictional salesman of them all, Arthur Miller's Willy Loman, appeared on stage in 1947.

The portrayals have never been flattering, but the image of the salesman changed a lot throughout the years. In the earliest stories, Yankee peddlers were marginal figures who operated at the fringes of established society, outwitting farmers and townspeople. Sam Slick, the Connecticut clock peddler, was able to place a timepiece in every farmhouse he visited, usually through flattery and false praise.

JOHN H. PATTERSON CREATED A GLOBAL SALES FORCE THAT CONSTANTLY SOUGHT NEW CUSTOMERS AND STROVE TO QUASH COMPETITORS.

In the twentieth century, salesmen, far from operating on the fringes of society, came to serve as embodiments of American capitalism and society. Babbitt was a member of the Good Citizens League and the Order of the Elks, and a popular figure in his hometown, Zenith. He represented the aggressive, expansionist, and highly "American" way of doing business of the 1920s.

Willy Loman was also a representative figure. But this time, the salesman seemed to capture the entire tragedy of commercial society in the decades after depression and war. The play revealed the cruelty of a system of capitalism based entirely on salesmanship, in which bosses hired and fired people when they were no longer effective. "You can't eat the orange and throw the peel away. A man is not a piece of fruit!" says Loman.

Despite changes in methods of selling, popular culture doesn't pay much attention to the corporate salesperson who works for a large firm, makes use of data, and services large accounts. To give some recent examples: the Maysles Brothers documentary *Salesman* featured Bible salesmen; Barry Levinson's film *Tin Men*, aluminum-siding salesmen; and David Mamet's play *Glengarry Glen Ross* , realtors. The figure of the professional salesperson simply does not hold the same dramatic appeal.

Q: You have called your last chapter "Beyond Willy Loman." What do you see as the future for today's Willy Loman in the digital and Internet age?

A: Today there are more sales workers than ever before, though I would not call them "Willy Lomans." They are a vital and essential part of the economy. The number of people in sales occupations in 2000 was 16 million, or about 12 percent of the total employed workforce. This figure includes all types of sellers, from pharmaceutical sales workers to counterpersons at department stores; it is up from about 5 percent in 1920 and 7 percent in 1960. Of the 16 million people working in sales in 2000, about 10 percent are manufacturers' sales reps and business-to-business salespeople. About 41 percent of today's sales workers sell in retail stores. The demographics of America's sales workers have changed. Nearly half of the total sales workers recorded in the 2000 census were women.

The same industries that relied on face-to-face sales workers in the mid-twentieth century still rely on them today, and for similar purposes. Some of the largest sales forces among manufacturing companies are in the field of beverages, including Pepsico and Coca-Cola, and pharmaceuticals, including Johnson & Johnson, Pfizer, Novartis, and Procter & Gamble. The computer industry is another one that contains many firms with large sales forces, including Microsoft, IBM, Oracle, Hewlett-Packard, and Xerox. All of these companies have sales forces with more than 5,000 agents, and Pepsico's and Microsoft's have over 30, 000. Salespeople have been essential in the growth of high-tech businesses, ushering in the rise of computer hardware and software firms, just as they had once pushed the cash register, IBM's punch-card machines, and other innovations.