

**HOW TO
MAKE
MONEY
OPERATING
YOUR
OWN
RADIO AND TV
SERVICE
BUSINESS**

BY LEONARD C. LANE

\$5.00

how to make money
operating your own
RADIO and TV
service business

LEONARD C. LANE

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INTRODUCTION

When we start working on electronic circuits it is easy to forget all about the financial problems of trying to operate a sales and servicing business profitably. The greatest portion of the profits are made by work — not by luck. A slipshod business will not survive "by luck" if there is any competition. The "luck" of a successful business is the same as that which produces a beautiful garden. The seeds or seedlings must have a proper *location* to get sun; have a proper soil to start in and have the correct nutrients added at the right time to make them grow and blossom.

A growing, blossoming business needs a good location, plus added capital to nurture the business. It needs sales to prune out dead or dying merchandise. The profit-draining parasites (poor management, missed tax deductions, lost discounts and wasted advertising) must be controlled or eliminated.

Many people spend as much time learning to troubleshoot bad businesses as you have spent learning to troubleshoot "bad" receivers. Just as there are ways to repair a weak circuit it is possible to "repair" a weak advertising program or a slipping profit margin. Many tried and proven business practices have been included here so that you can apply them to your business. Some remedies will not apply to all businesses any more than all troubleshooting techniques can be applied to all types of electronic equipment. TV receivers have different problems than those of 2-way communications systems.

Business problems change from the city to the suburbs — from the east coast to the west. While this book, originally published as a home study course by Radio-Television Training of America, is meant to be a help for the TV and radio service dealer remember that it is only a guide — not a rigid form for conducting your particular business. Actually the profit-improving methods outlined here can be applied to any business — with appropriate variations to accommodate the particular products or services offered.

We would like to acknowledge the cooperation of the Radio Corporation of America, Sylvania Electric Products Inc. and Westinghouse Electric Co. in furnishing materials to be reproduced as examples of the aids available from manufacturers.

Leonard C. Lane

CHAPTER I

START TO MAKE MORE MONEY--TODAY!

This book will show you how to make more profit from your present sales.

Naturally, you're going to keep on increasing your sales. But, this book will clearly show you the many ways in which profits slip through your fingers. When you learn these ways, you'll close your hand on a fistful of profits you never realized were possible.

YOU'RE A TRAINED TECHNICIAN

You've studied troubleshooting and servicing radio and television receivers -- and you keep studying. You look for everything you can get your hands on to make sure you know everything there is to know about the technical side of being a radio and television service dealer.

You get factory service manuals as fast as you can. You're in the thick of every trade association bull session sounding off on how you handled a "dog" or a "joker". You want every tip or tester which will help you do a better, quicker servicing job.

YOU'RE ALSO A BUSINESSMAN

What did you study about the "business" part of being a radio and television service



dealer? Most likely you didn't! You probably said to yourself as most servicemen have said, "I'm a good mechanic. I'll study radio and TV service repair and I'll open a shop."

You were no more equipped to be a businessman than the corner druggist is qualified to be a TV service man.

You probably scraped together a small amount of capital ---- a little cash, a few tools and some testing equipment --- and

plunged in. You were full of confidence but with little actual know-how for the business problems you would face.

Like the typical service dealer, you had experience as a technician, but were less capable of selling, keeping records, handling employees and even deciding on what were the basic policies your business would follow.

YOU ARE STILL IN BUSINESS

Yet, you'd be worried stiff if you saw the records of how tough it was for many technicians who became businessmen.

We don't want to scare you. We just want to emphasize the point that most business failures need never have occurred! The majority of these were due to causes which could have been avoided IF!

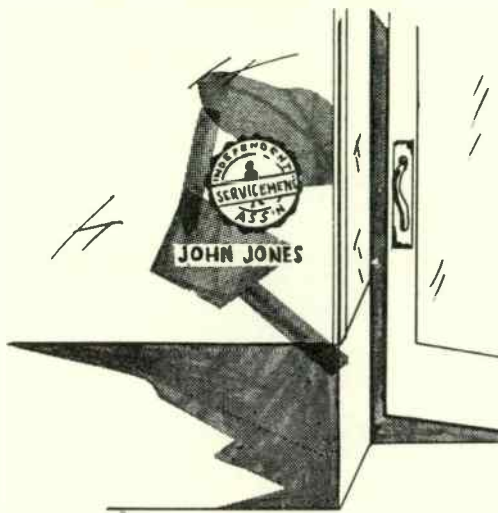
If the men who ran their shops had been warned in advance, and if they had learned the basic principles of good business management! These principles have been developed in terms of plain common sense. They are not difficult to understand. Whether you practice them, however, is another matter.

THE REASON IS PROFIT

Knowing what should be done to repair a radio or TV receiver is very different from knowing how to repair it. The same applies to your business operation.

We are going to tell you what should be done to make more money, and, also how you can do it! We'll give you the "schematic" and the "scope". It will be up to you to use them.

We believe that the greatest strength of the independent service-dealer is his independence. We don't believe this will make you less likely than other businessmen to look for advice and help from those of more experience and know-how. You look for all the technical advice you can get, and we feel that for the same reason you will realize the need for this book to help you in



managing your business (and making it grow) day after day.

The reason is.....you will profit by it!

TECHNICIAN AND BUSINESSMAN

As a technician and a businessman you must know how to serve your customers well and make a fair profit. However, the more you know about being a businessman, the more you will know how to do both..... service and profit.

As a businessman you must learn what to look for in hiring help, and how to train them. You must learn how to finance your business, and how your bank can help you with many services. You must learn how to buy wisely and take advantage of discounts. You must learn simplified methods of inventory handling and record keeping so that you'll know "how you stand". You must plan your shop layout and displays with an eye to building sales. You must protect your profits with wise credit policies as well as with insurance policies. You must make yourself known to your community; meet your civic, as well as commercial obligations. You must build reputation and good will. This book will teach you how!



As a technician you are an expert in radio and television servicing, but as a businessman you are responsible for many aspects of your business. Any one of these can lose for you the profit you would otherwise make from your services and sales.

OVER-ALL BUSINESS KNOWLEDGE

Because you need to know about so many things in your business, this book is arranged with business information in each chapter to help you develop the over-all knowledge you must have to manage your shop better and make more profit.

Of course, you don't want to become an expert in banking, real estate, insurance, purchasing and inventory control, and book-keeping, collections, advertising, taxes and law. The chapter on these topics will not make you an expert in these fields.

There are certain things you can do yourself and, when necessary, call in experts. Make a habit of seeking advice. Discuss your ideas with your banker, accountant, lawyer, insurance broker and -- more frequently -- with your suppliers.



HOW DISTRIBUTOR HELPS

Your parts distributor, for example, is the one who can give you a priceless wealth of practical and technical information whenever you ask for it. He can help you make more money out of your share of the expanding radio-TV servicing business. Does your shop have the best layout for the most sales? Ask your distributor for advice. He's seen so many dealers, he can recommend changes which are sure to help you. He has many valuable advertising and merchandising aids which are welcomed and used by profit-wise service dealers.

We'll go into detail in a later chapter how your distributor can help you with a new window display, organize a local advertising campaign, solve a sales or service problemin fact, how he'll help you help your business!

The first step, however, is to "troubleshoot" your own business operation. "Servicing" it will come later.

ASK YOURSELF QUESTIONS

You can help yourself by asking a number of questions; the answers will make you alert to specific problems faced by all radio-TV

service businessmen. Each problem will be solved in chapters which follow.

What makes a businessman who can make money? What personal factors do I have which will make more money for my business?

To answer these questions with an eye to improving yourself, and therefore your servicing business, be frank and honest in reviewing your own aptitudes and abilities. Don't try to "kid" yourself. Some qualifications are more important than others, and no one has all of them. However, if you're moving in the right direction you are bound to make more money as well as get more satisfaction.

PEOPLE AND CONFIDENCE

Do I get along with people and inspire confidence?

Every service-dealer must realize that the success of his business depends on the way he deals with his customers and employees. This is such an important subject to study that we will have a complete chapter on how to handle customers--in your shop, on the telephone, and in their homes. We will have another complete chapter on how you are to work with your employees to develop a money-making team.

The idea that you can keep old customers and make new ones just by having the shop "open for business" is a worn-out notion. There's a lot of tough competition around. You and your technicians, therefore, should be dealing with your customers better than does the "bait" advertiser; the fellow who offers a \$1.00 service call, adds on a "labor charge", uses relabeled tubes and cut-rate parts.

Where the unethical racketeer destroys the public's confidence, you must build it up. This public attitude toward service dealers can be changed by your policies, your prompt service and your handling of customers. It is up to you to develop a popular shop and win the goodwill of customers and community. This will pay you in the long run in the form of increased calls for service.



UNETHICAL ADVERTISING

QUALITY VS. CALLBACKS

You've got to keep your mind open to any ideas which will help you locate and repair receiver troubles faster and easier. However, don't forget that emphasizing speed should not blind you to the fact that quality is equally important. Poor quality in servicing will lose more customers for you than high charges. Also, you haven't made a complete repair if it doesn't last. You'll just get another callback and a sour welcome.

A fast, slipshod service call can take you only 20 minutes and make you a few fast "bucks". Remember, though, it will surely lose a customer. Instead, making a thorough servicing job may take longer, but you will make an honest profit and a confident customer, one who will bring you new customers and new profits. You can cut your home service call to a minimum and still do a thoroughly professional job when you know all the short cuts to TV servicing.

SAFETY MAKES PROFITS

Customers will appreciate your thoughtfulness when you point out some of the dangers surrounding radio and TV receivers. When you repair an ac-dc set, place strips of tape over the heads of mounting screws before you let the receiver out of your shop. Tell your customer that this was done to prevent possible electric shock to any of the family. Such free extra service makes for goodwill.

Manufacturers take special precautions to protect set users and service technicians from being hurt by the line voltage in TV sets. It's up to you to make sure that you don't make these safeguards ineffective as a result of your servicing job. You and your customers will live longer that way!

If, when on a home service call, you notice that a TV set has blocked ventilation, point out the safety hazard involved. Many fires have resulted from such conditions. Tactfully suggest a different position for the receiver, away from curtains also. Customers welcome your interest, get added faith in your knowledge and skill. It is "good business" to be interested in the safety of your customers; the "pay off" is profit.

GIVE CUSTOMER A BREAK

You will find that there are many times when you can build confidence by giving a customer a "break". One such opportunity will take place when you come upon a defective or slowly dying picture tube when you make a service call. Here is how to give your customer a "break" and still get the eventual replacement job.

When you find an intermittent, tap it lightly to loosen shorts to get it going. If this gets it back in operation, make your usual service charge and write a memo on your bill that if the picture tube has to be replaced within the next 30 days, you will credit the service charge against the charge for a new top-quality, first-line picture tube and installation.



Leave copies of manufacturers literature. You can get free booklets about reception, servicing and the differences in component quality. These should be imprinted or rubber stamped with your shop name, address and phone number.

If the customer's picture tube is weak or slow in heating, you could install a filament booster and make a replacement offer good for 90 days. Be sure to paste your sticker on the back of the set as a reminder.

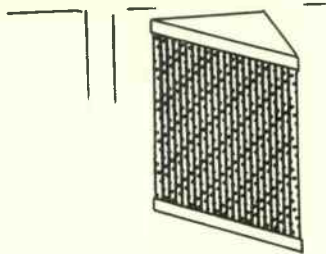
These examples of giving the customer a "break" give them good reasons to call you to install the finest new picture tube when the original tube finally fails. You inspire confidence by giving fair treatment!

SELL TUBES -- SATISFY CUSTOMERS

Here is another way to keep customer good will and at the same time make more profit from the same number of calls. Don't use the trial and error method of substituting tubes. Instead get a good tube tester to quickly detect weak or inoperative tubes. It will save you time on the service call. It will show your customer the true condition and life expectancy of every tube in the set.

Explain that a tester, however, is only as good as the skilled technician who uses it. Point out that a new tube will not always correct a faulty set. Give examples how, at times, sets may have many reasons for not operating properly. Show how replacing one or two defective tubes may correct only part of the fault.

When your present customers are satisfied with what you are selling, they'll look to you for advice regarding purchase and servicing of other electronic equipment.



FM, HI-FI, STEREO

Have you taken advantage of the growing interest in FM? Expand your service and sales of FM tuners and high fidelity assemblies and components.

Are you handling stereo equipment? With the rapid development of stereo discs and stereo replacement cartridges, you should be adapting record players to reproduce the new stereo recordings.

When you get along with people, they will become your customers for all that is new and will be confident of satisfaction when you offer them "packages" of service. One such "package plan" is to modernize their old record-player. Include a stereo cartridge, dual-speaker system, cleaning and adjusting, repairs or modification at a price fair to you and them.

OVERHAUL OLD TV SETS

Another "package deal" is to ask your present customers -- when making a service call, or by mail, or by phone -- for the chance to repair TV sets which would otherwise be discarded for new ones. Some service dealers have found that customers like the idea. They know the set and how it looks in their home. You offer a flat "overhaul discount" and count on a high volume of repairs to overcome the lower profit per set.

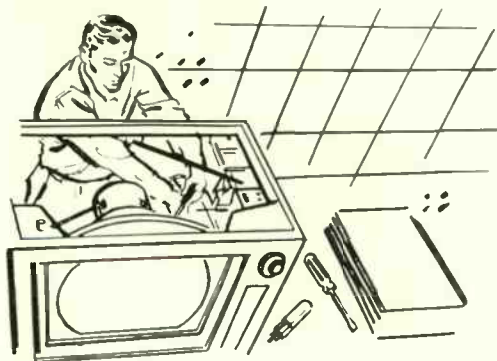
COLOR TV

Prepare yourself for the time when more of your present customers -- and new ones -- will get color receivers. You'll save yourself hours of troubleshooting time later on if you take advantage of every possible source of servicing information you can get now. Pick up all the technical tips from service dealers who may have had the opportunity of more color servicing than you've had. As the number of color sets increase, don't sit by doing nothing. You can be making test instruments at a saving, from kits. You'll be in a position to give reliable service having a color-bar generator and white dot generator.

TEST INSTRUMENTS

If you're too busy to assemble a kit, you can get a television analyst which is practically a complete TV shop in one instrument.

With this instrument you can easily troubleshoot and signal trace any stage throughout the video, audio and sweep section of both black and white as well as color receivers. You'll save time and work, and quickly isolate and diagnose TV troubles including intermittents. By use of generated test patterns you will see the condition directly on the picture tube of the TV set itself. You'll keep abreast of changing conditions and still give fast and efficient service. Saving your time on a job will enable you to have service prices and promptness that customers willingly pay for.



P.A. SYSTEMS

When customers feel you're treating them right they'll not only recommend friends and relatives, they'll also recommend that their fraternal and civic organizations use your shop for installation of P.A. systems in schools, churches, and meeting halls and auditoriums. You must know your business to keep their confidence. Be prepared to tell them how many and what kind of microphones they'll need; how many, what kind and where to place the loudspeakers; what power amplifier they need; how an indoor installation will differ in equipment from an outdoor installation when required. Such installations, coupled with servicing contracts, make more satisfied customers -- and more profits -- from today's sales.

MOBILE RADIO

To step up your ability to have service calls handled promptly, increase your efficiency by installing a two-way radio in your service car or truck. You'll also get the know-how to give fast service to other users of two-way radio auto repair trucks, ambulances and other emergency vehicles. Today mobile radio is used by almost every business that operates a fleet of cars or trucks. Police cars and fire trucks, taxis, movers and tow trucks use mobile radio. It's also used in factories and warehouses

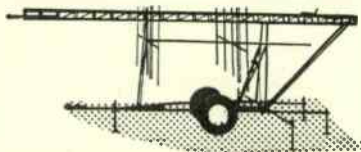
to speed up the handling of materials and merchandise. Look around your own community and you'll dig up many service calls from mobile radio users. The opportunities in this phase of servicing has rapidly expanded as the F.C.C. has encouraged Citizens Radio. And remember, these people have home radio and TV receivers you can service. It all gets back to the same idea we stress: when you get to handle people well, and inspire their confidence, the possibilities for profit from sales and services keep growing.

TRANSLATORS & MULTIPLE TV

The TV translators will extend the possibilities still further! More and more communities which have had no reception or bad reception are installing translators, and satellite stations.



Since this equipment will extend the range of existing TV stations and improve reception, keep your eye open for the new business translators can bring you.



One-man operated demonstration antenna. Saves time—makes money.
(E-Z Wave Towers)

There will also be more receivers for you to service as multiple TV systems come to your community. These systems basically consist of an antenna, amplifier and tap-off units. Although an antenna can feed up to 1000 sets, many of the systems are not complex and not beyond the ability of the average service dealer to handle.

You won't find multiple systems only in the large big-city apartment houses. Motels, trailers courts, hospitals and even private dwellings have systems where a number of receivers tap-off one antenna. Once the principles of such systems are understood you will not be left out in the cold. Here, again, is another instance where you'll get as big a share of servicing and parts replacements as you can handle, by not "standing still" and complaining about the continuous changes in the servicing field.

TUBE TESTING - FREE

The big gripe, of course, is the tube tester in every drugstore, supermarket, gas station, etc. There are several ways to fight the effect of this competition, gain the confidence of customers, and Make More Money.

One way is to attract people to your shop by offering professionally trained tube testing, willingly and FREE. As a trained technician you have spent money and years of experience getting the skilled "know-how". Now you've got to make it easy for customers to come into your shop to get tubes tested. Get along with these people. Make them feel wanted. Give them a little advice about their radio and TV receivers. You may give a little

of your time, free, but you will sell more tubes and -- since tubes are also responsible for most service calls but not necessarily the solution -- you'll find they'll come to you for service as well.

For the service dealer who won't sell tubes to these people who are following a do-it-yourself trend about most household service -- to this dealer we say -- "Watch out. If you don't, someone else will." Someone else will also help this customer to go elsewhere with the more expensive service problems you could have had. By winning his friendship he'll trust you, the television specialist, when he wants to buy or service an FM set, a record player, his transistor portable or his auto radio.

TUBE TESTER DEAL

Some service dealers have put tube testers of their own in neighborhood stores. You can give these storekeepers as good a deal or better than outsiders. Keeping the tube testers stocked can pay off for you, the service technician and for your neighbors.



"Sure glad you showed up. There's a program in a couple minutes I don't want to miss."

(Reprinted from Radio-Electronics)

The service dealer will be making even more by advertising his shop name, address and phone on the tester, on the tubes, and on advertising leaflets. This will bring in more servicing business and calls. There will be more opportunities to convince customers that your work is reliable and your service charges reasonable.



SMALL APPLIANCE SERVICING

Another much-wanted service in many communities is that of repairing small appliances. Those most frequently brought in for repair are: irons, toasters, mixers, roasters, coffee makers, waffle-grills, and rotisseries. With your troubleshooting experience, testing equipment and knowledge of electricity you can do quick, efficient repair work on these household appliances. Today almost every home has a number of small appliances. You can put them in good working order and build up a reputation and make it pay. Many service dealers have also had many sales of new small appliances because they got customers in the habit of coming into their shop. Such customers are sure to bring in radios for repair and phone you for TV servicing because you treat them fairly.

We've been talking about how you can expand your services, diversify your business, using your technical know-how. Remember, though, no matter what other service you offer, being honest, conscientious and courteous helps you build the reputation you need to Make More Money.

OTHER REPUTATION BUILDERS

We know of other answers to the question we first raised: "Do I get along with people and inspire confidence?"

Some of these answers have nothing to do with your technical ability. Some are personal things like your appearance: cleanliness, shave, haircut, shined shoes; neat and clean service-dealer uniform; pleasant smile.

Some have to do with the effect your equipment has on your customers: a fresh-paint look on shop and service truck; bright, colorful, well-lit outdoor signs; clean store and window displays; the tube tester with the "Welcome, neighbor!" greeting.

Some have to do with your manners on a service call: respectful; careful language; no smoking or drinking on the job; tool and tube chests placed on drop cloths; always considerate of other people's homes and property.

Some of these ideas we'll talk about in greater detail later in this book.

WHY FAILURES?

Now we want to point out that even where service-dealers have carefully done what we have recommended so far, **THEY HAVE GONE OUT OF BUSINESS.**

It was not because they followed these practices that they failed. Certainly not!

It was in spite of doing so!

What then made them lose their shirts instead of making money?

They never learned that they were businessmen as well as technicians! They could have learned about good business management principles by using them.

You must develop a good business sense or you, too, will lose out. You can work from one year to the next and find you have less money than when you started. Your good reputation can bring you business on which you lose more and more money.

Losing track of the costs of doing business can lead to business failure!

COSTS

Here is where you must stop and ask yourself: "What does it cost me to run my business?" Troubleshooting the business end of the service-dealer operation begins with your question. Servicing the "bugs" comes later.

When you can answer this all-important question, there's a good chance you'll know what your profit has been and what it will be in the coming year. It will be easy for you to plan for making bigger profits out of more business as well as out of today's business. You'll be able to adjust your costs when you have to, so you can charge enough to give service at a reasonable profit even in a highly competitive area.

You must keep track of costs so that you won't spend yourself out of business.

CASH

You must keep track of your cash and not mix business and personal funds. The hardest habit for the average service dealer to overcome is his loose handling of cash. Instead of taking a regular, definite amount for his own use, he usually "taps the till" whenever he needs cash from cents to dollars.

Some service dealers seem to think checks are to be used only for out-of-town payments. They pay their local bills with cash. Your check account is an important link in your chain of records. It also is a way your banker can get to know you. His experience with your check account helps him decide whether or not you rate that loan you'll need when business is slow or when you want to expand.

The shop owner who collects several accounts while out on a call, uses some of the cash to pay a few personal bills, and those of the business, and later rings up the difference as a cash sale, is certainly wearing blinders. When business is good and he handles a lot of money he doesn't know enough to put aside reserve money to tide him over the rough months. How can he? He's sure to

overspend on himself and on his stock and equipment when he has no accurate picture of costs and income.

We don't want you to be like him!

You won't be, by the time you complete this book.

RECORDS & BUDGET

You'll learn what records are important to keep. How they can be as simple as you want or as detailed as a growing business may need. How good records make dollars and sense! How you can forecast your future profits and build reserves for expansion by using the device of "big business": The Budget. This is merely an estimate of future operating or financial requirements. You can become just as good at using the budget as a guide, as you have become capable of using test instruments in servicing receivers.

BUSINESS POLICIES

We may not know all the answers, but we do know that business policies such as we have described, that is, the kind of treatment you give your customers, will result in the reputation your business will have. Your success as an independent service-dealer will depend on your reputation. Your reputation will be the outcome of your business policies.

These are some of the policies you should have decided on when you became a service dealer. Compare them with the way you run your business now.

How will you finance your business? How will you get the money to expand with the industry?

What services are to be offered to customers? What merchandise is to be sold?

How will you deal with customers?

How will you deal with employees?

What do you plan to do about advertising?

CHAPTER 2

WAYS TO GET CUSTOMERS INTO YOUR STORE

Do people pass YOUR shop and never come in? Never get tubes tested by YOU? Never phone YOU for TV service? Never bring YOU a radio to repair?

We will now show you how to get these people INTO your shop!

You will use our profit-making ideas to make your store a UNIQUE, outstanding service shop.

You will be a magician!

You will change passersby into paying customers!

WHERE ARE YOU LOCATED?

Are you a technician working from your basement or spareroom? Do you hope to open a service shop? You have a lot to learn from this lesson....before you risk your money opening a store.

Are you operating a service shop now? This chapter will put more money in your pocket. You will learn how to make the most out of your present location. Your business will increase. You will be prepared to get a



Try the RED CARPET treatment

larger store.....or an additional shop
.....and make more money.

SECRET OF SUCCESS

Study the operation of a successful TV Service Dealer. You will discover that he does something in a unique and better way.

He expresses his personality. He is doing something he enjoys; something he wants to do; the way he wants to do it. He has planned his business to attract as customers the kind

of people he understands and enjoys serving.

IS IT SERVICE?

When you ask a small service dealer what he has to offer the public he will usually say: "Service".

Actually, many small service dealers do not give satisfactory service. They handle their telephone messages carelessly. They are not prompt in going out on service calls or making repairs. In fact, they don't offer, as a rule, any unusual services to attract customers.

UNIQUENESS

A better word to explain the success of a TV Technician who becomes a service dealer is "Uniqueness".

He has to compete frequently with competitors who have more money, do more advertising, have a larger stock. They may have a better location and many other advantages.

What is the small dealer's best course of action?

Try to imitate the big dealer? Offer something to the public which the big dealer can't offer because of his size?



"Uniqueness" is the answer.

BE UNIQUE

Be unique in the kind of stock you carry. Specialize in hi-fi components. Carry a line of the finest antennas. Sell a distinctive line of name-brand replacement parts. Aim for a certain type of customer and carry a unique stock to please him. You have a better chance of building a good reputation and of making a profit.

Some service dealers use other devices which give their shops a personality of their own. Customers remember them. They build repeat business. They are unique.

BUILD CUSTOMER LOYALTY

Most appliance dealers seem to forget the customer once the installation is made and the bill is collected. YOU will be unique when you make a follow-up phone call, two or three weeks later, just to see if everything is okay. Make a note on your calendar to do this.

Pay a visit to make minor adjustments.

I think I'd better check the antenna I installed for Mrs. Smith a few weeks ago.



Offer some suggestion or answer some questions. You can be sure that your time will have been well spent. Your customers' friends are sure to hear about you. You are building customer loyalty.

YOUR BUSINESS "FACE"

Another way you can be unique is in your store front and window area. This is the "face" of your business. Your own face is usually the first thing which impresses others. The "face" of your business is one of the most important things in attracting customers into your store.

Your business "face" tells people about you. It shows the type and quality of goods and services you are offering for sale. It is your most constantly used means of advertising. It should include a colorful outdoor sign with your name in large bold letters.

An illuminated sign, day and night, will tell your customers that your shop is headquarters for quality radio-TV parts and servicing. You will have a powerful sales

builder to light your way to more service business.

YOUR STORE FRONT

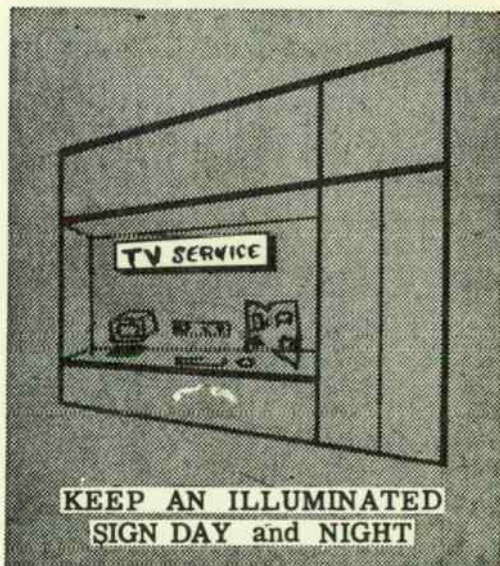
You ask: "How should a store front appear in order to do an effective selling job for me?"

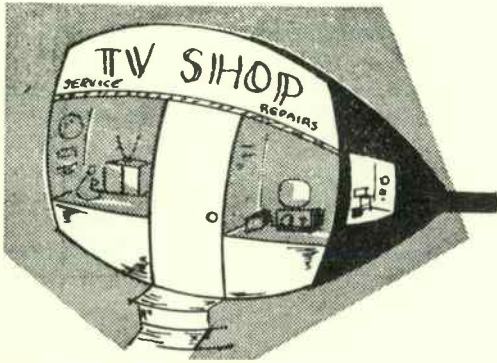
Since your store front has such an important job to do for you, it must always be kept attractive and clean. The expression of "putting up a good front" is like greeting a prospective customer with a welcoming smile.

Your store front should be original. The big majority of radio-TV appliance stores look pretty much alike. They have few outstanding features and few real competitive advantages. If yours is one of these, it can partly explain the reason why you are not getting all the customers you should.

What should you do about it?

Look around your town, your city, and neighboring areas for ideas of store fronts that interest you and excite your attention. Think about how you might apply these ideas





to change your store front without too much expense. The easiest thing for you, of course, is to see that your store front is not a neighborhood eyesore. See that it is painted frequently enough to be attractive and to be in good taste. Pick colors that have high appeal, that are cheerful but not gaudy, that are lively but not harsh. The store front color should attract attention and bring people into your store.

STORE FRONT WITH IMAGINATION

Use your imagination! You have probably seen orange juice stands look like an orange, or hot dog stands shaped like a frankfurter. With the aid of a carpenter or a cabinet maker or your own do-it-yourself skill, you can make a small store window look like the front of a TV cabinet.

This is only one idea. Use it to start your thinking about other ideas to make your store front outstanding. Your aim is to have a lively, interesting, inviting appearance. Get the passersby to stop and look. They become prospective customers.

YOUR STORE WINDOW

Your store window front and store window will change passersby into cash paying custom-

ers. As the most valuable selling space of your store, your window requires study, planning, thought and work. Your imagination can be the "juice" which electrifies all your ideas.

One electrifying idea used by a TV dealer showed his imagination, stopped traffic, made people think and talk about his ingenuity. When they wanted a TV set, they said: "That's the place for me." When they needed repair service, they remembered "that shop with the tricky idea."

It was simply this: he took a TV set, which could be controlled by remote tuning. That was the only set in his window display. The remote control tuner he made as part of the store window! Yes, the passersby were able to operate the set he had inside his store. They not only saw how convenient it was to use this "gadget" but they pictured themselves, relaxing in an easy chair at home.

This was by no means a routine store window. It was a unique, outstanding one. It is another example how you can make people stop, look and buy.

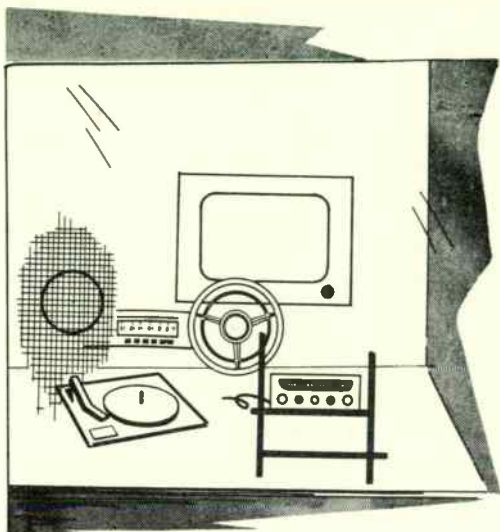
CLEAN WINDOW: OUTSIDE

Your store window should be washed outside, frequently. If you can afford it, get a window cleaner to wash it regularly. Give it a "going over" after a rain. Wipe the window and the woodwork to get rid of dirt. Paint the woodwork before it gets shabby.

CLEAN WINDOW: INSIDE

Your store window is not a space which should be fixed up once and then left to gather dust, dead flies and dirty signs. Keep it clean. Wash the inside of your store window before you arrange a new display. You will attract people to your store and bring them in to buy when you follow certain simple principles of window display. The first principle, we repeat is: "Keep it clean!"

Your name or the name of your store should



appear in or on the window. This is in addition to your outdoor sign. In this way, a person looking into the window will see your name and think of it in connection with the receivers and appliances he sees.

CLEAN WINDOW DISPLAY

You know how important it is to have a picture tube cleaned. It is just as important for you to keep your window display clean.

Your display should be changed frequently, even if only partly. This will prevent damage to your merchandise from fading and dust. It will provide the interest and variety to catch the eye of the passerby. Remember, the same people pass your store every day.

These people will think of you and your service when they see your store front and your store window. Imagine what an impression they get when they see a window whose glass is smeared and dirty; whose TV sets, radios, antennas, phonographs and appliances are all jumbled together with a lot of

shop-worn posters and off-season merchandise. They will certainly think that you will not give them the kind of service they want.

The passerby who looks into your window may not come in to buy at that time, but the window should impress him. If it does, he will return to your store when shopping for a radio, TV set or appliance.

GOOD DISPLAYS

A good window display will help you increase your sales.

Don't get the idea we are recommending a "work of art" which will only attract the passerby to stop and then go on. No, we want you to use your imagination. Set up simple interesting displays which will do more than attract attention. Your display must create a desire for your merchandise and services. You must get people into your store where you can use your salesmanship. In a later chapter, will tell you what good salesmanship is and how you and your employees can use it successfully, profitably.

SIMPLE DISPLAY

Your window should present a simple appearance. Your display should center on one idea at a time or at least on one main idea. It should not be cluttered or scattered. The goods should be related to each other.

If you have a large show window and you want to display small radios or appliances, divide the display area into several sections. Do this by means of low partitions. In each section, the thing to keep in mind is that your displays should be lifelike. Help the customer picture the benefits he can get through the use of an appliance in his own home.

LIFELIKE DISPLAYS

You become a profit-making radio and TV dealer when your window display emphasizes a home-like setting for the sets



EMPHASIZE A HOME-LIKE SETTING IN YOUR WINDOW DISPLAYS

you sell. Use interior decorations to add to the mood of enjoyment you are trying to create. Get your wife to help you with a living room scene. Include chairs, bookcases, perhaps, even an ash tray with a pipe lying on it. Show how well an attractive radio or TV console will look in the home.

Once you get started on the idea of using your window to portray a typical home setting, there will be many variations that will immediately come to your mind. For example, you could keep changing your window display to represent a different room in the house each time. Any room in which a radio or television set is usually found, could be re-created in your display.

If you are friendly with the local furniture dealer near you, you might display some of his merchandise along with your own. Place a small card on his furniture indicating that it is used for display purposes and tell where it can be purchased.

If you have taken our suggestion from the previous lesson, to diversify your sales of

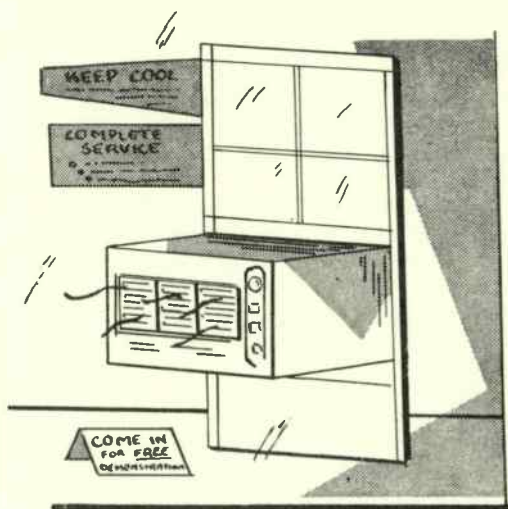
merchandise, you are selling such electrical appliances as: wall clocks, wall chimes, heaters, fans and air conditioners. Show these in a display which is similar to the one in which they will be used in the home.

Mount a wall electric clock and door chimes on the walls in the same positions they would occupy in a living room. Outside the store window you can arrange a remote control set-up for the door chimes. Let prospective customers try the chimes and hear them by loudspeaker, while outside your shop. After "trying" they'll be "buying".

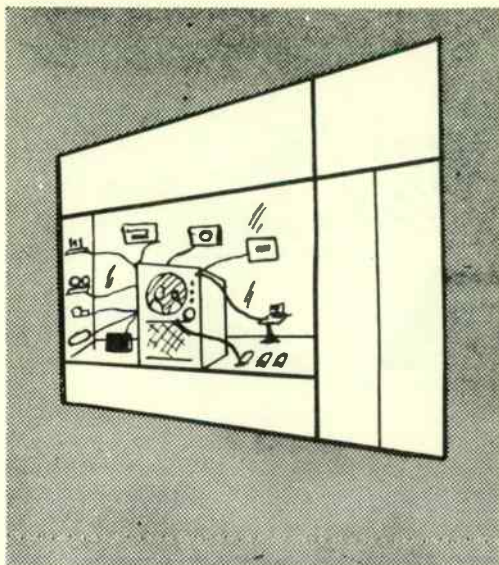
ACTION DISPLAY

Get action in your display by tying ribbons or streamers to fans and to heaters with fan attachments. Your air conditioner will be more realistically displayed if you place it in a mockup window.

Turn on the air conditioner. Not only to make the display alive, but for the movement of air you can use in your store in hot weather. It will also prevent your shop window



GET ACTION IN YOUR DISPLAYS



from fogging or clouding on cold winter days.

TV CHASSIS DISPLAY

Your window display tells the passerby and prospective customer about the business you do inside. It will draw people to your windows. It should give them an appreciation of the skill and knowledge you, the service technician must have.

Here is a display you will find particularly valuable. Put an old TV chassis on end in the window. List how many parts and components there are on it. Have small cards pasted on the window glass, connected with ribbon to the different parts of the set which most often require replacement. This will give the viewer an idea of how difficult the serviceman's job really is. You will find that a display of this type will also help you justify estimates and collect repair bills from customers who think that "you charge too much!"

SERVICING DISPLAY IN WINDOW

People like to see craftsmen at work. A

good idea is to repair a TV set in your window.

Hook up a speaker outside your shop while you are servicing your set. You will attract people by the music, commercials and by your repair activities. With a mike, cut in on the sound to explain what you are doing and why. When they need service, they will telephone you.

FOOD IN DISPLAY

If you sell electric refrigerators or electric ranges, include displays of artificial goods. Here is where a good use of color is helpful. Remember to use red backgrounds for appliances that heat and blue decorations and backgrounds to suggest coldness.

If you sell toasters, waffle irons, sandwich grills and rotisseries use artificial foods and red backgrounds and place the appliances on tables set for meals. Here again, the idea is to show the appliances just as they are used in the home.

If you sell food mixers, your display can be made more attractive by having imitation cake batter placed in the bowl and a package of cake flour placed nearby. If you sell coffee makers, you can show one making coffee through the use of an electric timer, while you have an open coffee package standing nearby it.



DUMMY IN DISPLAY

The use of a dummy can make many window displays come alive. Your customers see themselves in place of the dummy, enjoying the use of the radio set, TV set or electrical appliance you display. You don't have to buy a dummy, necessarily. A neighboring dress shop will frequently let you borrow a dummy; just give your neighbor credit through a display card in your window.

You can use a dummy as though it were listening to a radio, playing a phonograph, watching TV, as well as operating any of the equipment in your display.

If you sell washing machines or electric dryers or vacuum cleaners or electric irons, take the time and effort to help the housewife more easily imagine herself using your appliance.

Include real clothes, wash on a line, clothes basket, soap chips, detergents, clothespins, ironing board and a dummy using them. If the dummy has a wig and you sell hair dryers, have one making a breeze to make the hair wave slightly. This will be another gimmick to attract attention through a lifelike display.

APPLIANCE REPAIRS

Even if you only service appliances, you can use the same type of interest catching displays. In that case, make it clear that it is the repair service and not the appliance that you are selling. Customers who come in for repairs will also want to buy appliances from you.

We want to emphasize that good displays take thought and imagination. We are confident that they will repay your efforts and help build your reputation. Good displays do not have to be expensive. They should be varied. They should be clear.

Sometimes you can display a single article or component, such as a TV set or a picture tube. Another time, make a display of all the



appliances you have on sale, which you would recommend for Christmas gifts. Change your gift displays to follow the seasons and holidays.

POSTERS AND SIGNS

Get colorful display posters. Manufacturers have them for you, FREE. Ask your distributors for them.

Buy inexpensive display fixtures or make your own. You can afford to buy price cards and labels because if you keep them clean and unbroken, you will be able to use them many times. On the other hand, if you are skillful with a soldering iron, you may also be skillful with a paintbrush, lettering pen or stenciling outfit. Then, you can make almost all the cards and signs you need. Your expenses for brushes, paper and paint will not be much. You or one of your employees can make small signs and price cards. The more you use your imagination, the less you will need to spend a lot of money on window displays.

DON'T BLOCK THE VIEW

A word of caution! Do not make an overcrowded display. Do not have your store window so plastered with signs that no one will read them.

You will lose many sales when your window display or signs block the view into your store.

Have you ever noticed a passerby stop to look at your display? Wonder why he "window shops" and walks away? He is trying to see the inside of your shop. If he can't see in, chances are he won't come in.

RULES FOR A GOOD WINDOW DISPLAY

YOUR GOAL:

1. To draw people to your window.
2. To get people into your store.
3. To sell merchandise and services.

HOW TO REACH YOUR GOAL:

1. Wash your store window inside and outside.
2. Change your displays frequently.
3. Put up fresh signs and posters.
4. Make simple displays, avoid clutter.
5. Protect goods from rust, dust and fading.
6. Show appliances in life-like settings.
7. Make seasonal displays.
8. Use color in decoration.
9. Improve the lighting; use color lighting.
10. Use action displays.
11. Get illuminated sign and "ad-clock".
12. Mark prices plainly.
13. Tie-in displays with holidays and local events.

14. Plan displays ahead.

15. Protect displays from sun light; get awnings.

16. MAKE DISPLAYS SELL MERCHANDISE AND SERVICES.

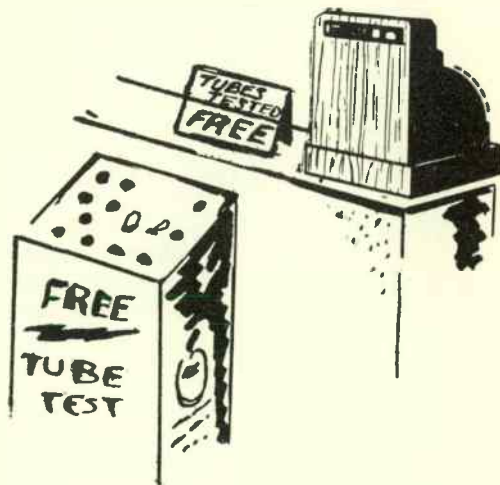
IMPORTANCE OF GOOD LIGHTING

Good lighting is one of the cheapest and most effective means of attracting customers. If you look at many TV service stores you will agree that they are poorly lighted. We hope that this does not apply to your shop!

Outside your store, good lighting helps you attract passersby. We previously recommended a colorful, well-lit electrical sign. If you have a corner store, have electric signs which show on both streets.

Somewhere in your window you should have an illuminated sign which says "TUBES TESTED FREE". Keep this sign along with your telephone number lit all night (or set to turn off by a timer).

Another advertising reminder, effective night and day, is the illuminated "ad-clock". It will draw more customers to you for their radio TV servicing needs.

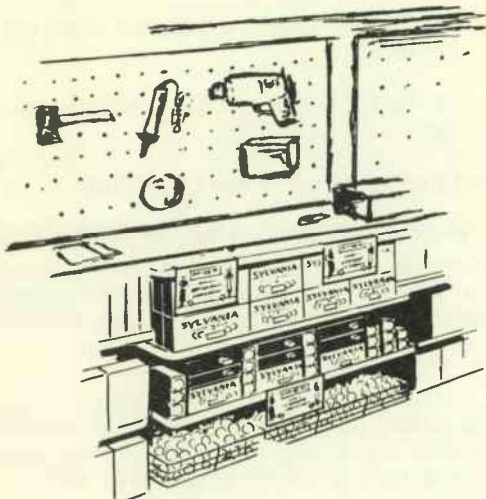


customer and you may also suffer the loss of damaged merchandise.

DISPLAYS MAKE SALES

Your store display will be a powerful help in selling radio and TV sets and appliances. When you make a good display, it places your goods where customers can see them. It encourages them to stop and examine what they see. It makes them want to buy. It reminds them of appliances they may not have realized you sold. Displays act as "silent salesmen".

A customer who comes in your shop with a portable receiver, needing repairs, may see just the small radio his wife has been wanting for her kitchen. That is, if you have it on display! Even the do-it-yourselfer who comes in to have his receiver tubes tested free, frequently sees the hi-fi and stereo equipment you have on display and makes a purchase. In this way, at no extra expense, you can make many extra sales which result in profit.



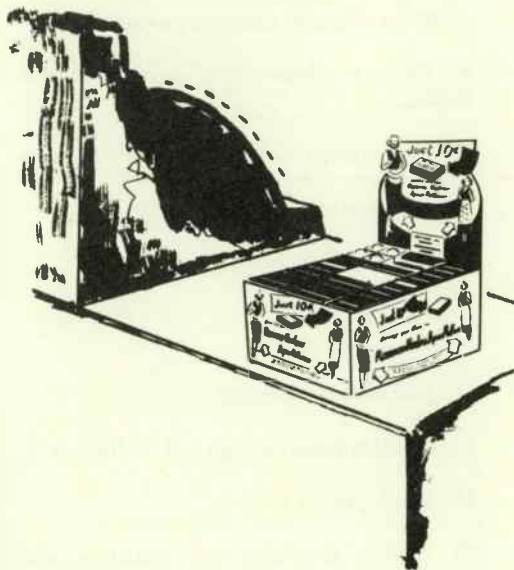
Good lighting makes for interest in your displays. It improves the appearance of your merchandise. Good lighting in your store not only improves its appearance but it has been found to be an extra help in making sales. Get expert advice about lighting in your window and store, free-of-charge, from your local electric light company. This is certainly one of those times when you want to make good use of outside technical help.

INSIDE DISPLAYS

In addition to having your store well-lighted, there are some other rules of store layout or arrangement. These will give you a reputation for being: "Up-to-date." You should have modern fixtures and displays.

Your store should not be cluttered with displays. In addition to tables, make good use of racks and wall, counter and floor dispensers. Make a peg-board covered wall. Use it for hanging shelves on which you put small radios and appliances, as well as antennas.

Be sure to keep your floor clear of stacked cartons. If one should fall and injure a customer or child, you may well have a lawsuit on your hands. You certainly will lose the



DISPLAY AT REGISTER

Be sure to set up a colorful display where it will catch the eye of people as they come in. If you put it where they can only see it when they are on their way out, it is likely they will pass it by.

Another good place is near or in front of your cash register. While a customer is paying for one thing, he may be attracted to make an additional purchase.

Every electronics manufacturer has a variety of counter and window displays which can be attractively set up in your service shop. Be sure to ask your distributor for them.

Remember our suggestion to put a TV chassis with labelled parts in your window? Some other time, make this a display right in the center of your store, where every customer is bound to see it. Place the chassis on a TV repair stand, so that there will be no danger of the set being knocked down.

KITS ON DISPLAY

Another interesting and unusual display can be made with kits, if you sell them. Spread out the various parts on a table or counter, and also show the finished product. This is sure to get the do-it-yourselfers busy assembling kits they buy from you. Don't discourage them when they ask your advice. You will have them coming back for tubes, parts, tools-----and more kits.



Try to prepare all displays to discourage or prevent theft.

DEMONSTRATION BOOTHS

If you have space in your present shop, set up special demonstration booths.

In one booth, demonstrate one or more TV sets. Include a color set. Have comfortable chairs. Make the customer feel "at home".

A hi-fi booth should be set up so a customer will be able to try different combinations of components. Build a booth with good acoustics. Have a switching arrangement for as many pieces of equipment as you can: tuners, amplifiers, speakers, record changers.

Set up one or more record listening booths. You can use one for "pops" and one for classical records. Put up enough record display racks for all musical tastes.

Do you sell major appliances? The demonstration kitchen will sell more refrigerators, ranges, washing machines, and dryers.

You don't have space for these booths now?

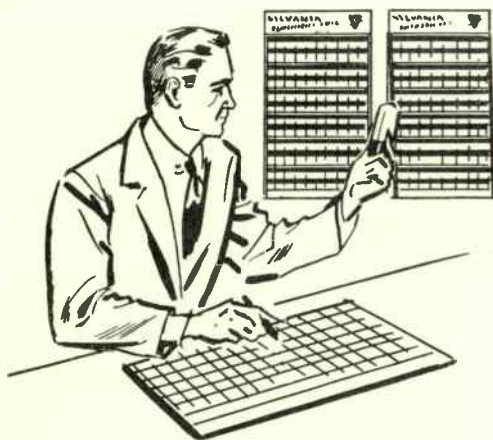
Remember them when you get a shop with more space!

SHELVES

If your store is laid-out properly, you have not only provided for shelves to display your merchandise, you also have shelves to hold your stock of receiving tubes, picture tubes, parts, wire and all the other components you need for servicing and repairs.

This brings us to another very important point. In addition to a good layout for your selling area, you must have a good arrangement of your storage area and service area.

The average technician seldom looks to the future, when he plans the arrangement of these areas. He usually picks up a hammer and starts building shelves.



Is that what you did? Wouldn't you have been better off if you made your shelves a little larger? Just think, this would have allowed room for expanding your stock with increased business and made it easier when taking your inventory.

It may pay you to rearrange your shelves now, so that your stock will be stacked neatly and orderly. Your shop reflects your character and your way of doing business. Customers who see a neat shop are certain

to be favorably impressed and believe that your service is equally methodical.

YOUR WORKBENCH

Another reason for a good arrangement in your service area, is to make it easier for yourself. You walk enough on service calls and in your shop. You will save steps by arranging shelves within easy reach of your workbench. Use them for fast moving tubes and other necessary materials. This will help you save time and increase your efficiency. The more time you save, the more sets you can service. Although your service bench will vary according to the size of your business, it should be no less than 8 feet. You need this to give you sufficient space for the test equipment you use for a modern job of servicing. You also need space for your tools. You need space for the chassis of large sets. You need a certain amount of free space in which to work.



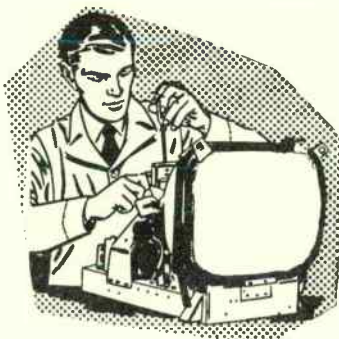
Your workbench should not be more than 2 1/2 feet deep. If it is, you will have a lot of extra reaching and stretching to pick up tools and parts at the rear of the bench.

You will find it comfortable, if your bench is belt high, about 3 1/2 feet. With this height, you will be able to work comfortably on a chassis without tiring yourself through bending or stretching.

Some TV technicians have found it useful

to equip their workbench with drawers in which to keep small tools, tubes and other small items. They like the idea of using all the space that is handy to them. They don't have to leave the bench and waste valuable time. Equip your bench with drawers!

Do you have shelves or cabinets just above your workbench? You should. Here is where you can keep your fastest moving receiver tube types. Remember that each tube you reach for saves a few minutes or more and it would be wasted if you had to go to your main storage area. Here again, those minutes add up to hours in which you could have repaired more sets, made more money and satisfied more customers. We hope your motto is: "USE THE SERVICE AREA FOR SERVICING WORK ONLY."



It is not a stock room, file room or a war surplus warehouse. Keep your service area neat and clean. This will show your customers that you are a neat efficient workman.

EXPANDING YOUR BUSINESS

You've followed our ideas.....used our suggestions.....increased your business.

By the time you've completed this book and learned all the tricks of the trade, you will think about expanding your business. You may want to open a bigger store or branch out with an additional one.

When that time comes, ask yourself these questions: "Should I choose another store in my present neighborhood? What should I look for in selecting a new location?"

ANOTHER STORE: SAME AREA

Do you have enough sales to pay a higher rent?

Your rent is actually a payment for a chance to make a profit by selling your appliances and services. Your profit depends upon having a sufficient number of customers come into your shop or telephoning their service calls. You must be in a location where you can make these service calls within a reasonable distance. In other words, your old customers must be able to reach you and you must be able to reach them.

A Radio TV And Appliance Dealer Trade Association has found that in recent years rent varies from about 3 to 4% of total sales, depending upon the size of the service dealer business. Some people in the industry, however, believe that a top limit for rent should be set at about 5% of sales. Compare these percentages to your own rent and sales volume. Can you afford to pay a higher rent?

Can you afford a corner store? It is usually better than a middle-of-the-block location. If possible, you should be located near other stores which serve the same kind of customers you want, but which do not compete with you.

What will be your competition from other radio and TV service shops?

The matter of competition should depend on your own ability and ambition. An inexperienced and less ambitious technician is afraid of strong competition. An experienced well-qualified ambitious service dealer might welcome such a situation, counting on his reputation to get his fair share of the business and possibly more. Does this describe you?

CHAPTER 3

HOW TO SAVE WHEN BUYING

You have "Attracted Customers Into Your Store."

Are you ready for them?

Do you have.....what your customers want?

.....When they want it?

.....In the amount they need?

.....At a fair price?

You will be ready to make sales when you know what we mean when we say:

"Goods well bought are half sold."

"You can't sell what you ain't got."

"Profits are made from turnovers, not leftovers."

GOODS WELL BOUGHT ARE HALF SOLD

You will have an easier job of selling, if you do a good job of buying.

Buying is not as simple as you may think. There are many steps to buying. As a

technician, you know the right steps to service a TV set. As a businessman, you must know the right steps to buying.

In this book, you will learn how to develop good buying sense. Knowing when and what to buy, at what prices, is only part of good buying ability.

Your buying ability also depends on your knowing what is available. You must choose wisely from among the various distributors



(Westinghouse Electric Corp.)

and wholesalers. You must know qualities among brands of tubes and other merchandise you plan to sell.

Because "goods well bought are half sold," follow the steps in this chapter and you will become a good buyer.

FIGURE PROFITS IN ADVANCE

You are a good buyer if you have trading ability. A skilled bargainer is often able to get profit-making deals. You should be up-to-date on your buying arithmetic, as well as on your schematics. Before you buy at the price quoted by a distributor salesman, ask yourself, "At what retail price can I reasonably expect to make a sale to my customer?" Then, you must be able to figure out whether this will give you the profit you should get on the particular merchandise.

A wide-awake buyer should be able to quickly recognize a "hot" item. Develop the ability to get items which will account for quick volume selling due to their special appeal at a certain time. For example, get portable radios, fans and air conditioners in time to make sales for the coming summer season.



Can you recognize a 'hot buy'?

I think these "Rabbits" multiplied overnight!!



Have a dependable purchase set-up.

RESPONSIBILITY OF BUYER

If you have a small TV servicing business, you probably do your own buying. If your sales and servicing business is larger, you probably buy with the help of your stock-clerk or bookkeeper. But, in any size business, you cannot manage successfully or profitably without having a dependable purchasing set-up. This includes keeping track of what happens to your merchandise from the time you receive it until the customer buys it.

You have the responsibility of keeping track of slow-moving radio and TV receivers, TV antennas, auto antennas, record changers and appliances. Make price reductions in order to clear out old stock. You also have to see that your supply of fast-moving articles, such as certain receivers and picture tubes, can be quickly replaced.

ESTIMATE THE DEMAND

Your first step as an intelligent buyer is to estimate the demand for a particular article.

Base your buying on information instead of hunches. Do not buy on the spur-of-the-moment. Plan your buying.

Naturally, you will buy goods which appeal to your particular customers. You must, first of all, find out what those customers want.

If you have been operating your TV service business for some time, you've been keeping some sales records. If you have kept these

records in sufficient detail, they will give you a good idea of what your customers want.

Find out what your competitors, if any, are offering. Visit them, or have someone else visit them. Look at their display windows and their newspaper advertising. Look for ideas as to merchandise you can offer your customers.

Read the trade papers and magazines for the electronic service industry. Read the technical and merchandising news sent to you by the manufacturers. Keep your customers' needs in mind, all the time.

“WANT” BOOK

Set up a “WANT” book in which you can list your customers’ “special orders”. Get a deposit of at least 10% on special orders. Having “everything under the sun” is not a good practice. If you try to satisfy every customer’s buying whim, you are likely to lose money. You will wind up with many items that are seldom sold. You will have left-over



seasonal goods and out-dated items that will have to be stored until next year or sold at a loss, or at best, little or no profit.

Don't get “stuck”! It is well known that every bankruptcy sale shows up bad buying.

NEW THINGS TO BUY

Before you buy, always ask yourself, “will my customers want the article I am thinking of buying?” Will they want a TV coupler, lightning arrester, automatic garage door opener, record changer, cartridge?

Many customers want something new, the “latest”. Don't rush to take in a complete line of stereo equipment. Be prepared for stereo conversions. Make sure that for your customers the stereo equipment you carry will have popular appeal, popular price, and real value.

You must be just as certain about your own needs for materials, parts and supplies. Plan your buying for the servicing part of your business.

Do you feel that you know all about the technical side of the servicing business? Keep on the lookout for new, improved or less expensive replacements. Many of these will enable you to do the servicing job just as well. Improve your ability to



a receiver, an antenna or other merchandise in your shop.

Here again, you must pay attention to your distributor salesman, trade journals, catalogs and your past sales records. These records will give you a good idea about the likes and dislikes of your customers.

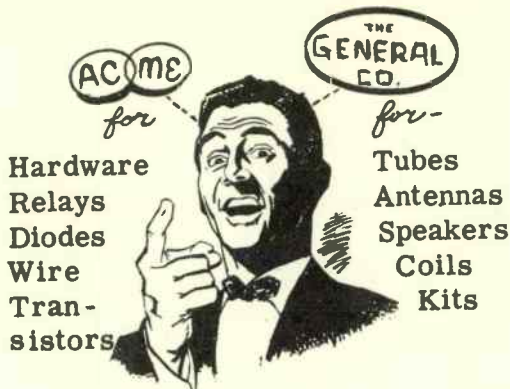
You will be doing just what the electronic manufacturer does. He looks over his past sales records before he decides what materials, parts and supplies will be bought by you.

Your steps in buying, so far, have been: Determining the demand; determining your supply; determining the kind, brand and quantity you need. Your next step is selecting a supplier.

SELECTING A SUPPLIER

Your supplier may be a distributor, whole saler or jobber. How should you select your supplier or suppliers? Buy from those who carry the kind and quality of materials and merchandise you have found to be best suited to the needs of your customers and work bench.

Generally speaking, your supplier should have the tubes, receivers and replacement parts of the brand, quality, type, or model you want. He should sell at satisfactory prices, on reasonable terms, and in the quantities you need. He should be reliable and give you good service. "Good service" is more than making deliveries. It also means protecting you on tube and part quality guarantees. He must take back legitimate returns. He must make fair adjustments promptly. He should provide you with such help as technical, advertising, merchandising and management aids. His salesmen and other employees, such as telephone order-takers, counter-men, delivery men and bookkeepers, should be considerate and cooperative.



HAVE FEW SUPPLIERS

We do not recommend that you spread your purchase among many suppliers. You may think that in this way you will have the various suppliers competing for your business. You may think this will give you the advantage of getting the most favorable prices at any given time. Of course, you may have to buy different items from different suppliers, especially if these items are popular with your customers.

You may say: "Having more than one supplier will protect me in case he should go out of business, change his brand of merchandise, or change his business policies". This is true.

Even so, it is to your best advantage to concentrate your purchases with as small a number of suppliers as possible. If you follow this policy, you will get many advantages!

You will get more attention and help from your suppliers. They know you are giving them most of your business. It will make it easier for you to get credit.

You will keep smaller inventory, less cash tied up; you will be able to make larger purchases from each supplier and get larger

discounts; you will become known in your community as the dealer for a certain brand of merchandise. You may become exclusively franchised for a certain kind of receiver, tube, antenna, etc.

PRICE ISN'T EVERYTHING

Are you limited to buying in the area where your shop is located? It is likely that you will still have some choice among competing suppliers. It is desirable that your location be reasonably close to your sources of supply. If your location is either out-of-the-way or too difficult to get to, you may have to pay high shipping or delivery charges. If you are a steady customer or you order in large quantities, many suppliers will not charge you for delivery.

Don't let price be the only reason for choosing your supplier. You must also consider the brand and quality he carries, his past performance and your customers' needs. Your aim should be to obtain the lowest price, the most favorable terms and the best service.....always with satisfactory quality.

VALUABLE BUYING INFORMATION

Remember that your distributor salesman will give you valuable buying information if you ask him. Give him the chance to tell you.

I CAN GET IT FOR LESS...



STATEMENT				
(AC) Me				
543 MAIN ST. P.O. 44				
TO:		DATE: SEPT. 1, 1960		
JOHN JONES TV SERV.		TERMS: NET 30 DAYS		
46 E. MEADOW ST.				
SYRACUSE, N.Y.				
QTY	AMT.	DESCRIPTION	UNIT PRICE	TOTAL
3/4	5	SELENIUM RECTIFIER	1.30	6.50
3/7	2	CAPACITORS 2000PFD.	3.30	6.60
3/20	1	TRANSFORMER, PL. 4 P4.5000	22.20	22.20
3/20	.	" - - -	-	" -
3/7	.	" - - -	-	" -

You may think you don't need buying advice. If you are a 'know-it-all', you will get a poor reputation in the trade. Don't be the kind to beat down prices. You will be looking for trouble. Nearly always, the distributor salesman is better informed on qualities and current prices than is a small radio and TV service dealer. Just be sure that you get the quality you need at a fair price.

COOPERATE WITH DISTRIBUTOR

We do not expect that you will become a perfect buyer overnight. You can't be an expert on everything you purchase. No one can be that good. Just keep looking for 'buying errors' before they take place. The next time you buy, you won't make a mistake.

Cooperation between you and your distributor in advertising and displaying receivers, antennas and appliances is vital in building up your sales. Distributors sometimes give a small service dealer a reduced price on smaller lots of the same merchandise he has been buying in large quantity. Only steady customers get these deals.

It is always worth the effort to maintain friendly relations with your distributor. Be considerate to the salesman. Be prompt in paying your bills. Be fair in all your dealings.

Let us now review the steps you have taken so far, in your purchasing operation.

You determined the demand; determined your supply; determined the kind, brand and quantity you needed; and you selected your supplier.

TERMS OF PURCHASE

Now we will discuss the "Terms" of your purchase.

By "Terms" we mean "How you will be required to pay your bills". This will usually depend on the size of your business and the experience your distributor has had with you.

Some TV servicemen will be required to pay cash. When your distributor gets to know you, there is a good chance he will allow you credit. This means that he will give you extra time to pay your bill.

Once credit has been established, many distributors send what is known as a "statement" on the first of each month. They list on the statement everything you bought from the 1st to the 25th of the previous month. They allow you 30 days to pay the amount of the statement.

CASH DISCOUNT

In order to get you to pay your statement promptly, the distributor may offer you a reduction in the amount. This is known as a "cash discount".

STATEMENT				
(ACCOUNT)				
349 MAIN ST. SYRACUSE				
TO:		JOHN JONES TV SERV.	DATE: SEPT. 1, 1960	
		46 E. MEADOW ST.	TERMS: 2/10, EOM	
		SYRACUSE, N.Y.		
DATE	AMT.	DESCRIPTION	AMOUNT	TOTAL



For example, a discount of 2% may be allowed if you pay the monthly statement within ten days of its date. These terms will appear on your statement as: 2/10 EOM. This means that if you pay the statement within 10 days from the End Of the previous Month, you will be allowed to deduct 2% from the total amount of the statement.

KNOW THE BILLING DATE

There are several things you should know about credit terms. First of all, if your distributor gives you the kind of billing we have spoken of, there is a way to get an extra month in which to pay a bill.

If you planned to make the purchase on a date close to the 25th of a given month, don't do it! Make the purchase after the 25th. Purchases made between the 25th and the last day of the month, will not be billed until the end of the following month!

With this kind of billing, what you buy from the 1st to the 25th of July, will appear on your August 1st statement. You will pay this statement by August 11th, so that you

can deduct the 2% cash discount. After August 11th and no later than August 31st, you will be expected to pay the entire amount of the statement.

The purchases you make on July 26th through 31st, will not appear on your statement until September 1st. They will be listed with all the purchases you make in August, up to August 25th. In this way, your purchases of July 26th through 31st can be paid as late as September 11th and you will still get your 2% discount, on those items. You have until September 30th to pay the entire amount of the statement.

CAN'T PAY YOUR BILLS?

When things are "slow" and you can't pay your statement on time, TELL YOUR DISTRIBUTOR!

If you have been buying from him regularly, and paying your bills regularly, he will be understanding and help you out with more time to pay. Be sure not to take unfair advantage of him. Do not be a shop owner who is disloyal when he owes money to a distributor.

We know that some service technicians, when they get in debt to a distributor, spend their cash with someone else. If you do this, watch out when you need merchandise replaced or other services that only your regular distributor will give you!

If you are in debt to your distributor, and

Type No.	List Each	Net 1-5	Net 6-49
OZ4	\$2.15	\$1.20	\$1.05
OZ4A	1.85	1.04	.91
OZ4G	2.35	1.32	1.15
1A3	3.05	1.71	1.49
1A4P	4.45	2.49	2.18
1A5GT	3.20	1.79	1.57
1A6	3.85	2.16	1.88
1A7GT	3.70	2.07	1.81
1AB5	5.70	3.19	2.79
1AD4	3.95	2.21	1.93
1AD5	4.35	2.44	2.13
1AF4	4.45	2.49	2.18
1AG4	4.25	2.38	2.07
1AH4			

you get some cash, pay part of your old bill. If you manage your cash wisely, as we advised you to, in chapter 1, you will be able to pay your bills, promptly. If you cannot pay your bills for whatever reason, then you should borrow the money and pay the distributor. We will discuss loans and other bank services in a later chapter.

EARN CASH DISCOUNTS

It is too bad that a great number of TV service shop owners do not pay their bills on time to earn cash discounts. If they did, they would save a lot of money.

Too many small service dealers are too interested in the length of credit that is given them. They should be more interested in the cash discount that is allowed.

Unless you are in bad financial circumstances, a cash-discount should mean more to you than the length of time you have to make your payment. Take advantage of cash discounts by paying promptly!

EARN 36% A YEAR!

Here is a fact which few service dealers realize!

When you are given a cash discount by your distributor, you are probably making more on your invested money than you do from many of your sales.

Here is the proof!

The terms in the purchases described previously were: 2/10, EOM, N/30. This means that you are required to pay the full amount of the statement, within 30 days of presentation or you will be allowed to deduct 2% from the total of the statement if you pay it within 10 days.

If you pay within the 10 days and deduct 2% from a \$100 statement, you have actually earned \$2.

You have 30 days to pay the full amount.

If you pay in 10 days, you are actually paying 20 days ahead of time.

The distributor is willing to let you deduct 2% so that he will be paid 20 days ahead of time.

For this 20 day period, you have earned 2%.

Since there are eighteen 20-day periods in the year, by taking advantage of these discounts, your money is actually earning interest (or discount) at the rate of 36% a year!

This certainly compares favorably with the percentage of earnings you make on most of your sales. To earn 36%, you did not have to buy merchandise, stock it, advertise it, sell it or take the risk of loss. Now you see why we want you to take advantage of cash discounts on your purchases.

If necessary, it will frequently pay you to borrow money, usually at the rate of 6% per year, to take advantage of cash discounts, since these amounted to 36% a year.

TRADE DISCOUNT

In addition to the cash discount, we use the term "trade discount" in purchasing.

In the electronic manufacturing industry, as in other industries, the prices of products change frequently, due to changes in cost of labor and materials. In order to avoid the expense of reprinting new price lists or catalogs whenever a price change occurs, many firms publish a standard price list and then allow certain discounts to be deducted from the "list price".

The list price is the price shown in the catalog or price list. From this list price is deducted the "trade" discount to give the final, or net price. The net price, then, is the amount remaining after the trade discount has been deducted from the list price.

DEALER GETS DISCOUNT

The prices in the catalog are usually those which the manufacturer suggests that the service dealer should charge his customers. Dealers are entitled to a discount from the catalog or list (or retail) prices. The discount is known as a trade discount because it is given (or supposed to be) only to those people, like service and appliance dealers, whose business it is to sell a manufacturer's product at retail. The trade discount is supposed to be large enough to allow the dealer to make a satisfactory profit for himself, after paying for cost and necessary selling expenses.

If you buy a tube which has a list price of \$3.00 and you get a trade discount of 50%, your trade discount in cash is \$1.50 and all you have to pay is \$1.50.

DISCOUNT SERIES

Manufacturers and distributors sometimes allow special trade discounts on purchases made during slow, or "off", seasons. Additional discounts from the list price are also given in special instances when a distributor wants to help a dealer meet competition or secure new business.

A dealer may be given a series of discounts as follows: 50%, 10%. For a quantity purchase or "special deal" he may get: 50%, 10%, 5%.

The trade discounts are frequently not shown as deductions on the bill or invoice. Distributors often price goods at the net amount after trade discounts have been allowed. This is done because the service dealer is allowed to take the trade discount, whether he pays cash or buys on credit.

Remember, when you get a series of trade discounts, you do not add all the discount percentages and then take the total percentage as a deduction from the list price.

Instead, you calculate the first trade discount in terms of dollars and deduct this amount from the list price;

.....from the remaining amount, calculate the second trade discount in dollars and deduct the second amount;

.....and so on with each trade discount.

When this has been done, you calculate the cash discount you are entitled to. The cash discount is based on the net price after the trade discounts have been deducted.

Here is an example of how this is done:

UNIT PRICE

Let us go back a minute to the point at which you calculated the net price. If this is the price for one article (or one dozen, or one gross, etc.) then the net price is also known as the "unit price".

When you buy a number of units, such as five radios, three turnover cartridges, twelve reels of recording tape, you must multiply the number of units by the amount of the unit price. This is known as making "extensions".

The amount of multiplication, or extension

EXAMPLE: Trade Discounts.....50%, 10%
 Terms.....2/10 E. O. M., N/30

SOLUTION:

\$ 200.00	x .50	First Trade Discount..... (50% .50)	
\$100.0000		First Trade Discount in Dollars and Cents	
\$ 200.00	100.00	List Price	
	100.00	First Trade Discount in Dollars and Cents	
		100.00	
\$ 100.00	x .10	Second Trade Discount.....(10% .10)	
\$ 10.0000		Second Trade Discount in Dollars and Cents	
\$ 100.00	10.00	Second Trade Discount in Dollars and Cents	
\$ 90.00			

When paid within Discount Period (10 days):

\$ 90.00	x .02	Cash Discount.....(2% .02)	
\$ 1.8000		Cash Discount in Dollars and Cents	
\$ 90.00	1.80	NET PRICE	
	1.80	Cash Discount in Dollars and Cents	
		88.20	Amount Paid Within Discount Period

NOTE: \$90.00 NET PRICE Must be Paid After Discount Period

is usually entered on bills or invoices on the extreme right-hand side, known as the "extension column".

CHECK EXTENSIONS

As part of the process of your checking your bills, you should check your extensions.

Suppose, for example, that your bill calls for two relay controls at a unit price of \$1.10 each; your extension column should show \$2.20 (2 times \$1.10).

Now, suppose the quantity consists of six tuners at the price of 2 for \$25. The unit is 2, and the unit price is \$25. The extension for the six tuners would be \$75.

RECORD OF ORDERS PLACED

Before you make a purchase, be sure that you know the trade discount, cash discount, and the unit prices of the things you are ordering. The distributor salesman or telephone order-taker should also inform you when you can expect your order and who will pay the transportation charges. You should know whether your purchase will come by distributors' truck, parcel post, express or freight.

At this point, a large dealer would have had a "purchase-order" form filled out with all the information about the purchase. The small service dealer should keep a similar or simpler record, or get a copy of the order from the salesman. In this way, he will have an important record of what he has ordered,

W. E. MERRILL ST SYRACUSE, N.Y.		TERMS: NET, 30 DAYS		
DATE	AMT.	DESCRIPTION	UNIT PRICE	TOTAL
4/12	5	6 Transistor Portable Radio Model 246	27.95	141.75
5/13	3	Portable TV sets Model PTV-17	139.25	417.75

when he can expect to receive the order. This record will also prevent disputes as to the agreed-upon prices, terms, delivery date, and who will pay the transportation charges.

CHECK ORDERS RECEIVED.

The next step is receiving and inspecting your merchandise. You should carefully check each shipment for condition or possible shortages. One way is to check against the copy of the original on which the quantities are indicated.

Another way, especially if you do not do the checking yourself, and want to prevent carelessness, is to have the shipment "blind-checked". That is, have it checked with a blank order form on which the quantity has been omitted. Blank checking makes it necessary for the one receiving the goods to actually do the counting.

OVERAGES, SHORTAGES, CLAIMS

You should report all overages (amount more than you ordered), as well as shortages, to your distributors or supplier,

Phone Order 7-7390		PURCHASE ORDER		OUR PURCHASE ORDER NO MUST APPEAR ON ALL BILLS
FROM:	John Jones TV Shop 44 E. Meadow St SYRACUSE, NEW YORK	No	750	
		Date	April 10, 1960	
TO:	Acme Supply Co 843 Main St. Syracuse, NY Ship Via Bestway	Inspected Delivery		
QUANTITY	ITEM	PRICE		
5	6 Transistor Radio Model RH-6 @ 27.95 ea	149.75		
3	Portable TV SETS Model PTV-17 @ 139.25 ea	417.75		
BY <u>John Jones</u>				

promptly. This is a good chance for you to build a good reputation with your supplier. As you can imagine, about the only reports suppliers get from their service dealers is a complaint about shortages or damaged merchandise.

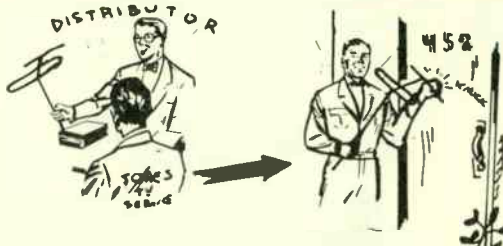
Send your damage claims to the one who is responsible, either the supplier or the transportation company. Be sure to send your claim promptly and with sufficient proof. These are practices which will gain the respect of those you buy from.

PLACING GOODS IN STOCK

Your next step is to place your goods in stock.

One of the most important things you should remember is to use up your old stock first. The performance of a tube is normally not affected by standing on a shelf. Anyway, be sure that you use up your old stock first, so that the tubes bearing the older code dates are used first.

This suggestion applies primarily to receiving tubes, since picture tubes are warranted from the date of installation. It is also wise to move your old picture tubes first. The reason is that the picture tube cartons which stand on your shelf for some time are bound to gather dust and look



DO YOU OPERATE A HAND-TO-MOUTH BUSINESS?

shabby. They just won't have the customer appeal that a newer tube, in a new carton has.

HAND-TO-MOUTH

At this point we may as well face the truth. Different service dealers use different methods of receiving, checking and storing the tubes, materials, and merchandise, when these come into their store. Some operate their servicing business on a "hand-to-mouth" basis. Whenever these service men need a few tubes, replacement parts or an antenna, they make a special trip to their local distributor. They get what they need, do the job, get paid, and then pay the distributor. That is, if the distributor has not already required a cash payment when the service technician picked up the order!

Obviously, with this kind of limited operation, there is no "receiving, checking and storing" problem. There are other problems, however. It is likely that such technicians have the problem of limited cash and limited business.

PILE IT OVER THERE

Other service dealers use a "just pile it over there" system. This almost always leads to trouble. If you follow this "system", you may be a good technician but you are

not a good businessman. You will discourage many customers from coming into your shop or from buying what you have to sell, when they do come in.



This "system" is really a lack of system. Your place soon looks more like a junk shop than a modern, up-to-date dealer in electronic equipment. You won't know what your stock is; you won't be able to display it properly. Your customers won't see half of what you have to sell. It is more likely that they will be hit by a falling carton or trip over one, sooner than buying what is in it.



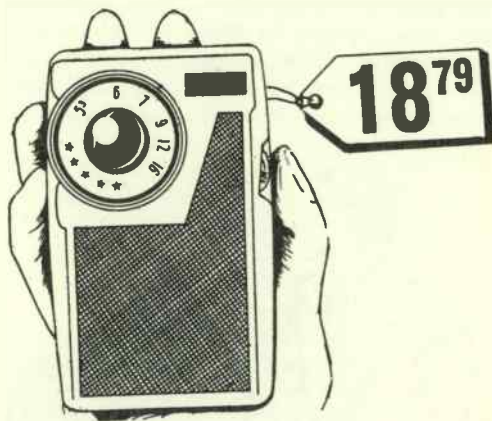
WELL-PLACED STOCK

Are you a service dealer who is always on the alert for ways of making a profit? You know that every part of the purchasing procedure is part of the foundation for success and profit in your operation.

You put each purchase in its proper place. This means that some receiving tubes you put up front to be sold over-the-counter (always remembering that the old stock is to be sold first!) . You place some tubes handy to the work-bench. Other tubes and merchandise you put in a reserve storage area. Some merchandise, such as a radio, TV set, antenna, portable phonograph or small appliance, you arrange attractively on display in the store window, on a wall shelf or table.

MARK PRICES CLEARLY!

Today, customers like to see prices clearly marked on displayed items. Use legible price tickets! Attach them to a transistor radio, am-fm receiver or TV antenna. Price tickets are an aid to selling.



Another sales help is the manufacturer's ticket or label. These explain the principal features of his electronic product or appliance, and they should show up clearly in your display.

Some service dealers, immediately upon receiving merchandise, mark the retail price on each carton. Mark your carton legibly with the retail price or use a price ticket. Make it possible for you and your employees to see at a glance the correct retail price. Legible price markings reduce the possibility of making a sale at a wrong price.

Some dealers use a two-part ticket, which they attach to each carton put on the shelf. We will discuss later how such a ticket is useful in checking sales trends as well as in checking inventory and encouraging honesty of employees.

DON'T HIDE PRICES

Price tags, of course, can either attract or chase customers. There are many TV dealers who have a fine stock in their store but few customers ever see it. These dealers somehow manage to keep the customers outside. For example, they will leave price tags on items displayed in their store window but will turn the tags face-down to hide the prices!

Why does the service dealer do this?

He thinks that the prices may frighten people away, but that curiosity will bring them in. Then, the dealer counts on his ability to make the people forget about prices. This method has proven to be a bad practice. People are keenly interested in prices. Most retail newspaper advertising puts heavy emphasis on prices.

Don't hide the prices on a displayed item in your window. Many prospective customers may decide not to investigate further and you have a lost a paying customer. It is preferable that you put no price tag on an item displayed in your window rather than turn the price tag face down.

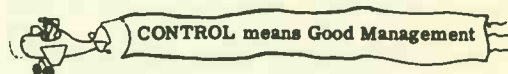
CHECKING SALES TREND

In this lesson, we have discussed all the steps of an intelligent buying procedure for the service dealer from the time he deter-

mines the demand for certain goods, until he places these goods in stock or on display. What might be called the last step is "checking the sales trend" of these goods: "How are they selling?"

As you gather information on how a certain article, such as a tube or antenna or appliance, is actually selling, you then come back to step No. 1. That is, you are able to determine the demand for the particular article.

All the steps in purchasing add up to what is known as "purchasing control". (The word "Control" means "good management.") We think you will agree that if "buying" is the actual placing of your orders, then there is much more to purchasing control.



CHECK LIST FOR GOOD PURCHASING

1. Do I determine the DEMAND?
2. Do I determine the "supply on hand" (INVENTORY)?
3. Do I determine the kind, brand and quantity needed?
4. Do I select suppliers wisely?
5. Do I take cash discounts?
6. Do I check trade discounts?
7. Do I check extensions?
8. Do I keep a record of orders placed?
9. Do I check orders as received?

10. Do I report overages, shortages, claims?
11. Do I place my stock properly?
12. Do I mark prices clearly?
13. Do I check the sales trend?
14. Do I follow all the steps in good purchasing?

Call it buying or call it purchasing control! In order for you to make a profit, you have to get the right goods, at the right time, in the right quantities, at the right prices. Then you must sell them with a sufficient amount or "margin" to cover expenses and to provide a satisfactory net profit.

You may think that profits come only from selling. They can also come from buying.

YOU CAN'T SELL WHAT YOU AIN'T GOT

Buy frequently to avoid "out-of-stock" conditions. You cannot sell merchandise if you do not have it! You want to keep a fresh stock, particularly of tubes. Do not over-buy however. This will lead to serious financial trouble.

Keeping simple sales and stock records, plus your good judgment in analyzing these records, plus the advice of your distributor salesman, will help you determine the quantities you should buy. You will also be helped by keeping accurate records in an inventory control book.

NEED FOR DEPENDABLE INFORMATION

Too many service dealers rely on their memories to tell them which tubes, receivers, replacement parts and appliances sold well, and which did not. The profit-making service dealer does not rely on his memory!

To help him with the problems of buying, he knows that he has to keep some records.

Your records do not have to be involved or time-consuming. All you need is dependable information, so that you can buy enough, but no more, of the right brands, quantities and assortment of merchandise. Enough, but no more, of the replacement parts you need for your servicing operation.

LOSSES FROM OVERBUYING

You must be careful not to keep your limited cash tied-up in inventory that will not move. If you sell electric heaters and don't keep track of sales or what you have on hand, you will find you have a storeroom full of heaters in June! This will tie up your money until you can sell them six months later. The same thing, of course, applies to fans and air-conditioners. If you over-buy they will remain on your shelf until the following summer. This is no way to make money!

PROFITS FROM WISE BUYING

Don't be taken in by clever sales talk, so that you buy what people in your community do not want. Brilliant advertising and smart displays cannot sell items which are not wanted. They become old stock. Only when you have the right items, can other sales aids help you sell at a profit. (We will discuss many of these sales aids in a later chapter.)

An important part of the buying operation is finding out what your customers and prospective customers need and want. If you guess, you are gambling! This makes for losses instead of profits.

You buy wisely when you know what you can sell, how much, and at what price.

Always keep in mind that the basic purpose of your service dealer operation is to service your customers' needs at a profit to both them and to you.



INVENTORY CONTROL

You need a method of keeping your stock "in balance".

It should be neither too large nor too small in relation to customer demand. Add to your stock at the proper time, in correct quantities, to keep an adequate assortment. You need receiver tubes, picture tubes, parts, and radio and TV receivers of various sizes, colors, styles, qualities and prices.

Have a guide or system to tell you what, from whom, when and how much to buy. Such a system is called "Inventory Control" or "Stock Control" or "Merchandise Control". We will use these terms interchangeably (just as you use some receiver tubes in place of others). You will find these terms referred to frequently in your trade papers and magazines.

Your goal should always be to stock well-balanced, fast-moving merchandise and replacement parts. The stock records we are talking about in this lesson will help you get maximum profits with minimum inventory and cash.

BALANCED INVENTORY

The minimum inventory should also be a balanced inventory. For example, a balanced



inventory of ceramic capacitors can be obtained by buying them in kits put up by many electronic manufacturers. Such kits contain assorted and most frequently used values. They save you trips or phone calls to your distributor. They simplify your inventory problem. Best of all, you have the capacitor you need, in the right value, on hand when you need it.

You will rarely be delayed on a servicing job if you have a balanced inventory of tubes, semi-conductors, resistors, transformers, connectors, wires, fuses, pilot light assemblies, alligator clips, switches, controls, cable and all the other dependable brand name replacement parts you need.

RELY ON DISTRIBUTOR

There will be many items you cannot afford to stock, especially in the variety necessary for a balanced inventory. For these, you will rely on your distributor. As long as he can give you a dependable brand name product that will insure your servicing work, and eliminate any possible callback because of poor material, you won't have to carry an excessive inventory.



(Reprinted from Radio-Electronics)

You rely on your distributor for technical information. You should also be able to rely on him to have the right component part in his stock, when you need it and to get from him, fast, reliable delivery service.

AN INVENTORY YOU CAN AFFORD

You must rely on yourself for a system of stock control.

Having an inventory larger than you need, represents cash invested but not earning anything. Such stock, as a matter of fact, is depreciating (decreasing) in value and costing you something in storage space.

Don't buy in such small quantities that you lose quantity discounts. Don't buy in such large quantities that you tie up too much money. You risk having merchandise and tubes and parts go out of date or get damaged before you sell them.

You cannot afford to buy a resale item that will not sell at a profit within a reasonable time; you cannot afford to buy a replacement part you will not need in your servicing operation within a reasonable time. You cannot afford to pay rent for a larger storage space than you actually need. You just cannot afford

to stock an inventory in amounts greater than your "normal" requirements.

You will only learn what is "Normal" for your business, when you have information about your stock.

What records will you need to get this information? It depends upon the size of your sales and servicing business. Many small service dealers have this inventory information (inventory control) with only a few records.

FEW RECORDS NEEDED

Let's face it! Are you a service technician whose business is so small that when you get a service call you close your shop and go out on the job? If so, you are certainly a technician who needs few records now.

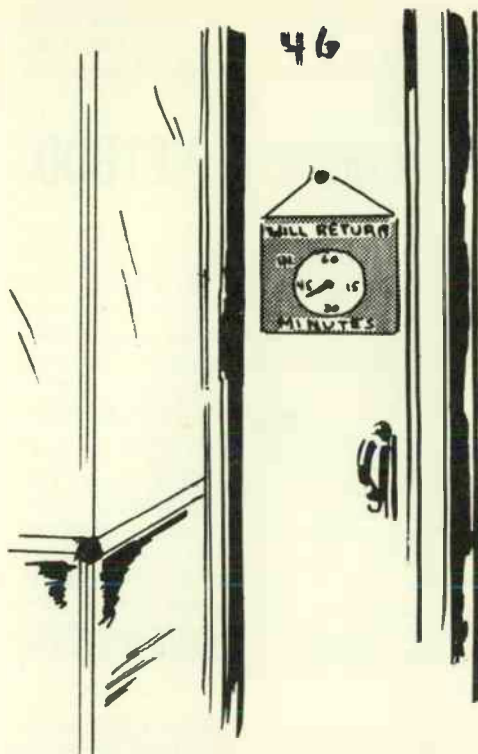
Learn about the records needed by the service dealer who has more business than you! This is one way of becoming a more capable business man. It is the technician with a good reputation and business knowledge whose business grows with the electronics industry.

Are you a service dealer whose business is large enough to require hiring two or three men for bench work and outside servicing? Do you also have a girl to answer the phone? Your operation definitely calls for more records.

STOCK CONTROL BY DEPARTMENTS

Do you want to become the largest radio-TV service dealer in your area?

At that time, we expect you'll have a half dozen technicians and service trucks out on home calls in contact with a dispatcher by mobile radio. Your store will be a large, attractive one, in the heart of the down town shopping district or in a big suburban shopping center. In addition to radio and TV equipment and small appliances, it is likely that you will sell washing machines, dryers, refrigerators, electric ranges and other



large appliances that are becoming more and more in demand for convenience and labor-saving purposes by every homeowner.

We can see that when this time comes (and we are confident of your ability to make it come!) you will also have in your employ a buyer. His only job will be to buy radio and TV receivers, antennas, phonographs, record changers, and related parts and equipment.

You will have a completely separate department and, therefore, another buyer for your small and major appliances ("whitegoods"). When your business reaches this volume, your stock control system will be on a departmental basis and set up by your accountant to cover every detail.

THE GOAL IS PROFITS

Regardless of the size of your sales and

servicing business, don't think that a system of inventory control is your goal, in itself. That is not so!

The goal is profits through balanced inventories. As limited or extensive your system is, it will require your intelligent effort and good judgment for it to be successful.

To get the information you need for stock control, use a system of inspection or observation, a physical inventory or check-up, and a running or perpetual inventory.

Keep track of the amount of dollars you have invested in inventory. This is known as "dollar control". Know whether you have the right number of units of each resale item and replacement part. This is known as "unit control".

UNIT CONTROL

How will you know whether you have the "right" amount of each type of tube?

Find out what your normal stock of receiving tubes should be in terms of units (unit control).

Use what is known as the "Average National Movement" figure, as a guide in determining the more popular types of tubes. A good inventory control book has this figure.



Types for which the Average National Movement is shown account for 92% of all renewal sales. The figures in the "Average National Movement" column show the movement per 10,000 receiving tubes. With the advice of your distributor salesman you can

easily convert these figures to your own individual stock levels. This is how you aim for a balanced inventory of receiving tubes through unit control. Make every effort to apply unit control to all the merchandise and materials you carry in stock.

HOW TO USE THIS INVENTORY CONTROL METHOD

Receiving Tube

TYPE	AVERAGE MOVEMENT	OPTIMUM LEVEL	DATE			DATE		
			INV.	ORDER	REC'D	INV.	ORDER	RF
OZ4	17	85						
OZ4G								
1A5GT								
1A7GT								
1AF4								
1AU3								
1AX2								
1DN5								

TYPE	AVERAGE MOVEMENT	OPTIMUM LEVEL	DATE			DATE		
			INV.	ORDER	REC'D	INV.	ORDER	RF
OZ4	17	85	30					
OZ4G								

TYPE	AVERAGE MOVEMENT	OPTIMUM LEVEL	DATE			DATE		
			INV.	ORDER	REC'D	INV.	ORDER	RF
OZ4	17	85	30	55				
OZ4G								

TYPE	AVERAGE MOVEMENT	OPTIMUM LEVEL	DATE			DATE		
			INV.	ORDER	REC'D	INV.	ORDER	RF
OZ4	17	85	30	55	55			
OZ4G								

TYPE	AVERAGE MOVEMENT	OPTIMUM LEVEL	DATE			DATE		
			INV.	ORDER	REC'D	INV.	ORDER	RF
OZ4	17	85	30	55	55			
OZ4G								

1. Determine the optimum inventory level for each tube type, using the Average National Movement Figure as a guide for the more popular entertainment types. (Types for which an Average National Movement is shown account for over 90% of all renewal entertainment sales.) Movement is shown per 1,000 receiving tubes and per 100 picture tubes. Multiply the Movement figure by each 1,000 tubes in your total inventory. For example, in determining optimum stock level of type OZ4, if the total inventory is 5,000 tubes multiply 17 (the Average National Movement) x 5 (for 5,000 tubes). The optimum stock level for type OZ4 is then 85. *This figure is then entered in the "OPTIMUM STOCK LEVEL" COLUMN.*

2. Then take and record the actual inventory. For example, if the inventory for type OZ4 is 30—*Enter this figure in the COLUMN MARKED "INV".*

3. Then, to determine the proper order quantity subtract the actual inventory from the Optimum Stock Level. For example, if optimum stock level is 85 and present inventory is 30, 55 tubes should be ordered to reach the optimum stock level. *Enter this figure in the "ORDER" COLUMN.*

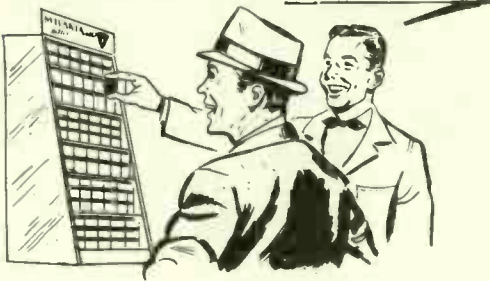
4. Enter in the RECEIVED column the actual quantity of tubes received. For example, 55 tubes were ordered and 55 tubes were received. *Enter this figure in the "RECEIVED" COLUMN.*

5. Be sure to record the date of inventory, the order date and the date received above the appropriate columns.

(Sylvania, sub. of General Telephone & Electronics)

drugstore or the supermarket tube tester.

Yes, I have that tube in stock.



KEEPING STOCK RECORDS

The next step in using your inventory control book is to write in the inventory date at the top of the Inv. column. Then write in the number of each type of tube you have on hand in the space provided for it.

The order column should be used to enter the quantity you order from your distributor. This quantity you should figure out by subtracting your inventory figure from your normal stock figure. Enter the date you placed the order.

When you receive the tubes you ordered from your distributor, write the date and the actual amount received in the Rec'd column (sometimes you won't get all that you ordered).

INVENTORY CONTROL BOOK

Look at the page taken from an "Inventory Control Book".

The average movement figure for one type of receiving tube is 17. That means that a service dealer who sold 10,000 receiving tubes could reasonably expect to use about 170 of these tubes during that period of time. He would sell 17 of these tubes for every 1,000 tubes he sold. If 100 tubes are sold each week then 3 of these tubes would be sold every two weeks. Remember, this is an average for the nation—you may sell twice as many while some other store will sell none.

With these figures in mind, he would estimate his normal stock. He would have a fair idea of the maximum and minimum amounts of the most popular tubes. He can plan his buying so that he will not be caught short. He will not have a big stock of tubes which do not sell.

Once you have established your normal stock, don't hesitate to change it on the basis of your own experience. Make continued use of your service dealer inventory control and you will rarely be out of the type of tubes you need. When you are out of a tube, you just don't have what it takes to do a servicing job or make a sale. You will not only lose one sale, you will help your prospective customer to get the habit of going elsewhere. He'll go to your competitive service dealer or to the



Do you want to know how many of each tube type you sold? Add the tubes received plus your previous inventory, and subtract your new inventory.

We want to repeat that the system of inventory control shown here is all the small service dealer needs. He will know where he stands at all times and he will know where his sales are going.

You are a small service dealer. Then you will use an inventory control book for your

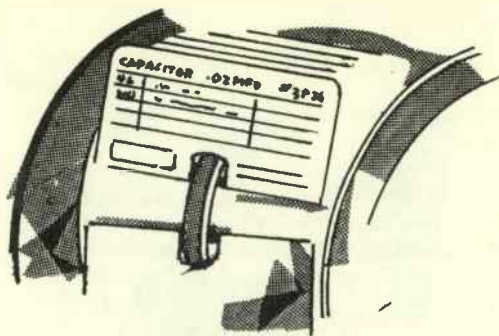
receiving tubes, picture tubes, receivers and appliances.

If you have ever taken a physical inventory, you know that it is actually a count of each item by the service dealer, himself, or with some assistance. We do not recommend that you make a frequent physical inventory. It is usually not a practical idea, because of the amount of time, effort and expense it involves. We do recommend that you take a physical inventory once or twice a year; but, to know what you have on hand, inspect your store and stock room shelves at least once a week. You won't run out of fast-moving items.

You may need only a simple or approximate check on resistors, capacitors or fuses and other small parts. For high unit price merchandise, like a color TV set, you would want to have a unit or piece control. The cost of keeping a record for each unit is fairly expensive. Use this system only for expensive merchandise.

INVENTORY RECORD CARD

When you use this system, you make an individual inventory record card for each item. Keep the cards with detailed information from the day of your purchase until the

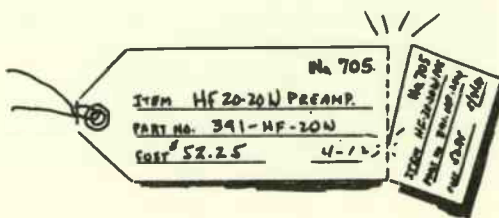


day the item is sold. By looking over these cards, at any given time, you know what your sales have been, what stock you have on hand and on order. Write on the card the brand of receiver or refrigerator, its color, size, width, length or any other thing about it that will give you information about your customer's preferences. Include price and profit information on the card, as well as the names of manufacturer and distributor. This too, will help you decide on future purchases.

If you hope to be a big operator some day, you will learn how to use the unit control system. Learn now! Be prepared to grow!

TWO-PART TICKET; SALES SLIP

Another way of getting information for your stock records is the use of a two-part ticket or tag attached to the antenna, radio, record changer or appliance you have



on sale. Then, when the sale is made, one-half of the tag or ticket is detached and put in the cash register. From these tickets, at the end of the day, you can make a note on your stock record which of these items has been sold.

In a similar way, a sales slip is made out for each sale. The duplicate sales slip gives you the information of all the items that are sold. Such sales slips must be made out clearly, so that they can be read and the information copied from them. Use the "home service call" order slips, and workbench "job tickets", to record what tubes and parts have been taken out of stock.

Whether you use the "unit control", "tickets", or "sales slips", your stock control system will be only as effective as the accuracy of your sales records.

PHYSICAL AND PERPETUAL INVENTORIES

Most service dealers groan when they talk of taking a physical inventory. And yet, some dealers take inventories monthly. The more frequently they take an inventory, the more they get profit-making ideas. They clean out old stock, reprice some items, reduce over-stock. They look at taking a physical inventory, not as a necessary evil, but as a way of making extra profit.

Instead of a frequent physical inventory, some dealers use what is known as a "perpetual inventory". This can be of great value to you, if you do not let it become too involved. It is a method by which you can tell at all times the retail price value of all your inventory.

Through experience, you should use the system of inventory which gives you the information you want. Some dealers use more than one system. A dealer who sells phonograph records, may need three different systems, each best suited for one kind of phonograph record. A weekly physical inventory is used for popular records, a perpetual inventory for albums, and a "stock envelope" system for standard records.

Whatever inventory system you use, be sure to make a note of all the "deadwood". These should be sold without delay. If you don't price these slow-moving items low enough to get them sold, they will choke your inventory and tie up your money. Feature them on a counter display. If necessary, run a special advertisement. The longer you hold onto them, the heavier a cut in price you will have to take.

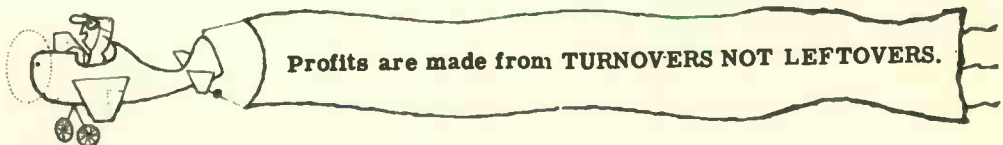
Your motto should be: "PROFITS ARE MADE FROM TURNOVERS NOT LEFT-OVERS".

TURNOVER

The term "turnover" refers to the number of times your average stock is bought and then sold in a given period of time, usually a year. If the average retail value of your stock is \$2,000 and your annual sales are \$8,000, your stock turnover is 4.

The importance of stock turnover is that stock lying idle in your store costs money. You cannot make profit until your tubes and other goods are sold.

If you have too few stock turnovers a year,



all your costs go up. You are also likely to lose reputation and trade because of your inability to buy new or seasonal goods and appliances. For example, if your money were tied up, you would not be able to carry a stock of highly profitable stereophonic equipment.

If you borrow money for an investment in inventory, you will make more money from the loan when you have a greater turnover. Even if you are not operating on borrowed money, your expense for keeping the same monthly inventory is twice as great if you have a turnover only of 2, instead of a turnover of 4. When your expense goes up, naturally your net income goes down.

According to other dealers in the radio, TV appliance sales and service business, a reasonable stock turnover is 4 times.

Since your cash, credit and borrowing power are usually limited, a turnover of 4 (or a more rapid turnover) is the key to profits. The more times a year in which you can buy new merchandise with the same money, and sell it at a profit, the more your total profits will be. Be sure though, that you make a profit on each turnover! If you do not make your selling prices high enough you will have a great many turnovers and little total profit. Still, you should aim for more turnovers.

There are more failures through slow turnover than from too rapid turnover.

PRICES

In addition to turnover, your total profit depends upon your prices. It is easy enough to say that you should sell tubes, TV sets and all your other resale items at list price. We know that it is not as simple as that. You must consider prices suggested by the manufacturer, or "Fair Trade" prices if there is a Fair Trade law in your community.

Of course, look at your competition. Watch out for price cutting. It usually doesn't help.

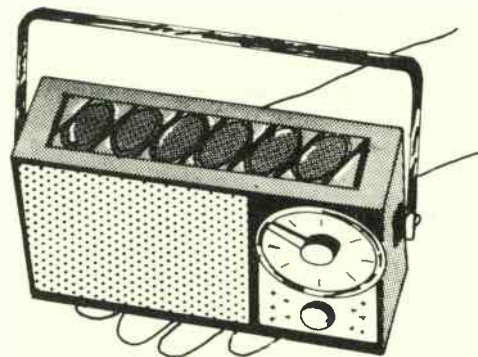
HOW TO MEET PRICE COMPETITION

You say "How am I going to meet competition from the price cutters when I can't go down to their levels without losing money?"

One answer is: "Do things better than the other fellow."

"What things?"

Here are some things which will help you reduce the effect of price competition.



SPECIALIZATION--- get some distinctive merchandise. This may be a solar radio or an antenna or speaker or high-fi cartridge, not sold by your competitors. To many shoppers, the most important thing about any price is the way it compares with other prices they see for the same article. But, if what you have to sell has different features and is in fact not the same as what your competitor sells, the importance of price comparisons will be reduced.

PERSONAL SALESMANSHIP

This means that you've got to do a better job than your competition by improving your selling methods. Hire and train employees who will do the same, in your store or on a

service call. We will talk more about this in a later chapter.

THINKING - Do the right thing at the right time. This isn't easy. But, it is important in meeting price competition. You can gain an advantage by tying in your advertising with the season or weather conditions. In November, for example, start budgeting your purchases so that you can buy items you can sell for the Christmas holidays ahead. Plan special sales. Time these right to cut down on overstock which you thought would "sell like hotcakes", but now is not moving. Watch the trade papers and magazines for new items coming into the market for which strong price competition has not yet developed.

WATCH TRENDS -- For example, the Do-It Yourself activities like high-fi radio and phonograph equipment will pay off by boosting your sales.

PRESTIGE -- Here again, you want to do something the other fellow doesn't do. Improve the quality and appearance of the equipment and appliance you sell. Work steadily to improve the impression your store makes on customers. Use attractive display, top-notch maintenance, good lighting and an interesting, inviting store front. (Review the previous lesson "Attracting Customers INTO Your Store").

SERVICES -- Among the most effective means of fighting price competition are such

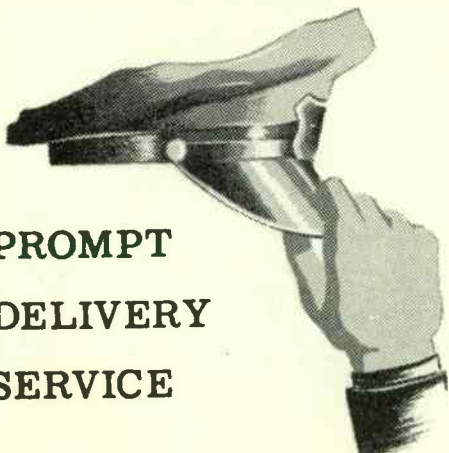
services as prompt delivery, installation and repair work. Permit returns and allowances whenever the request is fair.

CONVENIENCE -- People are often willing to pay a little more when it is easy for them to shop. You make it easy for them when you have good parking facilities. A handy place to leave the car, especially if they have to bring the set to you, is extremely important to most customers. For convenience of many customers, keep open some night-time hours.

EXPENSE CONTROL -- Find ways to manage your costs and expenses so as to give you a larger margin of profit. Better stock control, using information from simple records, and reducing losses from theft and damage, cut your expenses.

CUSTOMER GOOD WILL -- Since few customers know anything about radio and TV repair, they think that all it takes to repair a set is to pull a tube and put in a new one. Tell or show them what you had to do to put the set in working order.

**PROMPT
DELIVERY
SERVICE**



CHAPTER 4

SELLING YOURSELF TO YOUR CUSTOMERS

Do you know how to handle your customers?

A lot of TV servicemen think they do.

How would you have handled this service call?

THE CASE of the TOUGH-DOG CUSTOMER

A service technician was in a customer's house and couldn't get the high-voltage supply back to normal operation. He told the housewife that he'd have to take the chassis to his shop.

"Why?" she asked.

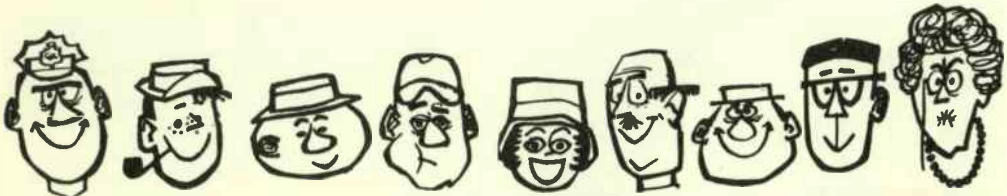
"The trouble will have to be located with the use of special test instruments," the technician replied. "I have these at my workbench."

"How much will it cost?" asked the woman.

"It's hard to say," he replied. "This can take a lot of time. I can't tell you the exact cost now because I don't know how tough it will be."

"You must give me some idea of the cost," she insisted.

"Well," the technician said, "this kind of repair job usually runs between \$20 and \$30,



One customer lost for good!

Would you have handled the "tough-dog" differently?

GIVE SIMPLE EXPLANATION

Here was a chance to build confidence and good will. The technician fluffed. He should have given a brief, simplified explanation to show that he was an expert; that he knew his business; why it was not possible to give an exact estimate of time and cost; that sometimes TV troubles stumped even the experts.

Courteously explain to your customer that you have to charge for your knowledge, know-how and time. You can make only so many service calls a day. How, on a difficult job, like an intermittent, where the trouble can't be found easily, you have to spend a lot of time locating it, even before you can fix it.

Tell your customer that you don't want to spend any more time on a job than you have to.

EXPLANATIONS BUILD CONFIDENCE

When you find a circuit not operating, -- particularly, sweep circuits -- explain to your customer the choice which must be made. Should you replace all the tubes in that section? It is often cheaper for the customer in the long run to have you do this on one service call. Replacing additional tubes may prevent future trouble ... and more service calls. Your explanation will build confidence and goodwill. Your customers will recommend you to their friends.

THE TECHNICIAN CUSTOMERS WANT

Today's customers want courtesy, cleanliness and cheerfulness from TV servicemen.

One technician goes out on a service call. He is neatly dressed in a business-like uniform. He is clean-shaven. His service



depending on the cost of parts and the time it takes to locate the trouble and fix it."

When the woman said, "O.K., go ahead" the technician pulled the chassis and put it on the floor, the bottom-side in full view.

"My, oh, my!" she said in great surprise, "How can you find the trouble in that mess of wires?"

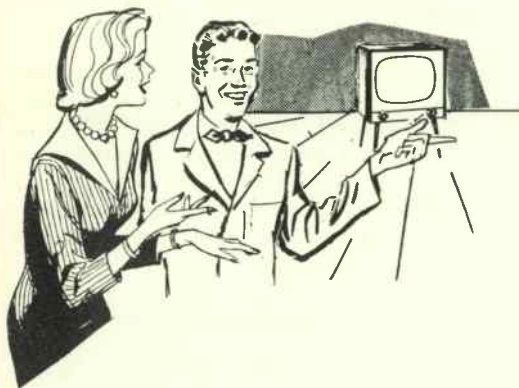
"Oh, there's nothing to it," he answered.

The woman got red in the face with anger. She was really "burnt up!"

"If there's 'nothing to it', why is it going to take so much time and money to find the trouble. You're not going to take advantage of me! Put that set back and get out my house!"

RESULT: One serviceman, red-faced and hot under the collar!

truck has a fresh-paint-and-polish appearance....the sign of a successful service business.



He rings the customer's doorbell. When the lady of the house opens the door, he takes one step back (a good idea he got from the Fuller Brush man) so that the woman won't be frightened. He smiles cheerfully and says politely, "Good morning, Mrs. Jones, I'm from the Smith Television Service." He is welcomed.

The customer is confident he will make a sincere effort to provide the best service possible.

THE TECHNICIAN THEY DON'T WANT

Another technician goes out on a service call. His jacket, shirt and trousers are sloppy, crumpled and dirty. He "forgot" to shave this morning. His beat-up service truck looks like a junk dealer's.

He rings the customer's doorbell. When the door opens, he says gruffly, "I'm here to fix your set," and starts barging in. The woman thinks to herself, "I won't call him again when my TV set needs servicing!"

KEEPING REGULAR CUSTOMERS

Today's customers cost money to get and



require proper handling to keep. All customers cannot be handled exactly the same way. But most will respond to the neat, clean appearance of store and the employees and keeping scheduled appointments for service calls.

You have to study yourself and your customers to establish a profitable servicing business. You want to win the friendship of set owners and influence them to remain as regular customers.

SERVICING IS SELLING

When you're influencing customers to buy services or goods from you, you're using salesmanship. In this way, the service technician is actually a salesman.

You have a tough selling job! You must sell something the customer does not want to buy...repair service. When the set blacks out, the owner and his family are annoyed over the loss of their favorite TV shows. They're angry they have to spend more money they

hadn't planned to spend, on something they already own. They may find it hard to get the cash for the service charge, when they are having difficulty meeting a lot of time payments. They require the right kind of handling if you are to make a good impression and a lasting customer.



A simple phone call will assure a customer that they haven't been forgotten.

THE CUSTOMER AND HIS MONEY

You know the advantages and main features of a radio or TV set or antenna you are selling. Learn how to appeal to the reasons that get most people to part with their money. You will become a successful retail TV dealer. To build up a following of satisfied customers, you need a practical knowledge of customer psychology.....how customers think and act and buy.

WHY PEOPLE BUY

Have you ever tried to figure out why people buy a certain house, or car, or suit, or TV set?

People buy things for one or more reasons. They buy not because of the radio or TV set itself. They buy because of the satisfactions they expect to get or the desires or needs they want to fill.

Everybody has desires or needs. These help us decide when we buy things. You should



know these reasons for buying, because you can make them work for you in your advertising, and your suggestions regarding replacements.

CUSTOMERS DESIRES

The real purpose of salesmanship is to discover the desires in a customer's mind when he comes into your shop, or when he asks your opinion of his present set when you are at his home. By showing him equipment that will satisfy his desires, by stimulating his desires enough, you will turn them into definite wantsfor a new set, a portable set, a stereo conversion.....and you make a sale.

Be careful how you go about this! You don't have to be an expert psychologist to know that people are usually proud of the things they own. They bought their present set because they felt it was the answer to their desire for entertainment. Pride, vanity and prestige are reasons for buying these sets in fine furniture. The serviceman who recognizes this fact is able to do a good business in repairing and modernizing radio consoles.

MAKE THE CUSTOMER FEEL GOOD

When your customer knocks his set and calls it a "lemon", don't be too quick to

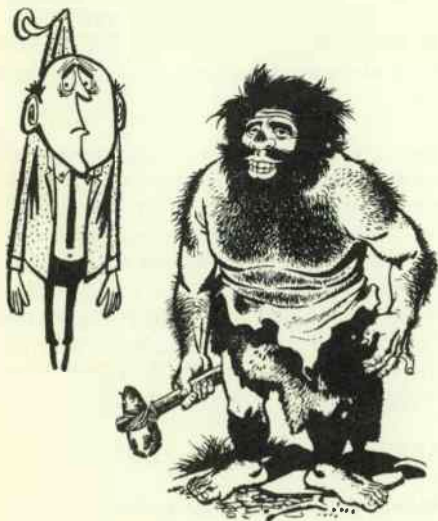
agree with him. Most set owners hope you will say that it is not so. Reassure them that they bought wisely. This will make them feel good.

Then go on discussing the age of the set and how much he has spent on repairing it. You can show him that the set is not as bad as he thought. He will be pleased and his attitude toward you will improve.

WHEN TO RECOMMEND NEW SET

Of course if a set cannot be repaired at a reasonable price, tell him so without making him feel he was cheated when he bought it. You know that a set over 5 years old must, as a rule, be serviced more and more. Tell your customer! Tell him that tubes go bad more frequently. Resistors, capacitors and other components fail. That you don't like working on over-age sets. They are more difficult to service. Too many things are likely to go wrong.

Point out to your customer that he has gotten good use out of the set. It's paid for itself over and over in entertainment. Now he should invest in a new one. He will respect your opinion more than that of a salesman.



DON'T HIGH PRESSURE

Many people are afraid of salesmen and their "magic touch" with words. They believe salesman have tricks up their sleeves. Service technicians are looked on as "non-sales-people". They are considered more sincere, frank and truthful. Take advantage of this belief, but do not hurt your position as an expert. Don't "high pressure" a customer to make an unwise repair or an unnecessary purchase of a new set. In the long run you will sell more service and sets, too, because you know what makes customers "tick".

UNDERSTANDING YOUR CUSTOMERS

Learn about your customers from psychologists who have studied people's desires and wants for a long time. Here are more ways how you can profit by understanding your customers.

CUSTOMERS AS LEADERS

Many people want to be leaders in their group of friends. Some buy foreign cars for this reason. Others buy color TV, big tube TV consoles, the latest in stereo. Recognize them as customers who appreciate fine equipment..... and you'll make a sale. Suggest to them that you know they are social leaders.. you'll get their service calls.

CUSTOMERS AS IMITATORS

Some people want to imitate others. Tell them about their neighbors whose servicing you do. Mention the names of prominent townpeople who call you for service. Generally speaking, customers want to imitate people whom they consider superior to themselves in wealth, social position, or accomplishment. A remark from you that "respected Dr. Jones" bought a certain set on your advice or had his radio repaired by you may be just the reason another person becomes your customer.

HANDLING HELPS BUYING

Most people like to handle things. Many retail shops follow the practice of the super-

markets and the five-and-dime stores to get customers to handle the merchandise. Open shelving, table and counter displays in your shop will do this also. You will find that customers who pick up an antenna or try a table radio on display will be more likely to buy.

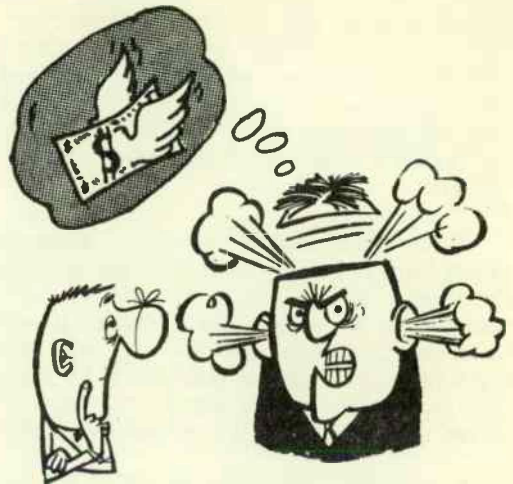


The "desire to construct things" can help you sell kits and components. The "desire for sociability" can help you sell hi-fi equipment which can be used for entertaining friends. The "desire to economize" can help you sell sets, tubes and parts when your prices are fair.

DIFFERENT TYPES OF CUSTOMERS

Your customers buy for different reasons. Also, there are different types of customers. You will be successful only when you develop the ability to change your selling methods to fit the type of customer you call on or who comes into your shop.

One rainy day a customer walked into a TV service shop and asked if he could hear some hi-fi equipment he saw in the shop's window display. The man wore an old, wet raincoat and a dripping felt hat which had seen better days. The new bench technician was annoyed that he had to leave his work to come "up front" and spend time with this shabbily dressed "character."



"You don't want that hi-fi equipment," said the technician, who was in no mood to waste a sales talk, "it's very expensive!"

The customer was angry, turned around and walked out. Just then the boss came in from a service call and said to his bench man "I saw Mr. Brown leave the shop. Did you show him that hi-fi set? I told him about it when I made my bank deposit this morning. He said he was anxious to surprise his family with it. He could afford it, too. He's the bank president!"

WHAT TO LOOK FOR IN CUSTOMERS

Don't be too quick to judge customers by what they wear, the car they drive, the house they live in or how it's furnished. These are not always a true indication of their ability to buy and pay for your service and merchandise.

When customers come into your shop, take notice of a number of things about them. You will have a better chance to make a sale, whether for a tube or a tape recorder.

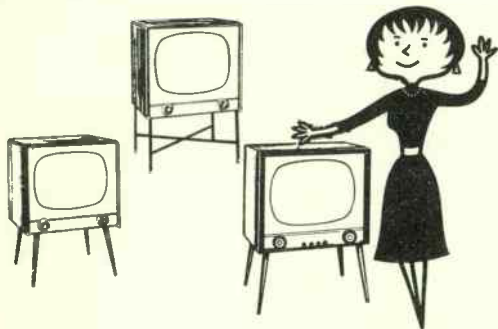
A customer's walk and bearing will fre-

quently tell you the type of person or the mood he is in. If it is hurried, he may have little time and become impatient if you don't "snap to it." If he seems to wander around, looking at your wall and counter displays, it may be because he can't make up his mind or just wants to see what you sell besides service.

Watch a customer's expression when you show him an antenna or a TV coupler. You will get a better idea of his interest in the equipment at which he's looking. If he's interested, chances are his eyes will light up and he will appear pleased. If he lacks interest, he'll let the article lie, he won't show enthusiasm, he'll keep looking around.

A customer's conversation, of course, will probably give you the best information about him. Notice what he says and his tone of voice. They will tell you how much he knows about what you are showing him. You will judge his need for further information of a technical or non-technical nature.

If you offer a customer a choice of several TV sets, antennas or radios, notice especially which one he appears to be interested in. The one he comes back to again and again will probably be the one he will finally buy.



Customers of different ages require different approaches. Older people tend to be more conservative in their purchases. Young people want the "latest", colorful, portable transistor radios and phonographs. Children require special handling.

Children have a way of poking around a shop putting their hands on every display they

can. When you're on a service call they gather around you and get in the way. These situations call for proper handling, especially if the mother is there. Point out that the kids can be seriously hurt, not that they are bothering you. The same thing goes for pets!

THE AVERAGE CUSTOMER

Your average customer seldom presents a problem whether in your shop or her home. We say "her" because the customer you meet on most of your service calls are women. Develop your ability to get along with people, especially housewives. When the service job is completed leave a clean room. Wipe off your fingerprints from the TV set. Carefully place all furniture back into the original position in the room. Getting customers to like you is as important as your technical ability when you service sets in the home.

CUSTOMERS ARE PEOPLE

Customers are just people, alike in some ways and different in others. The problem of selling your TV service or set to most customers is not very difficult. A friendly attitude, a willingness to help them, and a knowledge of what you are selling or repairing, will help you serve most of your customers, satisfactorily. If you have a working understanding of human nature and can apply this know-how in dealing with customers, you are well equipped to be a successful TV service dealer.



Customers are usually combinations of different types. Sometimes they're cheerful; other times irritable. Sometimes they hesitate to make a decision (like when you estimate a repair job); other times, they decide quickly. Sometimes they act on impulse; they see a radio or phonograph they want "in a hurry"; other times they can't seem to make up their mind. You should try to learn the mood of your customer and then adapt yourself and your sales talk to that mood.

Sometimes it seems as though there's no way to satisfy a customer. Here is a list of difficult types of customers, how to recognize and deal with each type. Learn these types, how to handle them and you'll make more money. (See next page.)



LEARN HOW TO HANDLE CUSTOMERS

Stop a minute at this point. Re-read what we've said about different and difficult types of customers. By the time you have re-read what we have talked about you will be better equipped to meet most situations in your customer's home or in your shop. Our purpose is not just to give you knowledge of how to understand and get along with people. We hope you will take the right action to make people like you and to win them to your way of thinking. You learn by doing!

THE CUSTOMER'S ANGLE

The next time you are out on a service call, or a customer brings in a set for repair, keep in mind Henry Ford's "big secret" of dealing with people: "If there is any one secret of success," he said, "it lies in the ability to get the other person's point of view and see things from his angle as well as yours from your own."

Try to "soften the blow" when you present your bill for services to a customer. You must, of course, figure on covering your expenses and include a fair amount of profit in your charge. But, sometimes, seeing things from the "customer's angle as well as from

your own", you may not want to charge the customer anything for your service.

For example, an old customer phones you to look at his set. "The picture is jumping and tearing", he says. You put in two new tubes. The picture is steady. You leave. In fact, you "leave 'em smiling," as the comedians say.

That night he turns on the set, the sound comes on, but no picture! He calls you again. You find that another tube has gone bad, as well as a fuse. "What happened?" asks your customer. You explain, "The two new tubes had overloaded one of the circuits when the set was turned on while all the tubes were still cold. It happens once in a while, but it's unusual." Seeing things from the "customer's angle" you charge only for the fuse and the tube, but not for the time you spend on the callback. This is honest servicing. Since "time is money", you may take a loss due to no fault of your own, but you are building goodwill. You are influencing customers to depend on you for TV service.

TOUGH-DOG CUSTOMERS AND HOW TO HANDLE THEM

<u>TYPE</u>	<u>WHAT TO LOOK FOR</u>	<u>WHAT TO DO</u>	<u>WHAT NOT TO DO</u>
Disagreeable	Argue with you. Insulting. Makes unreasonable demands. Refuses to be pleased. Talks loudly, sarcastic.	Use self-control. Let customer talk, you listen. Be calm and courteous. Offer to adjust difficulties.	Don't argue. Don't let sarcastic remarks disturb you. Don't take criticism as personal.
Know-it-all	Knows "all" about servicing and electronic equipment. Contradicts you. Argues. Shows off own knowledge.	Welcome and overcome objections. Be patient, calm and attentive. He is flattered to have you listen.	Don't argue or disagree. Don't get excited or angry. Offer manufacturers literature.
"Just looking"	Says, "I'm just looking". May be undecided or afraid of high pressure. Can't be rushed.	Invite him to "look around". Give facts about equipment. Ask questions that can be answered "yes".	Don't appear over-anxious to sell.
Silent	Acts as though he doesn't hear you. May be timid, suspicious or have language difficulty. Face shows no expression.	Be friendly and interested. Ask questions that can be answered, "yes". Repeat selling talk in several ways. Demonstrate equipment.	Stick to it! Don't stop talking or allow silent pauses.
Talkative	Keeps talking, especially about personal affairs and not about merchandise or your sales talk.	Listen with sympathy, but get talk back to what you're trying to sell. Be courteous, but businesslike.	Don't get to talking about your personal affairs. Don't be impatient, but don't be sidetracked.
Unhurried	Wants time to look and "think it over". Is slow in speech and manner. Seems to have unlimited time to listen to you.	Take your time. Repeat sales talk in different ways. Give full demonstration of merchandise.	Don't appear to rush a decision. Don't use pressure. Don't be impatient or hurried. Don't lose interest.
Not sure	Can't make up mind. Goes from one item to another. Keeps asking questions of person with him or you to boost his self-confidence.	Give a lot of information about merchandise. Give help and advice to lead to decision.	Don't act as if this unsureness was unusual. Don't leave customer alone if you can avoid it.

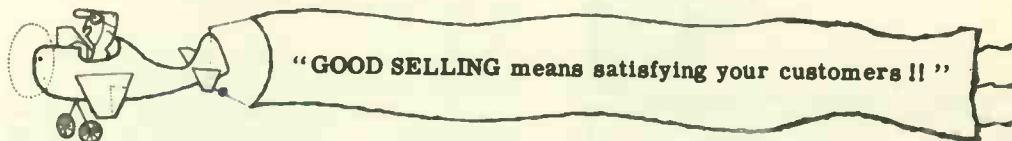
If you do other servicing also, they will call on you to repair everything electric. If you sell radio, TV sets or small appliances you have a ready-made market for your merchandise.

MEANING OF "GOOD SELLING"

You are a qualified technician. You weren't born with your present troubleshooting know-how. You learned by study and practice. No matter how much you know, there is always more to be learned.

Make a good impression on customers. Your appearance is important because you constantly meet new customers in their homes as well as in your shop. You must make a favorable impression on these people or you will lose many opportunities to use your technical knowledge. Your customers, so many of whom are women, admire well-groomed appearance of the serviceman who is clean and neat from "head to toe", from shave to shined shoes.

The success of any business is based on



You sell service and merchandise direct to the consumer. You were not born a retail salesman. You can become a serviceman who sells, when you learn how. This, too, takes study and practice. No matter how much you know about selling, there is always more to be learned.

honesty in dealing with customers. Honesty and reliability are just as important in the success of the TV serviceman. They will get customers to return to you again and again. You also need dependability, industriousness, cooperation and loyalty (to customers, suppliers, employers, employees).

"Good selling" means satisfying your customer. "Good selling" is more than knowing how to talk to people. It is more than giving a friendly smile. It is all these and more. "Good selling" is satisfying your customer with the service you give so that she will want to phone you again for repair jobs.

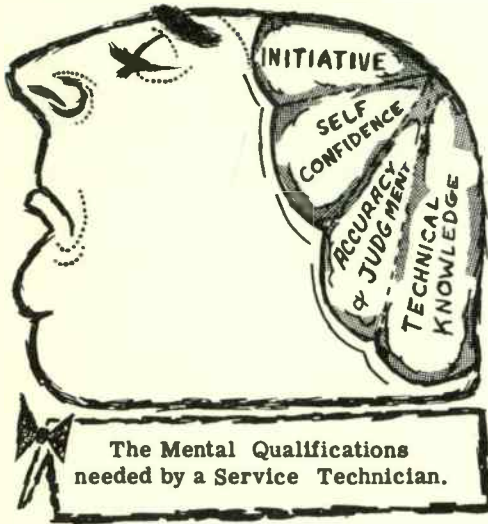
There was a time when customers had few TV servicemen to choose from. In most communities that is no longer true. If your service, your shop, your merchandise, your manners do not please your customers, they will call on someone else. An attractive shop, prompt, reliable and reasonable service, make satisfied customers who build good will for you and profit and success for your TV business.

A SERVICEMAN WHO SELLS

What are some of the qualifications of "a serviceman who sells"?



Women admire a well-groomed man.



REQUIRED MENTAL AND SOCIAL SKILLS

The main mental qualifications needed by a TV technician to be a success in selling are self-confidence, initiative, accuracy and judgment, in addition to technical knowledge. Have faith in your own ability. Do not learn only to handle a lot of gadgets. Also learn the fine art of handling customers.

You can still fail in your job of selling service if you do not have desirable social skills. By these we mean the things you need for getting along with people. They are important if you want to be accepted and liked by friends, customers, the people you work with, suppliers, and others in the trade.

TACT AND COURTESY

You must develop tact and courtesy. This means more than the "please" and "thank you" you learned as a kid. Tact shows honest consideration for feelings of others.

Tact is especially needed with customers who have a gripe and customers who must be helped to make up their minds about a repair or a purchase. Tact is a part of courtesy and friendliness. Courtesy is actually the Golden Rule, "Do unto others as you would have them do unto you." The courteous technician is friendly. He knows that a smile goes a long way in making customers like him. The Chinese have a proverb every TV service dealer should paste in his tube caddy: "A man without a smiling face must not open a shop."

ENTHUSIASM AND INTEREST

Enthusiasm is another "tool" of value to the TV serviceman. If you want to make friends out of customers, greet them with enthusiasm. It is contagious. It must be genuine, though! No phony flattery.

Show that you are really interested in your customer and his problems. Before you go out on a service call, look in your customer card file, for a record of the work you did for him previously. Say to him, "The last time I was here you had sound, but no picture, didn't you?" This will show him that you remember his set and its trouble. The way to make people like you is to be genuinely interested in them and their problems.

SELLING TECHNIQUES

What are the techniques you will use as "a serviceman who sells"?

As in all types of selling, follow these four steps:

- (1) Gain attention
- (2) Secure interest
- (3) Create desire
- (4) Get action

You gain attention by having an attractive store-front and window display, dependable service at a fair price, and effective adver-

tising (to be discussed in a later lesson). Even more important in gaining attention is the way you treat prospective customers who walk into your shop. This is what we mean by "selling techniques".

A Attention Interest Desire Action



REMEMBER CUSTOMER'S NAMES

Greet your customers by **NAME** if you want to gain their attention. Keep your card file near the phone. While getting down the name and address for a service call, flip through the cards. Be able to mention the set and the work you did previously on it. Most people don't remember names. They don't take the time and effort needed to do so. But many salespeople realize the importance of remembering names and characteristics of their customers. They record this information on a card and build up a large personal following. Many politicians know that one of the most important ways of gaining good will is by remembering names and making people feel important.

CHECK LIST OF GOOD SELLING TECHNIQUES

Think back over the last few days' activities in your shop. Then, honestly answer these questions:

1. Did I show my interest in each customer?
 2. Did I give helpful information about the repair or sale?
 3. Did I answer questions or objections satisfactorily?
 4. Did I greet my customers in a courteous or friendly way?
 5. Did I say "Thank you!" to the customers and invite them back with "Come again!"
 6. Did I suggest or show something else; another radio, a more expensive antenna?
 7. Did I give reasonably prompt attention?
- OR.....
8. Did I ignore a customer because I was busy?
 9. Did I keep talking on the phone, or with another technician, instead of greeting a customer with a smile or a word to let her know she's welcome and that I'll be back with her as soon as possible?

10. Did I make the customer who didn't buy feel uncomfortable for not buying the portable radio he asked about?

11. Did I lay the groundwork for future sales or service calls?

KNOW YOUR MERCHANDISE

You must know your merchandise to make a sale. Be prepared to give your opinion. Know what an antenna will do for the customer who wants a cure for "bad reception". Know how the stereo conversion will satisfy a particular need or want. Different things about the same set or record changer may appeal to different customers. Find out how one manufacturer's tubes compare with others. Find out what there is about each item you sell that makes it worth the price you ask for it.

WHAT CUSTOMERS LOOK FOR

Customers are interested in appearance, quality of workmanship, guarantee, price. You will make sales when you are able to answer a customer's questions accurately.



The value of most merchandise is increased in the eyes of a customer if it is displayed attractively and handled carefully. These are ways of showing the high quality of hi-fi components.

DEMONSTRATE TO SELL

The best selling technique in the opinion of many large, successful service dealers is the demonstration. The least a customer expects when buying a radio or TV set, is to see and hear it in action. Let the customer try it himself.



The use of a demonstration of hi-fi equipment, for example, is a way of classifying customers into two groups and applying the right selling technique for each. There are customers who know what they want and there are customers who don't. You must find out what kind of customer you have in your shop and handle him correctly if you are to make a sale.

You can build a large volume of hi-fi sales if you have the cash and space to set up tuners, amplifiers, changers, turntable, speakers, and a variety of cartridges, arms, preamplifiers, cabinets with the necessary switching system. For customers who know what they want, have the familiar name-brands they will accept.

For those who do not know what they want, discuss with them their needs, wants and budget. Plan a first choice and a second choice. Don't "high pressure"; let them make their own decision. Be patient. Offer

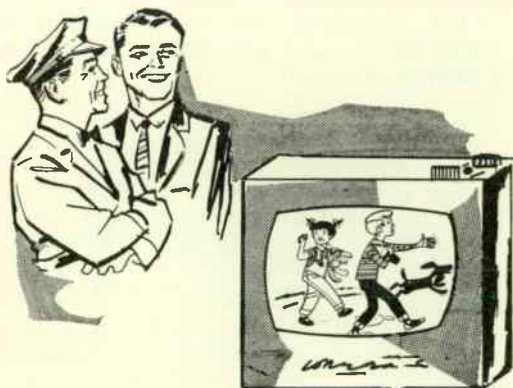
suggestions and advice. In the long-run you will find that this selling technique will bring repeat sales and trade-in deals. Remember, also, that these customers will depend on you for any service they need.

HOW TO HANDLE OBJECTIONS

Don't be discouraged when a prospective customer raises objections. Experienced servicemen who sell realize that objections are normal. Frequently you can use objections as a means of closing a sale. Discover all possible objections that may be raised about the service or merchandise you are selling. Learn the best way of answering these objections!

On a service call a customer says, "You charge too much." Point out that you repair only what is necessary. Tell exactly how you guarantee your work. Explain how you give full value for your service charges.

Remember that most people have a fixed income. When asked to buy a new radio, TV set or record changer they realize it means that they will have to do without some other purchase. The objections they raise are often the means they use to justify in their own minds the purchase of the article you want to sell them.



TURNING OBJECTIONS INTO SALES

Most objections can be turned into selling points when you know how.

1. Take the customer's objection and turn it into a reason for buying.

CUSTOMER: "But this cabinet has controls at the top."

YOU: "That's the very reason you want it. They are more convenient. It's the latest model, etc."

2. Agree with the objection, but present it from another angle.

CUSTOMER: "This portable radio seems too light to be strong enough to stand abuse."

YOU: "Yes it is light, but that's because it's made of light, strong material, etc."

3. When the customer raises an objection, ask for a further explanation. In a way, this puts the customer on the defensive and frequently he answers his own objection or recognizes that it's not really important.

4. Agree with an objection, at the same time pointing out how the advantages more than offset the disadvantages.

5. Answer an objection by asking the customer a question which, when answered, will overcome the objection.

CUSTOMER: "I don't like the idea that this record changer is not an American make."

YOU: "Do you think it advisable to follow the recommendations of a consumer organization?"

CUSTOMER: "Yes, I believe so."

YOU: "Well such-and-such consumer research organization recommended this record changer as the 'best buy.'"



6. CUSTOMER: "I'll have to talk it over with (wife, husband, mother, dad) first."

YOU: "I want you to like it because I'm sure your wife respects your judgment." (Repeat the reasons for making the purchase).

CUSTOMER: "Yes I know I still want to tell (the other person) about it."

YOU: "Well you bring (the other person) in and I'll be glad to show, explain, demonstrate."

7. CUSTOMER: "I want to look around some more."

YOU: "Do this, by all means."

Don't show disappointment or resentment. Tell your customer what to look for and repeat some of your strongest selling arguments.

8. CUSTOMER: "I don't have enough money with me."

YOU: "I'll be glad to deliver the set to you C.O.D., or put it aside for a small down payment, or arrange for you to finance it through the bank." (This we'll discuss in a later chapter.)

9. CUSTOMER: "Your price is too high."

(Be careful not to flatly contradict the customer.)

YOU: "Well it may seem high, but it has longer-lasting components, it will save you money on servicing and give you more trouble-free entertainment in the long run, etc."

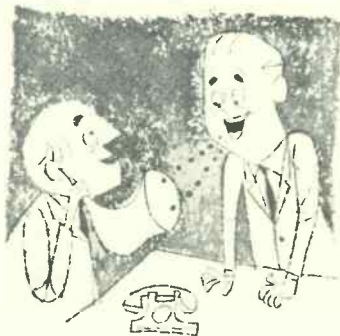
Remember that you are selling quality, uses, benefits, not price. If the price is actually higher for the identical equipment, explain the service or free installation you give.

AVOID ARGUMENTS

Objections can make for arguments between you and your customers. But, there is only one way for you to win such an argument.

That is.....AVOID IT!

The technician who says, "I told that customer,....." will wind up saying, "but I hadn't sold him."



(Westinghouse Electric Corp.)



**"COFFEE TIME" TO REVIEW
WAYS TO GAIN GOOD-WILL
CHECK LIST**

1. Do I greet as many customers as possible by name?
2. Do I have a personal word or two with customers, when possible?
3. Do I greet customers immediately when they enter the shop even if I have to keep them waiting before serving them?
4. Do I take the greatest care to be courteous in handling customers, even the difficult ones?
5. Do I try to have patience explaining service charges, guarantees, etc.?
6. Do I express genuine regret when unable to supply a customer's requirements for service or parts?
7. Do I ask customers how I can improve my service?
8. Do I refer customers to a competitor when out of a tube or part, and am not afraid to praise a competitor?
9. Do I do favors for customers gladly, not grudgingly?
10. Am I obliging over small requests from customers?
11. Do I encourage my employees and myself to take added care in personal appearance, and to smile?
12. Do I study methods used by other service dealers to see what I can adapt for my own shop?
13. Do I (or, have someone) paint the outside and inside of the store as often as needed?
14. Do I wash (or have washed) my store window regularly?
15. Do I arrange window displays so as to allow a view from the street right into the shop?
16. Do I change window displays regularly to avoid a "tired" appearance?
17. Do I arrange some merchandise to encourage self-service where this is practical?
18. Do I give customers suggestions about other or related merchandise or repair services?



CHAPTER 5

HOW YOU CAN COLLECT UNPAID BILLS



HOW TO GET PAID

How often have you completed a service call and presented your bill, only to have the lady of the house say: "Oh! I'm terribly sorry, but I don't have that much money in the house. I'll give it to you on pay-day."

You know that many times it seems as though "pay-day" never comes! You send bill after bill. You make phone calls. You waste time going back to collect, time you can be out on other service calls.

You say to yourself: "From now on I'm

going to make all service calls on a C.O.D. basis only!"

A strict C.O.D. policy is not always possible or practical. There are times when the promise to pay is carried out. If you make no exceptions, you're sure to lose some customers. What should you do?

We will talk about the different situations which you come up against and how you should handle them. In the previous chapter you learned ways of selling different types of customers. In this chapter you will learn ways of collecting from different types of customers.

SERVICE CALLS.....C.O.D.

The first thing you must do is to make it known to all customers that a service call is a C.O.D. transaction. Print the letters C.O.D. in large, bold type on your printed service order forms or job tickets. If you get your customers to sign a service order form before you start to work on the set, they will clearly see the C.O.D. They will be less likely to ask to have the service call "charged" when you complete the work. Get the customer to sign the order form again when you finish. The signature should follow a statement like: "The set has been left in good working order." This will also cut down on disputes over payments.



SERVICE CALLS.....ON CREDIT

Some customers, even though they know you operate your servicing business on a C.O.D. basis, still ask for credit.

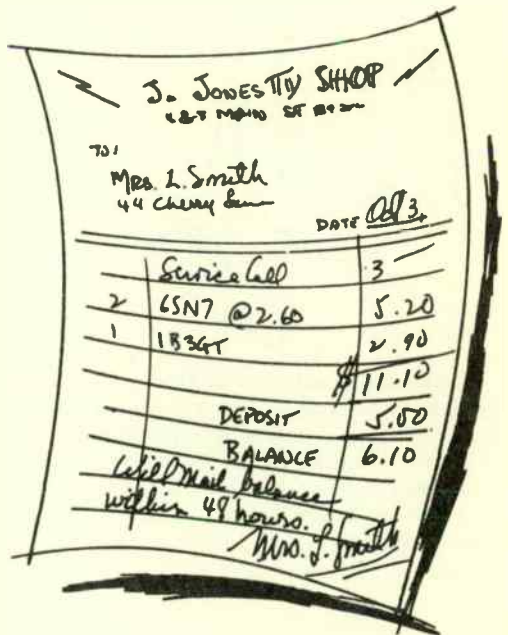
There is the customer whom you present with a bill that is unavoidably high. She says,

"All I have in the house is five dollars. You'll have to come back for the rest of it."

Be prepared for this. After all, not many people have a lot of cash in the house. This is understandable since they have no way of knowing they'll have a big bill to pay you. Collect the five dollars and mark this amount on the receipt you give. Below the \$5, write the amount of the balance, and these words, printed in large letters:

WILL MAIL BALANCE IN 48 HOURS

Have the customer sign this statement. Give her the carbon copy of the service order form. Give her a stamped (or "Postage-free"), addressed envelope. Courteously tell her that all she has to do is put the cash, check or money-order in the envelope and drop it in the mail box. This works in most cases and saves you from making a special trip to collect.



Friendly, but firm, handling of the situation is important. The stamped, addressed envelope makes it easier for the customer to send you the payment. There is less chance for delay or error. The signed statement makes your customer feel more obligated to pay, and pay promptly.

There is the customer who wants to pay you promptly, but just can't afford it. He is honest, but doesn't have the cash to pay his bill at once, if it's a big one. Since you have the set in your shop you phone him. "The set is fixed", you tell him. "The bill comes to so-many (\$) dollars."

"Wow!" says the customer. "I can't pay you till the end of the month, because I'm short of dough. Could you let me have the set now and I'll pay you later?"



From past dealings with this customer you know he's reliable and has a checking account. Ask him for a check to cover the bill. Agree to hold the check until the "end of the month." When you deliver his set and get the check, you can be fairly certain that you will get your money and that you have made a loyal customer.

BOOKKEEPING CHARGE

Here is another idea you can make use of to get prompt collections when there is "no

money in the house" and no check account. Make an extra charge for bookkeeping when you don't get paid on completing the job. It is fair to make an 8% bookkeeping charge. The best part of this idea is that the 8% is usually enough to get on-the-spot payment even if it's a little trouble for the customer.

The 8% bookkeeping charge can be varied to fit your particular community; perhaps it should be as much as 10% or as little as 7%. If you don't have many credit risks in your area, make the charge payable only if the bill is not paid in 10 days, or if not paid by the first of the following month. The main thing is to have the bookkeeping charge; tell all your customers about it; and be sure to enforce it!

This collection penalty gives you the chance to tell your customer: "As you know, I'm supposed to collect now on a home-service call. In your case, I'm making an exception. This is the amount you should send in by such-and-such date. Then you won't have to pay the bookkeeping charge we add on after 10 days."

J. JONES TV SHOP 413 MAIN ST. BOSTON	
TO: T. T. KELLY 448 ROGERS AVE BOSTON, MASS.	JAN. 30, 1960
JANUARY 3	SERVICE and REPAIRS
	NET AMOUNT \$5.00
	DUE ON PRESENTATION
	GROSS AMOUNT \$5.40
	PAYABLE AFTER (20 DAYS)

An electric light and power company has a slightly different method of presenting bills for payment. You may want to use it. They send a bill marked: "\$5 Net Amount...Due on Presentation. \$5.25 Gross Amount...payable after (20 days)." Most people pay the Net Amount, because it costs more for electric service if they hold back on the payment.

Even where your customer has the money he may want to hold back on the payment of a service charge!

HOW TO HANDLE SUSPICIOUS CUSTOMERS

You know what we mean if you have ever had a "suspicious" customer. Take the fellow who says he'll mail in the money for a service-charge, "If the set works O.K." He feels that if he can hold back on paying you for a while, he will be able to make you guarantee your work. To get paid immediately, you have to build up enough confidence in him to change his usual suspicious nature.

Of course, if the set were in your shop, there would be no problem. You could just hold on to it. Still, this can make for an argument and a loss of good will. Try another technique.



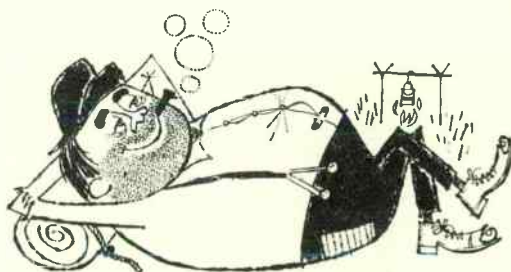
One technician handles the suspicious customer this way. He explains that the work is guaranteed; and that even when the bill is paid, the guarantee still stands. If this doesn't work, he goes on to say: "You are going to mix up my bookkeeping if you hold back your payment. If you don't trust me, here is my watch. When you are satisfied that I have repaired your set O.K., bring back my watch." The service technician says that the customer always pays the bill; that the watch has never been accepted. We feel that this is quite a gamble. Be careful on whom you try it!

HOW TO HANDLE DEADBEATS

Be especially careful of the rare individual

who is looking to beat you out of your money. This character acts as though "credit" means "free". He feels that if you trust him, it's your hard luck. When you are on a service call at the home of this phony, notice how he never talks about payment until you are through (Why should he talk about paying! He doesn't intend to pay!)

When you give him the bill, he says: "I have no money." No apology! No explanation! No move to pay or promise payment!



If you feel that this is the rare case of a dishonest customer, make him sign a promissory note. Many stationery stores in large towns have printed forms for this purpose; you just fill in name, amount and other details. Ask a lawyer, accountant, or banker about the kind of note to get signed.

One such note is called a "cognovit note". Like all notes, it is a promise to pay a certain amount of money by a set time, and is signed by the one who is to do the paying. The signer, if he doesn't pay, makes it easy for you to sue and collect the full amount plus all costs...and, quickly!

You will find that when the set owner who planned to be a "deadbeat" reads the note, you won't have to use it. He'll pay up!

A C.O.D. POLICY IS BEST

A C.O.D. policy, taking into consideration what we said so far in the chapter, will mean more service calls and more profits for you in the long run. You won't lose cus-

tomers by having to hound them for payment. You won't lose customers who are ashamed to call you for service because they owe you money. Your profits won't be cut by the expense of billing and collection trips. You can still handle the few exceptions by one of the methods we have discussed.

Before you set a fixed policy, find out what your competitors are doing. Don't follow them blindly and go broke! Get them to follow a C.O.D. policy also. Talk it up in Technician Association meetings.

Your location is also to be considered in making a policy about payments. In cities, it is usual to make service charges C.O.D. In the suburbs, towns and farming areas, there is a greater possibility that the service technician will give customers "permission to pay in the future for goods or services received now." This "permission" is what we mean when we say "credit".

The small TV technician, whose business consists almost entirely of servicing, should do as little credit business as possible. The quality of the repair service you give is of first importance. In the lesson "Attracting Customers into Your Store" we spoke of many ways to attract business. These will often be more powerful in attracting profitable business than giving credit.

CASH OR CREDIT SALES?

When you expand your business to include the sale of TV sets, radios, hi-fi, stereo, and appliances, you will be faced with the question: "Shall I sell for cash or for credit?"

Many service dealers have been able to successfully sell for cash. They have been able to compete with the discount houses by using the same cash policy.

LAYAWAY PLAN

Another simple, sure way to extra sales and profits is to get your cash IN ADVANCE! Use the "layaway plan". Customers refer to this as "painless credit". All you need to get



the layaway program rolling is two or three dollars for supplies. It is a fact that you can make extra sales without extra help! The little extra effort and practically no expense means more profits!

You won't have to worry about cancellations; it's very unusual for a layaway customer to back out of a purchase. You have no risk of losing money.

You don't have to keep complicated records. All your layaway bookkeeping can be done on the merchandise tag shown here. Layaway is a "credit" plan for every type of customer. Suggest "layaway" to the customer who says: "I'd buy that record changer in a minute, but I don't have the cash."

You won't use layaway for the sale of a receiving tube, but you can suggest it to a set owner whose picture tube or set is on its way out.

What do you need to start a layaway program?

Set up a poster in your window. Make the headlines: "Are You Short of Cash? Ask About Our Layaway Plan!" Explain how it works: "(1) Pick out what you want. (2) Pay a small deposit. (3) We will keep it for you. (4) Make a small payment each week or

In addition to "painless credit" there is regular credit.

CREDIT BOOSTS SALES

Selling on credit is one of the ways you can boost your sales.

Buying on credit is a regular practice among many families to help them budget their expenses. Credit helps get the TV set they want when they want it, without putting "cash on the line".

Before you decide whether to sell for cash or for credit, think about how the advantages and disadvantages will affect you. The method you choose must please the majority of your present customers and the new ones you expect to attract. At the same time, it must be profitable for you!

To succeed in credit selling you must select customers who pay their bills promptly, and in full. You can't allow customers to buy equipment for which they are not able to pay promptly. It may result in losses through bad debts. It will cause a drain on your cash balance.

YOU NEED CASH TO GIVE CREDIT

You will need more cash to operate your business if you sell on credit. Keep on hand enough cash to meet your bills as they become due. You need cash not only to buy tubes, parts, etc.; to pay for expenses; but also to allow credit. You will actually be like a bank putting up the cash so that your customer can make a purchase. (In the next chapter we shall talk about how banks lend money to your customers.)

The occupations and incomes of your customers should help you decide on a choice of cash or credit policy. You may have to give credit to farmers and ranchers until they have sold their crops or stock. Even when they are regularly employed, low-income families may need credit between paydays. Many high-income families prefer to buy on credit.



Here is another situation when you may have to do what your competitors do. If they sell sets and appliances on credit, you may have to also. If they have increased their sales and made profit this way, you should be able to also.

What are the advantages and disadvantages of selling on credit?

CHECK LIST FOR SELLING ON CREDIT

ADVANTAGES:

- (1) You are able to build up a group of regular customers for servicing and sales of tubes, parts, sets, etc. There is a saying that: "Cash customers are everybody's customers, while credit customers are customers of record."
- (2) You can frequently attract a better class of customers.
- (3) Credit customers are not as concerned with prices as are those who pay cash.
- (4) Buying is more convenient for customers.
- (5) Credit customers are usually more willing to buy higher quality equipment.
- (6) Customers who buy on credit usually buy more things in the same store.

- (7) You can build up a more friendly relationship with a credit customer; sell some equipment on approval; make adjustments of complaints more easily.



DISADVANTAGES:

- (1) Your cash is tied up.
- (2) You may have to borrow money and pay interest.
- (3) Some losses are bound to occur no matter how good a collection system you have.
- (4) Credit customers may buy beyond their ability to pay.
- (5) Credit adds to bookkeeping expense because records of customers accounts have to be kept and monthly statements prepared and mailed.

When you talk to other service dealers and to distributors you will find that those who sell for cash think they would increase sales if they sold for credit. Those whose business is mostly on credit, think the advantages are in favor of a cash policy. Your goal is to increase profits. Keep this in mind when weighing the advantages and disadvantages of a cash or credit policy.

CARE IN GIVING CREDIT

More and more service dealers are selling equipment on credit, but they have a local bank do the financing. If your credit policy is to allow credit and you will hold the account for collection, be as careful as the bank! Credit, if you handle it properly, can increase sales and profits and make steady, well-satisfied customers. When handled badly you can have too much money tied up in accounts you hope will pay, you will have losses from those who don't or won't pay; you will head straight for business failure.

Investigate thoroughly customers who apply for credit. You should know the customer's:

1. Character - How good or bad a moral risk?
2. Income - Is his pay enough for what he is buying?
3. Capital - The total of what he owns. Is it enough?
4. Residence - Does he move frequently? Why?
5. Job - Does he change jobs frequently?
6. Home - Does he own his own home?
7. Attitude - Does he hold back payments even when he can pay?
8. How much money is tied up in current installment plans?

INVESTIGATE FOR CREDIT

Personal opinions about customers are often unreliable. References can be easily forged. Each applicant for credit must be carefully investigated before you allow credit. A credit interview is an important first

step in the right direction. "An account properly opened is half collected." Delinquent accounts can often be traced to incomplete interviews.

Use tact and indirect questions, but you must know:

OXFORD MEN'S STORE? - I'M CALLING FROM JONES TV SHOP - JACK SMITH WANTS TO OPEN A CREDIT ACCOUNT HE GAVE YOU AS A REFERENCE. I'D LIKE TO CHECK ON HIS CREDIT WITH YOUR STORE.



Who is he? His full name so that he can be correctly served and charged. Also needed if, at a later date, a lawsuit becomes necessary.

Can he pay? Credit should be based on income. Information about his job or other income is essential.

Will he pay? How he has paid other merchants is important. Watch out for the credit applicant who tells you only about the store he pays and not about the others he doesn't! By checking with a credit bureau you can get a complete picture of all slow-paying accounts, lawsuits, judgments, bad checks, domestic troubles, etc. (Ask your bank to recommend a Credit Bureau.)

Can he be made to pay? Wages or real estate can be "attached" or other legal actions taken if necessary. Consult a lawyer about

this. At the present time the wages or salaries of Federal employees cannot be attached. If you sell on an Installment Account ask your lawyer about the protection you get from "conditional sales contracts" or "chattel mortgages". These help you get back your merchandise if the customer does not pay.

What Credit Terms? Set a limit on credit based on customer's income. Have a definite understanding, in writing, as to payments: weekly, monthly, on paydays? You and your customer must know the exact time payment is expected.

When it becomes difficult to make a decision on giving credit keep these things in mind:

FAVORABLE

Good record of parents

Married

Pays rent promptly

Owens home

Stable employment record

Has checking account

Has savings account

UNFAVORABLE

Moves frequently

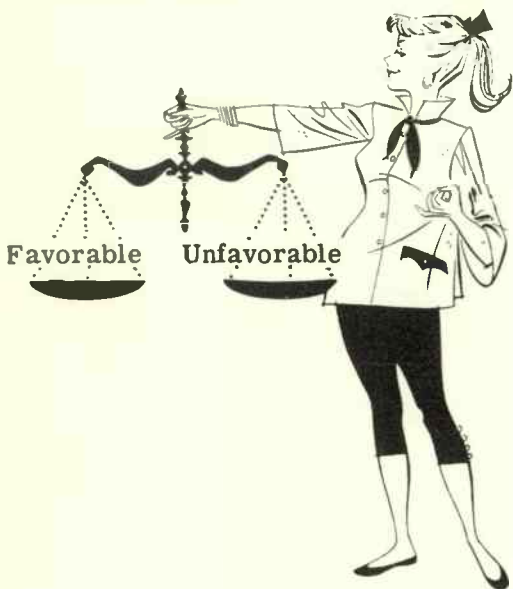
Changes jobs frequently

No bank accounts

Slow in paying rent

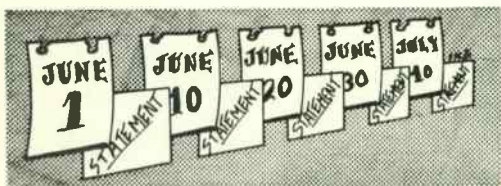
Send statements early. Many customers pay those bills which come in first and allow the late ones to wait. This reminds us of the old story about the non-paying customer who said: "I place all my bills in a basket; mix them up; reach in; and pay them in the order I pull them out, until I have no more money. If you bother me too much I won't even put your bill in the basket!"

Be careful to prevent mistakes on statements. They cause delays in payments. They make for disputes which lose customers. Keep each customer's account up to date at all times. Show every service charge and every purchase of equipment, parts, tubes, appliances, etc. People like to deal with you when you are careful, accurate, thorough, prompt and business-like in handling their accounts.



CREDIT RECORDS

Once you decide to sell on credit, you need accurate and complete records. More service dealers lose money from badly kept records than from anything else. Have your records clearly written. Send out statements to customers to arrive on or before the due date. When payment is not received within ten days, send another bill every ten days until you receive payment.



Many TV technicians allow friends to get service or buy tubes and parts on credit. They make a record on a scrap of paper or make none at all. Memos are stuck away in pocket or workbench where they get lost or forgotten. Hasn't this happened to you? Then you hesitate to ask your friends about their "small accounts" and you don't send them statements. The result is you will lose money on these "good-will" credit transactions.

HOW TO PREVENT BAD DEBTS

The best way to prevent losses from bad debts is not to allow them to become past due. Such losses can soon hurt your own credit standing. Your credit reputation, like that of your customers, depends on the way you meet your obligations to distributors, suppliers, and your bank. Pay your merchandise bills within the discount period; pay your rent and other expenses promptly. Pay by check or money-order, rather than by cash. You will have a good credit rating; there will be no question as to whether or not you have made your payments.

Keep in mind that the older a bill for service is, the harder it will be to collect. When a repair job is "forgotten" or when a set is no longer new, the customer feels he is paying for a "dead horse". Don't let his account become past-due. Set up a collection procedure and stick to it for prompt collections.

REASONS FOR PROMPT COLLECTION

1. Customers are usually more anxious to pay when an account is new since they want to justify your confidence in having extended them credit.
2. The paid-up customer will sooner come to you for service or new purchases of equipment.
3. Collection becomes more difficult and collection expenses increase as the account gets older, because of repeated billing expense, bookkeeping, wasted trips to the customer's home, etc.
4. Past-due accounts stop buying and stop calling you for service. They get some other technician because they can't face you.
5. The money you have tied-up in slow accounts produces no income.

HOW TO COLLECT

Your customer benefits from prompt paying, too. When he pays his bills promptly he's treated as a "good" customer. His credit in the community is available when he needs it. Tell him so. Try to persuade the customer to pay instead of demanding payment. Your aim is to collect your money while still keeping your customers' servicing.



Call upon your past-due account personally, phone him, or write him. When an account is not too long overdue, a gentle reminder over the phone will often be all you have to do. There are always a few customers who will pay only after a personal visit.

Try to get a part payment. Ask for a dated check. Get a signed promissory note. Help start the collection ball rolling.

Remember that "a soft answer turneth away wrath". Threats to overdue debtors are seldom wise. Whenever possible get the person who owes you money to tell you when he will be able to make a payment. Then call on him exactly at that time.

Of course when he refuses to pay, give him notice that his account will be given to a lawyer or a collection agency. When you make a

threat follow it through. Customers, especially deadbeats, soon find out whether you're bluffing. It's your money; you're only asking for what belongs to you.

You are entitled to collect through any legal means. Plan to sue only as a last step. Use it only when all other efforts fail. But, keep in mind, that if you can't collect on these overdue accounts, they can put you out of business as they have other service dealers.

COLLECTION LETTERS

If you reach the point where you decide to send a collection letter keep these pointers in mind:

- Don't write anything you'll be sorry for later.
- Avoid bad taste and insults.
- Be friendly, yet firm in tone.
- Tact must be used.



Vary your appeal--you may start out being kindly and humorous; then be solemn or serious; and finally angry and threatening. It depends on who and what the bill is for.

Make the letter easy to answer. Enclose a self-addressed envelope.

Collection letters are usually prepared in a series. The first letter should be only a friendly reminder. Write the letter yourself

or you can get prepared letters in books you can buy, or borrow from a local library. Give no hint that you believe the debtor has no intention of paying up in full!

You should appeal to the best in him. Treat him with suspicion and distrust and you'll have trouble collecting. Treat him courteously and you have a better chance. Appeal to his pride in friendly, frank, man-to-man letters.

Point out that he will injure his future credit in your shop and in the community. By not paying, he will be unable to get more credit, even when he may need it badly. Only in the last of a series of collection letters should you talk of taking legal steps; the bad publicity of a lawsuit; the humiliation of letting friends and neighbors know that he does not pay his debts.

In the last letter, set a time limit; warn of what you will do (collection agency or lawyer); and then do exactly what you said, if payment is not made.

Your letters should be personal and written on your service shop letterhead. Type them. Mimeographed, multigraphed or printed letters are more readily ignored.

It is a good practice to mail collection letters about a week or ten days apart. Mail them so that your customer gets them on a Wednesday or Thursday. If he gets it at the beginning of the week, it usually comes with too much other mail. By the end of the week, he's only interested in the week-end, not your letter.

Be sure to mention the amount owed. Keep a record of the results you get from each letter. Some will prove more effective than others. You will learn which letters need improvement.

Here are a series of letters you can use:

COLLECTION LETTER 1

The first letter is a reminder that the bill was not paid on time. Write as though the non-payment was an oversight; in some cases it may be. You don't want to risk offending a customer who is willing to pay his bills promptly, but happened to overlook this one.

Dear Mr. Clark:

It is surprising that I have not received your check for \$45 due on the statement mailed to you on June 1.

You are such a busy man that I know how easy it would be for you to overlook my statement. I am writing this letter simply as a reminder.

Cordially yours,

COLLECTION LETTER 2

If the check does not come in within ten days a second letter may be helpful still assuming that the customer is willing to pay. Your aim is to get the money; suggest a method of payment.

Dear Mr. Clark:

On June 25 I sent you a reminder that I had not received your check for \$45, due June 1.

Because of your excellent reputation, I think that your delay may be caused by some temporary financial difficulty. If so, would you like to make arrangements to pay this amount in monthly installments?

I shall be happy to come to some agreement with you because we want to help you keep your good credit standing.

Sincerely yours,

COLLECTION LETTER 3

If you receive no reply to your first two letters, you must strongly suspect that the

customer does not intend to pay. Now you are justified in being firm and in being insistent about payment. You must put the pressure on Mr. Clark by setting a time limit for payment.

Dear Mr. Clark:

I have sent you two letters reminding you that your check for \$45, due on June 1, has not been received.

I am sure that you will not risk your reputation in the community by delaying payment beyond the time that it will take to put the check in the enclosed envelope and mail it to me.

I expect you to settle your account by July 18 at the very latest.

Very truly yours,

COLLECTION LETTER 4

This is the last letter in the series and is reserved for making a threat. Unless you intend to carry out the threat, don't make it!

Dear Sir:

In spite of three reminder letters written you, I have not received your check for \$45 due June 1. I must assume that failure to pay is deliberate.

Unless I receive full payment by August 3, I shall be forced to turn your account over to our attorney (or collection agency) for collection.

Please do not make it necessary for us to take this disagreeable step.

Yours truly,

The last letter should be sent Registered and marked "Return Receipt Requested". Delivery will be assured. If your debtor has moved, your receipt will give you the new address. This letter will show you "mean business". The honest customer who is

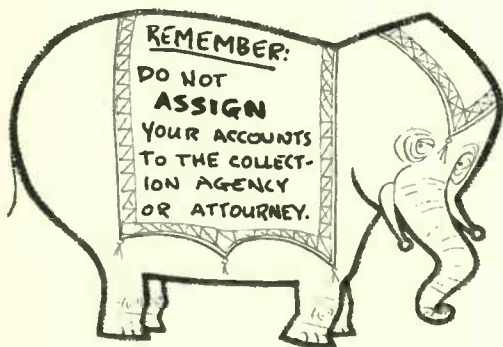
financially embarrassed will explain his tough situation and ask for an extension of time to pay. Those who don't answer you by this time don't deserve any further consideration.

If the amount of a debt is large enough, a telegram is also an effective collection aid. It can be cheap, direct and to the point. Use a series of only three. Instruct the telegraph company to DELIVER and NOT telephone the message:

TELEGRAM (1). YOUR NINETY DOLLAR ACCOUNT MUST BE PAID AT ONCE.

TELEGRAM (2). SEND PAYMENT OF NINETY DOLLARS IMMEDIATELY AND AVOID FURTHER ACTION.

TELEGRAM (3). WILL TURN ACCOUNT OVER TO ATTORNEY UNLESS NINETY DOLLARS PAYMENT IS RECEIVED BY THURSDAY.



COLLECTION AGENCIES

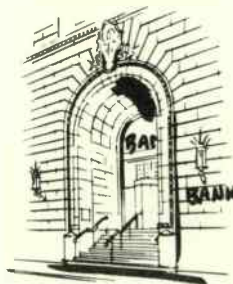
If you have used reasonable judgment in extending credit on a charge account or installment sale, you will have two types of overdue accounts: those who won't pay and those who can't pay. When your own efforts have failed to get results, give these accounts over to a local collection agency for action.

The debtor now realizes that he is no longer dealing with a TV technician who is afraid of losing his business and good will. He has to

face an organization whose only interest is in collection.

The collection agency and the collection department of a local credit bureau use their own, usually tough, letters, outside collectors, telephones and finally recommend legal action. The credit bureau, in addition, has the chance to prevent the debtor from getting credit anywhere else. The fear of having a poor credit record in credit bureau files makes many debtors pay up.

The collection of retail accounts such as a TV service dealer would have, costs from 25 percent to 50 percent of the amount collected. Charges for this service will differ in various sections of the country. They will also depend on the size of the account, how long overdue (its "age") and the terms you are able to get.



Be sure to investigate collection agencies as to reliability and financial responsibility. (Ask your bank.) Do not "assign" your accounts to the collection agency or attorney. A legal "assignment" may involve you in collection charges even if the accounts are not collected. The usual arrangement is "No collection, no charge." It is acceptable by reliable agencies and attorneys.

CHAPTER 6

USE ADVERTISING AND PROMOTION TO BUILD YOUR BUSINESS

A TV serviceman named George returned from an outside service call, so angry he was "fit to be tied."

He told his boss that on the trip he happened to pass Mrs. Brown's house. Not having made a service call there for some time, he decided to stop in to find out why. Here is what took place.

"How is your TV set working, Mrs. Brown?" he said. "Oh fine, George. Especially since I got a new antenna." "How come you didn't call us for the antenna?" said George.

"Well," said Mrs. Brown, "I didn't know you did anything except repair work. You never told me that you sold antennas or anything else."

What had happened was that another TV outfit sent out postcards telling the advantages of a new antenna. Mrs. Brown got the card, made a phone call, bought the antenna, and kept calling them for service. To top it off, when she wanted a second set, as many families do, she bought it from them also!

I didn't know you did anything but repair work.



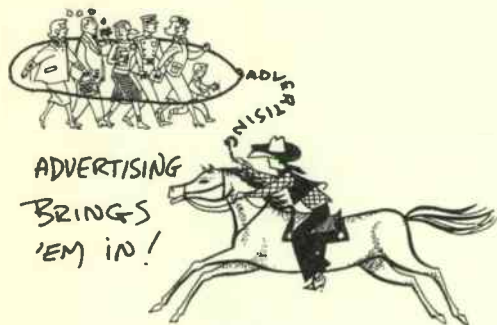
You can see why George got steamed up! You would too, at the thought of all that lost business. From then on, of course, George and the other servicemen in that shop, began to tell every customer they called on, that "we sell equipment as well as service."

OLD CUSTOMERS, BEST PROSPECTS

Learn from George's experience!

Your old customers are your best prospects for new sales. They have confidence in your ability and will follow your recommendations for new antennas, new sets, two-set couplers, picture tubes, and other replacements.

But, you cannot just sit back at your bench waiting for the Mrs. Browns to call your competitors. You have to tell old customers and new prospects what you sell and service. There are many money-making ways of telling them!



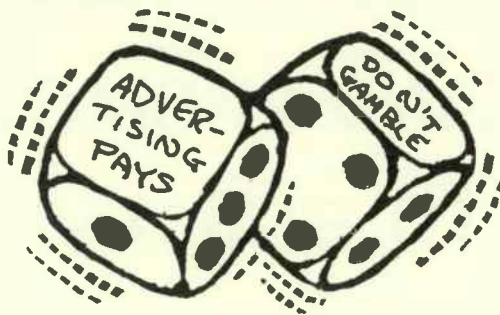
You can do your "telling" by advertising, by using sales promotion materials and by other business aids. If you want to be a successful service dealer you will use all these ways.

ARE YOU A GAMBLER?

Only a "gambler" takes a chance on waiting for customers to come into his shop for a repair job or a tube sale. Be a businessman, not a gambler! Use advertising to take the gamble out of your service dealer operation!

Of course, you can expect to get the benefit of word-of-mouth advertising, Fair treatment and good service to all customers will get them to "pass the word" to all

customers, will get them to "pass the word" along to their friends. You fixed up your store front, window display and shop so that passersby will be attracted to come in. Getting dollars from these customers is like finding money on the street; you can't count on it, but it's always nice to pick up!



As much as you want, hope, plan and try to get sales dollars by boosts and chance, you can't be sure how many customers will call you for service.

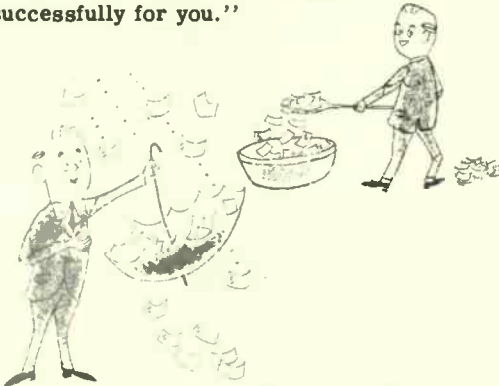
The right brand picture tube increases the certainty of giving your customer satisfactory TV entertainment. The right kind of advertising increases the certainty that you will be able to direct sales dollars to your shop, instead of waiting for them to "happen" to pass by and maybe come in.

If you are not satisfied with "sitting by the side of the road" waiting for business that may never show up, advertising is for you! You must become as expert at it, as you are at TV servicing; or you must get expert advice, as your customers do. You must go out after business day after day, year after year; a half-hearted or inexperienced job of advertising won't produce the business you want and need.

DON'T COUNT ON MIRACLES

Advertising has often been a "miracle worker" for Big Business. But, advertising the small business and the large industry are two different things. Advertising for the small serviceman is not a miracle

worker because it doesn't always work. It can't make up for bad service and poor merchandise, like "cut-rate" tubes and parts. It's not a replacement for the damage done by an unattractive store, a "sourpuss" serviceman, or a bad reputation. For a serviceman who is doing badly, one ad can't make a big difference overnight. One of the basic principles of sound advertising and selling is "use and re-use what works successfully for you."



(Westinghouse Electric Corp.)

The right kind of advertising can be successful in putting personal profits in your pocket!

It gives you a chance to look for customers instead of waiting for them to find you.

It helps your shop grow. The TV service-dealer who doesn't use advertising is usually the one who is satisfied never to increase his income. If you are that kind, then advertising is not for you. If you do want to get your share of the expanding market in electronic home entertainment equipment, advertising is one method for you.

OFF-SEASON SALES

You know about "busy seasons" and "slow seasons." The right kind of advertising can help you get business coming in more evenly. Think of those summer months when you said to the wife:

"I might as well have shut up the shop!

Didn't get a call today! No one came in to buy even a tube!"

By "going out" after customers, advertising helps make "off-season" sales.



ADVERTISING CAN HELP YOU
GET BUSINESS COMING IN
EVENLY - ALL YEAR 'ROUND.

Don't be fooled by the old gag, "If a man makes the best mousetrap, the world will beat a path to his door." It won't! The world of today's customers will go to the door it hears about. You owe it to these people to advertise. How else are they supposed to know what you are selling?

But, advertising is not just selling service and parts. Of course, its main purpose is to sell or help sell; advertising which does not do this for you, directly or indirectly, is money badly spent. Yet it is equally important that you advertise to make your shop and you as well-known a part of your community as the doctor, dentist, lawyer or other skilled professional.

CHECK LIST: ESSENTIALS OF ADVERTISING

1. To tell people about you, your shop,

and what service, parts and equipment you sell.

2. To build confidence, good will and good reputation.

3. To tell what your service will do for the customer and why the customer should buy from you.

4. Be truthful in what you say. False or "sucker-bait" ads are expensive. A customer who is "taken" becomes an enemy who tells friends if you are misleading.

5. Frequent small ads pay off better than a few big blasts with too many ideas squeezed in.

6. Give people a good reason for buying the things or service you want to sell them. "Talk" to them in your ads as you talk up a sale of a new antenna or set in your shop. Make your ad a person-to-person selling call.

7. REMEMBER: Every ad is to attract new customers, to hold old ones, to increase sales dollars, to reduce expenses, to get calls and not call-backs all year round.

8. ASK YOURSELF: "How does my advertising stack up against these ESSENTIALS?"

There are other questions you have to ask yourself before you take your first step in advertising. The answers to these will help you decide what, when, where, how, and how much you should advertise.

DO YOU KNOW?

Who are my potential customers?

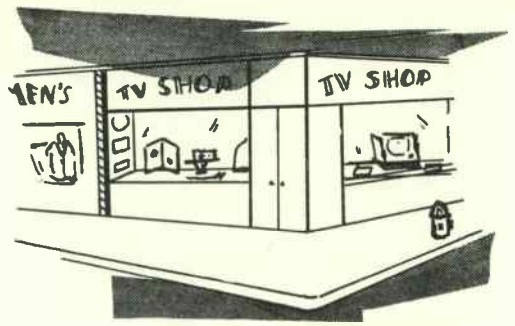
How many are there?

Where do they live?

Can they reach my shop conveniently?

Can I make service calls to them?

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More Competition
More Rent
More Sales

Less Competition
Less Rent
Less Sales



Will they pay C.O.D. or want to charge?

Where do they buy the service and things I want to sell them?

What can I offer them that they are not getting now?

How can I convince them to do business with me?

PERSONAL SURVEY

To get some of the answers for himself, one TV serviceman spent some off-season time making his own survey. He decided

to walk around the neighborhood of his shop and talk to people who could become customers.

Looking like the professional he is, spruced up in a new service-dealer uniform, he made a businesslike appearance that gave confidence to himself, and to the people he met.



The housewife was standing in the doorway of the first house he came to. He tipped his cap, put on his best smile, told her of his shop and asked her if she would try him when she needed TV or radio service: "Here is my card, 'Ma'am. I'll be pleased to serve you."

His friendly, courteous attitude and smart-looking appearance won a pleasant, cordial reception. "I'll phone you," said the woman. He felt great! This was certainly a better way to get people to know him than to hire a boy to put business cards under doors.

Seeing the possibilities of the personal chat with a potential customer, he continued down the street. Ringing every doorbell, he introduced himself to people who

were at home, or left his card under the door where no one answered. He jotted down every address, and when he could, the names.

In the weeks that followed he had so many calls and visits to his shop, that he didn't have time to continue with his "survey." He had learned by the chance of meeting "the lady of the house" that a friendly attitude makes friends and that the best advertising is a friendly face-to-face meeting.

You can be sure that if things were to get slow again, this serviceman would make a door-to-door survey again. Try it yourself! The "slow" seasons will be few and far between from then on.

SALES THROUGH CUSTOMER LISTS

Even in your busy season, keep up the survey idea, study your customers and potential customers. Neighborhoods change. Residents change. Customer's habits change. If you find that a customer has drifted away like an FM signal without AFC, try at once to learn why. Perhaps there is a misunderstanding you can clear up. If you or an employee have offended a customer, there is a "short" to be corrected before other customers are lost.

If you find you have begun to get customers from an adjoining neighborhood beyond what you have been considering as your own, find out why. Use that reason in advertising to others in that area. What attracts one customer, may get service calls and sales from the customer's neighbors.

One TV service dealer went through his records to prove to himself that he not only got new customers, but that he never lost an old one. He got a jolt! It was like the shock he got when he serviced his first AC-DC set, completing the circuit between the chassis and the grounded bench. He found a long list of names of customers who hadn't called him for service for six months and more!

He prepared a simple letter just asking "why?" and saying he hoped nothing was wrong. He sent this letter to those on the list. The next day a Mrs. M. telephoned: "Since you finally missed me, I'll be glad to tell you why I haven't called you. I was wondering if you'd know that I hadn't called for service for some time. I figured you would notice it right away and ask why. The longer you took, the more angry I became. I decided to try another man who would welcome my business more."

"He did! He not only has fixed my TV set, but he also phones or stops by to find out if everything is O.K.. He's interested in my business!"

Keep track of your customers! There are always too few good ones! Study your records. It's worth the trouble and expense to hold the old ones who pay promptly and don't give you a "hard time." Advertising which is directed to old customers is a way of



showing them you recognize their worth and importance. People like to be recognized. They like to be called by name when they visit your shop or when you visit their home. The right kind of advertising can be like a personal visit to show you are interested!

WHAT SHOULD YOU ADVERTISE?

It is more important to know what to advertise than to know how to make up a good advertisement. You can write, or have someone prepare for you, the best written ad in town, but if it's offering the wrong thing, those passersby will keep passing by!

What should you advertise? The best of what you have in your shop. "Best-sellers" sell best! Sound simple? Yes, but many service dealers think that advertising is a way to make up for their buying mistakes; a way to get rid of tubes, sets and appliances that have been gathering dust on their stockroom shelves. Just keep in mind that with advertising or personal selling, you can't make people buy what they don't want, no matter how much you want to get rid of it.

BEST SELLERS

What are your "best sellers?" First of all, it's your kind of honest, reasonable, prompt repair service. You don't "fix sets." You give "better reception." You don't just "sell tubes." You "end TV smog." In your shop, or in your ads, be sure to "sell the sizzle and not the steak;" "the satisfaction and not the set."

Most TV servicemen's business cards have long included the words "quality service." With competition growing rapidly you must not only build up a reputation for quality but you must also put to work your imagination and that of your distributors and the electronic manufacturers in setting up new plans for sales promotion. We will show you some of the typical materials in this chapter.

Too many service-dealers are not just sure how they can improve their advertisements.

"What can I do?" says serviceman Smith. "If customers like my service, they'll come back."

That is true to a certain degree, but it's shortsighted. How can you expect to win new customers in the face of so much competition? Other TV shops may have quality service too. How can you persuade people that it pays to call on you rather than your competitor or rather than repair their set themselves. Why do customers prefer to deal with one TV service shop rather than another? These questions must be kept in mind when you plan "what to advertise." Go over chapter 4 again if you want to make plans for advertising that will pay.

Circle 6-7112

JONES TV SHOP
Quality Service
453 MAIN ST. SYRACUSE, N.Y.



ENJOY THE BEST IN RADIO AND
TELEVISION ENTERTAINMENT

Your next "best-seller" is brand name tubes and replacement parts. Let people know you have nationally advertised brands, sets and appliances. Many service shops have found to their sorrow that they made mistakes in stocking higher-profit, slow-selling unknown brands. Instead, their profit picture would have been "brighter, clearer and longer lasting" if they stocked a brand with the weight of heavy promotion behind it. Get this sales promotion material from your distributor. It is advertising that will pay.....and that's the only kind you can afford!

WHEN SHOULD YOU ADVERTISE?

"I got in a lot of tubes on a good deal. I think I'll send out some postcards 'pushing' tubes. I haven't sent them for some time."

That's not the way to advertise! Plan your advertising well in advance. Be a "look-ahead" advertiser. Advertise regularly no matter what kind of advertisement or how small it may be. Don't scatter your advertising efforts.

Keep records of all your advertising. Analyze the results. It's just as important here as in troubleshooting a set. You will find out what's wrong about your advertising and make the necessary replacements to get better performance. There is one "sure" thing about advertising that doesn't call for a change. That is, you must advertise consistently! It is not an intermittent, stop-and-go proposition. Its success is built on regularity; preferably daily or at least weekly advertising.

Even your old customers will forget you and forget your advertisements unless you keep them reminded. Sure, you can sell a few picture tubes or antennas on a special sale, but you'll do better if you keep your advertising going all the time. Don't advertise just to see your name in print. Do advertise your "best-seller", service and parts, sets and appliances, on a regular plan.

WHERE SHOULD YOU ADVERTISE?

If you're like most TV servicemen, you haven't had the experience or training to give you a complete understanding of the different kinds of advertising and the best way to use them. It will mean money in your pocket to learn all you can about where to advertise.

We don't intend to make you an advertising expert. Still, it's worth knowing enough to cut down on the chances you take. Up to now it's probably been as they say at the carnival roulette wheels; "You pays your money, and you takes your chances."

Most service-dealers either have no one capable of preparing advertising or no time to do it. They don't even know the advantages and disadvantages of the different kinds of advertising. You do have to rely on your experience, but having some idea will help you judge in advance when advertising salesmen try to convince you that their way is best.

NEWSPAPERS

If you use a newspaper for your advertising,



**YOU
TEST
THEM
FREE**

Test your radio, hi-fi, TV tubes on our modern equipment with the qualified supervision of our service engineers.

The experience of our technicians is at your command ... talk over your TV trouble with us, we'll advise you on the safe way to replace the small tubes in your set.

When replacement parts are needed for your radio, hi-fi, TV, remember, it costs no more to get the best... Sylvania Quality Small Tubes.



(Dealer Imprint)

your shop should be located in the area covered by the newspaper's circulation. It must be convenient for people to reach you and you them. Your service must be needed by them. Do they have TV sets? Do they have radios? Do they need the new set or appliances you sell? Can they afford them?

A big "downtown" TV and appliance store can profitably use newspaper advertising. The small TV serviceman who draws customers only from a few blocks around his shop, cannot use newspapers for his advertising without paying too much for what benefit he will get. Good results for neighborhood TV dealers have come through the use of the small neighborhood weekly newspaper, especially when followed by "follow-up" post cards.

Check your results! A little record-keeping will help you decide what newspaper or ad is the cheapest but at the same time, most effective. Try to stick to one newspaper if you can. Skipping around from one to the other is like scattered buckshot. It seldom gets the results you are hunting for.

Check circulation figures closely! The smaller the newspaper, the more chance of padded circulation. It is a good and acceptable business practice to ask for a certified statement as to whom the total circulation goes! It never pays to guess about which publication has the best chance of bringing the best returns.

As a technician you've found it doesn't pay to take chances on cut-rate tubes and parts. As a businessman you will find it doesn't pay to take chances on "cut-rate" advertising.

Use ads prepared by experts who have made newspaper advertising pay off for other TV servicemen. The advertising and sales promotion staff of the electronic manufacturer has the experience, skill and know-how in this field. New kinds of local newspaper ads are constantly being prepared by them to get the most sales

Publication SYRACUSE POST Issue FEB 9 1960 Publication on Sale Feb 9 1960
 Name Month Year
 Headline of Advertisement: How To Add \$100 a Month etc. Size of Ad 80 Lines Cost of Ad \$5.00 Agate Lines
 Key SP-9 Expectancy in Inquiries In Sales

LEADS				COMMENTS	SALES			
No. of Days	Date Rec'd	No. Rec'd	Run'g Total		Date Rec'd	No. Rec'd	Run'g Total	
1	2:9	2	2	Replacement for TV Set	2:10	1	1	Tubes
2	2:10	7	9	TV Set (Trans. Supply # 194.00) Hi-Fi-700-Bm	2:12	3	4	TV set, Tubes, Hi-Fi
3	2:11	10	19					
4	2:12	6	25					
5								

dollar out of the newspaper space you buy. You can get these ads from your local distributor.

Eye-catching ads, professionally prepared is the way to profit. Choose an ad that fits your community. There are specially prepared ads that appeal to the desire for "up-to-date TV performance by picture tube replacement;" ads to develop a car-radio repair business; ads for the "do-it-yourself" fan and the hi-fi bug.

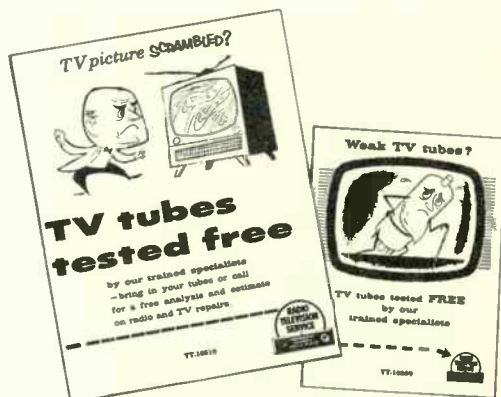
Judge each ad by what it can do for you! Spot check before you place the ad. There are certain things which every ad should do. These are:

1. Attract attention.
2. Secure interest.
3. Create desire.
4. Get action.

Probably the greatest single waste in advertising results from the careless preparation of many advertisements. Until you become big enough to require the service of an advertising agency, your best bet is use of the ads your distributor has for you.

These advertisements usually have everything you need in a newspaper ad:

- "Newsy" headlines
- Punch-packed selling message ("copy")
- Believable, friendly style
- Clear-cut benefits to buyer
- One idea to an ad
- Asks for action: "Phone"; "Buy"; "Visit"



Special ads for use in your local newspapers spotlight the TUBES TESTED FREE theme and Independent Service-Dealer emblem. There is a special place on each ad where the name and telephone number of your shop can appear in bold letters. These ads, available in mat form, have been prepared in various sizes.

TUBES TESTED FREE AD MATS
 All Sizes sent to you — FREE

How to add
\$100
 or more
 to the value
 of your
TV set

For an investment of about \$10, plus a minimal service charge, you can make the performance of your TV set equal to a brand-new set that would cost you \$100 or more. You can, at the same time, make the right choice when you purchase the picture tube.

RCA MARK VIII citizens' band radio

for business



and pleasure



How to add \$100 or more to the value of your TV set

For an investment of about \$10, plus a minimal service charge, you can make the performance of your TV set equal to a brand-new set that would cost you \$100 or more. You can, at the same time, make the right choice when you purchase the picture tube.

It's here!

The New RCA MARK VIII citizens' band radio



The ideal low-cost 2-way radio for: Business / Industry / Personal Short Range Communications

The RCA Mark VIII will operate from your car or truck, home or office. Keep you in touch with family, friends, business associates, employees. Workmen on location can be better coordinated, orders can be relayed from office to yard, driver-salesmen can be reached on the road... BY RADIO! It's a big time-saver and business-getter at a low price!

Only \$500.00
 (per unit only)

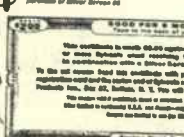
COME IN TODAY FOR A FREE DEMONSTRATION OR CALL:

For reliable short-range communications you need the RCA Mark VIII. This low-priced high-quality 2-way radio—paves the way for lasting minutes on the road—mobile or fixed points. It can be used from mobile or fixed points. It can transmit and receive channels. Also manual channels. Operates from standard household AC or optional DC power supply. A great value for the money.

COME IN TODAY FOR A FREE DEMONSTRATION OR CALL:



Save two dollars on about tube replacement with purchase of Silver Screen set



Save two dollars on about tube replacement with purchase of Silver Screen set



CALL US FOR THIS SPECIAL MONEY.

FREE AD MATS THAT TIE IN WITH BIG NATIONAL ADVERTISING CAMPAIGN.

Your distributor can tell you how to get "mats" of ads you can use. The mat (abbreviation for matrix) is a tough-paper impression of an ad. You just send it to the newspaper and they do the rest. It is used in molding a metal plate for printing in newspapers.

Mats are available for use in local newspapers so that you can "Spotlight" the "TUBES TESTED FREE" idea; appeal to the hi-fi fan, the motorist with an auto radio, and the picture tube replacement buyer. Your newspaper usually has other mats for use of retailing and servicing businesses. Ask about mats to suit your needs.

Ask customers how they happened to come to your shop or phone you for service. Analyzing the results of your advertising is like analyzing the results of your TV

troubleshooting. You will find that the use of ads prepared by experts increases the number of successes and reduces the errors.

A dealer who uses these ads says:—"We feel they have helped us increase our business because many customers mention them when they visit our shop."

That's the kind of action you want!

NEWSPAPER ADS: FOR AND AGAINST

For:

1. They reach a large circulation
2. You can illustrate your services, parts, sets, appliances, etc.
3. People, especially women, use them as a guide to shopping.

Against:

1. Much circulation is wasted for small local shop.

2. Many small newspapers do not print pictures well.

RADIO, FOR THE SERVICEMAN?

Radio, like the newspaper, reaches many people, over a large area. Both are called "mass mediums." About 95% of all homes have one or more radios. Your problem as a radio advertiser would be to reach the audience you want, prospective customers.



You probably can't afford to sponsor a complete program, but you might use "spot" announcements. These are a fairly inexpensive form of radio advertising, especially on small local radio stations. Independent service dealers who have not recently asked about the cost of radio time in their selling area will probably be surprised at the low rates available to them as a local business firm. Local radio is an inexpensive and effective way of building servicing business. In addition to the low local-radio time costs, you can get free radio advertising aids from your distributor to get the most out of the air time you buy. These include recorded commercials and radio spot announcements. Catching and holding an audience is just as important for your ad between the program, as for the program itself. Frequency and repetition are essential to successful radio advertising.



RADIO

Check radio ads by offering something—like free tube testing, free hi-fi demonstration, free phono needle offer, etc.

Try it for a minimum contract of 13 weeks if you want to give it a fair trial. Look into the cost also of a local station disc jockey. He can attract attention for you where a simple station-break announcement may not.

RADIO ADS: FOR AND AGAINST

For:

1. It's personal! The human voice can be more convincing than print.
2. It can arouse excitement! The announcer or disc jockey can glamorize your service or sale.

Against:

1. You don't know for sure the size of the audience.

2. There is "waste circulation" -- thousands not in your area.

3. Radio "commercials" can be annoying and not selling ads.

4. Cost can be too high before it begins to pay off.

MAIL ADVERTISING

This is sometimes called DIRECT mail advertising because it takes your message of "Expert TV Service" direct to the prospective customer. If newspaper and radio advertising are of the "shotgun" variety, then direct mail is like "rifle" shooting.

Your mailing list is the most important feature for success. We'll go into detail later in this lesson, about how to develop and use such a list.

Among other ways to use mail advertising are circulars that can be mailed out with a bill: A good buy on a set. A seasonal bargain offer on an appliance. A new antenna for better reception. How a brand name picture tube gives more enjoyment.

Don't send a bill alone! Make the postage stamp do a full-time job. Tell regular customers of a sale ahead of time; women appreciate the chance to buy before their neighbors hear of a sale.

Use mail advertising to announce a new repair service: stereo installation, tape recorder repair, small appliance repair.

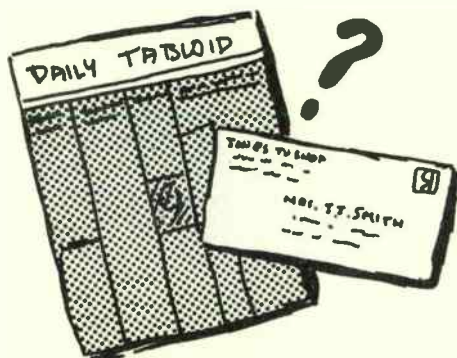
Use mail advertising to announce a new product: a new line of antennas, air-conditioners, stereo and hi-fi sets, TV couplers, speakers, transistor portables. Manufacturers, through your distributors, provide post cards, circulars, self-mailing folders, calendars, sport handbooks, informational booklets about picture tubes. These help build your sales volume through the mail.

"How can I use direct mail profitably?" you ask. "Is it effective and low-cost?"

The answer is: "Yes!"

Thousands of service-dealers, large and small, are getting good results from using direct mail to advertise their services and what they sell. The more you learn about direct mail, properly prepared and printed, the more you'll be pleasantly surprised. If you spend your dollars on mailing pieces that no one wants to read, "junk mail", then you can't expect profitable results.

This chapter gives you good ideas about direct mail and how it can be made to pay off for you!



WHAT DIRECT MAIL CAN DO

First of all, you must realize that, like other forms of advertising, direct mail is no cure-all. Secondly, it is most effective when used along with other advertising, not just in place of it. For example, a newspaper ad in a local paper, followed by a mailing of a letter, postcard or booklet, does a more powerful selling job than either form of advertising alone.

Direct mail has a very personal appeal. Look more carefully from now on at the mailing pieces you get in your shop and at home.

You probably get some that are very good, some that are pretty bad, and others that could have been improved with a little more thought or skilled professional help. Some of them will influence your buying whether you realize

it or not. Notice the difference in mail prepared by a large, well-known electronic manufacturer, and that sent you by the neighborhood grocery store. Which mail appeals to you and makes you want to buy?

Direct mail is a way of making a private visit. You address it, for best results, with the person's name; make sure this is spelled correctly! If you include a letter calling him by name, it is as though you are talking to him personally. Prospective customers are pleased about this kind of chat; old customers are flattered that you keep them in mind.

Here are some of the things to "talk about" in your "private, personal chat" by mail:

Try to get requests for more information by mail or phone about a picture tube, antenna, portable radio, etc.

Invite prospective customers to your store. Announce special sales (especially to regular customers). Arrange for private demonstration of color TV, hi-fi and stereo equipment for worthwhile prospects.

Remind people of the reliable service you give because of the reliable replacement parts you use. Tell them that you are the authorized dealer for certain sets, appliances, etc.

Aim for an actual order through the mail. Stress prompt delivery and installation.

WHAT DIRECT MAIL HAS DONE

Other TV service dealers have done well with mailings. You can, too! One dealer who wanted to promote sets and appliances advertised in the local newspaper. He also mailed a "personal invitation" to regular, well-paying customers offering them the chance to buy at sale prices, ahead of the sale, while choice was possible. The results surprised him; he doubled his normally "biggest" day.

A serviceman made a practice of using his spare time to address postcards to custom-

ers. These colorful cards he mailed every two or three months. In every case he got an increase in service calls beginning almost immediately after the mailing and continuing for several weeks. He gives "direct mail" credit for the "extra" business.



Another TV serviceman mailed to nearly every family in his area "discount coupons" to be applied to the purchase of a new picture tube, a new antenna, a new TV set. He included a "free testing" offer for tubes, and free balloons and lollipops for the kids. A demonstration of home appliances was arranged for the women. He also included details on a portable TV offered as a "door prize". His mailing was aimed at the whole family. The result? "A steady flow of customers."

MAKE A GOOD MAILING LIST

It's as easy to "build" a good mailing list as it is to build a tuner or amplifier, or your own test instruments, from a kit. But, as with kits, you've got to use top-quality "components"!

Start your mailing list, of course, with your own customers. The best thought-out, most colorful, attractive, mailing piece will "fall on its face" if you don't aim it at the right people.

KEEP YOUR LIST UP-TO-DATE

Be sure to get your customer's name and address, spelled correctly and written or printed clearly on your order book or sales

slip. You usually get this information on a service call, but also, get it from customers who come into your shop. Ask, "Would you like to receive news of the latest (hi-fi, stereo, appliances, recordings, etc.)? Just give me your name and address and I'll see that you are placed on our mailing list." Not one person in a hundred objects to getting material free of charge!

Get names through use of "want slips". Certain customers may ask for a set or appliance, a recording or a technical "do-it-yourself" manual (if you sell these, as some service-dealers do). Make up a printed or mimeographed postcard which reads: "The _____ which you requested is now in stock." The postcard is used as the "want slip" and then is mailed to the customer when what he wanted comes in.



1 OF 5 HOUSEHOLDERS MOVE
EACH YEAR

LISTS ARE PEOPLE

Lists are made up of people! They move frequently. More than 20%, 1 out of 5, householders move each year! They marry, have a family, are your prospects for services and sets. They get better jobs, new homes, and improve old ones. They retire and watch TV and listen to the radio more than when they worked!

As people and their homes and jobs change, your mailing list should change. You can't make a list once and then forget it. The names

represent people; you should treat them like people who may do as you want them to, if you make the right appeal.....the same as you would do.

HOW TO BUILD A MAILING LIST

It's not difficult to add names to your mailing list. First decide who will be your best prospect: who will have a need for radio and TV service; who has sufficient money to pay for your service or sets and appliances; and in whom you can whip up a desire for them.

In addition to your present active customers, here are other sources:

1. Inactive customers. They used your services before. They may do so again if you keep reminding them you are still in business.
2. Membership lists. Chambers of Commerce, Rotary, Kiwanis, Lions and other service clubs; religious, political, professional, business and labor organizations; social and golf clubs; all have membership lists. Some of them are for sale and some may be obtained without charge. Contact the organization officers.
3. City Directories. Many cities issue annual or semi-annual lists of all residents. In some cases they tell you about the occupation,



MEMBERSHIP LISTS ARE AN
EXCELLENT SOURCE OF NAMES

home-ownership and size of family.

4. Public records. These are usually accurate. You can see some at no cost or you may buy some: voting lists, tax lists, license and permit lists, real estate lists.

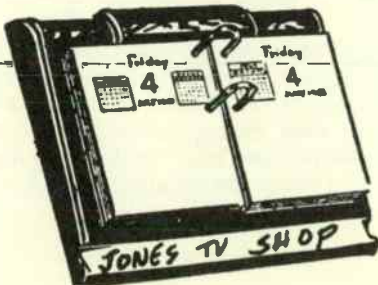
5. Local newspapers. Look for news of births, marriages, promotions, and community activities and participants (helps sell gifts of sets and appliances.). If you advertise, your local paper may rent or sell part of their lists. Send a "welcome" to new residents.

6. Telephone directories. Your local telephone company often rents a directory with phone users listed by street and district. You can select the area you want to send your mailing and omit others. This directory, like a voting list, helps you do a job of "pinpoint" mailing!

WHAT TO MAIL

Your best buy for your advertising dollar is the manufacturer-supplied leaflet, booklet or postcard imprinted with your name, address and phone number. It is usually done by a professional sales promotion staff and a skilled printing organization. Prepared in quantity for thousands of servicemen like yourself, these result in more service calls and sales of tubes, antennas, sets and appliances. As with other forms of advertising, direct mail can be expensive; you can over-spend as well as under-spend. As inexpensive mailings, these are hard to beat.

Send an attractive postcard when a postcard will do. But to tell more about your quality services, sets and parts, you need more to give punch to your sales drive.



Send consumer booklets in colorful envelopes telling about the advantages of the brand name picture tubes you sell. Send calendars that will sell your services where customers will see your name all the year 'round.

Send circulars describing the sets and appliances you sell.

PERSONAL LETTERS PAY

With every booklet, calendar or circular, send a "personal" letter for even better results! This can be the most effective single piece of direct mail. It is especially true when you see how its little cost can get more results than a fancy, expensive, mailing alone. Don't underestimate the value of a letter! Its "pulling power" may surprise you, but it comes from the fact that it is simple and easy to read, and it is YOU!

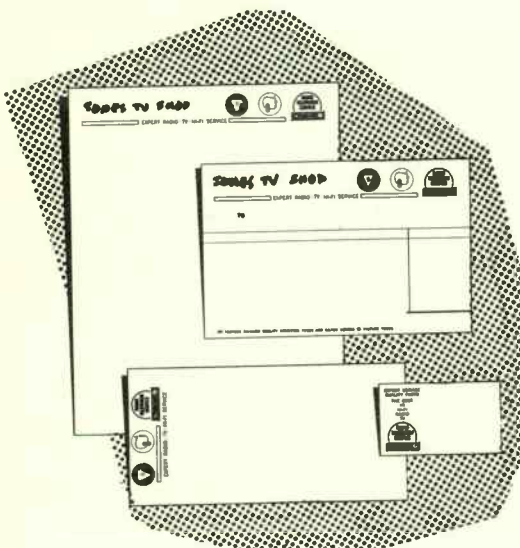
Your letter can be corny or conversational, or humorous or dignified, depending on how you write it (or have it written). Before you begin your letter, think about your readers.....Your regular customers, your former customers, your prospective customers. Your most successful sales letter will have a common-sense appeal. It will tell your reader how he can gain from what you have to offer and the reasons this is so.

Your letter should be attractively printed or expertly mimeographed on your business stationery. To help you build your business, your electronic manufacturer saves you money on letterheads and envelopes imprinted with your name, address, and telephone number. These create a professional impression among your customers and are a good tie-in with the imprinted service bill heads and business cards you should also use. Ask your distributor how to get these business aids.

WRITING YOUR SALES LETTER

Your letter will be attractive and easy to read when you give it an "open" look. Use short, indented paragraphs, and large margins. Your longest paragraphs should be no more than eight lines. Keep to one page.

If you want to make a number of points, indent and list them to make them easier to read.



When you write your letter, think of yourself as writing to a friend. Start out with your most interesting point immediately: "Is your set suffering from TV smog?"

"You don't have to put up with squeaks in your car radio."

"I can save your TV dollars."

"I am professionally trained to help you get better TV reception."

Write from your reader's standpoint! Instead of saying: "We've made a good buy in picture tubes", say instead: "You'll get more TV pleasure from our brand name picture tubes". Talk in terms of your customer not yourself. You get into the act only to show him how you will solve his problem.

Make your letter as personal and "home-town" as possible. You're writing to a friend, to a neighbor. He knows about the windstorm that knocked down a number of antennas last

week. His family could have used an electric heater when the recent snowstorm prevented him from getting an oil delivery. This past summer's heat was "impossible" for both your wife and his in hot stuffy kitchens. Do you sell antennas, heaters, air-conditioners? Tell him!

As a local serviceman you can talk about local happenings naturally and neighborly. Don't be impersonal! Do you or your wife or your bookkeeper have a clear handwriting? Write out the "Dear Mrs. Smith" at the top of a printed or mimeographed letter. It shows your personal interest in her.

Even where you send a printed letter, add a handwritten comment in the margin: About a new set, "You'll like this!"; about a new picture tube. "You'll see better!"; about an air-conditioner, "You'll keep cool!" Think of a benefit to the customer. Make it brief and easy to write. It gives printed pieces a personal touch and brings good results.

Write your letter as you talk in a conversation. Don't be afraid to say "don't" instead of "do not" or "that's" instead of "that is". Stilted and pompous writing are artificial. It's not you! Talk to your customers as you do in your shop or in their home. They'll "Listen" to you by reading your letter and doing as you want them to do.

Remember to tell them what you want them to do! End your letter by asking them to phone you for service; "come to my store" to see the new sets; to see the difference a new picture tube makes; to listen to a tape recorder with your child reciting a nursery rhyme; to feel the weight of a new electric iron; to DO SOMETHING!

One final idea. Put a "hook" on your letter! At the end, or in a postscript, offer something free, possibly a premium, a sports handbook, a wall or desk calendar, for quick action. Those who've used the "hook" say that it always increases the results. If it's a handwritten "hook", it's powerful!

POSTCARDS PAY

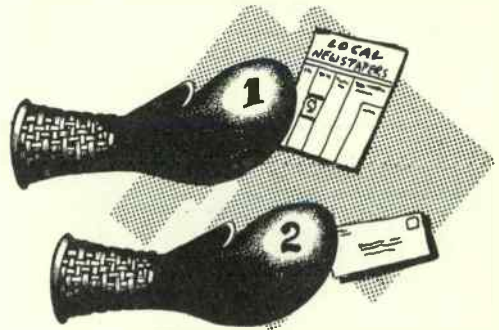
As a quick, inexpensive, attractive follow-up of a newspaper idea, use the postcards available from your electronic manufacturer. Ask your distributor.

Tell regular and prospective customers of your free tube testing. Postcards direct consumers to your shop as "headquarters for do-it-yourself fans." Postcards make a "one-two" punch you should use---local newspaper ads followed by postcards...to tell customers about your complete radio-TV service and sales.



CHECK LIST ON LETTERS FOR MAIL ADVERTISING

1. Have an opening that promises a benefit. (Free booklet, saving time or money, more radio or TV pleasure, appliances to help the housewife, etc.)
2. Ask a question that gets the reader to agree with you. "Do you want better TV reception?"
3. Use a "news" headline--"Let us catch the crook that is stealing your TV pleasure".
4. Make a short opening paragraph and make the others long and short.
5. Write to an individual, not "To all our customers" but to "Dear Neighbor" or "Dear Friend" or, better yet, "Dear Mrs. Jones."
6. Come to the point quickly, don't be "gabby".
7. Make your letter personal, friendly, sincere, informal.
8. After each paragraph ask yourself: "Would I say this if I made a personal visit to that home?"



LOCAL NEWSPAPER ADS FOLLOWED
BY POSTCARDS = A 1-2 PUNCH

Use a handwritten signature when you can.

Think of postcards for a variety of uses. When you install a new picture tube, send out cards to the neighboring householders: "Mrs. Jones has a better TV picture now, and you can too, because I just installed a brand name picture tube, etc."

When you know you are going to install a new antenna, send postcards to the neighbors: "On Tuesday morning I am going to install a new antenna to give Mrs. Brown better TV reception. Watch the quick, clean job go up. Then ask to watch the improved picture Mrs. Brown is getting. Phone me for further information about how you can get a better picture, too."

Send a postcard before or after sending or leaving other advertising leaflets, booklets and letters.

"THANK-YOU" POSTCARDS

Once in a while use postcards just as a way of reminding your old customers that you appreciate them. That's right! Send them a "thank-you" note just for the good effect it will have. "I send Christmas cards to do that", you say. Yes, but that goes at a time when your customer is getting dozens of other cards. Your "thank you" postcard will come as a surprise; it won't be to sell a tube or antenna or anything else. It will just be a way you are trying to keep up a friendly, personal relationship with old customers.



An attractive way to send this kind of postcard is to make a handwritten, brief, mimeographed message like this:

Dear Customer: (or leave space to write in the customer's name with a pen and ink to match that used in the mimeograph machine).

This is just a "thank you" note for your past patronage. We appreciate a chance to serve you, at any time.

While we always like to get a new customer, our most important job is pleasing regular customers like you. Be assured that we shall make every effort to continue to earn your loyalty.

Sincerely,

This kind of postcard should not only help you keep old customers, it will get new ones. "Thank-you" or "reminder" postcards are best used with an accurate customers' file. Know when you last serviced a set and send out a card, a certain period of time after that date. Your customers' interest in you will be kept alive. when you show your interest in them.

"SELL" YOUR TELEPHONE NUMBER

Charlie Johnson was an up-and-coming TV serviceman. He got most of his service calls by telephone, so he decided to advertise his telephone number. His first advertisement got a poor response. He was disappointed and said, "I won't advertise again. It's a waste of money."

Then he decided to talk to the telephone company about it. They solved "the mystery of the silent telephone." They showed Charlie that when his ad was printed, the phone number made many people dial CL instead of CI for the exchange letters.

Now his number is printed clearly in newspapers, postcards, letters and all his other advertising. "Business is booming", says Charlie.

Here are some suggestions from your telephone company about how to "sell" your telephone number:

- 1) PRINT the number CLEARLY on signs, window displays, ads and printing.
- 2) Have the printer use simple type. Capitalize the letters to be dialed in the same bold type size and type face as the numerals.

For example: Circle 6-9970

- 3) Use smaller and lighter letters for the characters of the name after the dialed letters.

For example: Circle 6-9970

Whitney 5-6166

Mitchell 2-7241

Barclay 7-6384
522-5252

Bigelow 2-5400

Exeter 2-6300

Ludlow 8-5550



TELEPHONE DIRECTORY ADVERTISING

The "yellow" pages give you one free listing. Consider other listings if you do more than service sets. Tie in with manufacturers' ads in the classified directory.

Since you have to sign a contract for a period of months, or a number of issues, be careful not to tax yourself to make big payments during slow months. Also, don't put all your advertising money in one place.

OUTDOOR ADVERTISING, CAR CARDS

Look into the cost of billboards and painted displays. You may find a strategic spot along well-traveled roads or streets, or on the roofs or walls of buildings (perhaps your own). Get the cost of painting your advertisement at these spots. There is usually a monthly charge.

- 4) When the central office (telephone exchange) name consists of more than one word, show bold capitals for dialing letters only, using light face type for all other letters of the name.

For example: **MU**rray Hill 6-9970

- 5) Space the letters of the name from the first numeral and show a dash between the first and second numeral.

For example: **Circle 6-9970**

- 6) Keep the complete number on one line if possible. If not use no more than two lines.

For example: **Algonquin 2-9970**

- 7) If you have two phone numbers having the same or having two different central offices use this example:

Circle 7-9970
997-5598

LEVITTOWN
WELLS 1-9999

GREAT NECK
HUNTER 2-9999



Outdoor advertising must be big and brief. Passing traffic, pedestrian or automobile, must be able to get your name and phone number quickly, at a glance.

Also for outdoors are the ads on or in buses or trains. Some of these are too expensive for you. But, you can often make a number of ads pay when they are in buses that go through your service area or pass by your store.

good reminders of your service. People never seem to throw away a nice calendar before the year has finished.

For putting on the doorknobs of homes, apartments, and even automobiles, use doorknob hangers. Ask your distributor about having these imprinted with your name. Or, you can get the kind into which you slide your business card. Both kinds remind people that you are radio and TV headquarters.



HANDBILLS DOORKNOB HANGERS

MATCHBOOKS, BALLOONS, NOVELTIES

Attractive handbills, carefully placed in homes, is a good, inexpensive form of advertising for the small TV serviceman. Have someone dependable distribute them or take them around yourself. Wasted handbills are an expensive form of advertising. In many towns there are ordinances against distributing handbills. Find out about these laws before you start out.

Give book matches, imprinted with your ad, to your customers, either in your shop or on home service calls. Other local stores may be glad to give them away for you. They're not too expensive. You can get as little as a thousand; or many thousands to cut the cost. Matchbooks are kept right up to the last match. They are used and passed around many times, always showing your name, address and phone number.

Calendars, some with colorful pictures, are available at most local printers for imprinting with your sales story. They are

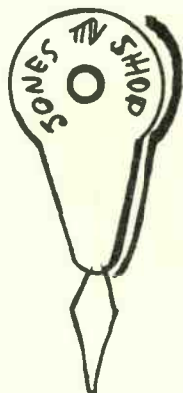
Give something to the youngsters who come into your shop with their parents. A balloon having your ad is inexpensive. Have a few in your tube caddy to give to the kids who want to breathe down your neck as you repair a set on a home service call.

There are many advertising novelties sold by companies who specialize in "remembrance" advertising. Use these advertising "specialties" as giveaways or premiums to make people remember you for TV service:

Billfolds, card and key cases, memo books, pocket secretaries, desk calendars and diaries, paper weights, ash trays, letter openers, pencils, pens, rulers, combs and cases, etc.

There are actually thousands of advertising specialties of plastic, wood, paper, cloth, glass metals and leather that you can choose from. Pick the ones that best fit your particular need: the TV set owner, the radio owner, the car owner; the teenagers who have portables and hi-fi; the kids of the families you serve.

Get different gadgets. Your business card will be held onto longer if you have the year's calendar printed on the back of it. The lady of the house will hold your advertising message longer if it's printed on a hosiery mending kit or "magic" needle threader. The longer your ad is kept, and the gadget used, the better chance you have to get a service call or sell a picture tube.



STICKERS ARE ADS

Let's not lose sight of the good old stickers! They are still a most inexpensive way of



(Westinghouse Electric Corp.)

having customers remember to call you for service. An attractive, clean sticker pasted on the chassis or cabinet of a TV or radio set you repair, keeps your name and telephone number handy for the housewife. Tell her you put it there. If you don't, and she calls your competitor, he'll take your sticker off, put his on, and tell her to "look for the sticker, ma'am."

Tube stickers advertise you and are a good record of the life of a tube, especially for the customer who says, "You just put that tube in last week." More likely, it was last year; the tube sticker will tell, and save arguments. Stickers are good also to remind the "do-it-yourselfer" where to get his tubes tested free and buy new ones.

TRADING STAMPS

Do the women in your family save "trading stamps" green, blue, gold or other colors? A lot of women do.

Women may be your best customers. Consider giving trading stamps or a premium with sales of sets and appliances in your shop. Find out which stamp is most popular in your community; that's the best one for you to use. Tell customers about your stamp plan in your advertising: in the store, in the local newspaper, in your postcards,

letters and other mailings.

Trading stamps can be bought from stamp companies usually in pads of 5000 for \$10 to \$15. You give stamps to customers according to the amount of their purchases, the most popular being one stamp for each 10 cents of purchases. Customers redeem the stamps for gifts at stores operated by the stamp companies.



Stamp plans work well for some service dealers and prove too much of a headache for others. Women buyers like them. Look into the cost and other angles before you rush into a stamp-giving program.

"WELCOME WAGON" SERVICE

"I've just moved into town," said Mrs. White to her neighbor, "I wonder what grocer I should deal with."

Mrs. White will soon want her neighbor's advice as to a butcher, a tailor, a doctor, a dentist and---sooner or later---a TV serviceman. If her neighbor is a satisfied customer of yours, chances are pretty good you'll get that service call to install her antenna or sell her a new one.

Why take chances when there's a sure way in many communities of having a "neigh-

bor" introduce you to every new family! This "neighbor" is the Welcome Wagon lady. She delivers a basketful of gifts from local businessmen along with samples of nationally advertised products.

Welcome Wagon is an organization which visits hundreds of families getting new business from newcomers. For this service they have a charge which varies according to the number of calls they make and what you want them to do for you. You can, for example, offer to check a TV set without charge, to see whether it has been damaged in moving. You may offer a coupon giving a reduction on the price of a new picture tube installation. Your "welcome" should also be an invitation to try your service, at home or at your shop; along with a premium or credit of a certain amount toward a service call or purchase.

"CHARITY" ADVERTISING

Mrs. Green comes into your shop just as you are sweating over a "dog". Even the scope readings are so jittery and unstable as to make them useless. And she says to you, bright and cheerful-like:

"The Parent-Teachers Association is having a dinner and sponsoring a journal.

"Can we have an ad from you?"

That's all you needed just then to make your day complete!

"Charity" advertising is one of the biggest, puzzling problems of all retail stores. You can get many requests of this kind: high school annuals, college newspapers, fraternal organization magazines, athletic programs--- are only a few of those you are asked to take part in each year.

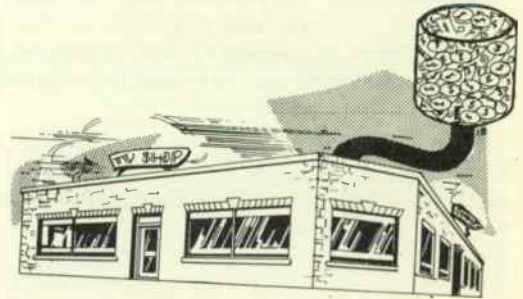
If you give a flat "NO" to all of them, you may hurt yourself in the community. If you say "YES" you'll find all your advertising money gobbled up.

CHAPTER 7

WHERE TO GET MONEY TO MAKE MORE MONEY

When you talk to a TV serviceman about getting a bank loan in order to open his own shop, or in order to expand an existing business, there's a good chance he'll say:

"A banker will lend me money,
only if I DON'T need it!"



Money is the life-blood of your business

In this chapter, we are going to show you how you can successfully borrow money from your bank.

Have you ever wondered: "What is required by a bank?" or "What is expected of me by the banker?" We've got the answers for you in this chapter!

We'll show you how to choose your banker wisely and how to make the most of your banker's many services. Money is the life-blood of your business. Lack of it has brought

failure to thousands of TV servicemen who had everything else they needed — personality, courage, determination, a willingness to work hard, and most important, experience and "know-how".

There is a saying that is as true for a TV serviceman, as for other businessmen: "The smaller the capital, the greater the risk." The TV serviceman who sets up shop with a small personal investment can easily run into difficulties. He finds himself short of cash, he can't pay his bills.

Watch your cash!

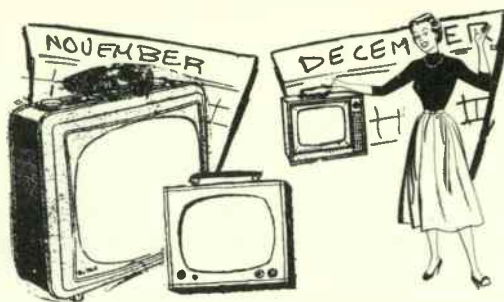
Cash management, that is, watching, planning, managing, your cash, is essential if you are to operate your service-dealer business successfully. You must have money to meet all your obligations. The amount of cash you have at any given time, is an important sign of your shop's ability to grow. There are no substitutes for cash! You can't pay off your debts with what people owe you, nor with your stock of tubes. Don't overlook the fact that, in times of prosperity and expansion, you have to watch your cash more carefully than ever.

It isn't just the amount of money that counts. It's the kind of money as well. By this we mean the length of time the money is available to you in your business. For some purposes, you may need money for only a few months. You want to buy tubes for an expected busy replacement season; you want to buy a stock of antennas for the hurricane or tornado season in your community; you want to stock up on portable radios before Christmas; and air-conditioners before the summer.

For some purposes, you may need money for a few years. You want to modernize your store front or your shop.

For other purposes, such as buying the building in which your shop is located, you may need money permanently in your business, or for a long period of years.

In other words, the kind of money you use in your service-dealer operation may be either short-term or long-term or permanent or some combination.



Of course, the "wrong" kind of money would not be quite so bad as your having no money at all. But, watch out, it will lead to worry, headaches, and high financial costs. If you need money on a permanent basis, to buy a truck for your service calls, for example, and you get it on a 30-day basis, you're heading for a financial "short-circuit". If you need money on a 30-day basis, to buy some appliances for a quick turn-over, and you get it on a permanent basis, such as by taking in a partner, you'll be thinning out your profits and inviting a lot of other problems you might otherwise profitably avoid.

Decide what money you will need for the coming months and the coming years and where you will get it. You will be in "hot water" when the amount you have to pay out in the near future is greater than the cash you have or will be getting in the near future. Enough money of the right kind is necessary for your business.

Let's look at two pictures. First, how you have to run your business, if you don't have the money you need and then, what borrowed money can do for you.

NOT ENOUGH MONEY

You will be unable to afford employees. You must run your shop alone. You will do everything from benchwork and service calls, to selling tubes over the counter, sweeping out, and keeping all your own records. This means long hours, little opportunities to build up the business and tough luck if you become sick.

Because you are up against competition, customer credit may become a problem. The added money you need for a credit business may take the money you need to pay for new tubes, sets and parts, or for those you already bought on credit.

The small TV serviceman cannot afford to invest much in fixtures. We have seen how important this is in attracting customers to your shop.



Need Money?



The average TV technician, in setting up shop, will be so short of money during the first few months or even for the first year or more, that he will need very easy terms from his suppliers. In a way, this represents his answer to the question: "Where will you get the money you need?" because for all practical purposes, this is a form of borrowing money.

WHY BORROW MONEY?

"If I had enough money, I'd open my own shop."

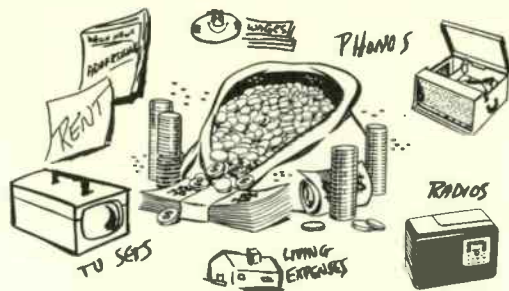
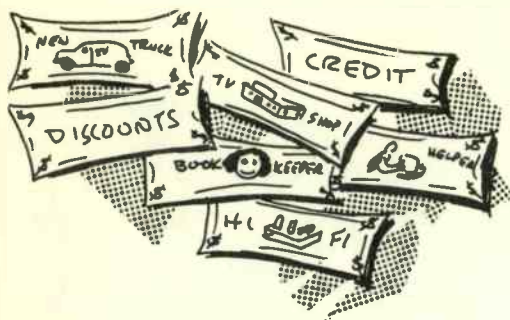
"If I had enough money, I'd hire someone to do my benchwork and another fellow to go out on calls, so that I could handle the business coming into my shop."

"If I had enough money, I'd hire a book-keeper to take care of all this darn paper work."

"If I had enough money, I could take advantage of all those cash discounts they offer me."

"If I had enough money, I could give my customers credit and sell more expensive hi-fi and stereo equipment."

It is not necessary to save up all the money that might possibly be required, before going into business. Most successful TV service-



dealers borrow from time to time, in order to increase their earning power.

Now, don't get us wrong! You can't run your business without some permanent kind of money. That is, money put into your business by you, your partners or shareholders, "for keeps". This kind of money, you have tied up in fixtures, test equipment, tools, and you are not going to remove them from the business. If you do, the business will be "removed" from you! Accountants, Bankers, and other businessmen, call this by various terms you should know: "fixed assets"; "capital cash"; or "permanent capital". This money comes from your personal savings or someone else's savings (investment); from the money earned as profits and kept in the business and from money you set aside to buy new fixtures, new trucks, new tools and other replacements of equipment you now have.

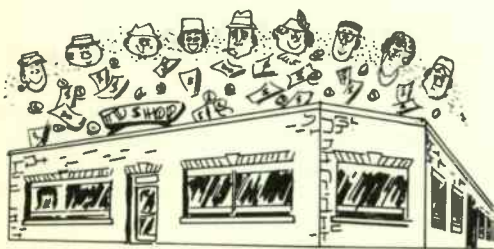
There is other money that you need: money for tubes, replacement parts, merchandise (TV sets, radios, phonographs, appliances, etc.), for rent, wages, advertising and other expenses you need for the operation of your business. And, don't forget that you need money for living expenses! Accountants, Bankers and other businessmen call this money "working cash"; "working capital". You should get this money from the income of your service-dealer operation.

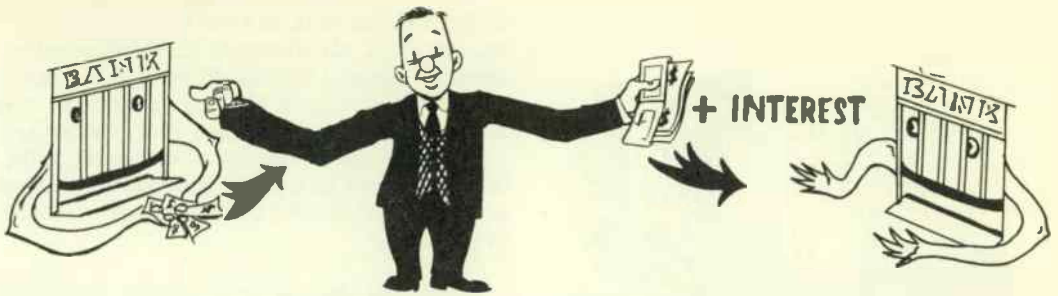
Of course, all the money invested in your business, whether in fixtures, equipment, expenses, or tubes or other merchandise, should result in a profit and add to your cash, if you develop the same kind of skill in using cash, as the skill you have in handling your test equipment. That is how you develop a "sound" business.

If your business is sound (and we're not punning about hi-fidelity) it is frequently to your advantage to borrow money to increase your earning capacity.

To the serviceman who says: "I was brought up not to borrow, I am careful about money, I am thrifty. I live within my income." To you we say "pay - as - you - go" is a good personal habit and a policy you should continue. It is a policy that applies a little differently to your business.

You can often use borrowed money in your business, to put it on a higher level of profit-making, than if you depend only on your





personal savings. A TV service-dealer can be a good businessman. A good businessman does not worry about owing money to his bank, his suppliers or anyone else, if this fits in with his ability to repay them. Think of it as a natural and normal way of doing business.

DANGERS OF BORROWED MONEY

Although there are many ways you can find to make other people's money work for you, remember that credit is like a double-edged razor and can cut both ways. If your business operation is properly carried on, a loan can give you greater profits on a higher investment. A bank, under those conditions, would be glad to lend you the extra money you need.

Of course, if you don't manage your money carefully, then the loan may become a loss to you and the bank. Remember, whether you make a lot of service calls or a few, you have to pay interest on a loan and you have to repay the loan itself. Remember, also, that some service-dealers have been ruined by over-expansion based on borrowed money.

So you see, if you fail to borrow money, you may be missing a good opportunity, but you have to learn to use good judgment and good business sense. There is a saying: "It is better to use a little caution than to have a lot of regrets." Take stock of the cash that you need. Consider the possibilities of

borrowing money and stop. Don't do it until you discuss it further with someone who can look at it impartially and practically. This someone can sometimes be yourself, if you make a list of the advantages and dangers involved. Otherwise, talk it over with your supplier or banker or accountant or all of them. The point we want to emphasize though, is that often, what appears to be a shortage of money, is really the case of a technician who has not learned to be a businessman and is not getting the best use out of the money he does have available.

HOW TO CHOOSE YOUR BANKER

"Who, me have a banker?"

Yes, get acquainted with the manager of a bank near your home or place of business. He'll be glad to help you, whether you want to open a checking account, borrow money, or make use of any of the many banking services.

You should have a checking account, if you don't already have one. It's necessary for every business, including yours. In fact, you ought to have a separate personal checking account to take care of your personal affairs and keep your personal and household expenses separate and apart from those of your TV service business.

It's easy to open a checking account. Give the bank a copy of your signature, your home address, your business address. There are



There are many advantages in your having a checking account. It's the best way of keeping track of all the cash that you receive, because you will deposit all of it in the bank. It's the best way of keeping track of all the money you pay out, because your checks are returned to you at the end of the month, after they have been paid. Your paid check is called a "cancelled" check, and is absolute evidence of payment.

In addition to this, your checking account is a valuable connection between you and the officers and employees of your bank. When they know about you through your account, you can use them as a reference in getting credit from your suppliers. Your checking account also tells your banker a lot about your business. This will be helpful to you when you apply for a loan. A long history of satisfactory dealings with your bank, will be helpful to you in your business and personal affairs.

Your banking connection comes in mighty handy particularly when your friends and relatives forget what you have done for them. Bob, a TV serviceman we know, approached his oldest friend who owned a prosperous business.

"Jim", he said, "I want you to lend me two-thousand dollars." "The answer, Bob," said Jim, "is positively no." "But Jim", said the serviceman, "in 1929,

different kinds of checking accounts for you to choose from. In one type of account, you pay for each check you make out and it doesn't make any difference how much you keep in the account. If you plan to have a personal checking account with a small balance, that kind of account is probably good for that purpose.

As a businessman, you will find it better to open the other type of account. In this one, there is no charge for checks or deposits if you keep a required minimum balance in the account. Then, there are other types of checking accounts with different balances and different charges. Find out what these are, from your different local banks.



when the stock-market broke, who lent you money to keep you from being wiped out?" "You did," admitted Jim. "And in 1931, when your daughter Mary, was sick, who took her down to Florida, because you couldn't get away from business? Who did, Jim?" "You my friend, you did." "And in 1933 when we were fishing together, who dove into the rapids and saved you from drowning, at the risk of his own life?" "You did, Bob. It was wonderful!" "Well then, Jim, in heavens name, why won't you lend me two-thousand dollars, now, when I need it?" "All the things you say are true," said Jim, nodding his head slowly, "But what have you done for me lately?"

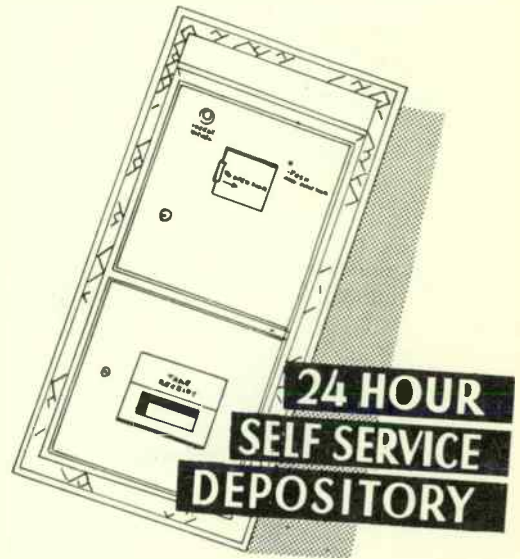
In some communities you can choose your bank because there are many banks to choose from. In other communities, you may have little or no choice. Where you can, find out about the many banking services which are available.

Is the bank convenient for your shop or for your home? What are the banking hours? Many banks are opened one or more evenings each week giving you longer hours to have a chance to do your banking. Does the bank have a 24 hour banking service? Many banks have a day and night depository service, where you can make a deposit without being tied down to the regular banking hours. Some banks give you a key, while with others no key is required. You just put a nickel in the slot, a small door opens and you put in your pass book and deposit in a small bag. This is credited to your account and your pass book is mailed back to you the next business day.

Here are some other customer services of banks:

Bank — by — mail. Accounts may be opened and deposits or withdrawals made by mail or messenger. Convenient postage-free, banking — by — mail forms are furnished by the bank for this purpose.

Safe deposit boxes for safe-keeping of securities, jewelry and valuable papers, may be rented.



Savings accounts may be opened, as well as Christmas Club and other savings accounts that you want for some special purpose, such as vacation, new car, hobby, college fund, new clothing, insurance, etc.

Pass book loans on savings accounts may be made for a 90-day period or less. You may repay the loan or have it renewed. Your pass book is left with the bank for security purposes (collateral). The balance in your savings account is not disturbed so that it continues to earn interest.

Certified checks are obtainable. Where you have a checking account and for some transaction the person to whom you are giving the check wants to make certain that the check will be a good one, you get the bank to stamp it "certified." This means that they have already set aside the money in your account to pay that check. Where you have just a savings account, you can get a bank check or a teller's check.

You Save Time
Plus Money When You
SAVE BY MAIL

We Pay Postage

USE THIS FORM TO OPEN A NEW
Christmas Club

FORM 9-58
FRANCIS P. DOD

000-000000

Whenever you wish
The amount needed

1-10 210

FRANCIS P. DOD

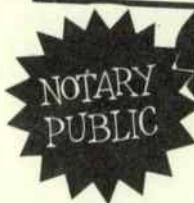
Your Signature



SAVING



Gift
Checks



SAVINGS BANK
LIFE INSURANCE

You may buy or redeem your savings bonds. You may buy travelers' checks which is a safe way to handle your money, particularly if you are carrying large amounts of money and you are traveling. They are good any place in the world.

If you want to send money to foreign countries to relatives, to friends or to make a purchase, you can buy a foreign draft. As in the case of buying a money order, the fee for the foreign draft service depends on the amount of money you send, plus the cable or postage charges.

You can also arrange to have certain checks sent directly to your bank for credit to your account. These may be stock-dividend checks, pay, social security, government allotment and any other checks.

The services of a notary public are usually available at bank offices.

If your bank has many offices, you may make deposits to your account in any one of them if you or your employees collect cash on service calls or set installations and do not want to carry around the money collected.

There is an advantage in banking with a large commercial bank that has many offices easily available to you all over the town or city or suburbs in which you are located.

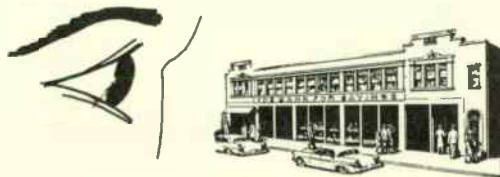
If your bank is just a place where you deposit money, or where you have a checking account, you may not realize that it is also a place where you can get bank credit and financial advice. If your use of a bank is so limited, your choice of a bank can easily be decided. All you need is one that is close by, in good financial shape and looks as though it will continue to be so. Picking a bank to deal with under these circumstances is not too difficult.

But suppose you want to borrow money to buy some extra merchandise just before Christmas, or for some other short period of time. Suppose you are a little short of working capital, and need a loan for a longer period; a loan to modernize your storefront or to make new displays in your counters inside. Suppose you like to talk with someone from time to time about the financial problems in your business, or the trends in the electronics industry, or business prospects in general. Maybe you want a good

credit reference. Perhaps a good banking connection will give you an introduction to prospective customers for both home and commercial installations; a new motel asks the local bank to recommend a TV serviceman to install and maintain its multiple TV system; a hotel, dealing with the bank, wants a reliable serviceman for its intercom and P. A. systems. If these things mean something to you, and they should, it will pay you to choose your banker wisely.

Here is what you should look for in sizing up a bank: progressiveness, attitude toward your business, credit services offered, size of the bank, and the bank's management policies.

You are a progressive technician — business man. Naturally, you will want to do business with a progressive bank, one which keeps pace with changing conditions and is alert and awake to the requirements of the community. You can get some idea about this from the appearance of the bank. You will be doing exactly what your prospective customers do when they "look you over," when they look at your store-front window displays and then inspect the inside of your shop. Of course you should not let "eye-appeal" be the deciding factor. But you will get some indication of the banker's desire to meet and please new customers by having up-to-date quarters which are clean, attractive and have modern banking equipment. A progressive bank usually has a handy parking lot, a sidewalk teller window for passersby, and drive-in windows for the convenience of automobile drivers, as well as air-conditioning and modern lighting.

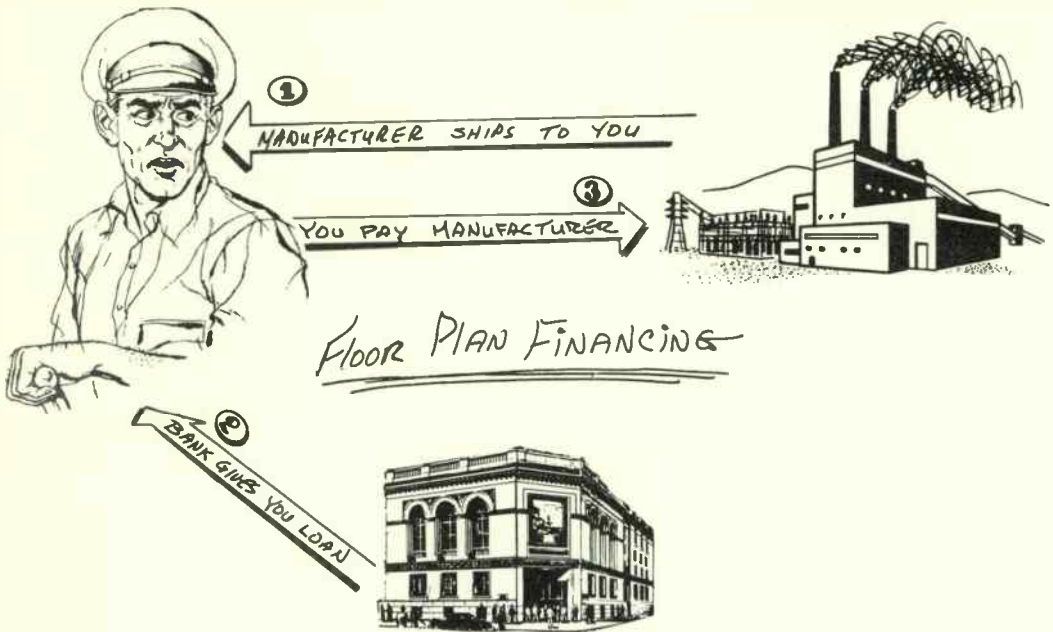


Find out what you can about the bank's employees. Are they reasonably young, interested in your problems, active in civic affairs? Has the bank officer spoken with you and asked for your business, or does he seem to give you a cool reception, as if he will be doing you a favor to accept your account? Is the bank only interested in a large corporation account, or do they feel that their best customer is the average "man in the street," who may be an up-and-coming service dealer.

Just as your advertising gives people a good idea about you, so you can tell something about how progressive a bank is by looking at its advertising. Does it show that it has new ideas and new banking services, or do they just claim your business because they are older than any other bank in town? Naturally, a bank like any other business is only as good as its present officers. That will have very little to do with the people in charge many years ago. Go in to have a talk with the banker. You will learn a lot about how he would approach your problems by his attitude toward you and your business, and by the kind of information he considers important. If he seems interested and helpful, that can be the most important reason for your selecting a particular bank for your business. An efficient and progressive bank will be interested in helping you to become a better manager of your own business because it will help build profitable business for the bank.

It is interested in you as a depositor and as a borrower. This is a "two-way street" which benefits both you and the bank. As a depositor you have a safe way to keep your money plus the convenience of being able to do business by checks. At the same time, your deposits give the bank the money to make loans. You get a source of funds you may need to operate your business and at the same time, the bank earns interest.

In selecting your bank, aim to build a long-time relationship. You will find that it doesn't pay to move very frequently from one bank to another, especially in times when credit may be "tight".



Hold on a minute!

Before you go to your bank to borrow money, let us look into some other ways for you to raise some quick cash.

There are many banks which arrange to give your customers credit. Sometimes this is arranged with the Service Dealer and the customer; sometimes it is an arrangement entirely between the bank and the customer. No matter how it is done, it is good for you!

One kind of bank-plan is a new kind of "charge account". Your customer applies for a credit card in your shop or in the office of the bank. The bank checks his credit standing and gives him a credit card. Your customer can then make purchases from you, without cash.

When you sell a TV set or tape recorder, you complete a special sales slip supplied by the bank. Your customer signs this sales



slip. If the total sale is more than a "floor limit" (which may be \$25.) you telephone the bank for approval; then they will give you the O.K. or "N.G." promptly. You give one copy of the sales slip to your customer and the other you give to your bank for immediate credit to your account. It's just as though you were depositing the customer's personal check.

The advantages to you are many. You are providing convenient sales-stimulating charge account service for your customers. The sales you make are like cash sales. You have immediate use of the money and tie up less of your own working capital. This helps you buy new merchandise, meet your overhead expenses and expand your business. You increase your sales because charge customers spend more money than cash customers. Your competitive position as an Electronic Appliance dealer is improved. Best of all, the risks are assumed by the bank! The service is said to cost you less than it would to operate a charge account service of your own. The bank handles credit checking, billing and collections. Book-keeping costs are very little. If you have

employees there is no need to have them refer their request for credit to you. Since cash is not required, it is easier to sell a "charge customer". Sales of all equipment can be processed faster. This will prove a big help during busy days and during rush hours.

You get more time for attending to customers. Fast efficient service means satisfied customers who will be back. There is a better chance of their coming back also, because customers are given a credit card which they can use in many neighborhood stores. "Member" stores are given emblems and signs to display in the store window. This is a way you benefit by the bank advertising its Charge Plan.

Customers are billed monthly by the bank, not by you. You get your cash when you deposit your sales slip. If a customer pays his bill within 10 days after he gets it from the bank, there is no charge to him. If he wants to make payments over a period of months, he pays the bank 20% of his balance each month and is charged 1% on the remainder.

Many service dealers have selected a bank which has a charge plan as we have just described. They encourage their customers to use this plan because it helps the customer to buy and it helps to make sales of everything from picture tubes to portables, faster.

You want to do everything to make it easy and simple for people to buy. Don't be like the parents who wanted to teach their youngster the value of money and curbed his

A brand new way to shop without cash!



spending. They had him keep a detailed account of how he spent his allowance. One day he said: "You know, since I have to write down everything I spend, I really stop to think before I buy some things." The parents congratulated themselves on the lesson he had learned. Then the boy continued: "I just never buy anything that is hard to spell." Your customers will not find it hard to buy when they have some bank plan that makes it easy for them. There is one plan, for example, that some banks have. It gives people money to buy things, to pay bills. Whenever they want it, all they have to do is write a check. It's actually that simple under the "ready-credit" plan.

With this plan, your customer applies for a maximum amount of credit. Let's say this may be as little as \$120, or as much as \$3,000. The amount of credit depends upon how much he can afford to pay back to the bank each month. He can write checks against his credit as soon as his application is approved. The bank gives him a supply of free checks. He pays nothing until he uses one or more of the checks. Then he pays the agreed-upon monthly payment, and a small charge for interest and life insurance is deducted. As he repays what he spends, the money becomes available again for his use. This is a good plan for paying taxes, tuition, household expenses, vacations, clothing, and of course, a radio, TV set or appliances that can make a hole in the family budget.

A modern progressive local bank may have either of these two bank plans which we have just described, or any similar plan. Such a plan is better for the TV service dealer with little money, than for him to set up his own installment plan of selling. Even a large dealer, who may be able to do it, finds it more profitable to have customers finance their purchases through a bank. If the customer has not made one of the arrangements we have just talked about, then the dealer may have his customer enter into an installment contract.

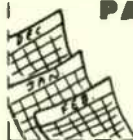
In this case, the dealer may hold the contract and collect payments as they become

BUY NOW... PAY LATER!

NO DOWN PAYMENT !

PAY 1/3 in December
in January
in February

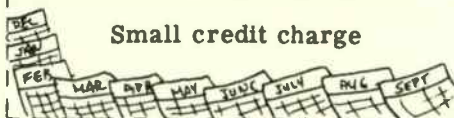
No credit charge



OR

**PAY \$9 DOWN AND TAKE
MANY MONTHS TO PAY**

Small credit charge



due. Or he may sell the contract to a bank or "Sales Finance Co.", for cash less a small charge or discount. The bank or Finance Co. then collects the payments. With some arrangements, the dealer is no longer responsible, while with others he is.

Now let's get back to the situation where you yourself need money. Your ability to pay money when you need it is as necessary to the operation of your service dealer business as is a good location, the right testing equipment and store fixtures, reliable sources of supply for tubes and replacement parts, or satisfactory employees when you need them. Unless you have money in the bank to pay your bills and meet your pay-roll, you are not in good shape!

Now let's talk about borrowing money from your bank. What is the bank prepared to do for you? What can you do to make the dealings between you and your bank more valuable to you?

There are some kinds of loans that your banker can make and some that he cannot, because of the kind of bank he operates. It is not only up to him. When lending money he must comply with certain laws and regulations. As a rule, he will not make loans for a long period without payments at regular intervals. He prefers to make loans which

are paid in a reasonably short time, except if the loan is secured by real estate (land and buildings). Your banker may require security; he cannot take excessive risks. He has to keep in mind that the money he lends is not his; it has been left in his trust by his depositors.

He sometimes may make a loan on the basis of your unsecured written promise to repay. (Promissory note.) But more often, you may be asked to put up some kind of security.

Before your bank is prepared to make you a loan, the bank loan officer must feel satisfied with your answers to these five questions:

1. What sort of person are you..The prospective borrower?
2. What are you going to do with the money?
3. When and how do you plan to pay it back?
4. Is the "cushion" in the loan large enough?



In other words does the amount you ask for make sufficient allowance for unexpected developments?

5. What are the outlooks for you, the borrower, for the radio, TV servicing business, and for business in general?

Have your answers ready!

What sort of person are you? This is the most important of the five questions. Your character comes first, next is your ability to run your business.

This will not be a difficult question to answer where you and your banker know each other for many years. Your character is made up of many things. It is your integrity. It is your desire to meet obligations even when the going is rough. It is your attitude about paying your creditors during business difficulties.

A satisfactory record in keeping your bank account over a period of time will be in your favor. If you have borrowed a small loan and paid it off, and have done this a number of times over the years, it will help to get a larger loan when you need it. Your honesty and sincerity becomes known to your banker as well as to other people in your community.

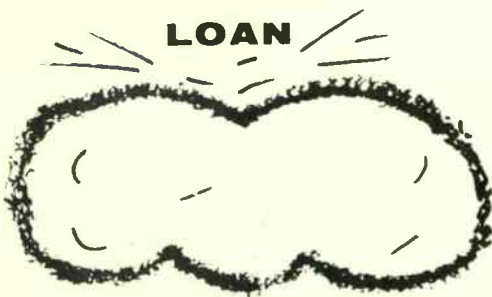
"What am I to do", you say, "if the banker and I do not know each other." "What am I to do if I don't have a long-established business?"



The answer then, is to see your banker and talk things over with him. Chances are he will want to help you. He may be able to offer suggestions. Make it a practice to visit your banker at least once a year, whether or not you see the need for a bank loan. Tell him about your business: what happened last year, what your plans are for the year ahead. In this way, if you need to borrow in the future, the banker does not have to start from "scratch" to learn about you and your business. This is a good foundation for a future loan.

Your banker will always want to know what you are going to do with the money, and how and when you plan to pay it back. Be prepared to give your answers accurately and in detail. Your banker may ask you for financial statements showing the present condition of your business, and your income and expenses and the profit for the past year or several years. You may also be asked for a cash budget in order for the banker to size up your ability to repay your loan. (We will talk more about these financial statements and the budget in a later lesson).

If there is not enough of a "cushion" in the loan, just on the basis of your figures, your banker will probably ask you for some security, (Collateral). The road to a loan can be made very smooth by a life insurance policy with a cash surrender value or readily marketable stocks and bonds.



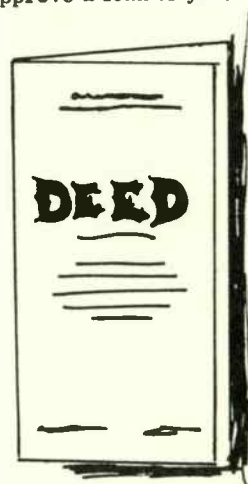
There are other types of securities your bank will be willing to accept. One well-known type is a loan based on real estate and buildings; the paper you sign pledging your property is known as a "mortgage". A legal

document which shows you are a owner of a piece of property is called a "deed".

If you are not familiar with deeds or mortgages, you are in the same position as the old timer who had just paid the last installment on his homestead. The banker congratulated him, "Now, Henry, I'll make you a deed to the place." "Thank you, sir," said the old man, "But if it is just the same with you, I would rather you give me a mortgage to the place." "But you don't understand Henry," said the banker, "a deed is what you want." "Well," said the old man hesitantly, "all I know is that I owned the farm once before. I had the deed and the bank had had the mortgage, and the first thing I know is that the bank got the farm."

If you own your own home, or the building where you have your TV service shop, and it has a mortgage on it, you know that you have to meet your regular payments or the mortgage holder (whether it is a private individual or a bank) can go through a legal procedure (foreclosure) and take over your property.

Keep in mind that the banker does not want to be in the real estate business or the used equipment business. If repayment of your loan depends only on taking your security and selling it, you can be sure that no bank officer will ever approve a loan to you.



CHAPTER 8

USE INSURANCE TO PROTECT YOUR EARNINGS

"I didn't think I needed any insurance," said a TV Service Dealer, "until a TV set injured a customer's child, and the lawsuit that followed taught me otherwise."

"It made me wonder," he went on, "what insurance I needed, in case a short circuit in a set might cause an electric shock or start a fire. To protect myself, from now on, I am going to get insurance against everything I can."

WHY INSURANCE?

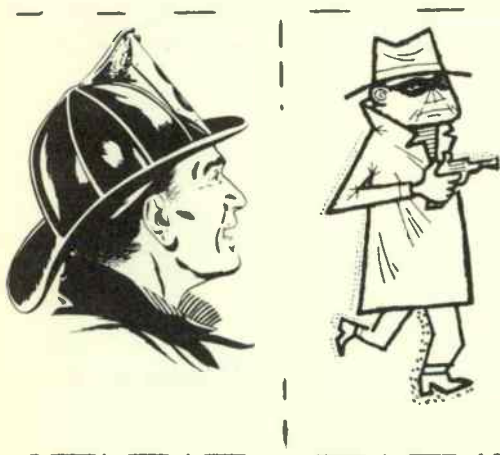
No Service Dealer, no business, no matter how large or small, can afford to insure itself against everything. If you expect to make profits out of your business, there is obviously a limit as to how much you can pay out for insurance. The many small run-of-the-mill losses, which are part of practically any dealer operation, you should consider as an ordinary expense of doing business. Generally speaking, you should buy insurance only as a protection against unpredictable serious losses, that is, large losses which would cause you serious financial difficulty if you were uninsured.



Become aware of the risks of your business. Learn all you can about the insurance protection available to you and needed by you. You will be the real beneficiary of the insurance protection we talk about in this chapter

because uninsured losses will come out of your pockets through reduced profits or loss of your business property.

Even the best run TV Service business can be burglarized, destroyed by fire, or sued for heavy damages, as a result of the negligence of its owner or employees. These represent possible loss to you, or the interruption of your earnings, which can lead to your failure. Every Service Dealer should realize that a fire or a theft in his shop could mean the end of his business, or at least a serious set-back.



Fortunately, you can insure yourself against such losses, even if you can't prevent their happening. To do so is a matter of good business judgment. Even if the insurance does not cover your entire loss, a little help goes a long way.

Don't underestimate the loss of profits and increased costs due to interrupted business, terminated leases, and destroyed records! This can often be greater than the value of the property destroyed.

It is difficult to think of a man who buys a home or a car, or a business man who spends money on fixing up a store-front and shop, who does not carry fire insurance. But there are not many who think of the possible losses of an accident: a service man or an errand

boy, caught in an elevator; a customer shocked by an AC-DC set; a pedestrian slipping on your sidewalk, or injured by your service truck. There is also the danger of dishonesty: a figure-juggling bookkeeper, a thieving sales clerk or stock clerk; the service man who is using your parts and tubes for the little business he has on "the side"; or the "stick-up" or hold-up man.



LOSS OF EARNINGS

The losses which you can suffer and against which you can insure yourself, fit into several main groups:

You can have a loss of business earnings. If the building in which you have your shop or your equipment, tubes, sets, appliances and other merchandise is destroyed, it is usually necessary to suspend operations until you can repair or replace your damaged property. During this time, of course, your income, earnings and profit from your shop stop. Luckily, you will be able to carry on servicing in the homes of your customers; but if the interruption is a long one, the loss of your regular earnings from walk-in customers might even be greater than the amount of actual damage.

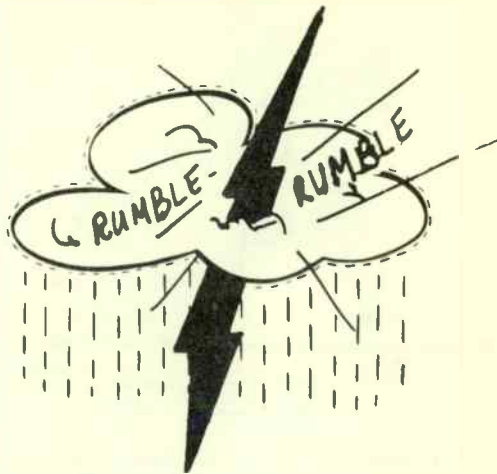
LOSS OF LIFE

How often when you have been servicing a set have you said, "this is a new one on me!" You know that manufacturers take precautions to protect a customer, and you, the service technician, from being "bit" by line voltage in TV sets which have one side of the AC line connected to the chassis. You know that anti-shock features are provided by insulating a "hot chassis" from the exposed metal parts of the outside of the cabinet. When you service a set, you know that it is up to you to insure that these safeguards are not made ineffective. What you didn't count on was that the previous technician was unfamiliar with this particular receiver, and did not make sure that the insulation remained effective after he serviced it. When his job was done, he was actually setting a "booby trap" for the customer and for the next technician who would service the set, you. He replaced plastic control-shaft units with ones having uninsulated metal shafts. He didn't replace the plastic grommets which serve as anchors for the screws which fasten the chassis to the cabinet. He dropped a couple of small washers in the set and left them to act as a bridge across the insulation. He was really making things "hot" for the customer and for you. If you cannot predict what another service man will do to cause loss of life or property, the least you should do is to get insurance protection.

LOSS OF PROPERTY

There are a great many other ways in which your property can be damaged. The same windstorm, hurricane or tornado which makes antenna sales for you, can blow your shop antenna down, with additional damage to your roof, or personal injuries to passersby; the same goes for your outdoor illuminated signs. You sell lightning arresters to your customers; think of the damage that lightning can do to your sets and shop equipment.

Your customer's set is his personal property; its loss or damage, while in your shop, may be expensive for you to have to replace.



ACCIDENTS CAUSE LOSSES

You remember the question in the Bible: "Am I my brother's keeper?" The law courts of today have said, "Yes" in answer to that question, by making you financially responsible, if the negligence of you or your employees causes injury to another person.

If a customer walks into your shop and slips on a waxed or oily floor, and is injured or dies, you may be subject to a legal action. Look around your shop for these hazards: cartons of equipment piled high which can easily fall on a person brushing against them; a piece of equipment or merchandise with an edge sharp enough to injure a person who picks it up to look at it; display cases and shelves on wobbly stands or brackets, ready to drop a piece of equipment on the first customer who goes near it.

If you permit anything in your shop to become unsafe, from your outdoor hanging signs to the floor or fixtures in your shop, the injured person has a justifiable claim for damages against your business. If these injuries, or the negligent operation of your automobile or service truck, result in permanent disability or in death, the claims for



these damages can reach amazing amounts. A service technician who is required to pay such damages suffers exactly the same kind of financial loss he would have suffered if his property had been destroyed by fire, explosion or other accidents.

ACCIDENTS TO EMPLOYEES

Another reason why you need business insurance is that if you are an employer, you have a certain amount of responsibility for accidents to your employees. Most states have passed Workmen's Compensation Laws, which provide that if a workman or technician is injured while performing duties for his employer, he is entitled to financial compensation for his injuries, whether or not there has been negligence on his part or on the part of his employer who may be you. The compensation or money to be paid for such injury is fixed by law and can go to some very high amounts. When you think of the injuries that can be caused just by the careless handling of a soldering iron, you will agree that insurance is not the only answer to the need for protection against losses; eliminating hazards wherever you can is the best way to cut down on losses!

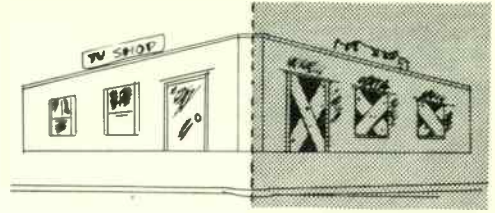
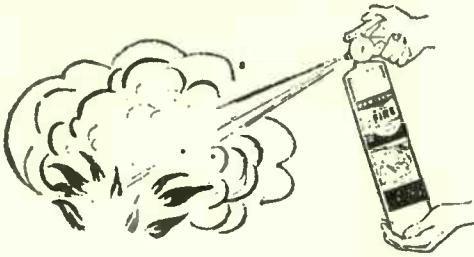
Now we will talk about some of the things you can do to protect your TV service-dealer operation from the major types of hazards: fires and criminals.



PROTECTION AGAINST FIRE

If you are putting up a building for your shop, have as many things built into the structure as possible to reduce fire hazards; fire-resistant materials and construction help, even if they do not guarantee complete protection. If you move into an older structure, as many TV servicemen do, make it safer by the use of fire-retarding interior finishes, replacing or covering inflammable ceilings, walls or partitions, getting non-combustible roofing, and where necessary, fire-walls and doors, as well as automatic sprinkler systems and fire alarms. Make sure you have an adequate water supply, fire-fighting equipment and a proper layout to be able to prevent as well as fight fires.

If your service area is well arranged the "good housekeeping", which you need to cut down on fire-hazards, is almost sure to follow. Does your service area give a fire a place to start? You know that combustible materials such as waste paper, oil-soaked rags, chemicals and everything easily ignited, should be kept away from flames, sparks and excessive heat. Do you have non-combustible, self-closing containers for waste materials? Open waste-paper baskets or cans can be dangerous if lighted cigarettes or matches are dropped or blown into them by the careless TV technician.



Air ducts, shafts and out-of-the-way places, should be kept clean at all times. Doors and other means of escape should be kept free of all obstructions; the same goes for fire-extinguishers and sprinklers.

Because you and your employees, even part-time employees, could start or prevent a serious fire, (as could a customer or a visitor) you and your employees should know:

How to use fire extinguishers and hand-hoses.

That stock must not be piled so close to the pipes of a sprinkler system as to prevent the water from extinguishing a fire.

How to give a fire alarm and how to operate a street fire-alarm system.

That doors must be kept in good working condition and unobstructed.

That smoking is prohibited in certain areas for fire safety.

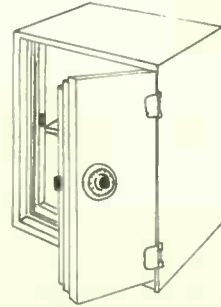
That a good-housekeeping routine is essential for protection against fire.

That certain bench work may be hazardous and requires special care.

That the way out of every shop or service area, in an emergency, must be known.

To all this you may say, "Oh! well, I have fire insurance. Let the Insurance Co. worry about the loss."

To the TV serviceman who thinks this, we say, "about 50% of all businesses suffering fires either close for good or fail within three years after re-opening." There is no doubt about it. Fire prevention in your shop pays better than fire losses.



Protection
AGAINST FIRE AND THEFT

PROTECTION AGAINST CRIMINALS

You also need protection of your shop against criminals. Be sure to have good locks on doors and windows, a burglar alarm system, and possibly the service of a local inspection organization, such as is available in most large cities. If you have a safe, anchor it to the floor or wall, and make its location visible from the outside. Keep night lights on to show passersby or police inspectors if anyone has broken into your shop. A well-illuminated "tubes tested free" sign will do a double job of advertising your services and acting as a night light to give you added protection against burglary.

You need special protection for the handling of cash, securities, insurance policies, contracts and important business records. You want to protect them against destruction, loss, theft by outsiders, or by employees. Have a fire-proof safe, or rent a safe-deposit box, in a local bank. Keep a list or inventory of everything owned by the business.

In some communities, there is a good deal of theft and destruction by juvenile delinquents. Your good will in the community may help cut down on this. If you have a cash-register that can be seen from the outside, leave the cash drawer open to show that it is empty; burglars do more damage sometimes in forcing their way into a shop than just the value of cash taken.



Most burglars, by the way, are unskilled, and won't bother to pick a lock, although they can do so. Carelessness in handling keys, especially master keys, or those that would give easy access to cash, and other valuables, makes things easier for burglars. Be careful about your keys, and change your locks if there is a chance that former employees may have had the keys. Do you have spring snap locks on the doors to your shop? They are

often opened by slipping a piece of plastic or stiff paper through the crack between the door and the door jamb. Better see to it that locks are of the solid-bolt type. A good habit at closing time is to check all doors, windows and locks, to see whether they are really locked. Strangers making deliveries or appearing to look around a large store as though they were shoppers, have been known to enter an appliance store and jimmy or fix a lock for easy opening later.

EMPLOYEE DISHONESTY

Did you know that the greatest and most constant hazard in all businesses comes from employees and not from outsiders? That's true! But a funny thing is that the service dealer who knows that an outsider would make off with his cash, if given a chance, just never seems to want to recognize a similar danger from his own employees, whether relatives or not!

Once a service dealer grows large enough to hire employees, he has to watch out for petty stealing of cash, stamps, tubes, parts and merchandise, from antennas to sets. This is known as "embezzlement," especially when it consists of the taking of relatively large sums of money which may be entrusted to an office worker or a service employee. Even the stealing of petty cash, that is, day-to-day stealing of small amounts, can become very large over a period of time.

If you look up the records of embezzlers, you will find that they have been with their employer close to ten years on an average, and often have been stealing company funds for anywhere from three to five years before being caught. When "John" is caught, his neighbors say, "I just can't understand it, John has always been such a respectable citizen and a wonderful family man." Embezzlers have often been leaders in civic or religious organizations and even relatives of their employer, or partners in the business. And they usually start by "borrowing" the money they handle for the business, which of course, they intend to repay, but somehow, never do.



CHECK LOSSES

Aside from your cashing checks for customers, you must look out for these check frauds, on the part of dishonest employees: changing the name of the person who is to receive the payment for the check (payee's name); raising the amount of the check; changing the date; counterfeiting existing checks; making up "fake" checks; and forging signatures of either the person who made out the check (drawer) or endorser.

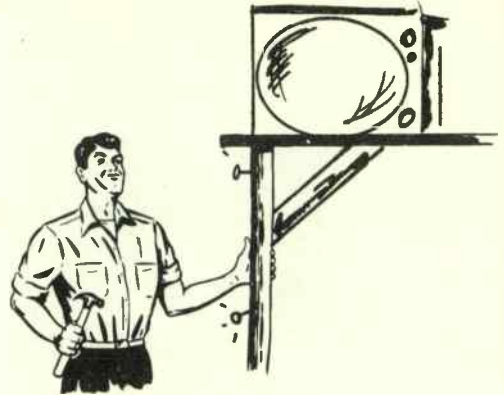
See to it that every person, serviceman, salesclerk, bookkeeper, who handles checks or cash, should be checked on by someone else for both possible errors and dishonesty. If you have a bookkeeper or a cashier who prepares your bank deposits, then someone else should go over the cancelled checks and bank statements. All large payments, whether by check or by cash, should be approved by you, if your operation is a small one. As you grow larger, at least two signatures should be required on all checks. You should also have an accountant by that time, who will make certain that no one in your employ is having checks made out to phoney companies and that you have actually received all the shipments for which you are billed and for which checks are sent out.

CASH LOSSES

TV servicemen are probably no more honest or dishonest than other men in other businesses who receive payments from customers, either for service calls or for charge accounts. Still, you operate with the danger of financial loss here, and you may also have customer complaints of errors in their accounts. You send out a bill and Mrs. Jones phones to say, "Why, I paid that bill at the time your man serviced my set!" Customers should be told to pay by check, made out in ink to the service dealer and to get a signed receipt for all payments made in person.

Since no system is fool-proof, it is a good idea to change the persons responsible for company money, every so often, or at least require that they take annual vacations. If you have enough employees, don't make the replacement a close friend of the person you replace! You would be amazed at how many dishonest employees have been discovered for the first time by these recommendations.

Do you have a system of cash paid-out slips? A customer brings back a purchase (not a tube!) and is given a refund. You or an employee pay out the cash and put a slip to that effect in the register. Well, you need protection here also! A lot of stealing is



MERCHANDISE LOSSES

often done just through changing the cash-paid-out-slips. Even a small TV service dealer can lose a lot of money from this kind of theft, over a few years' time. With a stroke of a pen, a slip can be raised from a \$1.10 to \$1.70, or to \$4.10 or to \$4.70. Or to other figures just as easily. To safe-guard against this, you can have a small machine called an autographic register on which all pay-outs are written. In this way, the carbon copy, which remains locked in the machine, becomes a dependable way of verifying the cash paid out.

Make frequent "spot" checks on all cash, parts, tubes and merchandise at unannounced intervals. When a "shortage" or "overage" appears, do something about it! Shortages are more likely to happen, and they may show up embezzlement, employee carelessness, or theft by outsiders. Since overages don't happen often, you may not realize that they are very dangerous. Dishonest employees get to know when the usual check-up is going to take place. In between these times, they build up an amount that will be worth taking or an amount that is convenient and easy enough to hide if it is in cash such as a \$2.00 or \$20.00 bill. It is sad to say, but it is true, that employees are responsible for most of the cash stolen from their employers and from customers through short-changing and similar tricks over a retail counter.

There have been many cases where dishonest employees have been able to cover up on thefts of parts and supplies, which they use to operate their own servicing operation in a different town or in another part of a large city. Some employers believe that employees steal more merchandise than shop-lifters. Keep your eye open for different kinds of shop-lifters, especially professionals, who usually work as a team. One walks with you to the back of your shop and the other puts a portable radio under his arm and walks out. Then there is the amateur who may be sick (kleptomaniac), and then you have teen-agers. A large amount of shop-lifting and vandalism is done by youngsters; often by members of organized gangs. Be on the alert when several of these youngsters come into your shop at one time to inquire about portable record-players, tape-recorders or do-it-yourself kits.

LIABILITY TO THE PUBLIC

Since all your dealings are with the public, you need three kinds of protection against losses in these cases: a customer injured in your store; people or property injured by your business vehicles; people hurt using products handled by you.

"Do you mean to say," said one Service Dealer, "that if a passerby comes into my shop, I am legally liable for his safety?"

You sure are! He could sue you for injuries which result from your failure to provide for his safety. You or your employees may have learned from a knock on the head to avoid an overhead obstruction or a dangerous step on the stairs, or the sharp point of a display case, but you have to protect your customers from these hazards. Slippery floors, cartons or equipment in danger of falling off tables and shelves, need attention and correction by you.

Start with the outside of the store. Overhead signs should be inspected frequently to make sure that they are in no danger of falling and injuring passersby. Indoor signs, displays, hanging objects, sharp edges in corners, broken glass, projecting nails or splinters, drawers or doors left open, and similar things, will cause many unnecessary cuts and bruises and occasionally even serious injuries.



Finally, there is one other important form of protection that you need. You want to eliminate any possible financial loss that could result from the sale of picture tubes or any parts of sets or appliances. When a product you sell causes injury, even though there may be no actual proof of negligence

on your part, you may be faced with the expense of a long lawsuit and a jury that will be generous with your money.

We hope that by now you are thoroughly convinced of the dangers you face as a TV Service Dealer.

"What can I do?" you say, "to protect myself from these financial losses.

BUSINESS INSURANCE

Fortunately, it is not necessary for you to stand these losses by yourself. Even though some of them are mostly beyond your control, you can protect yourself by business insurance. An insurance company will not necessarily eliminate the hazards, but they will protect you against the chance of loss. For this protection, you pay a charge called a "premium", which is small compared to the amount of the possible loss or damage. Often, you can reduce your premium by taking the preventive measures we spoke about earlier, since these will reduce the possibility of loss.

Later in this lesson, we are going to tell you about all of the different kinds of insurance which are available to give you the different kinds of protection you may need. Insurance, like TV servicing, is a technical and highly specialized business. The economical purchase of insurance by you, and the preparation of a complete insurance program, is a job that requires a good deal of knowledge, skill and experience.

INSURANCE AGENTS AND BROKERS

First you have to determine the most important protection you need. Then you have to select the proper insurance to give you that protection. We don't expect you, with all the problems of managing your own TV Servicing business, to become familiar with the technical details of the insurance business. We think that your most important step at this point, is getting the service of insurance specialists, called "agents" or "brokers". If you don't know a good agent or broker, one

you can rely on for advice on all insurance matters, ask your banker, lawyer, or your real estate man. Your payment for the services of an insurance agent or broker, is included in the price of your insurance policy or policies; it is known as his "commission".

The kinds of insurance you need should be tailor-made to fit your particular business; whether you have a shop, its location; whether you have employees, service automobiles or trucks; whether you have your own building or rent; the size of your business. An agent or broker can tell you what kind of insurance you must have according to law, and what kind you should have for your own protection.

You will reduce your insurance costs and save money, by getting the best available counsel. You can be "overinsured," as well as "underinsured." A good agent or broker will see to it that you are adequately and properly insured, but will recommend that you carry no more insurance than you actually need. In the event of loss, it is his duty to help you present your claims and get payment.



FIRE EXTINGUISHERS
CAN SAVE YOU \$\$\$

HOW TO SAVE ON FIRE INSURANCE

There are many ways your insurance agent or broker can help you reduce the cost of

the insurance you may need. For example, you can buy fire insurance for buildings, equipment or merchandise, for a three year term with important savings in your premium cost. You can often get a reduced premium, by taking certain safety measures, such as: fire-proofing materials or the installation of an automatic sprinkler system; these can pay for themselves over a short period of time through lower insurance rates. You may not realize it, but the rate could also be reduced by having such things as fire extinguishers or eliminating rubbish in a back room, correcting a faulty wiring circuit, or making similar changes. Your insurance agent should know about all the things you can do to reduce your premiums and he should get these reductions for you, when you do what is required.



CLEAN UP!!

We want you to realize that there are important differences in what insurance policies cover. Some of them do not have so-called "fringe" coverages, which are essential if you are to receive the full advantage from insurance. You may find that a particular insurance company will not give some of these so-called "fringe" coverages. If you find out that other service dealers or businessmen are getting these benefits, they must be available and you should insist that your agent or broker get you these advantages

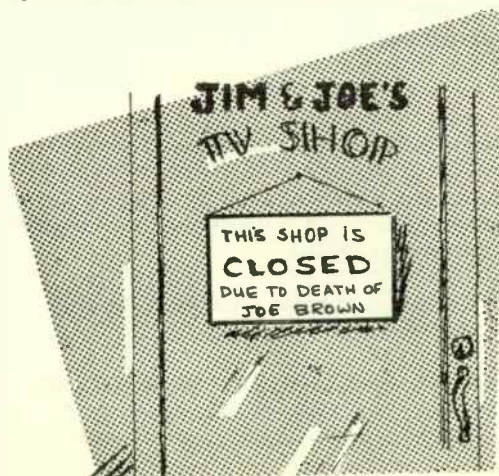
also, provided they are reasonable in cost and you need the particular protection.

INSURE WITH LICENSED COMPANY

We certainly do not recommend that you insure with just any company that promises you protection for everything under the sun, at half the cost you have been led to expect. You know this can't be done in your business and it isn't done in the insurance business. Insurance companies are usually licensed by the insurance department of the state in which they do business. Make sure that your insurance is placed in a licensed company!

Your state insurance department licenses and supervises all insurance brokers, agents, and insurance adjustors, just as it may some day license TV servicemen. It licenses insurance companies to make sure that they are in a sound financial condition. Insurance rates are often subject to state approval. These things are very important to you, when you have to submit a claim for a loss. Find out about them before you buy your insurance, so that you will really have the protection you counted on.

We have talked about many kinds of protection you need. Now we want to talk more about the kind of protection that primarily concerns you, the owner of the small service dealer business.



BUSINESS LIFE INSURANCE

Actually, you are the business. Even if you have a partner, the partnership is dissolved by the death of either you or your partner. The business, the financial interest of your family or the remaining owners of a business, need protection, so that the business will keep going. If you are the sole owner, the business usually becomes part of your estate, according to the law, in most states. There is a danger that everything owned by the business would have to be sold, at a heavy loss. A business usually needs money at such a time, to continue until the heirs are able to take over and manage it profitably or until they have time to sell it profitably.

If you wonder whether you need that kind of protection, just think of what would happen to your business and what would happen to your family's depending on the income from that business!

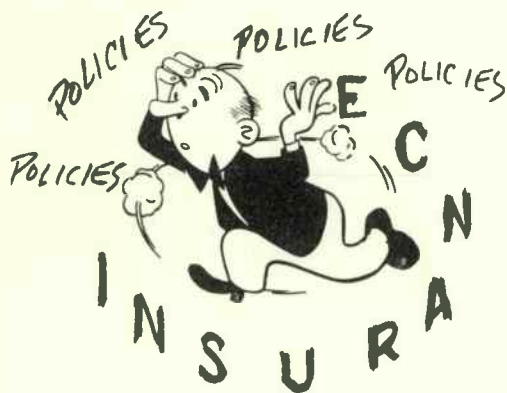
You have another kind of protection problem, when your service dealer business is owned by a partnership. If there is no money to buy out the family of a partner who has died, the surviving partners or partner may be unable to continue the business as they would like to. They may have an unwanted partner forced on them by the heirs to represent them; or a thriving service dealer operation may have to be sold out at a substantial loss.

Each partner would be protected by taking out life insurance on the other partner payable to himself. Then, if a partner dies, the remaining partner will have the money to buy out the share of the partner who died.

So, you see, business life insurance is life insurance used to protect your business or your family from the financial loss which would result from your death or that of a partner. It makes it more possible for a business to continue, and for the full value of your share of the business, to go to your family. Actually, there is no basic difference between business life insurance and the life insurance you can use for your personal and

family needs; both are insurance on the lives of people. It is just life insurance "tailored" to meet the need for protection of your business.

PROTECTION



widow with children. Consider, also, any benefits your dependents may get under provisions of the Social Security Act. Also, figure the value of the personal and business property your family would get support from, after your death.



Term Insurance can give you extra coverage while you are paying off the mortgage on your house.

PERSONAL LIFE INSURANCE

Have you ever asked yourself: "What is the real purpose of life insurance?"

If you are the breadwinner of your family, the support of your dependents, then the main purpose of life insurance is to protect your dependents from the financial loss and hardship, when death takes your support from them.

Of course, many people look upon insurance as more than "pure protection". They consider it as a savings, providing for a retirement income, or for accumulating a fund for a specific use in the future. It should not, however, be considered a substitute for regular thrift in a savings or investment plan. When you think of how much life insurance you need, think of the size of estate you plan to leave your family. Think of these needs in terms of monthly income to your

As you can see, your insurance requirement depends on your family situation, which, of course, keeps changing. Therefore, if you are going to do any "estate planning", get the advice of a reputable life insurance agent and revise your life insurance from time to time, to bring it in line with your changed situation. "What changes?" you say. Well, are you married or single? Does your wife work? Do you have one or more children? Do you have parents or other relatives, dependent upon you? Will your TV servicing business go on giving support to your dependents after your death?

You should know something about the three main types of life insurance:

1. Term Insurance - This is sometimes referred to as "pure" insurance. It is usually the lowest cost insurance. It is often used to provide protection for a limited

period for low outlay. As in all other things you buy, you get what you pay for. Term Insurance may give you what you need, to give you the extra insurance coverage while paying off some large obligation, such as a loan for your business, for the purchase of a car, or a mortgage on your house. Term Insurance pays a benefit in the event of death, but has no loan or "cash surrender" value. If you get "renewable term" insurance, you can renew the policy without medical examination, until you are almost 70 years of age. Term insurance may be the best thing for the TV serviceman starting in business, because of its lower cost. It is usually exchangeable for another form of insurance, at any time you want it.



Before you make a final decision on what insurance best meets your needs, make inquiries from several companies and also, if they have it in your state, find out about savings bank insurance.

2. Straight Life Insurance - Provides death benefits, providing you pay premiums as long as you live, or for a limited number of years. For example, there is a 20-

payment life policy. Straight Life policies usually provide cash surrender values, loan values, and may also be used for retirement planning.



3. Endowment Insurance - If you want more than "pure insurance" you must pay for it. If you want your insurance to provide a retirement fund for you, then you have to pay extra, to build up that kind of fund.

Some people feel that they prefer to get the term insurance and put the difference into savings. Others feel that "the only way I ever save is in my life insurance." Just remember, that if you buy expensive insurance, it may be harder for you to carry, when things are a little tight. It is true, also, that if you combine your savings with your protection, in one policy, and you want to borrow on that policy, you have to pay for the borrowing of your own money, whereas if you had a term insurance policy to give you protection, and your other money was in a savings account, you would have it handy at no extra cost, to help you in event of some family emergency.



Now, let's add up all we have said about life insurance. There are different kinds for different purposes, at different costs. Deal with a responsible agent, a licensed company, and compare values. You will be following the same buying practices you do when you buy brand name tubes and replacement parts for your business. You get what you pay for!

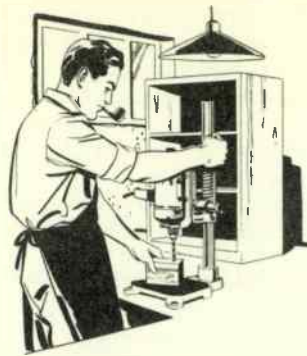
WORKMEN'S COMPENSATION

Paul was working over an old three-way portable radio on his workbench, while his boss watched him. It seems that at one time, the owner or a technician, replaced the loop on the cover with another fastened inside the lid. A short length of solid enamel wire, which was to give increased pickup to the loop, came out through the crack between the lid and the case, and stuck straight up. As Paul bent over the set to get a knob loose, the sharp end of the wire scratched his forehead and he jumped. He just rubbed the scratch and bent forward again to continue working over the set, when his boss stopped him.

"Do you want that wire to jab out your eye?" said his employer. "Loop the end of the wire and tape it flat against the inside of the lid, before it destroys your eyesight."

"I'm usually pretty careful," Paul said, apologetically.

"That's not good enough. I want you to watch out for all the dangers in your work.



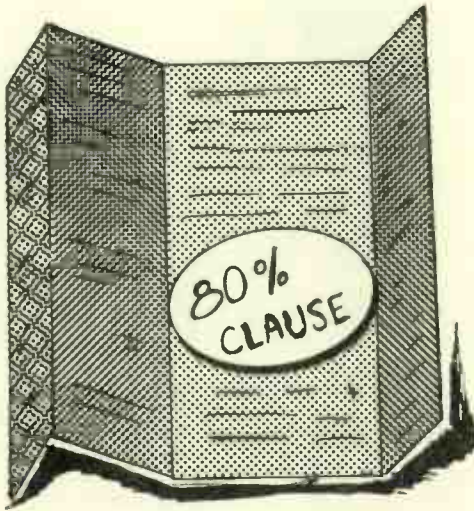
Don't hold a hot iron on the soldered joint, while you pull the wires soldered to that joint, toward you. A piece of hot solder will splatter right into your face. If it should ever hit your eye, your good eyesight won't be good any more."

There are other ways in which a serviceman can be hurt on the job. You can splatter harmful chemicals into your eyes. You could hold a panel in your hand while you drill it, until the drill goes through the panel and cuts your fingers. You could drill a hole in the panel or chassis without putting it in a drill press; a good way to get a nasty cut, break a finger or even your wrist, as the drill slips away from what you're drilling. You can get many solder burns from a solder gun tip, by not holding your material or wire with pliers or tweezers. You can burn your arm by reaching back into a chassis for a tube, as you rest on a red-hot rectifier or output tube, instead of being careful to roll down your sleeve, or laying a newspaper over the hot tubes. You can cut your fingers, if you don't wear a heavy glove or use a tube puller and one of those hard-to-get-out tubes breaks in your hands.

Most TV technicians don't have to be reminded about the big dangers: the dangers on a roof, while installing antennas; the dangers of implosion when handling picture tubes; the danger of being electrocuted by the sets they work on or the equipment they use. It's the "little" dangers like lockjaw from an infected burn or cut that you have

to watch out for. It can kill you just as dead as a fall from the top of a 60-foot TV tower!

Most states require that an employer take out insurance to pay for injuries or occupational diseases suffered by employees, regardless of who is at fault. This is called "Workmen's Compensation" Insurance. Unfortunately, even Workmen's Compensation does not provide for an "exact replacement"; there is no such thing for the loss of an eye, finger or a technician's life.



Workmen's Compensation may be covered in some states through a state fund, or by an outside policy or through some form of self-insurance. Your insurance agent or broker will tell you about the requirements in your state. Ask him also how you can get a reduced rate through accident prevention. Workmen's Compensation Insurance is probably the greatest single item of insurance expense for the TV service dealer. Remember that you, the owner, are not covered by it. It is only for your employees. Of course, if your business is organized as a corporation and you are employed by the corporation, then you are an employee and will

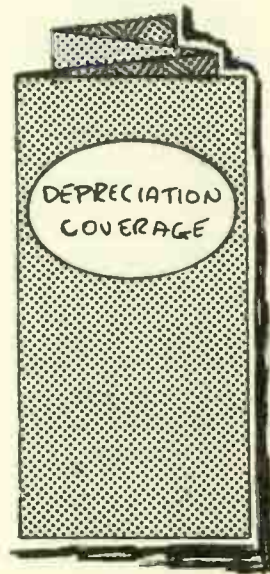
be covered by Workmen's Compensation Insurance.

HOW MUCH FIRE INSURANCE?

"I figure that I have about five-thousand dollars worth of equipment and fixtures in my shop. Since the fire house is just down the street, I don't expect to have a big loss if I do get a fire, so I am going to take out just a one-thousand dollar fire insurance policy. Do you think that's advisable?"

No!

Ask your insurance agent or broker to explain to you "co-insurance", or the "80% clause". Briefly, it's this: When you have a loss, you must prove to the insurance company that the fire insurance you carried equals 80% of the insurable value; the service dealer, whose shop has five thousand dollars worth of insurable property, should have insurance amounting to 80% of five thousand dollars, or four thousand dollars worth of fire insurance.



If that amount is carried, any loss will be paid in full, up to the amount of your policy. If, however, you have only one thousand dollar coverage, only a fraction of the loss will be paid. Fractions are determined by the amount of the policy over the amount that it should have been; in this case, one thousand dollars over four thousand dollars, which equals the fraction 1/4. The most you could cover would be 1/4th of any loss, regardless of its amount. In no case will you be able to collect more than \$1000, and that, only if your loss amounted to or exceeded \$4000, the required amount under the 80% clause. In other words, when your shop is practically wiped out, the most you could recover would be \$1000. Since fire insurance is at such low cost, it does not make sense for a TV service dealer to be under-insured.

Most under-insurance is due to carelessness: failure to check the values against the insurance, especially during a season of high inventory and failure to have proper figures on building and fixtures. Your fire insurance policy may be based on the "insurable value"; this represents the cost of replacing the property on the day of the loss, less a percentage for the decrease of value due to the age and condition of the property. If you want to be insured enough to cover the full replacement of your property, you would have to have "depreciation coverage". Ask your insurance agent or broker if this is available. If the added cost is reasonable, get it. Since the cost of additional insurance is usually small, many businesses carry even more insurance than is actually required, in order to be on the safe side. The smart serviceman is always on the safe side!

If you take in a lot of merchandise into your store for the Christmas season, your insurance agent can arrange for giving you temporary "extended" coverage, to protect these "peak" inventories. Your insurance company requires an accurate record of inventories, so that the exact replacement value of your tubes, replacement parts, sets, and other merchandise, is known at all times. We spoke previously of the need for having

an accurate inventory to help you buy properly. You can use the same inventory for your insurance, so there is no extra work on your part.

YOU SHOULD HAVE
EXPECTED ME TO
CHANGE MY MIND!!



Over-insurance is a waste of money and you should avoid it! If your property is worth \$5000 and you insure it for \$10,000, you will have to prove the amount of your loss and that is all the insurance company will pay you. We want to repeat this idea: there is danger in under-insurance and waste in over-insurance.

WHAT AUTO INSURANCE DO YOU NEED?

"I'm down at the corner of Main and First Streets," phoned Serviceman Sam to his shop. "A woman driver just smashed into the front of my service truck."

"How did it happen?" said his boss.

"She stuck out her hand to make a left turn and made a right turn instead. Then, she bawled me out for not expecting her to change her mind."

If you have a new car or truck, it may be worth having; as your automobile or truck gets older, give further consideration before you renew it.

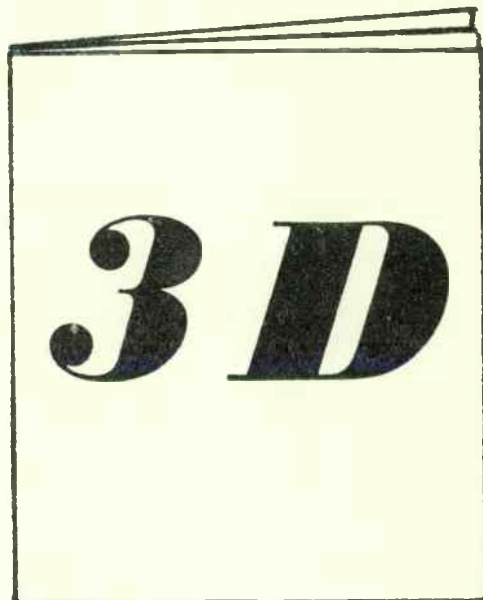


If you or your employees operate a car or truck to make service calls and installations, you need automobile insurance. Here are some of the different types:

Bodily Injury and Property Damage Liability Insurance — This covers you for bodily injury and property damage in the operation of vehicles owned by you or vehicles owned by others, occasionally operated by you. In some states, this insurance is compulsory. If you don't have it, even where it's not required by state law, one serious accident can put you out of business and "in hock" the rest of your life.

Non-Ownership Liability Insurance — This covers you for any loss arising out of the use, in your business, of an automobile not owned or hired by you. For example, you may have servicemen owning their own cars, but using them on service calls, for you. This insurance protects you.

Collision Insurance — This covers the loss through damage or destruction of your car, by collision or upset. You can get this insurance on a "deductible" basis, where the insurance company is only liable for that part of the loss which is more than the first 25 dollars or 50 dollars or other fixed amount; or you can get it on a full coverage basis where the insurance company is liable for the full amount of any loss. This is usually considered very expensive insurance.



Medical Payments Insurance — This provides for the payment, regardless who's legally liable, for medical, surgical, hospital and nursing expenses, resulting from accidental injuries to any occupant in your automobile, including you.

The service dealer who has employees can be protected by what is known as "fidelity insurance" against losses of property and money, resulting from the dishonesty or fraud of his employees. Ask your agent or broker about a "blanket bond".

CRIME INSURANCE

You can get protection from losses due to criminal acts of those other than your employees, by one crime policy. Protect yourself against: forgery (falsely making or altering a check or other written business paper, with intent to defraud); open stock burglary (forceable entry of which there are visible marks); robbery (taking property by

force or by threat); theft (stealing of merchandise when your shop is not locked, or after illegal entrance by key). It is a good practice to get a fidelity bond covering employees, and a crime policy, from the same company. Ask your agent or broker about the "three-D" policy (dishonesty, disappearance and destruction).

Even if you are insured for the theft of your service truck or automobile, your policy may not cover the loss of the sets, parts, tools and other equipment you have had in them. Ask your agent or broker whether "floater insurance", or some other insurance, can be obtained to protect you.

Insurance companies write hundreds of kinds of insurance. There are many variations of each kind, to fit individual needs. Get expert advice and make a careful study of the needs of your service dealer business. Consider these needs in the order of their importance, because you can't afford to buy every kind of insurance that is available.

Certain kinds of insurance protection are essential to you, because lack of them might result in a financial loss that can cripple or even kill your business. Look for the kinds of insurance protection that you need and can afford. The right kind of business insurance protects your property and, therefore, your credit standing. In the long run, it protects your profits.

CHECK LIST OF INSURANCE PROTECTION

BUILDINGS

- Fire (building and contents)
- Improvements
- Extended coverage
- Vandalism and malicious mischief
- Earthquake and flood
- Sprinkler leakage
- Water damage
- Glass
- Business interruption
- Extra expense
- Rent and leasehold
- Replacement cost
- Debris removal
- Demolition

EMPLOYEES

- Workmen's compensation
- Accident and health
- Disability
- Medical payment
- Life (group life)
- Pension plan

OWNER

- Life: single owner, partnership, corporation "keyman"

EQUIPMENT

- Auto damage
- Use and occupancy
- Boiler and machinery
- Neon sign

MERCHANDISE

- Robbery, theft, burglary
- money and securities
- 3-D Broad form
- Floater
- Parcel post
- Fidelity bond

MISCELLANEOUS

- Public liability
- Products liability
- Credit insurance
- Title insurance

CHAPTER 9

HOW TO BE YOUR OWN PERSONNEL MANAGER

Did you hear the one about the service dealer who advertised for an experienced TV technician and was willing to pay \$100 a week?

He got one applicant who said he'd take the job, "but I want \$200 a week." The Dealer asked, "Did you ever repair TV sets before?"

"No," answered the applicant.

"And you want \$200 a week?"

"Yeah," said the fellow, "The work is much harder if you don't know how to do it."

Hiring and keeping qualified people is no laughing matter. It is one of the most serious problems which service shop owners are faced with. It is an even more serious problem when you want to hire a technician. In this lesson we'll talk about the hiring, training, supervision and paying of qualified help.

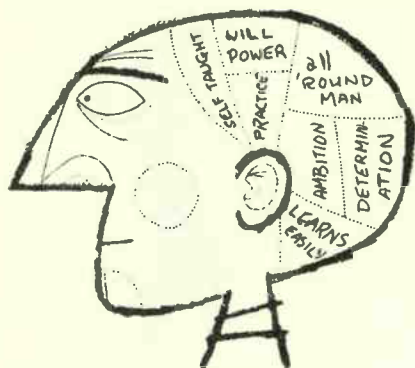


WHOM SHOULD YOU HIRE?

Most service dealers prefer to hire a man who is experienced, technically skilled, able to handle people in the shop or on service calls and one who will create a good will for the business. You want a man who will be steady, a good producer and willing to work for the salary you offer. Although there are probably some men who have these qualifications, your chances of hiring them are pretty limited. In fact, you soon get the feeling that most of the good men already have jobs somewhere else.

You may have to settle for hiring a man who can be trained to fit the job. He must have a fair amount of technical know-how, a pleasing personality and the ability to learn and grow.

His knowledge of Radio and TV Servicing may have come from a correspondence course in Radio and TV, or he may be a graduate of a technical school, or he may have had electronic training and experience while in military service. You should consider the self-taught serviceman as being a suitable apprentice; any man who has the will power, the determination and ambition to study the necessary subjects at home and learn through practice on his own set and others, may be just the all round man you need to break in for your small service shop.



If a man does not have the amount of technical ability that you want, he may still be worth hiring if he is "on the ball" in other ways. He may have just the pleasing personality a service technician needs to successfully handle customers; tact and courtesy as well as knowledge will help him make sales and repeat service calls. These characteristics do not always come through experience and technical study. The technician you want must be one who has learned from experience and is still willing to learn how to improve his handling of customers as well as sets.

Do you have a good idea of the qualifications you want your new technician to have? Now the search begins.

HOW TO GET APPLICANTS

Try to get the people you need from the most reliable sources you can. Care in selecting the technician, bookkeeper, stock clerk or salesmen you hire will pay dividends later. The place to try first is from among the people you know, perhaps from your present employees.

Sometimes excellent prospects are turned up when your own people introduce their friends. You can expect that many times the people being presented will be very like those who bring them around. Before you use this source, you had better decide where you stand on the matter of hiring people who are related to, or friends of, your present employees; this has good and bad points.



Another source of applicants are those people who come into your shop or approach you at other times for a job. Some service dealers feel that those who actively seek a position show more initiative than others.

Former employees make another possible worthwhile source of applicants. Frequently, changes in home situations and family responsibilities cause good people to return to you for work. Sometimes this source is particularly useful in finding temporary help for seasonal needs. For best results you will want to keep a record of former employees who did good work on previous employment with you. If a technician leaves you on good terms, you may still find it helpful to have him do your antenna installations or some bench work in his spare time.

APPLICANTS FROM SCHOOLS

Radio TV schools are another source of help worth investigating. As a rule you can expect these institutions to "meet you more than halfway" as far as cooperation goes. The people they send you may be less experienced but they often bring with them the advantages of youth, recent training, adaptability and enthusiasm. From some schools you can get part-time technicians who may then stick with you upon graduation.

APPLICANTS FROM AGENCIES

You may also be able to hire people through local employment agencies, either public or private. The private agencies charge for their services and this fee may be paid by you or the employee you hire, or it may be split between you. If this source of help is to be successful, you'll either have to pay the fee or make the job attractive enough so that an applicant will be willing to pay all or part of the fee himself.

ADVERTISING FOR APPLICANTS

Many service dealers feel that one of the most successful ways to obtain qualified help is through classified newspaper advertising. It can produce very good results if your ad



is worded properly; that is make it attractive, and at the same time, don't give any false impressions or make any wild promises. Ask yourself: "Why should someone want to work for me?" What you have to offer should be in your ad: "Security", because you have been in business for a number of years; "Big Business", because the technician likes to be part of a growing organization; "Modern Shop"; because he wants to work with good equipment in a livewire organization.

See that your ad offers a challenge. Here are some headings you might use; "Are you as reliable and accurate as your VOM?"; "Can you give sound satisfaction?"; "Can you cut call-backs?" Your ad should interest the man who is willing to accept responsibility or the trainee who wants to learn your business. Look at other classified ads to see how they appeal to technicians. Also look at the Situation Wanted ads; the ads placed by people who want jobs. Because of their experience in making up ads, the people who take your ads at the newspaper can often make good suggestions for you.

YOUR JOB IS HIRING

Now you are getting people to apply for the job you have opened. Your job is just beginning. It's up to you to pick the right man for the job. You will now have to find out as much as you can about the applicants. The usual way to do this is through a personal interview, and having an application filled out.

It is costly to you for the time you spend in interviewing and training new employees. It is costly if you make mistakes. You lose money when a technician leaves his job throwing your bench work and service calls off schedule. You lose profits when it takes a new employee time to learn your stock, your routine, your customers and your policies. Think of these costs when you interview the next man who applies for a job in your shop.

HOW TO INTERVIEW

"Get the facts, man". If you ask the right questions, even a brief conversation will give you a good basis for decision. Don't be fooled however; don't be too quick to make a decision for or against a man until you have your most important questions answered. Some of these questions may be as follows:

Does the applicant have the training and experience your job requires?

Is he willing to work evenings and weekends if necessary?

Will he stick with you or has he had so many changes of jobs that he is probably a "job-hopper"?

Will he be satisfied with the pay you are offering him?

How does he stand in the draft?

Does he have a settled family life?

Does he appear to have the personality suitable for dealing with your customers?

Is he a safe driver?

Ask, "What kind of a fellow was your last boss?" The answer to this question can tell you a lot. The way men speak of their former employers can give you an idea of how they will work with any boss. Try to find out about his credit rating. How well he handles money in his home life may give you an idea as to how well he'll handle it on the job.

At this point in the interview, you may have your applicant give you the usual information on his schooling, past employment, military service, marital status, number of dependents, salary requirements, health.

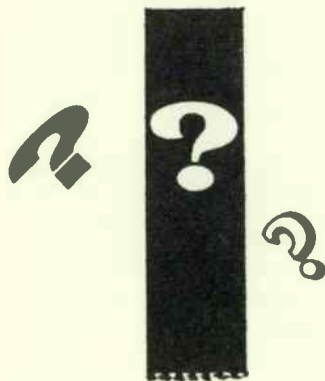
Service dealers have found it worth while to pay for a physical examination before agreeing to hire a man.

In order to save you a lot of time in testing his technical knowledge, you might prepare in advance a simple test which the applicant can complete in 20 or 30 minutes. From the result of your test you will be better able to judge his technical background than from the answers to a few questions you can ask him during the interview.

CHECK REFERENCES

Get work references and be sure to check them. Former employers may be your best source of information about the applicant. If it is possible to make a telephone call, do it because a former employer may tell you many things over the phone that he would not put in a letter.

When possible, review the record of past employment for an unbroken period of 10 or 15 years (this depends on the age of the applicant). If a man does not account for a period of time, such a gap sometimes hides prison terms or dishonesty in a previous employment. You can frequently get important information from people the applicant worked with in the past (not employers), banking references, and community acquaintances. Installment accounts paid on time, rent or mortgage payments paid when due, are signs of an ability to live within an income and are also good yardsticks for measuring a man's



desirability as an employee. Character and reference checking is an important way to protect your business against dishonesty.

Hello, Mr. Brown. I have an application from Jim Smith, a former employee of yours. I'd like to check----



Each year dozens of small firms are driven into bankruptcy by business dishonesty. Every week thousands more suffer losses of this kind which should have been profits. Your business is a potential victim. Having been lucky in the past doesn't mean that you can afford to be careless. One of the ways of preventing losses caused by dishonest employees is in not hiring them.

One young fellow applying for a job as TV technician had with him character references from several ministers. The service dealer and prospective employer said to him, "Don't you have references from anyone who knows what you did on week-days?"

Check on all references before you make up your mind. Check up on his employment dates, duties, salaries and reasons for leaving his former jobs. Find out about his habits and what kind of worker he was. Ask: "Would you rehire him?" If they say "No", find out why. It may prove to be the reason why you won't hire him either.

"SELL" YOURSELF

Remember that an interview is not a torture chamber. If the applicant seems to be qualified, tell him so; but also tell him that you

would like to talk to the other applicants before making your final decision. If he is not qualified, courteously explain to him why that is so.

The interview is also the time for you to talk "turkey" to the applicant who seems to fit the job. Tell him exactly what you expect him to do and how you will pay him. Tell him about your vacation policy, provisions for sickness, group health or life insurance, auto allowance (if he uses his car), hours, "coffee break", rules, holidays, and other things that will make up his working conditions.



You have to sell him on you and your shop's policies just as much as he is trying to sell himself. You want to get together on an arrangement that will result in a long-lasting mutually profitable employment.

TRYOUT

Here is one other idea some service dealers use before they make their final decision about hiring a technician. They try him out on a few typical service jobs in the shop. They take this extra precaution because hiring a man is as important as making any other investment in the business. If you invest in the wrong oscilloscope or an undependable line of unbranded parts, you lose the money you invested. If you hire a man who quits or has to be fired shortly, you lose the money invested in him, his salary which you paid him during the breaking-in period.

You may also lose customers he may have handled badly; his call backs will be your headaches.

PERSONNEL REPORT

Before we leave the topic of "hiring", there are two other things that a service dealer may want to use in evaluating an employee. You no longer have to rely entirely upon naturally-biased statements of job applicants. You can get a "personnel report" from many local credit bureaus. This is in the form of a questionnaire which reveals much helpful information on any type of prospective employee. It may cost only a few dollars or more depending upon the amount of detailed information you want. You are more likely to get the correct age of the applicant or whether he forgot to mention the short and unsatisfactory employment. In some instances, men considering business partnerships have drawn such reports on each other.

TESTING SERVICES

Another form of outside help you can get is a testing service. The hiring staff of a large organization often uses three types of tests: mental tests, performance tests, and the physical examination. There are many varieties of mental tests. Some are designed to measure intelligence or the ability to learn. Others are helpful in rating aptitudes, interests, attitudes and particular personality traits. Although there are different opinions regarding the value of such tests, their use in industry is steadily increasing. No such test should be given or interpreted without expert guidance. This is available from many educational institutions, professional personnel institutes and practicing psychologists. Watch out for charlatans.

You are actually giving performance or achievement tests when you have an applicant service a radio or TV set in your shop as evidence of his ability. Of course, if its your wife's nephew applying for the job, you may want to put aside all our suggestions.

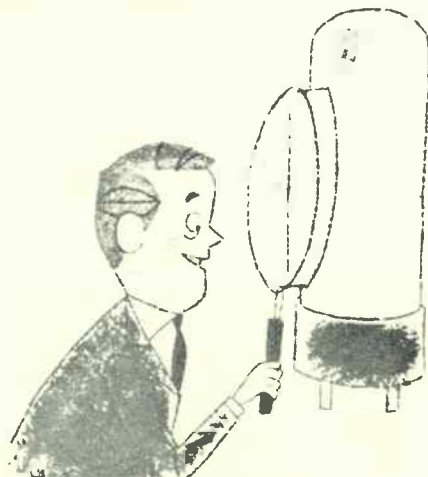
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HERE'S MY
EXAM
PAPERS



TRAINING NEW PERSONNEL

The next important step in keeping qualified personnel is training. The training you give them is important to maintain high quality performance on the part of your employees. Every employee needs special instruction to serve your customers well, and by doing this, make a profit for you. Learning should be going on all the time. Employees learn by themselves or you can train them. The



(Westinghouse Electric Corp.)

advantages of systematic training are: it shortens the learning process, reduces wage expense, improves individual earnings, promotes job security, reduces labor turnover, lessens the need for supervision and builds employee morale. The training you should give your employees is basically establishing a set of work habits. You must explain your policies and regulations. After these basic points are covered, the actual operating details of the technician's job must be explained and discussed until all questions of how, when and where are clearly understood by him.

There are many ways to train your employees. On-the-job personal coaching is a way of developing an employee; it involves explaining, demonstrating, observing and correcting. You show "how" and the employee practices. Mistakes are corrected as you go along. Skill and confidence build up little by little each day. As the employee's abilities grow, the time you spend for coaching will be reduced. Its advantage is that the training is conducted on a highly personal basis. It can also be a time waster unless you make it a rule always to have something to say, say it and then stop.

Realize that you are training an individual. Expect your trainee to be an intelligent adult and never "talk down" to him or treat him as though he were a child. Remember that he cannot be expected to know everything about your service dealer operation. Give him a chance.

Tie in your training with tangible benefits. Show your new employee how doing a better job will mean more sales, more profits and ultimately more pay. Money is something everyone understands! Make the most of it in training a new man.

ON-THE-JOB TRAINING

For the first couple of days the new man should work with you or with someone who is familiar with your operation so that he can "learn the ropes". If he has never worked for a service dealer before, have him work inside for a short time. Show him how to complete



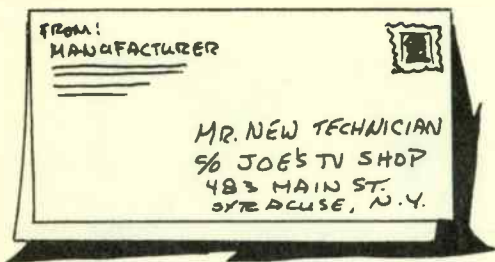
(Westinghouse Electric Corp.)

bench repairs by replacing units that you or another employee has already found to be defective. Have him put a repaired chassis back into a cabinet and get it ready for delivery. To help him become better acquainted with the use of your test equipment, have him check tubes and do some of the initial trouble-shooting of sets on your bench.

Now take him out on a couple of service calls. Explain your approach to customers; tell him what manners and attitudes you have found most successful. After this let him deliver some repaired sets and make simple calls by himself. When he returns to your shop, get a full report from him. This is a training program with which you can help him learn more about his work and how he should handle it. Encourage him to ask questions. This is the most natural way he will find out what he has to know. Tell him to phone you when he is out on a service call if he runs into difficulty or if he is not sure how to handle a situation. Be fair with your criticism. Everyone makes mistakes but the intelligent technician can learn by correcting his errors. That's the man for you.

STUDY FOR THE TRAINEE

The motto for you and your technicians should be, "Learn as they earn". Keep up to



date with the latest developments. How do you keep up to date? Study mostly. Where will you and your men find things to study? One good source is from booklets and manuals that manufacturers make available to you. Encourage your technicians by having their names put on the mailing list to get all the technical information from manufacturers that they can.

Your employee should be expected to learn some things on your time and some on his own. He should continue to improve his knowledge of new circuits, designs, servicing procedures and tips for safe, speedy troubleshooting. You should subscribe to technical

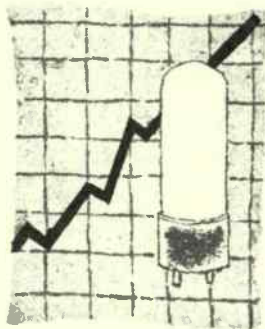
magazines and buy books about the latest developments in tubes, transistors and stereo. Let your technicians read these in their spare time in the shop and at home. Take advantage of the deals for manufacturer-sponsored correspondence courses. Offer them to your servicemen.

There is plenty of opportunity for learning. The man you want for your service shop should have the desire to learn about new lines of receivers: how to adjust them, where their tubes are located, disassembly procedures, special servicing techniques. This can be at your expense because it will be to your advantage for all your technicians to learn as much as they can. Have the best technical information available and encourage outside reading and study.

SALES TRAINING FOR SERVICEMEN

Give sales training to your servicemen. Some technicians have had no previous selling experience. Some have only serviced sets and have never sold Radios, TV sets, antennas, tape recorders, phonographs, appliances and all the other merchandise you have for sale in your store. There are some technicians who have actually forgotten how to

BUSINESS AND TECHNICAL AIDS



(Westinghouse Electric Corp.)

sell. In many retail TV and appliance shops, many retail salesmen don't even "sell" today. They merely point to a new TV set or a high fidelity component, throw a price at the customer and wait for him to say "Okay, I'll take it". This is not salesmanship. Almost every day in Radio-TV stores sales are lost through a lack of salesmanship. Train your men to make proper demonstrations of equipment; these are as essential to effective salesmanship as is a knowledge of the merchandise you have on display. Your serviceman-salesman should get the name and address of the prospect if he doesn't get a sale. Customers are not always easy to come by and profits fly out the window when a real live prospect gets away.

Teach your servicemen everything you know about selling. Review the lesson on selling in this course. The TV technician-salesman must show an interest in the customer's desires and make every effort to sell him something that will fully meet his requirements. You need satisfied customers. Smart service dealers and their help keep every customer satisfied by real salesmanship.



(Reprinted from Radio-Electronics)

TEACH ENTHUSIASM

Good retail selling depends a great deal on the enthusiasm of the salesman. If your technician doesn't know what's good about a piece of equipment, he can't tell others; he can't get them excited enough to buy it. If he really understands it, knows its uses, its values, he can develop enthusiasm about it. So, if he is serious in his desire to be a better salesman, then the easiest place for him to start is by knowing more about what he is selling. Show him how becoming a better technician-salesman will increase his earnings. Your technicians will want to improve their selling skills and will be glad to have you help them do so.

Train your technicians to be salesmen when they make service calls. Before entering a customer's home to service a TV set they should look up at the antenna and lead-in wire to observe their condition. In this way they can discover obvious defects from loose or broken lead-ins to missing elements and broken mounts. The excessive corrosion of chimney straps and the deterioration of lead-in wire can be potential difficulties.

If your technician is going to sell an antenna, he should know something of the equipment he is selling. How long an antenna will last depends upon climatic conditions, quality of materials and how good an installation was made. In many cases, the life of an antenna will not exceed two years. Still you have probably seen rusty, ghost-radiating signal attenuators posing as antennas that are more than five years old.

I WANT YOU TO FEEL
AT HOME HERE, JIM.



Your new serviceman, as part of his training on salesmanship, should be told that the customer is not aware of the bad effects which these old installations are creating in their TV sets. By explaining to the customer that a new antenna will result in better reception, fewer service calls and in the long run, will save money, the service-man will make a sale and the customer will be satisfied.

It all adds up to this:

Training a new technician is actually telling him what you know.

He must be concerned with keeping up with new developments in the electronic servicing field. He must learn the new service techniques that will reduce his servicing time. He must satisfy your customers, as to service and sales. He must have the enthusiasm and the desire to upgrade his skills as a technician and salesman, in order to make more money.

SELF TEST FOR SERVICEMEN

A well-trained technician must also be well-liked. Have your servicemanager grade himself on the following questions. If he can answer "Yes" to all the questions he could win a popularity contest. If he can answer "Yes" to only half of them, he better brush up a little. If he answers "Yes" to only a few of the questions, he better sit down and do some serious thinking about improving his personality.

1. Do you always present a neat and clean appearance? These old principles are essential to being a well-liked serviceman.
2. Are you dependable? Customers like the technician they can depend upon. Keep your promises.
3. Do you go out of your way to give extra service? Customers appreciate it.
4. Do you give customers a chance to talk? A well-liked serviceman is a "good listener" about how the set has been acting.
5. Do you avoid being bold or brash? The "nervy" serviceman rubs customers the wrong way.

6. Do you avoid exaggeration in selling sets or equipment? Exaggeration creates distrust and dislike. Truth sells easier.
7. Do you avoid "high pressuring" your customers? They dislike being pushed; guide them.
8. Do you overlook your customer's mistakes in "fixing" his own set? Everyone dislikes criticism and it wipes out good will.
9. Do you avoid finding fault with competitors? Finding fault usually creates a feeling of distrust.
10. Do you keep your personal troubles to yourself? Every customer has his own problems and doesn't want to hear about more. He's interested in himself.

SPEAK TRAINEE'S LANGUAGE

In teaching a technician or other employee what you know and what you want him to know, you must "speak his language". Use familiar words, speak simply, speak briefly. To get him to understand something new, tell him in what way it is similar to or different from something in his past experience. For example, when you get a new color bar-generator for color-TV sets, compare its operation with other testing equipment he knows; he will "catch on" more quickly, when he has to adjust color phasing and matrix networks in color TV receivers. If you want him to use a certain kind of alignment tool or tube puller or soldering gun, explain the advantages.



TEACH BY EXAMPLE

In teaching a new servicing technique or a safety measure, use an example. Have a new TV set on the bench to show him how to save time in pulling the chassis for quick troubleshooting. Will you expect him to service a clock radio? Give him the servicing tips you know, to help him over the rough spots. Many of your customers may have or will be getting electronic organs; explain to your technician that any television set is much more complicated and that TV troubles are much harder to locate; take your trainee with you the next time you go on a home call to service an electronic organ.

Do you want to show your technician-trainee a pointer on the safe handling of a soldering gun? Explain what you want him to do: "when not in use, put the soldering gun in this home-made holster at the edge of the bench." Give the reason: "to prevent injuries to you and to the set or equipment on the bench." Give an example: "Look at this



scorched cabinet or service data, or burn on my hand."

If you want to point out that "bad house-keeping" of the service bench is dangerous and you say "that's not the way to do it, do it this way", use the example method or your suggestion will be lost on the trainee. Never correct a man. Never ask him to do something "your" way, until you have an example that will make it clear to him why it is to be done your way.

TEACH ONE THING AT A TIME

A Service dealer wanted to correct one of his new technicians about a small matter. To save time, he decided to wait until he had more things to tell him. At last, he had 8 different things to go over with the man. He walked over to him while the technician was servicing a set at the bench, and one after another he gave him the points: one, two, three, four, five, six, seven and eight. Then he walked away. What happened? Probably nothing. That technician had no chance to remember the eight things he had been told. Few people can remember more than one important idea from any one conversation.

IDENTIFICATION TAG

3X5 FILING CARD

CUSTOMER CLAIM CHECK

<p>WARRANTY</p> <p><small>Work and materials used on your radio or television set for 30 days after date of purchase. If repair is required within this period, work will be performed at no charge. This warranty is void where prohibited by law. Accidents, attempted repairs, neglect or abuse voids warranty. This warranty is your exclusive remedy.</small></p> <p>OWNER _____ ADDRESS _____ JOB RECORD NUMBER _____ DATE DEL'D. _____ DATE ACC'D _____</p>	<p>OWNER _____</p> <p>ADDRESS _____</p> <p>CITY _____ PHONE _____</p> <p>RADIO <input type="checkbox"/> TV <input type="checkbox"/> MAKE _____</p> <p>MODEL OR SERIAL _____</p> <p>NATURE OF COMPLAINT _____</p> <p>SERVICE REMARKS _____</p> <p>REPAIRS COMPLETED AND SET TESTED <input type="checkbox"/> (SERVICEMAN'S INITIALS) _____</p> <p>CUSTOMER'S SIGNATURE _____</p>	<p>JOB NO. _____</p> <p>DATE REC'D _____</p> <p>PREMISED _____</p> <p>DELIVERED _____</p> <p>TUBES _____</p> <p>PARTS _____</p> <p>CHECK-UP _____</p> <p>ALIGNMENT _____</p> <p>REPAIR _____</p> <p>TOTAL _____</p> <p>SALES TAX _____</p> <p>TOTAL CHARGE (ITEMIZED ON REVERSE SIDE)</p>	<p>JOB NUMBER _____</p> <p>RADIO <input type="checkbox"/> TV <input type="checkbox"/></p> <p>DATE REC'D _____</p> <p>WARRANTED _____</p> <p>CUSTOMER'S SIGNATURE _____</p>
	<p>3X5 FILING CARD</p>		<p>CUSTOMER CLAIM CHECK</p>

Now, when you check the set again I think it would be a good idea to-----



If you see your trainee using a voltmeter and notice his finger tips coming in contact with metal tips of the prods, you know how easy it is for him to be shocked. You know that he can get inaccurate meter readings when making resistance measurements. That's the time to suggest that he slip tight-fitting rubber grommets over his test prods as finger shields. If you wait until later when you have a number of other things to tell him, you will kill the chances of his remembering the safety idea you want him to have.

HOW TO FILL OUT A SHOP REPAIR TAG

Many service dealers have found it profitable to use a three-purpose shop repair tag. Hand one to your technician-trainee. Show him how to fill it out, if he "pulls" a set on a service call or if a customer brings the set into your shop. There are three parts: a customer claim check; an identification tag, to be tied to the set; and a 3 x 5 filing card. All three parts have the name and address of the customer, the job record number, the date received.

The customer's claim check also has the date wanted, while the identification tag also has the date delivered and the warranty, which is the customer's assurance of prompt reliable service, at fair charges. The card you file has a more complete story: the

serviceman makes a complete record of tubes, parts, and repairs that were made. Show your technician-trainee how the 3-purpose tag is to be completed and why it is necessary that all information be printed clearly on each part. Prepare one yourself for him to follow. Be sure to "practice what you preach". This refers to the shop repair tag and to all other training you give your technician-trainee.

Are you honest with your customers? Did you replace the tubes and parts you wrote down on the service tag? Whatever you do, chances are your employee will take it as an example for him to follow. The service dealer who cheats his customers can expect to have a serviceman say to himself "Oh, well, the boss won't miss a tube or two", or he will snip off a couple of hundred feet of twinlead for his own antenna, when your back is turned. The wrong example to start with, is the key that opens the door to petty theft of parts now — and cash later.

After hiring and training comes supervision, checking up to see how your employees are doing. This should be a continuous process but not an annoying one. Part of good supervision took place during the training period. You gave a careful explanation of his responsibilities to each new employee. From then on, you will want to see how well he handles

the work you have assigned him. You will offer constructive suggestions. Your supervision, in effect, can be considered as a continuation of your employee's training for as long as he is with you.

Good supervision can reduce the cost of your service dealer operation by cutting down on mistakes and employee turnover. It helps employees gain more satisfaction from their jobs. By correcting errors early, it means more earnings all around. Improved workmanship, salesmanship and courtesy improve customer-employee relations and help you keep old customers satisfied.

It is difficult for a service man to be pleasant to customers, if his boss never sets a good example. Employees and customers are people. People have feelings; some service dealers fail to remember this. They forget to consider how the other fellow feels. It is good business to be just as courteous and considerate toward your employees as toward anyone else. When you do this, each employee feels that he is recognized as an individual and that he is valuable as an important part of your business.

It never occurs to many shop owners that good may be achieved by giving their man a pat on the back. Praise a technician for doing a good servicing job quickly. Praise the service man who sells a new antenna installation or set. Praise the bench man who handles tools and soldering guns safely.

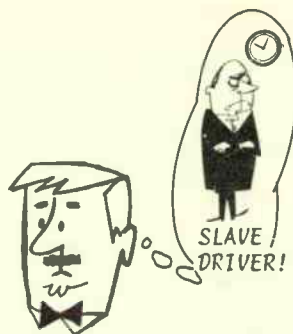
HOW TO PRAISE

Some bosses say "Why should I praise a man for doing what he should do?" The reason is that a man does not know that his work is being appreciated, just because he is not "bawled out" by his boss every day. He knows that you're satisfied with his work, only when you tell him. Compliment him or his work, his appearance, his judgment, by saying:

"Good work, Joe!"

"That was mighty quick troubleshooting."

"It was a rough day John, but you sure got out the work."



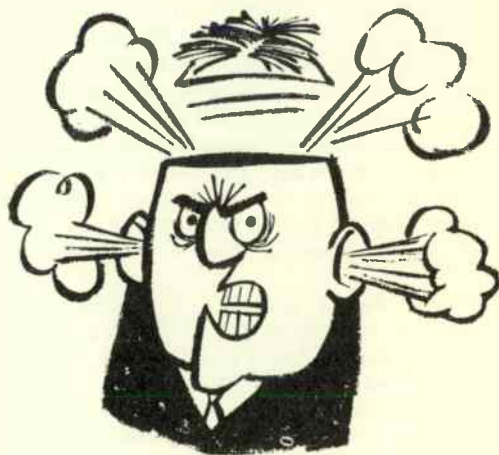
"That service area sure looks better since you cleaned things up so well."

"Mrs. Smith phoned to say that you did a good job servicing her set. I'm glad to hear it."

"I'm asking you to work on this 'tough dog', because you're the only one who can get it done in time."

"I'm going to need your help, if I am going to install that antenna before it gets dark."

Use praise to get better employee relations, better "housekeeping", better production, and



a safer and happier shop. Your approval, like that of a satisfied customer, gives a service man the personal satisfaction he wants.

"There are going to be some times when a man is at fault. Can't I criticize him?"

HOW TO CRITICIZE

Sure, you may have to say things to a man that can get him angry and resentful. Perhaps he is not following safety regulations that you've set up; he must do so! Perhaps he is violating a fire prevention rule which must be enforced. Perhaps his servicing is not up to your required standards, so far as quality or time is concerned; those standards must be maintained.

When an employee is at fault, your criticism is often unavoidable, but this just makes another argument for the use of praise by you. It's the only way to keep the books balanced. It's the way you can keep from being called a "sour puss" or a "slave-driver".

Some bosses don't like to praise a man. They say: "If a man is praised, he will expect more money." That may be true, but you can't be as sure of this as you would be if you gave him more money. For example, if you said that starting next week he would receive an additional quarter an hour, he might think to himself, "I should have been given more." This feeling won't come to him when he receives a word of encouragement from you, a pat on the back, a smile, a sign of your appreciation. Even when it's for doing what he should do. Remember, there are many forms of praise which you can use that are more effective than a raise in pay.

"How can I praise a technician, when there is nothing to praise him about?" Of course, praise, to be effective, must be honest and sincere. There is no man you hire so stupid that he can't spot a "phony" remark. But, any simple statement that will indicate your interest in him, will do the trick. It can be a friendly question, such as asking about an illness at home or the results of a fishing or hunting trip. You can take



time out to admire how he looks in his new serviceman's uniform. You can praise him for careful and thoughtful handling of equipment and merchandise in your shop. You know that his proper handling of tools and testing equipment will extend their life and be reflected in your profits; tell him you appreciate it. Best of all, express your pleasure when he reacts well and changes the bad practice about which you have spoken to him about in the past. Complimenting does not have to mean coddling. It means giving a man the feeling of security that encourages him to do his best.

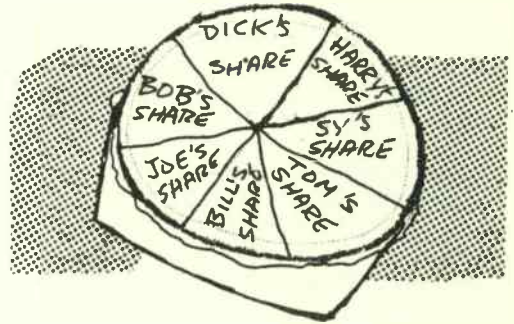
HOW TO BE TACTFUL

"How do I discipline a man?" Do it fairly. Do it in private. Don't praise him and at the same time criticize him. If you do it that way, from then on, you won't be able to compliment him without his saying to himself "What have I done wrong now?" He will feel that the praise is just your softening him up for a bawling out. If you must tell a man that he has done something badly, tell him so directly. Be considerate. Be tactful. The dictionary gives this definition of the word tact: "The ability to deal with others without

giving offense." It has also been said that tact is "The ability to let the other fellow have your way."

You are being tactful when you use words that make it easy for people to agree with you: for your customer to buy your service or merchandise; for your employee to "buy" your idea or suggestion. Tell people why; not just what you want them to do. Use "fair play" in handling people. Make the other fellow feel important in his job. Tell him what's going on.

Have you ever felt like blowing your top when a service man has done a bad job and the customer screams at you over the phone? This is not the time to bawl out your technician. No good can come from a conversation when you are so angry that you can't control yourself. Put off talking about it until you can do it calmly. Keep in mind that at all times it takes a lot of effort to get a working team that will fight for you and give you a profitable shop operation in good times and bad. Tact and consideration prevent resentment.



HOW TO PAY

Now we will talk about your biggest problem: **PAY**. You've hired your technician. You've trained him so that he is doing things just the way you want him to. You've supervised and praised him. Now how about his pay; in money that is.

His earnings must be just about what he can earn with other service dealers in your area. Consider giving him bonuses when he sells equipment or appliances; a radio or TV set; a new antenna installation; a record changer; another speaker for stereo in the home or a rear speaker in an automobile. Of course it all depends on what you sell in your shop and how much you encourage your technician to become a salesman who can promote bonuses for himself and profits for you.



Include your technician in on merchandise deals offered by distributors and manufacturers. Whatever he promotes for himself, helps you. When you give him a chance to bring home some of those merchandise gifts, his wife will make him more satisfied with his job than just "take home pay" can.

The electronic technician who goes to work for a big company today hears all about the term "fringe benefits". You may be able to offer these also. Look into the cost of giving your employees health insurance and group life insurance. You should have these for yourself anyway. They show a man that you are interested in him. Remember, that may be more to him than just giving him more money. Before you go to the trouble and expense to establish an insurance or a pension plan, ask your employees how they feel about them. In some instances, you may be surprised to learn that they would rather have more money in their pay envelopes and less long-range security. In that case, of course, you can forget about the fringe benefits.

HOW TO WIN CONFIDENCE

Old time bosses did very little listening to employees. They felt that their workers owed them services for wages paid and they made little or no attempt to help employees like their work and the company. But, the wise employer, today, makes an effort to build better relationships with his employees. He takes them into his confidence as much as conditions permit.

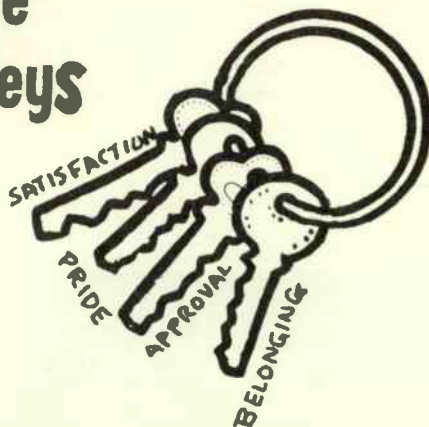
"How much should I tell my employees?" There is one good guide, that may not always be easy to apply: tell your employees everything about any aspect of your business that



has a direct bearing on their security, happiness or general welfare. For example, if you are considering moving to a new location, talk it over with your employees before you go too far in the negotiations. Even such a simple act as moving the water fountain or "coke" machine, can create deep resentment if done as a surprise. When not told the true reason for a change, employees imagine other reasons and build up the action way out of proportion to its true significance.

If business is good, tell your employees and outline your plan for sharing the good fortune. If business is not so good, discuss that frankly, also. You may as well talk freely about these matters, because your servicemen and other employees are sure to start guessing about things that are important to their welfare. You can nip the distorted

The Keys



rumors before they spread, simply by telling the truth.

HOW TO GET PROFITABLE SUGGESTIONS

Encourage your employees to offer suggestions. Many of these will prove to be profitable. Act upon constructive suggestions, fairly and promptly. Consider them in determining promotions, pay increases, bonuses, and other rewards.

Remember, that if an employee spends his time and effort to make a suggestion for

improving your business, you owe him either a reward for his valuable idea, or an adequate explanation if the suggestion is impractical. Never let a suggestion go unanswered. Suggestions can lead to happier employees and selling more services, parts and equipment. They pay off also, in better morale.

"Morale", said the old soldier, "is what makes your legs do what your head knows ain't possible."

HOW TO GET GOOD MORALE

There are four key needs that make up morale: (1)--satisfaction in the job itself; (2)--pride in the people you work with; (3)--approval of pay scales and promotional opportunities and; (4)--a feeling of belonging in the organization. Of course, one of these may be more important than the others to an individual employee; but, basically, the morale of your employees is good when these four needs are being met, and poor when they are not.

"Why should I worry about morale?" Accidents, turnover, absenteeism and grievances, tend to be more common where morale is low. Personal selling and customer relations also suffer. You will get a lot of satisfaction and extra profit, when you run a service dealer operation where the morale of your employees is high.

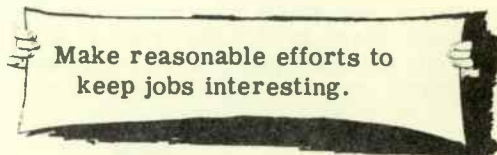
The golden rule in handling personnel is: "Treat your employees as you would like to be treated, if you were in their place."

CHECK LIST FOR IMPROVING EMPLOYEE MORALE

1. Tell and show your employees that you are interested in them and would be glad to have their ideas.
2. Treat your employees as individuals.
3. Improve your general understanding of human behavior.
4. Accept the fact that others may not see things as you do.
5. Respect differences of opinions.
6. In so far as possible, give explanations for your business policies.
7. Provide information and guidance on matters affecting employees' security.
8. Make reasonable efforts to keep jobs interesting.
9. When you have a number of employees, give promotions from within.
10. Express appreciation, publicly, for jobs well done.
11. Offer criticism privately, in the form of constructive suggestions for improvement.
12. Train a manager, or foreman or other supervisor, to think about the people involved, in so far as practicable, rather than just the work.



"Treat your employees as you would like to be treated".



Make reasonable efforts to keep jobs interesting.

CHAPTER 10

THE LAW AND-YOU

Dick Kelly operated a TV Service Shop on Broad St., a "main stem" of a small city. He wanted to modernize his store front but his landlord stopped him, saying:

"Nothing doing! I won't permit you to make a structural change in my building unless you pay me more rent."

"But I'm paying for fixing it," said Dick, "and you will benefit when I improve your property."

"I know, but I feel I am entitled to an increase in rent. You'll make more profit and I should share in it," the landlord said.

"Well, my lease protects me from a rent increase," answered the TV shop owner.

"Yes, but it also says you can't make a structural change without my okay!"

So Dick Kelly went to see a lawyer. The lawyer looked over the lease carefully and said, "I'm sorry, Mr. Kelly, your landlord is right".

Dick is now sorry he hadn't consulted his lawyer when he first had the lease to sign. A fair arrangement could have been made with



the landlord improving the store front and the TV Serviceman paying a fair rent increase. There would have been no argument; but landlord and tenant would have profited by the store modernization. Now it may be difficult to reach an agreement!

WHEN TO SEE YOUR LAWYER

The best time to see your lawyer is before you have difficulty. As a safeguard against expensive errors, get legal advice before you enter into any important transaction. Your lease, or contract or agreement should be drawn up by a lawyer to insure that it covers all essential points and is clearly understood by you, your landlord or other party involved. Your lawyer is familiar with all of the laws of your particular state so he is qualified to give you sound legal advice often needed for success.

FORMING A BUSINESS ORGANIZATION

Are you a TV Serviceman just starting out on your own? Are you a TV Service Dealer looking for an additional source of funds to expand your business?



In either case you should know something about the advantages and disadvantages of an individually owned business operation, a partnership and a corporation. We recommend, of course, that before you make your final decision, you should see your lawyer. In the next chapter, in brief and simple language, we will give you an understanding of the main differences between the types of business organizations you can use to operate your TV Service.

Have your lawyer check on zoning, fire, health and licensing regulations which may affect you. Your lawyer will help you stay "within the law."

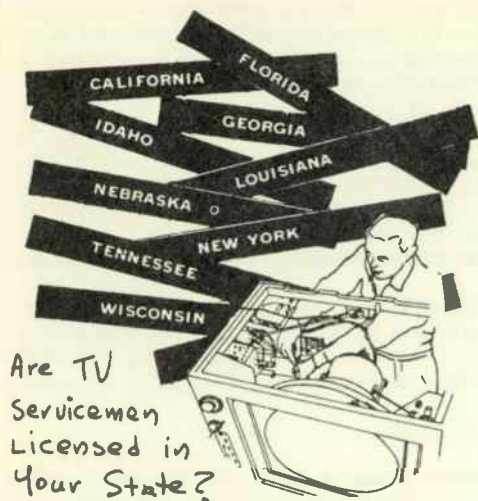
LICENSING

Most states require that the driver of a motor vehicle have a license. A license may or may not be accompanied by a fee. It usually involves some sort of an examination to see if the would-be licensee can qualify under certain standards (such as a driving test for a motor vehicle operator). There is a set of rules which must be observed and there is a reservation of the right to revoke the license for failure to observe such rules.

In some states there are hundreds of licenses which are issued for the privilege of carrying on particular kinds of business activity. A state uses the license as a tool of regulation to control the operation of a business having some particularly close relationship to the public health, morals or safety.

There is licensing by towns, villages, cities, counties, states and by the Federal Government. Check on the licensing required by your community.

Are TV servicemen licensed in your State? Don't be surprised if they are eventually. Here are the professional personnel licensed and supervised in one state: Attorneys, Physicians, Dentists, Podiatrists, Chiropractors, Engineers, Land Surveyors, Nurses, Optometrists, Pharmacists, Architects, Veterinarians, Certified Public Accountants, Certified Shorthand Reporters, Teachers in Public Schools, Insurance Agents, Licensed



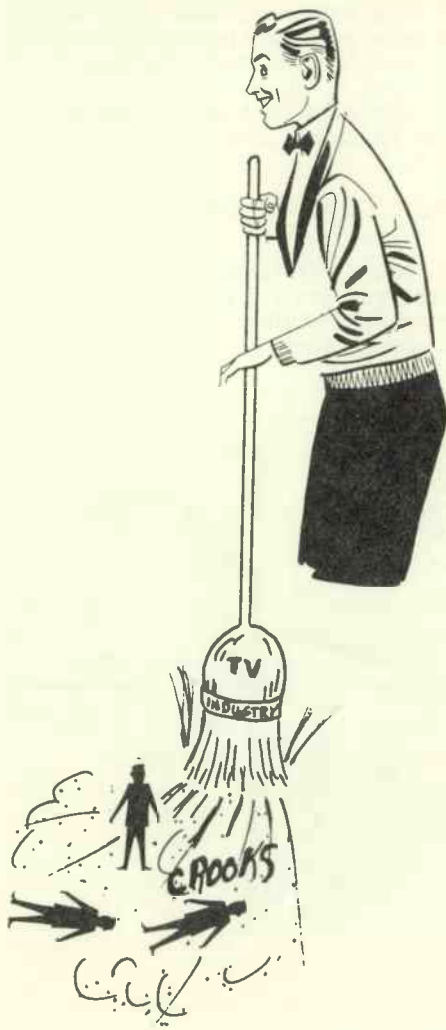
Lenders, Licensed Cashers of Checks, Dealers in Securities, Funeral Directors, Embalmers and Undertakers, Social Workers and Private Investigators. Also licensed are Auctioneers, Junk Dealers, Pawnbrokers, Peddlers and many, many more business activities.

In some states, associations of electronic technicians have supported self-licensing; that is, TV Technician "Certification" on a voluntary basis. They feel that a bill to license technicians will be passed with or without the help of the service industry and that if they do express their opinion, it will prevent unfair treatment of servicemen. The licensing laws can increase the public's respect for TV service technicians; give servicemen a better deal on service rates and charges, and raise the standards of the electronic service industry as well as its income. Some servicemen feel that the weakness of the "voluntary" type of law is that it lacks the strict requirement that a technician must have a license to do service work.

Good effects have been reported in those areas where licensing of TV Technicians is required. It is said that such licensing laws are successful in raising the standards of service. The Better Business Bureaus in

these areas receive fewer complaints covering TV service. Offenders of these laws can expect not to have their licenses renewed.

The TV service industry has grown up. There are honest service dealers and capable service firms everywhere. Crooks hurt the good name of every one in the industry. Licensing should be considered as part of the growing pains in cleaning up and policing the industry for the benefit of the public and the honest businessmen.



BETTER BUSINESS BUREAU

The Better Business Bureau in your area is trying to convince the public that they can get better service and better bargains if they deal with honest TV servicemen. They point out that people who are being gypped when they buy a new set or have their old one repaired, have only themselves to blame because they don't go to service dealers who are legitimate and want to give the public a fair break.

The BBB is educating the public about "flat-rate bandits" who advertise TV service for \$1.50 or \$2.00 a call and make their profit by taking out good tubes, and charging the customer for replacements. The BBB points out that it is obviously impossible to send a serviceman very far at the cost of \$1.00, \$2.00 or \$3.00 for his time and mileage, let alone fix a set that has something wrong with it requiring expensive parts or repairs.

The BBB is warning the public that the gyps are in the minority but that they make a lot of noise and attract a lot of customers by wild promises of low prices for merchandise and services which they don't intend to keep. The reputable service dealer always gives a customer a fair estimate.

The honest dealer can offer a real bargain in TV sets but the gyp has sales tricks that hurt the public and the honest dealer alike through false promises and bad bargains.

The BBB helps the honest dealer by showing the public that any one who promises things a customer is not entitled to is usually a gyp. They say that the public does not ordinarily expect a carpenter or an electrician to make night and holiday calls; but they get

mad at the TV technician if he won't answer such calls. The BBB points out that the buyer of a car does not expect the auto company to provide free repair of the new car he wrecked. Yet, the buyer of a TV set will break it, or need it adjusted because of his do-it-yourself technique, he still expects his TV service dealer to repair it without charge.

As you can see, the BBB is out to help you when they encourage the public to buy merchandise and service from a reliable organization; when they warn the public to beware of an outfit that advertises too low a flat-rate charge for a service call; when they tell the public to find out what their neighbors and friends think of the service dealer whom they use; that while they sometimes may pay a little more when they buy from a store with an outstanding reputation, they'll pay less in the long run; that they should steer clear of any one who advertises "fantastic" or "amazing" bargains because the wilder the promise, the smaller the value they will receive; that a good reputation is built up by good service and fair play through the years and that a service dealer's good reputation is the best assurance of fair play if anything goes wrong.

Buy Sales & Service from
Reliable Organizations -



The honest businessman in every industry supports the BBB and makes every effort to win its approval. TV service dealers should do the same. The BBB will investigate and take steps to curb unfair and misleading advertising, advertising that is unfair to you and to the public. You will benefit by increased sales and profits if the BBB has factual information concerning the good reputation of your service shop; often such information sought by potential customers can result in more business and better public relations for you.

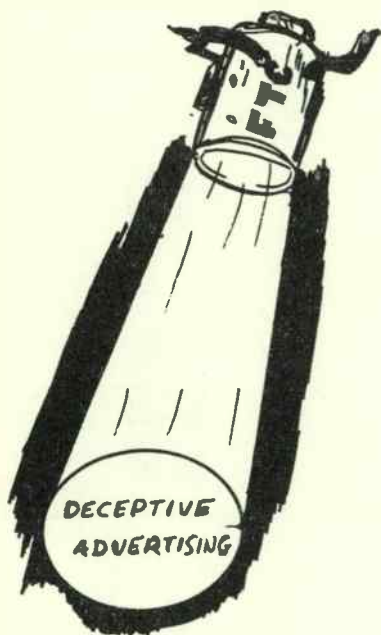
FEDERAL TRADE COMMISSION

The Federal Trade Commission tries to protect the honest business man and the public against unfair advertising and deceptive pricing practices in interstate commerce. The FTC has set up "guides" to put the spotlight on deceptive advertising which misleads the public in its purchases and works a competitive hardship on TV service dealers and other merchants who advertise honestly.

The BBB can advise you as to whether your advertising lives up to the principles of the

FTC guides. The guides are directed against nine major types of fictitious pricing. They include:

1. Savings claims. You must not imply that you are offering a lower price than other service dealers unless that price applies to a specific item, not just similar merchandise. Also any savings claims must be based on a reduction from the "usual" retail price of the article in your area.
2. Pricing problem. A TV set or other merchandise must not be advertised as reduced in price if the former higher price is based on an artificial mark-up. The former price must also be the one just used before the new "bargain" price.
3. Comparable merchandise. Comparative prices for comparable or similar merchandise may be used only if you make it clear that you are talking about comparable merchandise and not the former or regular price of the article you are selling.
4. Special sale prices. Such prices must not be advertised unless they represent an honest price reduction from your customary retail price or a saving from the regular price in your area.



5. "Two For One" Sale. You may not make such claim unless the sale price for two articles is your usual retail price for the single article, in the recent regular course of your business.
6. Special Sales Claims. So called "half-price" or "50% off" or "One-Cent" Sales must be factually true and if conditioned upon the purchase of additional merchandise, this fact must be conspicuously explained. Also the offered price reduction must be from your customary recent price.
7. "Factory" and "Wholesale" Ads. Tubes, sets, parts and appliances must not be advertised as being sold to the consuming public at "Factory" or "Wholesale" prices unless they are actually being offered at the same price that retailers regularly pay to their suppliers.
8. Fictitious Pre-Ticketing. No article should be "pre-ticketed" with any price figure that is more than the price at which the article is usually sold in the area unless it is your sale price.

9. Comparative prices. These are forbidden in the sale of articles described as "imperfect", "irregular", or "seconds" unless the higher comparative price actually was for the same article in new and perfect condition.

Be sure that your own advertising does not violate these "9 Guides to Truth". Watch the advertising of your competitors and complain to the BBB or the FTC in case of any violations.

TRADE PRACTICE LAWS

There are other trade practices which hurt the small business man in the electronic servicing as well as other industries. They are prohibited by laws enforced by the Federal Trade Commission. Among these are:

1. Granting allowances for advertising only to some dealers and not to all on equal terms.
2. Agreements to raise, lower or fix the price of a commodity or service.
3. Agreements to divide territories or customers among competitors.
4. Using "bait" advertising; offering items at an unusually low price which the dealer has no intention of selling but is done just to attract customers to switch them to more expensive merchandise.
5. Bribing employees of customers and prospective customers in order to get or hold patronage, or prevent dealings with competitors.



ALL DEALERS MUST BE
ALLOWED EQUAL TERMS.

6. "Pirating" employees of competitors; getting them to violate contracts and leave their jobs not in good faith, but with the intention and effect of hurting competitors.
7. Making false and disparaging statements about competitor's products and businesses.
8. Selling as "new", items that actually are rebuilt, second-hand or old products; or are made in whole or part from used or second-hand material.
9. Selling or distributing punchboards or other lottery devices to use in the sale of merchandise by chance.
10. Creating the impression that customers are being offered a buying advantage when it is not so.
11. Using misleading trade, company or product names.
12. Using any other false or misleading practice to deceive customers.

Take a moment to look back over and re-read this list of prohibitive trade practices. Do you see them being used in the electronics servicing industry?

If you believe that a supplier or competitor is using methods forbidden by federal law, you may complain to the Commission giving it the name and address of the persons involved, and a description of the forbidden

practices used. Your name is held in confidence. Your action can help the electronic industry promote honest competition.

FAIR TRADE

"Fair Trade" laws permit "resale price maintenance" contracts for trade-marked articles such as Radios, TV sets, appliances, etc. A contract can be made between a manufacturer and wholesaler or retailer requiring the wholesaler or retailer to sell the manufacturer's article at a specific price or not below the price given in the contract.

A service dealer should learn whether, and how, Fair Trade laws operate in his community. Watch, also, the development and competition of "discount houses" in your area. They have an important effect on your customers' attitude toward you.

Because Fair Trade laws are not always effective or supported by the courts, there is another type of law which is said to be simpler and more effective than Fair Trade in giving resellers protection against "discounter monopoly". This kind of legislation, known as "quality stabilization", has found favor with many electronics manufacturers and servicemen associations. They feel it is a constitutional and practical way to stop "discounter monopoly". Quality stabilization provides that the manufacturer may revoke



(Westinghouse Electric Corp.)

the right of a discounter to use the manufacturer's trade mark in the event he has employed it in "deceptive" ways that impair its value; this is supposed to apply to "price cutting".

It is up to you as an individual independent TV Service Dealer to keep up-to-date on the laws and proposed legislation which affect you. As an individual you may not be able to get the information about such laws by yourself. That is one of the many reasons why more and more servicemen today are joining service technician associations, commonly known as Trade Associations.

TRADE ASSOCIATIONS

Do you belong to a service technician's association? Whether you do or do not, you should know what they stand for so that you can decide whether it is to your advantage to join such a trade association with other service dealers.

Practically every established industry has a trade association; there are thousands of trade associations in the United States. Trade associations have practical dollars-and-cents services to offer businesses of all sizes but primarily they are advisors to small concerns. It has been shown that those who benefit most from trade association activities are the smaller members of an industry. The trade association is a protection against monopolization.

Big Business can usually provide for its own sales promotion department, legislative research, sales research, public and labor relations, technical specialists and so on. The small dealer usually cannot afford all by himself to pay for all the information and services he needs to stay successful in the highly competitive electronics industry today.

How can you obtain these services at a reasonable price? One answer is through a membership in a trade association. Through an association the small service dealer can cooperate with others in his industry to secure the necessary services without excessive cost. "All-right", you say, "if service associations help small dealers, what are some of the things they actually do?" They



<p>CONNECTICUT TELEVISION ELECTRONIC SERVICE ASSOCIATION OF CONNECTICUT 91 Huntington Rd. Stamford Robert A. Stoor, Secretary</p>	<p>KANSAS TELEVISION ELECTRONICS SERVICE ASSOCIATION OF KANSAS, INC. P.O. Box 154 Ellinwood E. A. Radman, Secretary</p>
<p>FLORIDA TELEVISION ELECTRONIC SERVICE ASSOCIATION OF MIAMI 117 N.W. 12th Ave. Miami 36 Max Ralsar, Secretary</p>	<p>OHIO TELEVISION ELECTRONIC SERVICE ASSOCIATION OF OHIO 2882 North High St. Columbus William Matrich, Secretary</p>
<p>TEXAS TEXAS ELECTRONICS ASSOCIATION 810 East Commerce San Antonio Will A. Shaw, Secretary</p>	

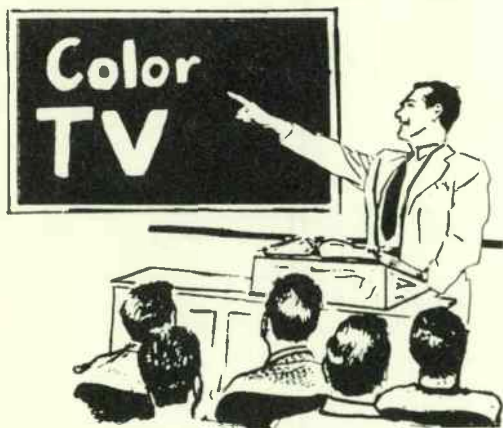
give many kinds of practical services. Here are some of the things which associations do:

1. Sponsor industry-wide meetings and develop leadership within the industry. Sponsor meetings of service dealers and parts distributors to discuss such problems as a drugstore and super-market tube tester. Sponsor meetings,

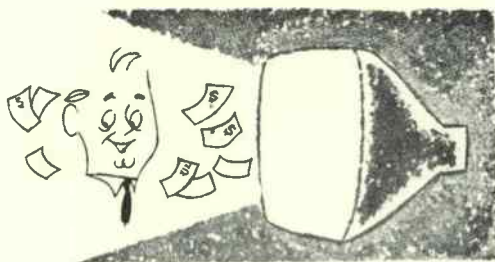
discussions and demonstrations by manufacturers; a typical session can include such topics as Transistor Circuits and Servicing, Printed Circuitry, Electronic Cooking, Electronic Refrigeration, Closed Circuit TV, Color TV Installation and Servicing, Servicing Record Changers, the Electronic Organ, Ultrasonic Washers and other recent developments and methods of servicing which are of interest to the service technician.

2. Issue special information bulletins to members reporting on current affairs and legislation affecting them.
3. Sponsor publicity, public relations and legislative programs for the service dealer.
4. Promote better accounting and record keeping methods.
5. Offer training programs to members.
6. Supply other services such as credit reporting services, savings on the purchase of insurance and publishing specialized technical advice.
7. Educate the public to expect to pay fair service charges and to patronize the skilled TV technician.

TRAINING PROGRAMS



One of the advantages of being a member of a service technician's association is the contact with other members which leads to the exchange of business ideas such as: how to keep costs down, how to increase sales and profits, discussions of new products and how they will affect the service dealer's business. Since members of a Trade Association usually have identical problems, each service dealer (or member) can benefit from the experience of the other service dealers and find practical, workable, profit-making solutions.



(Westinghouse Electric Corp.)

The service technician's organization encourages its members to follow these desirable business practices:

1. Treat customers with greatest respect.
2. Give as prompt service as possible.
3. Pay bills promptly and get the cash discount.
4. Buy wisely, knowing that discounted merchandise can be most expensive.
5. Buy from distributors who recognize your mutual problems.
6. Improve technical knowledge and skill.
7. Charge enough to make a reasonable profit, but not so much as to be unfair.

8. Expand business by more aggressive advertising.
9. Work, when working; arrange time for relaxation.
10. Obtain new members for the association.
11. Work within the association to promote the welfare of the service technician.



Considering the services rendered, the forward-looking service dealer may regard the service association dues not so much as an expense but as a form of investment for improving his service dealer operation.

LABOR LAWS

Are you an "employing" service dealer?

There are many Federal and State laws affecting employer-employee relations today. They deal with the settlement of labor disputes and with wages, hours and working conditions. The Federal laws deal with employment in interstate commerce; for example, if a N.Y. service dealer services customers in Connecticut, this would be interstate commerce. The Federal Law establishes a minimum wage rate, per hour of work, for all employees



MINIMUM WAGE

engaged in interstate commerce. It also provides that all such employees shall be paid time-and-a-half for work in excess of 40 hours a week.

Although Federal laws such as these may rarely affect a small service dealer, many states have similar laws. In addition to minimum wage laws are some which deal with such problems as the health and safety conditions under which employees work, workmen's compensation and unemployment insurance, child labor regulations and special laws affecting women. Some states have laws designed to encourage collective bargaining and to define "unfair" labor practices for purposes of peaceful settlement of disputes as a substitute for strikes.

It is a good idea to check with your attorney and accountant as to local, State, and, Federal laws covering your planned operations.

WHAT YOU SHOULD KNOW ABOUT CONTRACTS

Most people think of the word "contract" in connection with law and lawyers. They think of big business deals about which they have to see a lawyer; for example, purchase of a home or a business. Somehow they think of an impressive, written document drawn up by lawyers and signed by the persons making an agreement.

No! You make many contracts each day, when you buy a newspaper, ride a bus, do hiring, issue a check---

Do all CONTRACTS have to be written like this one?



Actually contracts are not usually that formal. You make many contracts each day without realizing! When you buy a newspaper, ride on a bus or train, eat lunch or dinner in a restaurant, buy a hat or a suit of clothes, are hired for a job, employ someone, receive or issue checks, go to a movie or to a baseball game, use a pay telephone or turn on the electric lights in your home....you enter into a contract which is no different than a lease for a service shop involving thousands of dollars a year, a purchase of 500 receiving tubes, or a sale of services, tubes, sets or appliances, or having some one leave a TV set at your shop to be repaired. All of these are contracts!

In every contract you enter into an agreement with one or more persons which binds you in such a way that if you fail to carry out your part of the agreement, you may be liable for money damages. For this reason it is important that you understand at all times exactly what you are doing and how your actions may affect you. You can get this knowledge only by learning all you can about contracts.

As we said before, we don't expect you to be a lawyer, but you should know generally

what constitutes an agreement or contract which is enforceable at law. We do not want you to be running to court unnecessarily. We just want you to know your rights and obligations as a good business-man.

The information in this chapter applies to the law of contracts in the majority of the states; however, since each state may have different laws or different interpretations, be sure to get dependable legal advice before you enter into a contract. Legal services cost money, of course! But, "preventive legal advice" is inexpensive when compared to the cost of law suits which may result from the failure to get competent legal advice. Make every effort to find the lawyer or law firm best equipped to service the particular needs of your business.



WHAT IS AN "AGREEMENT"?

When one person (party) proposes something (makes an offer) and the second person (second party) consents to it, (accepts the offer) you have an "agreement" or "contract" if certain other factors are present, such as: consideration (value), capacity of the parties, and a "meeting of the minds". An agreement or contract may be oral or in writing or may be implied by some act on the part of the parties.

WHAT IS AN "OFFER"?

An offer is a promise which ripens into a contract upon its acceptance. An offer must

show a willingness by the one who makes it, to be bound by it. An offer must be clear and definite. Your advertisements, circulars and the like are generally not offers but are invitations to others to make an offer. But, as a matter of good business practice, no reputable service dealer would refuse to sell a set at prices he advertised unless it was impossible to supply it because the stock on hand had really been sold out. (There are some laws which have made this practice illegal!) You must realize that to disappoint expectant customers is to cause the loss of good will which you are constantly trying to build up. At the same time, purchasers should realize that in most cases, legally no offer exists when they receive a circular or read an advertisement.

What we have said about advertisements applies just as well to a quotation of price by catalog, circular or phone from a supplier. (A phone call can also result in a binding contract.) Have you ever bid at an auction sale? The auctioneer is not making an offer. He is inviting offers from the individuals in his audience.

Have you seen a town, city or state government advertise for bids on the installation of a P. A. system in a school or mobile radios for police cars? This is not an offer. It is asking for a technician or service dealer to submit an offer stating the lowest price at which they will agree to do the work.

Have you ever thought of an advertisement in the lost and found column of your local newspaper as an offer? Well, it is really addressed to the first person who by performing what is requested, creates an agreement.

The Boston Radio Company sent a letter to a customer stating that it would sell him a certain TV set for \$200.00 and would give him 6 months in which to pay. The letter was lost in the mail. Was this an effective offer?

When an offer is not communicated, it is not effective. The person to whom it was



offered cannot turn into an agreement an offer which he has never received.

Duane offered DiRocco a portable radio for \$50.00 but DiRocco politely refused. Citrin who was present said, "Here is the money. I'll take it". Was the offer effective as to Citrin?

No! An offer is effective only as to the person to whom it was intended to be communicated. Your offer to one customer is not an offer to any other person who wants to accept it.

A distributor wrote to you, a service dealer, offering you free gifts of merchandise if you purchase a certain number of picture and receiving tubes. You decide to accept but through carelessness you forget to mail the letter in which you accepted the offer. Was there an acceptance?

Acceptance of an offer must be communicated to the one who made it, either by words or action. Your thinking about accepting it is not sufficient to create an agreement between you and the distributor who made the offer.

Green wrote to White, "I offer you my service truck for \$2000.00. If I

don't hear from you in three days, I shall assume that you accept." Green received no answer in the time specified. Was there an acceptance by White?



Where the person to whom the offer was made is not obligated to reply, an acceptance of the offer cannot be assumed from his failure to answer. Silence does not usually mean acceptance unless by previous conduct it was indicated that this silence meant acceptance.

Where a person performs services with the expectation of being paid for them, as in the case of a service technician, under circumstances that would lead any reasonable man to believe that payment was expected, there is an offer; and if the set owner has an opportunity to reject the offered services but takes benefits from them, the technician's offer is accepted and an agreement to pay for the services is "implied."

Marty offered Sam a Color TV Set for \$500.00. Sam said he would give \$200.00 for it, which offer Marty refused. Sam then said "All right, I'll give you the \$500.00 you asked." Was there an agreement?

There is no agreement because the original offer was no longer in existence, once it was

refused. It was Sam who made a new offer when he tried to buy the set for \$200.00. If an acceptance changes the terms of the offer as to amount or any other important facts, it terminates the original offer.

You can make an offer and before it is accepted you can take it back or revoke it. An offer can be kept open for a given time if the one to whom the offer is made pays a sum of money (or other "consideration") for holding the offer open. This is known as an "option".

WHAT IS "CONSIDERATION"?

The acceptance of an offer made an agreement possible. The agreement becomes a contract enforceable at law when someone relying upon it, "binds" the promise by doing something that he is not otherwise bound to do, or by not doing something that he is otherwise free to do."

Whatever binds the promise is called "consideration". You give consideration when you do an act that you are not already obligated to do; when you refrain from doing an act that you are otherwise free to do; when you give up property or money; when you give a promise for a promise (you promise to fix Mrs. Jones' TV set, if she answers your phone when you're out.)

An electronic manufacturer promised to pay a service dealer's expenses to Miami if the dealer sold 100 antennas in one month. The dealer did so and made a lot of profit out of it. Can the dealer hold the manufacturer to his promise for payment of the expenses of the trip?

A service dealer promised his son who is 18 years of age, that he would pay him \$1000. if he would abstain from smoking until he was 30. The son did so and claimed the money. Does he have a legal claim to it?



Ray says to Dee, "If you will swim across the lake tomorrow, I will give you \$10.00." On the following day, Dee swims the lake. Is he entitled to the money?

In each one of these situations, the one to whom the promise was made did something he enjoyed or benefited by. Even so, what they have done is a perfectly good consideration for the promise and each one is entitled to what he was promised.

Mr. Stewart goes into the Pierce TV Service Shop, picks up an antenna marked \$7.50 and holds the antenna up to the service dealer as he leaves the shop. What is the consideration?

A promise may be given not by words but by an act. Mr. Stewart performed the act by holding up the antenna to the owner as he left the service shop. His act is a promise to pay the price shown on the antenna. A consideration binding the promise is in the service dealer permitting Stewart to take the antenna.

A TV technician borrowed his friend's automobile. Noticing that the radio did not play, and without telling the car owner about it, the

technician repaired it. On returning the car to his friend, the technician said, "I usually get \$5.00 for a servicing job of that type". The friend promises to pay him \$5.00. Is the friend's promise binding?

No, a consideration formed before a promise is made is known as a "past consideration" and will not create an enforceable contract, because the person receiving the promise undertakes no obligation. Consideration (obligations) must be in the present or future, unless, according to some state laws, the promise is in writing.

Al gives Alma \$1000.00 as a gift and later demands a return of the \$1000.00 (a gift is a voluntary transfer of property from a donor to a donee without consideration) on the grounds that Alma gave no consideration for the gift. May Al recover the money?

No, a completed or "executed" contract will not be disturbed by the courts for lack of consideration except in the case of fraud. A promise to make a gift does require consideration to be binding but if the gift has already been given, no consideration is needed.

George owes Ronnie \$100. After Ronnie has tried to collect the money, he tells George, "If you pay me \$60, you will not have to pay the rest." George pays \$60, and then Ronnie sues for \$40. Will he get it?

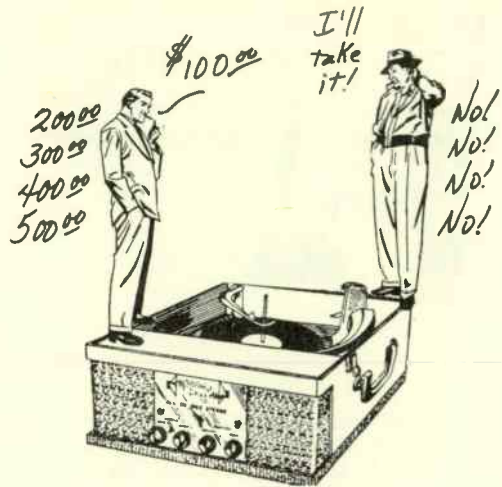
Where money is owed, a promise to pay a lesser amount than is due, or the payment of a lesser amount, will not clear up the unpaid part because consideration is lacking. However, if Ronnie had agreed to accept \$60, on March 1 although the \$100, was due on June 1, the agreement is binding. A court will not look into the money value of the thing or service given in place of the money payment. If you do something before you are bound to

do it, or give something valid you are not required to give, you are giving consideration for another's promise to accept the smaller amount than is due. In these two cases, George is not liable for the balance. In the first case if Ronnie had accepted the \$60.00 and given George a "general release" in writing (and in some states, "under seal"), George would not have had to pay the \$40.00 balance. (The thing for you to remember is to get a "general release" when you want the payment of a smaller sum to release you from the payment of a larger debt. Get something in writing to that effect, and have it signed by your creditor.)



You have a stereo set worth \$500. You need money badly and offer to sell it to a customer for \$400. He refuses and you gradually lower the price until finally \$100. is reached and the customer accepts. Before you deliver the set you receive an offer for a larger sum from another customer and you refuse to carry out the contract with the first customer claiming inadequate consideration. Are you liable to pay damages

to the first customer for failure to stick by your contract?



Yes, a court will not look into the value of a consideration but will let the parties set their own values on what they want.

You order used parts listed in a catalog at \$50, and said to be "in fair condition". Upon receiving the parts, you feel that the condition is not good enough to be called "fair" and you offer to pay \$30, which the mail order seller accepts. Can the seller later recover the \$20.?

Where there are good grounds for dispute as to the actual condition, your promise to pay the lesser amount is consideration for the seller's promise to accept that amount. You don't have to pay the other \$20.

A service dealer who does not follow good business practice owes a \$1000. to one distributor, \$2000. to another distributor, \$3000. to a third distributor and \$4000. to a fourth distributor.

He is not able to pay it all. At a conference, each of the creditors agrees to accept 60% of his claim in full payment. The service dealer pays all of these claims and now one of the distributors sues for the other 40%. Will he get it?

The promises of all of the other creditors to accept a smaller amount may be regarded as the consideration for each promise. This is known as a "composition with creditors"; it is binding on all creditors who take part in the agreement.

Suppose that one of the creditors had not agreed to accept a lesser amount and that the service dealer had then gone into bankruptcy? Everything he owned was divided among his creditors. Could they then recover the unpaid part of their original claims? No. Under the Bankruptcy Act if a person gives up all his property he is generally cleared of liability on all his debts. Some obligations are not subject to release, including unpaid taxes, wages due to employees, alimony, support money for a wife and children, or in the case of fraud.

The bankruptcy court takes the bankrupt's property and divides it among his creditors. The bankrupt has done all that he can and is free, if he has committed no fraud, to start out again to become a useful member of the business world.

Remember though, that a bankruptcy is part of a business record, and suppliers with whom a bankrupt has to do business in the future, will not be likely to extend credit unless he can show that he is not going to cause them further losses.

Your credit is your power to obtain goods and services today, on the promise to pay for the future. Your credit is power! Treat it carefully. Successful service dealers are more concerned about their credit than about any other thing that they own. Credit is injured and may be entirely lost if the promise to make good on it by making prompt and full payment is not kept.



WHAT IS A "VALID" AND "ENFORCEABLE" CONTRACT?

A service dealer says to a technician, "I understand that you are working as a serviceman. Come to my shop tomorrow and I'll give you a job at an increase of \$15.00 per week over your present salary." The technician answered, "I'll certainly be there". He then resigned from his old job, came on time for the new one but the service dealer failed to keep his promise. Will the law help the technician?

Yes, this was an agreement that consisted of an offer by one party and an acceptance by the other party. There was consideration for the promise. The technician by giving up his old job, was doing something that he was not legally bound to do. The result was a "valid" contract. It meets all of the requirements of a business agreement enforceable by a court of law.

Unless the length of an employment contract is specified, it is known as "an employment at will" and can be terminated at any time. An employment contract covering a period of time of more than a year, must be in writing.



Working over his bench, Joe said "Someone took my soldering iron. This is the third time it has disappeared. I would give \$100, if I knew who took it." His friend said, "You left it on the shelf over there next to you after you completed your last job. Give me that \$100." Was there a contract?

An agreement made in a joking or excited manner, in a way that the one who is given the offer can realize that no true offer has been made, is not binding. Be careful though! If a reasonable person believes that a true offer has been made and he accepts it, you can't back out of it saying that you did not intend to make an offer!

A service technician received \$10. in payment of a bill rendered for \$5. Has he entered into any contract regarding the overpayment?

The overpayment is not his and the law assumes that he agrees to return it. Even without intending to make a contract, you may perform an action which the courts will interpret as a business agreement. For example, by picking up a lost article, the finder is understood to agree to hold the article for the owner and to return it when he discovers who is the owner. Keeping what you find when you know to whom it belongs, is a crime.

A service technician's truck crashed into a tree and the technician was so badly hurt that he

became unconscious. A passerby took him to a nearby doctor who treated him until he was taken to a hospital. Was there a contract between the technician and the doctor?

In this case a contract arises out of necessity. It is understood or "implied" that the technician contracted to pay the doctor. This is known as a "quasi-contract".

A service technician agrees to repair a customer's TV set for \$5.00, the work to be performed on Sunday. Is the contract valid?

Although this is a valid contract, the courts will not enforce a contract if it is illegal or against public policy. In some states a contract entered into on Sunday or for work to be performed on Sunday is illegal. Find out how these laws apply in your State. Of course, if you had completed the job and were paid the \$5.00, the customer could not recover the money.

John Quack, a doctor who had not been licensed by the State, treated a patient. The patient refused to pay. What rights has Quack?



He cannot collect. Where persons must be licensed by the State in order legally to carry on business, such as doctors, lawyers, real estate brokers, chauffeurs, usually they cannot legally enforce a contract if they perform a service without the license. If and when service technicians are required to have a license, the same rules may apply.

Gambling, and contracts involving excessive interest rates, are illegal as are those where one party agrees to break a law. Contracts for fixed prices are "void" (not valid) unless they comply with fair trade laws.

WHO IS "COMPETENT" TO CONTRACT?

When you and a customer enter into a contract, you are both legally obligated to fulfill your promise but the law states that unless the contract is for "necessaries", it is "voidable" by a person who is mentally incompetent or by one who is under 21 years of age. If you sell a radio set to an idiot, an imbecile, or even to a drunkard who is absolutely incapable of knowing what he was doing at the time he made the purchase, no enforceable contract results.

The fact that someone under 21 (known as a legal "infant") said he was of age (usually 21 or over), when he entered into a contract, does not make the contract enforceable in a court of law, but the "infant" may be held liable for the damages caused by his deceit. (Certain states have laws that make a male over 18 in business for himself, liable for his business contracts.)

"Necessaries" depend on the "infant's" condition and station in life. They must be reasonably useful and essential for his physical and mental well-being. They include food, shelter, clothing, medical services, a certain amount of education. It is questionable whether TV service or electronic equipment which you sell would be considered by a court to be a necessary. While the infant can back out of such a contract, an adult with whom the infant makes the contract is bound if the infant insists on fulfilling the contract.



"I'm under 21 - You can't hold me liable"

Arthur, 20 years of age, agreed to sell his "scope" to a service dealer. He promised delivery one week after he became of age. He failed to deliver the scope as agreed. Is he liable for breaking (breach of) his contract?

No, it is not binding on him.

The week before her 21st birthday, Phyllis bought a clock radio for \$40.00. Payment was to be made in monthly installments of \$5.00. Phyllis used the radio for 4 months without paying. Is the contract binding?

It would seem so. An infant may ratify a contract after he has become of age. Ratification may be indicated by an act, such as: saying so, or by implication, such as selling the property, keeping it after a reasonable

time has elapsed, or making further installment payments. What is "reasonable" depends on the circumstances.

When she was 19 years of age, Arlene bought a stereo phonograph and paid for it in full. Soon after she became 21, she returned the equipment and demanded repayment of her money. Was she entitled to it?

This is a completed or "executed" contract. That is, one that has been completely carried out. An infant may decide to wipe out or nullify or "disaffirm" an executed contract (except one for necessities) during infancy or within a reasonable time after reaching 21. An infant may recover what has been paid by restoring what was received. Check with your lawyer about making sales of electronic equipment to those who are under 21. In many states even if the infant cannot return the merchandise, he may still disaffirm the contract and recover what he has paid. Some courts have permitted the seller to deduct a reasonable amount for the use of the property that has been returned or the reasonable value of the property that has not been returned. Find out if you are operating in a state that allows you to retain a portion of the amount paid. Normally, the infant never has to pay any additional monies.

WHAT IS "DURESS", "FRAUD", "UNDUE INFLUENCE", "MISTAKE"?

Duress means the actual or threatened exercise of force by one person over another, his immediate family or his property which makes him agree to an offer even though he doesn't want to.

Fraud is a misrepresentation as to an important fact known to be false by the party making it, which misrepresentation is intended to and actually does get another party to enter into an agreement to his own injury. A salesman's opinion or "puffing" are not frauds and not grounds for setting aside a contract.



DURESS

Undue influence exists when the parties to a contract are not on an equal level as to knowledge or capacity, such as: when a person of superior intellect wrongfully dominates a weak-minded person and persuades or forces him to enter into a contract that he would not ordinarily make. Duress, fraud, and undue influence make the contracts "voidable", that is, the injured party has the right to void the contract.

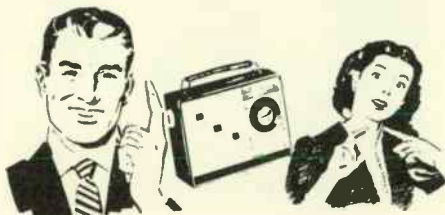
A salesman or service dealer who says "Listening to television will make you happy" is expressing an opinion. The salesman who says "your customers will buy these sets like hotcakes" is expressing an opinion. The service dealer who says "Your family will like this TV set" is expressing an opinion. Opinions are not grounds for setting aside a contract.

A service dealer who warrants a set to be "new" delivers it to a customer who bought it relying on the dealer's statement, discovers that it is a used set and sends it back. May he void the purchase?

The general rule is that if goods offered for sale have defects that are easily seen upon examination and goods are open to the inspection of the purchaser, the purchaser must examine them. If the dealer kept the buyer from finding out the truth and does not tell

him such an important fact, it is fraud; the buyer has a right to rely on the dealer's advice and the dealer must give the buyer such important information. Although generally the law is "let the buyer beware", in recent years all ethical businessmen including service dealers, protect a consumer by not using fraudulent advertising or untrue statements of facts in the sale of merchandise. Government (city, state and federal) is also passing new laws to protect buyers.

While on a service call a technician offered and a customer agreed to buy a certain portable radio for \$40.00. Unknown to either of them the radio had been knocked off a shelf in the shop and smashed before the agreement was made. Was there a contract?



A service dealer had a TV set on display in his window for a week and changed the display by putting in a different set. A customer not knowing of the change phoned in and agreed to buy "the set in the window" thinking that he was purchasing the first set. Was there a contract?

A service dealer attended a public sale of electronic equipment at which he heard a bid of \$50. He did not know that it was a custom at auctions to omit the hundred in bidding and he raised the bid to \$75. The auctioneer believing that \$175. was meant and hearing no

other bids cried "Sold for \$175."
Was there a contract?

A mistake exists when the parties to a contract do not have the same thing in mind. Certain mistakes entitle either or both parties to void the contract. This is known as the "mutual mistake" as to an important or "material" fact: the existence, identity or price of the subject matter. Such a mistake prevents an agreement; No agreement, no contract.

WHAT IS THE CORRECT FORM OF A CONTRACT?

Contracts may be formed by acts or by words; they may be spoken or written. If both parties do as promised, it doesn't make any difference as to the form of the contract. When one party refuses or fails to carry out a contract, the other may bring a lawsuit for "breach of contract". Because any decision depends on the facts, the safe rule to follow is **PUT THE CONTRACT IN WRITING**. Better still, have important contracts drawn up by a lawyer.

While you're not going to call in a lawyer to draw up a contract just to sell a \$3.00 receiving tube, there are certain contracts which you cannot force someone to carry out, if they are not in writing.

You entered into an oral or spoken contract with a technician who is to manage your servicing business for a period of two years at a salary of \$6000. per year. Six months later, dissatisfied with his work, you discharge him. He brings suit against you. Who will win?

You will win! Under the law known as "Statute of Frauds" any contract which by its terms cannot possibly be completed within one year from the time it is entered into, must be in writing. It will not be enforceable if one of the parties refuses or fails to carry out the contract and then claims the Statute of Frauds as his defense when he is sued.

Under the Statute of Frauds, any contract for the sale of Real Estate (land, house, permanent fixtures) must be in writing. Leases of property for more than one year must be in writing.



Jones and Smith come into your TV service shop. Jones says to the service dealer, "Smith wants a TV set and will pay you in 30 days. If he does not pay, then I will pay." You sell Smith the TV set. Two months pass and Smith doesn't pay. You then ask Jones to pay. Jones refuses. You sue him. Will you win?

Under the Statute of Frauds, the promise of one person to pay another's debts must be in writing. You can only collect from Jones if you got his promise in writing.

Of course, if you had sold Smith the TV set and Jones later wrote to you saying, "I promise to pay for Smith's set", you could not hold him to this promise in some states because there was no consideration. But, if he had made the promise before you sold the

set to Smith, your making the sale would have been binding on Jones' promise.

A customer came into your shop and ordered a Color TV Set, saying "I will pay you when you deliver it at my home tomorrow". When you came to deliver the set the next day he refused to take it saying that he had changed his mind. You bring suit. Will you win?



(Westinghouse Electric Corp.)

Under the Statute of Frauds the sale of merchandise at the price of \$50.00 or over is not enforceable in a court of law unless: (1.) the buyer accepts part of the goods sold and actually receives it or (2.) the buyer gives something to bind the agreement or in part payment or (3.) some note or memorandum in writing is made and signed by the party to the contract.

Could you have forced the customer to accept the Color TV Set and pay for it? As you see, it would depend on whether you received a part payment or deposit, or whether you had him sign some note or memo or order form.



"I appoint this man my agent."

LAWS AFFECTING EMPLOYER AND EMPLOYEE

You may authorize someone to represent you in dealings with other people (third parties). He is then known as an "agent". The technician you send on a home service call, the bookkeeper who handles your office work, the salesman who sells sets and appliances for you, are actually your agents. You are bound by any contracts they may make within the scope of their authority.

You are responsible for the acts of your agents if what they do is within their authority. If, in the course of his employment, the sales clerk makes an unauthorized, fraudulent statement regarding a picture tube he sells, you can be held accountable. You are also liable for any damage caused by the negligence of one of your employees if it occurred in the course of his duties and while he was making a sale or servicing a set. You can see how this may apply to a set that may cause a shock to a customer through the negligence of a bench man. It may well apply in the case of a TV antenna which has been put up in a negligent manner and as a result falls down and injures a passerby.

It can apply if a service technician in your employ, using your service truck, through negligence damages a person or property. That is why you need insurance!

LAWS AFFECTING SALE OF MERCHANDISE

When you buy things, you expect that you get the ownership of them, free of any one else's claims. This ownership is known as "title" to the goods. As buyer you expect the seller, your supplier or distributor, to have title to the goods which he can transfer to you.

The thief gets no title to the goods which he steals and the buyer of stolen goods therefore can get no title to them. Since title can be transferred (passed) only by the intention of the owner, the loser of property by the act of losing its possession usually does not lose title to it. The finder gets the possession but does not get the title to it. The finder does have a certain amount of ownership of a property and can pass this on to someone else; but if the owner can trace the goods, he can recover them even from a buyer who bought the goods from the finder in good faith.

When you sell a hi-fi set on credit, you take a risk if you transfer both the possession and the title of the set to the purchaser. If you don't get paid, you can sue only for the money due you. You cannot get back the set. For this reason, many large appliance dealers make a "condition sale" and use a conditional



sales agreement; that is, although possession of the goods is transferred to the purchaser, the title remains with the seller until all conditions of the contract of sale have been fulfilled. This means that in an installment sale, the condition to be fulfilled before the title will pass, is the payment in full of the purchase price.

Find out about the recording of conditional sales agreements in your community. This allows the holder of the title to goods to file a copy of the conditional sales agreement, thereby notifying the community that the goods do not belong to the party in possession of them. This prevents the buyer from selling the goods to an unsuspecting person. If as a seller, you do not record such conditional sales in the county clerk's office in the town where the buyer resides, it is likely that you will not be protected if the buyer disposes of the property to a person who is a purchaser in good faith.

When you make a conditional sale, if the buyer does not pay the full purchase price, you are entitled to recover possession of the property (repossess it) and if you wish, sell it. If, after you receive the full purchase price, a surplus is left over from the resale, the buyer is entitled to that amount; but if the resale does not bring you the difference between what you received up to that time and the original purchase price, you generally will have a claim against the buyer for the balance due you.

Although the general rule is that the person having title to goods must bear any loss that occurs to such goods, in a conditional sale the buyer is normally liable for any damage to the goods even though he does not get the title until he has made full payment. If a service dealer sells a set on a conditional sale and it is lost through fire or stolen while at the buyer's home, it is usually the buyer's loss.

We hear a great deal in the electronic business of the term, "warranty". Electronic manufacturers warrant that they will give a free replacement of parts for 90 days from

the purchase of a set, or replacement of a picture tube within one year of purchase, because these are statements of important fact which get a buyer to enter into a contract of sale. They are known as "express warranties". This term can apply to a factual statement made by a salesman. For a breach of warranty a buyer may return the goods and recover the purchase price, or he may accept goods and sue for any resulting money loss, or if payment has not been made, deduct the amount of the loss from his payment to the seller.

SCHEDULE OF FOREGOING BILL OF SALE

- 1 Stereo Preamplifier Model 6AJ4
- 1 AM FM-Stereo Tuner Mod. 3AJ2-a
- 1 50-w Stereo Amplifier Mod. 2AJ2
- 2 Speakers Model 50-W12 Mahogany
- 1 Stereo 4-Speed Phono Mod. 12-4S
- 1 Equipment Stand Mahog/Brass legs
- 1 Record Cabinet Mahog/Brass legs

STATE OF New York }
COUNTY OF Webster } ss.

On the 12th day of July 1966
before me came *Bill James and Joe White*
to me known and known to me to be the
individuals described in, and who executed,
the foregoing instruments, and
acknowledged to me they executed same.

Notary Public, Webster County

County Clerk's No. 13482

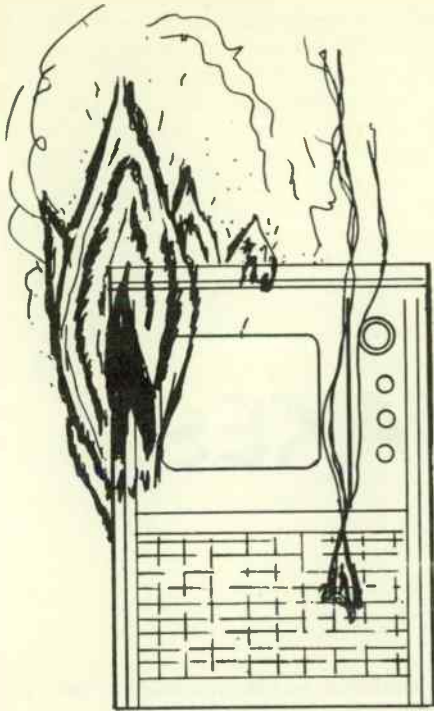
Register No. 2N

My commission expires March 30,

HOLDING SOMEONE ELSE'S PROPERTY

You are unable to repair a set in the customer's home so you take it to your shop. Fire destroys the set. Are you liable for its loss?

The law says that you must give the set "ordinary care" and that you are liable for "ordinary negligence". Ordinary care is that care which an average person would exercise over his own property under similar circumstances. If you exercise ordinary care generally you would not be liable for the loss of the set. Of course, since the wise service dealer makes every effort to prevent fire



in his shop and insures himself against possible loss, he will do the same for customers' sets in his possession.

If a service dealer is to repair a customer's property and he does his work so inefficiently as to damage the property, he will be liable to the customer. As a recognized service technician, failure to exercise the amount of skill expected from a technician, amounts to failure to exercise "ordinary care". If through no negligence of yours, a customer's set is destroyed, you are legally entitled to payment for the services you performed on the set before it was destroyed.

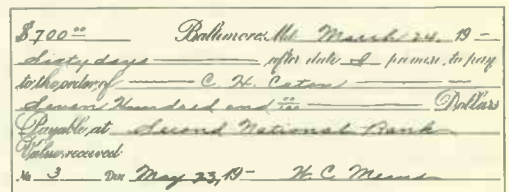
If you are not paid for your services you have the right to retain possession of the customer's property, and in some cases you will get the authority to sell it. This will depend upon the law in your community.

The following may be an unusual case. A customer gives you his set to repair; he

does not pay you but promises to do so. You return his set and he still does not pay you. Two months later you get the set again and now you want to hold it until you get paid for the original repair. The law says you may not do so. Make sure you get paid the first time!

CHECKS AND PROMISSORY NOTES

There is a whole body of law relating to checks and promissory notes. A check is an order to your bank to pay on request a certain sum of money to the person whose name is on the check or to anyone it is properly transferred to. Find out from your bank about the endorsements on checks; stopping payments; forged checks; checks with some alteration such as a change of date, amount etc.; postdated checks; checks signed by a person who dies before you deposit it. Find out how you can certify a check for safety and how you can make use of a Cashier's check or bank draft to pay for a purchase in a distant city. Checks and promissory notes, which meet certain legal requirements are known as: "negotiable instruments". They must be in writing, signed by the maker, must contain an unconditional promise (or order) to pay a certain sum in money, payable on demand or at a fixed (or determinable) future time, payable "to order" or "to bearer". When a customer gives you a check or a note examine it for each one of these qualities.



A typical promissory note.

CHAPTER II

TAXES TAXES TAXES

"I had just completed a service call and was walking along the street" said a TV technician, "when I heard screams coming from a nearby house. Another passerby and I ran in to see what happened. We found a frantic mother whose son had swallowed a nickel. The other fellow grabbed the youngster by his heels, turned him over, gave him a few shakes and the coin rolled out on the floor. The mother was relieved and full of admiration."

"You certainly knew how to get the nickel out of him," she said. Are you a doctor?"

"No, madam", he replied, "I am with the Internal Revenue Service."

Although there are times when you may feel that the Government is trying to shake a lot of money out of you in the form of taxes, it is really not so. They want you to pay only your correct tax, no more, no less. You should become familiar with the tax laws — Federal, State, City, Town, County — as they apply to you as an individual and to

your business so that you will pay only your correct tax.

In this chapter we shall talk about Federal taxes for the most part. You will learn when and how certain kinds of income will be taxed, and when and how certain expenditures may be deducted. You will learn how to get the most deductions. You will learn the difference in the tax treatment of sole proprietorships (individual owner), partnerships and corporations.

This chapter is not intended to take the place of the professional advice of your accountant and lawyer. You will need this advice especially because tax laws change from year to year. You will need it so that business decisions that affect your tax return, can be made on a basis which will decrease taxes and increase your net profits. Long-range planning in today's high tax brackets must take the place of last-minute tax worrying. Without year-round tax thinking, you can lose out on many savings when it comes time to file your tax returns.

Hal Jones was a foreman with a big Radio and TV manufacturing company. He had saved and planned for years before he quit his job to go into business for himself. He wanted to be his own boss with a service shop on Main St. It took years of saving to get enough money together to make the dream of his

own business come true, but he was sure that being in business for himself would be worth his sacrifices.

Bert Smith, a TV serviceman for a large appliance dealer had the same dream of independence. He looked forward to being his own boss, getting away from doing just bench work and into a wider variety of services and sales. Bert didn't have much money but his family was back of him and his credit at the bank was good.

Charlie White, a ham operator for many years, was tired of sitting at an office desk writing figures in a ledger and decided he had had enough. He wasn't a trained technician or businessman but he knew there was money to be made in operating a TV service shop. He figured that he could make up in enthusiasm, hard work and common sense what he lacked in actual servicing experience.

Hal, Bert and Charlie opened their TV service shops in different parts of the country. At the end of a year each had done about \$20,000 in business and expected to show a good profit.



But!

Hal, who knew more about TV servicing than either of the others, was in need of more money.

Bert was only in fair shape financially.

Charlie was doing fine.

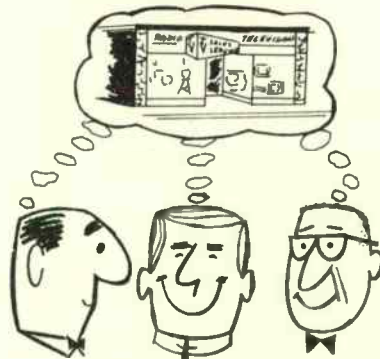
The answer? Taxes!

Hal, who knew the servicing business, had gotten good advice in such matters as store front, window display, tubes, parts, sets and appliances for sale. But he neglected to get information on methods of reducing his taxes.

Bert, with less knowledge of TV servicing, had the benefit of some information on saving taxes from relatives who owned a retail store.

Charlie, who knew that he lacked information on all phases of operating his own business, consulted his accountant as well as other advisors on running a TV Service Shop. As a result, at the end of the year, he was able to realize a good income without painful tax payments.

*Nothing is certain
but death and
taxes!*



Hal, with only his son helping him to start out, thought it was unnecessary to incorporate and considered no other possible arrangement. He bought a one-story building for his shop and bought a service truck, store fixtures and all his equipment outright.

Bert organized a partnership with three other members of his family and divided the profits evenly. He too bought his own building and equipment. He came out with a small tax bill.

Charlie, on the advice of his accountant, organized a partnership, he leased a building on a profit-percentage basis instead of buying it. He rented a service truck and as much other equipment as he could. He paid no taxes.

Good tax information can give you, like Charlie, considerable savings. You say: "How?"

The best way we can tell you how is by asking and answering many questions. The right answers to these questions may be worth \$50.00 to \$1000.00 in tax savings to you!

Here are some of the questions:

Does it pay to operate as a sole proprietorship (single ownership)?

To organize a partnership?

To incorporate?

To form several units as partnerships or corporations (one for servicing, one for sales)?

Will a "family partnership" cut taxes enough to make it worthwhile?

How should cost of building and equipment be financed?

Will tax savings make leased equipment cheaper than outright purchase?

Should a business building be rented or purchased?

How may a TV service dealer business be financed most cheaply?



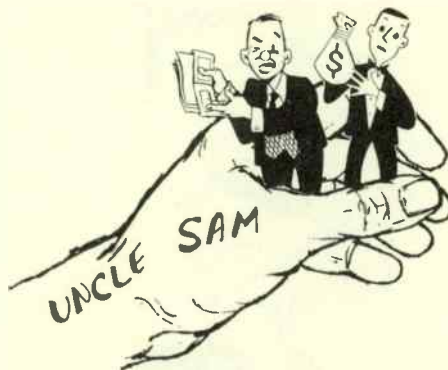
How should the books of the business be kept? With what tax year?

Can my dependents help out without my losing tax deductions?

By the time we have completed this chapter you will be well qualified to discuss these questions with your lawyer and accountant in a way which will make you come up with the right answers. Answers that will be tax-saving and profit-making.

WHO HAS TO FILE A TAX RETURN?

If you are under 65 and a citizen of the United States or an alien residing in the United States and you had gross income of \$600. or more during the year, you must file a Federal income tax return.



If you are self-employed, you must file a return if you had self-employment income of \$400.00 or more even though your gross income was less than \$600.00.

Gross income is the total of your income less any income which you are allowed to omit in reporting for income tax purposes.

For example, if you are under 65 and operate a TV service shop and in a given year, you sold services and merchandise totaling \$20,000 you have a gross income of \$20,000. After deducting allowable business expenses such as cost of goods sold, rent, electricity, supplies, advertising, salaries, auto expense depreciation, etc., which totals \$15,000 you are left with a net profit of only \$500. Since the gross income was more than \$600 you must file a Federal tax return even though you pay no taxes on the \$500 net profit.

In recent tax years, the simplest form of tax return has been a tabulating machine card; 1040-A. This form could be used only if your income was less than \$10,000 and consisted entirely of wages reported on withholding statements or from such wages and not more than a total of \$200.00 of income from other wages, dividends and interest. Since regulations may change from year to year, make sure that you know the requirements for the current year.

If a Form 1040-A is not used then a Form 1040 is used. You may not use the Form 1040-A under certain circumstances. Here are some of them: If you are subject to the self-employment tax; if you or your wife itemize deductions instead of taking what is known as "Standard deduction"; if you are late in filing your tax returns; if you paid an estimated tax during the year; and in the case of a single person, if you claim status as "head of household"; and for certain other reasons.

If you are married, you have a choice of filing either a "joint" return, or a separate return. It is usually to your advantage to



file a joint return. It lowers the rate for you. You can file a joint return even though your wife has no income or deductions.

Here are some of the kinds of items which you should include in gross income: salaries, tips and gratuities, wages, back pay, gambling winnings, awards, prizes, military reserve training pay, gains from the sale of property, business income, partnership income and of course, any compensation for personal services.

One of the raffle tickets you bought to help a local charitable organization contained the lucky number. You won a television set worth \$300.00. Must you report the set as income on your tax return? And if so, what is its value?

While the raffle ticket may have been forced on you, Uncle Sam considers that you made an effort to win the prize when you opened your wallet and bought the ticket. The fair market value of the television set (\$300.00) must be reported as part of your taxable income.

Do you pay alimony? Does your wife receive alimony from a former husband? Alimony and similar payments are generally income to the wife and deductible expense to the husband.

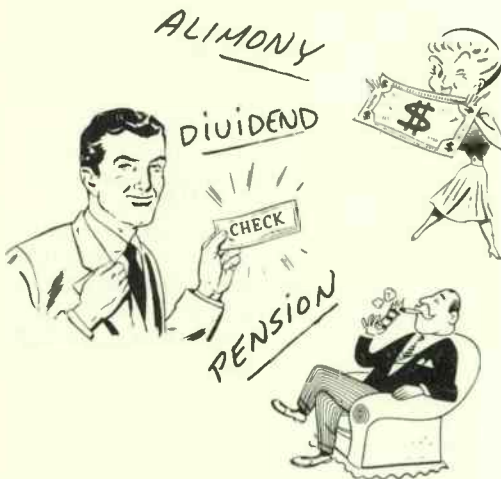
Are you receiving a pension? Pensions may be fully taxed, partly taxed or not taxed at all. It depends upon how the pension came about and whether you contributed to a pension fund.

A \$300.00 Television Set
and other valuable prizes

will be awarded by
The Knights of Columbus at
Arlington Ave. and Bradford St. Brooklyn, N. Y.
Drawing Tuesday, November 17, 19--
Donation 25 cents

No 5319

Are you "playing" the stock market? Stock market transactions are generally considered to be sales and purchases of "capital assets" and the tax on any gain you realize may be less than the tax on your other income.



Is all income taxed?

No. Some amounts you receive are not subject to income tax and should not be reported on your tax return. Some of these are accident and health insurance proceeds, casualty insurance proceeds, disability and death

payments, gifts, bequests or inheritances, interest on tax-free securities, life insurance proceeds, social security payments, state unemployment compensation, disability benefit paid by the Veterans Administration, workmen's compensation and some other items.

If you operate your TV service business as an individual owner, everything we have said in this chapter so far applies to you. You will use a separate form (Schedule C - Form 1040) to report the income and expenses of your business. What is considered business income and business expense we will talk about in greater detail as we go along.

WHAT MAKES "AN EXEMPTION"?

An exemption is a deduction of \$600.00 which reduces your taxable income. A technician who files a joint tax return is allowed one exemption for himself, one exemption for his wife and one exemption for each of his dependents. Extra exemptions are allowed to taxpayers and their wives who are 65 or over or blind.



Claim all your exemptions to cut your tax! The more exemptions you claim the less tax you pay. As each exemption reduces your taxable income by \$600.00, you save the tax you would have had to pay on \$600.00. Depending on the size of your income you can save at least \$120.00 and as high as \$546.00 for each exemption (\$600. times 20% equals \$120. and \$600. times 91% equals \$546.).

In addition to the exemptions for yourself and your wife, you are entitled to exemptions for dependents. Who is a dependent? Children, parents, relatives, and in some instances other members of your household.

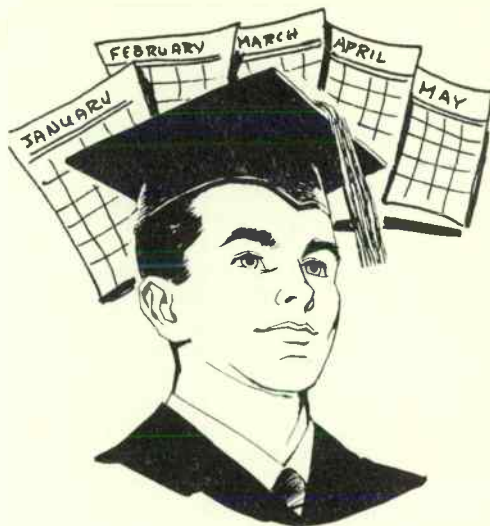


To claim an exemption for a dependent, you must furnish over half of the total support of the dependent during the calendar year. This can include food, shelter, clothing, education, medical and dental care, recreation, transportation and similar necessities for the dependent. Certain items are not a part of "total support"; income taxes, life insurance payments or an automobile paid for a dependent.

Your dependent must either have gross income for the year of less than \$600.00 or be your child and be under 19 or a full-time student, in which case his gross income does not matter and can be over \$600.00.

Your son's 19th birthday is December 8th. He does not attend school and has earned \$650.00 during the year. You cannot claim him as an exemption because he has reached 19 during the year and earned over \$600.00, nor can you claim a partial exemption for the time he was under 19.

Your child is considered a full-time student if he attends during at least five calendar months of the tax year, a primary or secondary school, a preparatory school, college, university, technical school or normal school. It does not include his enrollment in a correspondence school, a job-training school or a night school. As long as he attends for five months, you can take him as a dependent even if he works upon graduation and earns more than \$600.00 for the balance of the year.



When your son married last summer you promised to help him financially while he completed his senior year in college. His wife worked during the year but her income of \$1000 did not begin to cover their expenses. Your son had no income. You had to provide more than half his support. Even though your son is married, is it possible for you to claim him as a dependent on your tax return?

You certainly can. You can claim him as a dependent as long as he is a full-time student and you provide more than half his support. No exemption may be claimed for

the daughter-in-law. Make sure she files a separate return. If they should file a joint return, you will lose the \$600 exemption for your son! The dependency exemption will probably save you more tax than it would your daughter-in-law.

MINORS AND TAXES

A minor is subject to tax on his own earnings and income even though his parent may have the right to it and may actually have received the money. His income is not required to be included in the return of his parent. He is allowed a personal exemption of \$600 on his own tax return regardless of how much money he may earn.

Your son gets dividends of \$1500 on stock which he owns. He deposits this amount in the bank. He is entirely supported by you. You get the exemption.

As long as you furnish more than half the support for your child, it makes no difference how large his income is. You still claim him as a dependent because he is under 19 or a full-time student. As far as his tax return is concerned, he files a return disregarding your claiming him as a dependent. He figures his tax taking a personal exemption for himself on his own tax return. This applies only to your child or step-child. It does not apply to a grandchild or an in-law you support who is a full-time student. Remember that you lose your child as an exemption if he filed a joint return with his wife.



If your child works for you, you may deduct reasonable wages you paid to him for services he rendered in your business, even though you may be entitled to his services. He must report the wages on his income tax return.

TV SERVICE: HOBBY OR BUSINESS?

Is TV servicing a hobby or a business with you? An occasional servicing job for a hobby is not considered as carrying on a trade or a business. While income from a hobby must be included in your tax return, the expenses of a hobby are deductible from your total income only to the extent of the income from that hobby.



Do you operate a sideline business although you work full-time as an employee or in another business? Can the "sideline" be considered for tax purposes, a trade or business? Your answer is important. A trade or business or profession is carried on for the purpose of livelihood or profit. If your sideline of servicing operation is not considered a trade or business, then its expenses are not deductible from your gross or total income. You must be able to show that you spend a major or substantial amount of your time in the activity to make a profit or livelihood. Of course, there is no question about this when you operate a TV service store. The part-timer, although he has to report all income from servicing, may have difficulty in being allowed to deduct business expenses.

THE RECORDS YOU NEED FOR TAX PURPOSES

You are required to keep records so that you can calculate what you owe to the Government for taxes as proof for the items appearing on your tax return. You must keep permanent books of account or records that will clearly show income, deductions, credits, inventories, employees' names, addresses, social security numbers, sales of merchandise and services, etc.

The kind of records you should maintain is not fixed according to law. Regardless of the system of bookkeeping you select, your books should have a systematic record that will accurately and clearly explain the matters for which you are required to account in your tax returns.

The records established by a responsible, qualified accountant so that you can determine your profit and financial standing, will also be the records suitable for tax purposes.

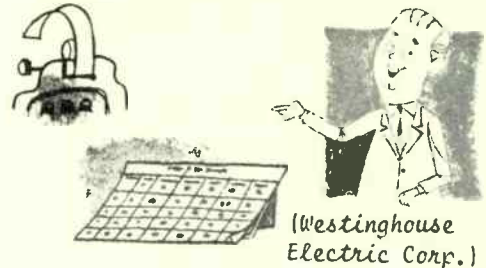
As part of a group of effective records, you should deposit all business receipts in a special bank account and set up a petty cash fund for small expenses. All business expenses paid by cash should have receipts to show that such expenditures are for business purposes. Make all payments by checks if possible so that business expenses can be proven. Do not write checks payable to cash for yourself unless they are drawn for personal reasons. If you do make such checks, to cash or to yourself, in order to pay a business expense with cash, you should make the receipt for the cash payment as part of your record.

In keeping a record of your purchases of equipment, fixtures, trucks and other long lasting assets, make a note of the date of purchase and the gradual reduction in value which is called depreciation. The reason for this is that depreciation of business property is deductible as a business expense.

A "GOOD TAX YEAR FOR THE TV SERVICE DEALER"

You must compute your taxable income and file a return on the basis of a period of time

called "taxable year". This is usually a period of 12 consecutive months. It may be a calendar year from January to December or a fiscal year, 12 months of your own choosing



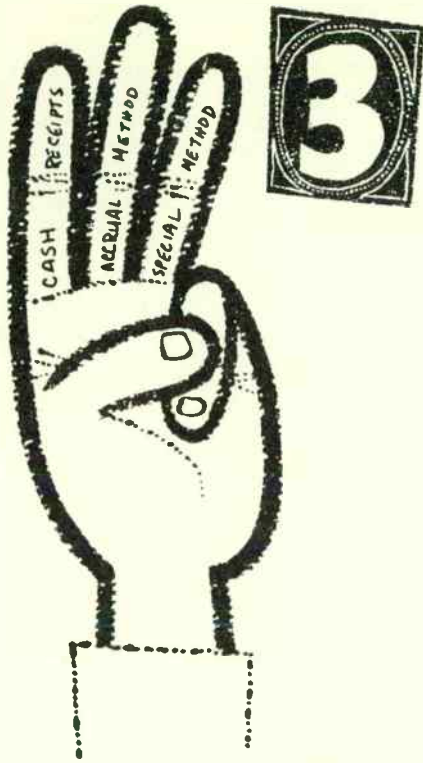
Once you have filed your first income tax return either as an individual or as a businessman, you must continue to use the same taxable year unless you get permission from the tax authorities to change it.

As a service dealer, you will carry an inventory of tubes, parts, and other merchandise. This may be a very large inventory at one time of the year and a relatively small one at another time of the year. The amount of your inventory has a bearing on your income tax. It may be to your advantage not to have your taxable year the same as the calendar year. Discuss this with your accountant.

YOUR ACCOUNTING METHOD

A method of accounting is a set of rules which you follow to show your transactions in your books. Any method which clearly reflects your income, is acceptable to the tax authorities. You must use the same method from year to year. You are not required to use any particular method. Use one that is best suited to your purpose and which will enable you to make a return of your true income. If you do not have an accountant to set one up for you, the methods explained in the next chapter will be satisfactory.

There are three popular methods of accounting: (1) cash receipts and disbursements (payments) method; (2) accrual method; (3) special method.



The cash method requires you to include in your "gross" income all items of income you actually receive, or is set aside for you, during the year. It may include cash, property or services. Generally, your expenses must be deducted in the tax year in which they are actually paid.

Expenses paid in advance are not deductible until the year in which they are incurred; for example: you pay this year for a 3-year fire insurance premium. You must spread the expense over the 3-year period the insurance is in effect.

Under an accrual method, all items of income are included in your gross income when you earned them, even though not received; for example: you do a lot of servicing and sales in December, but do not receive payment until January or February, the next tax year for you. Allowable expenses are deducted as soon as you become obligated for

them (your newspaper advertising, rent, electric service, etc.) whether or not paid.

A service dealer may use a combination of the cash and the accrual methods. You may use the accrual method for computing gross profit from purchases and sales, while using the cash method in computing all other items of income and expense.

If you use the cash method for gross income, you must use it also for business expenses. If you use an accrual method for business expenses, you must use it also for business income.

You may use a "special" method of accounting. For example, if you deal in installment sales or deferred-payment sales, you may use the installment method of reporting income. It is too complicated to talk about here but if you do have sales of this type, find out about how this method will cut your taxes by spreading your taxable profits over more than one year.

If you sell long-term service contracts and collect payment in advance, have you ever wondered when you are supposed to pay income tax on the cash you received? The Internal Revenue Service has stated that such money should be treated as taxable income for the calendar year when it was collected. This has been so whether or not the service contracted for is actually given in that year. This policy has been pretty rough on service dealers every now and then. If you sell a lot of one year service contracts, in the fall, when a lot of people buy sets, chances are you will get very few service calls until early the following year. It means that you have to report high income with few expenses until the following year. That year, when you get many service calls, you will have high expenses and possibly low income.

A recent court decision upheld the right of a Radio TV service dealer to postpone part of his income tax payments on service contract fees until the time when the services are actually provided and the fees can be fairly called taxable income. If you sell many long term service contracts, and collect payment in advance, mention this court decision to your accountant.



THE "COST" OF WHAT YOU SELL

Because you buy goods to sell you are entitled to deduct the cost of the goods sold on your income tax return. A service technician operates what is known as a "personal service" business as do doctors, lawyers, carpenters, painters, etc., who are not usually required to use inventories. Where a personal service business also sells or charges for materials and supplies as in the case of the service dealer, they are required to use inventories. Most personal service businesses use the cash method of accounting. As we pointed out previously, if they are required to use inventories, they are also required to use an accrual method of accounting.

WHAT IS "INCOME" FOR TAX PURPOSES?

Any income which you receive regardless of its source, and whether in cash, property or services, must be reported on your income tax return unless the law tells you otherwise. Earlier in this lesson we talked about many kinds of income which an individual has to report. We have also since referred to certain types of business income which must be reported.

Business income comes from your business activity, TV servicing, whenever there is a sale of tubes, parts, sets, appliances or other merchandise or services in the ordinary course of your service dealer business.

Suppose a customer gives you an old TV set in exchange for your repairing a tape recorder. This is taxable income. Income other than cash received by you such as property or services is included in your income tax return to the amount of its fair market value on the date received.

Where the sale of a tube, appliance or other merchandise is an income-producing factor in your business, the use of inventories and of the "accrual" method of accounting are usually required in order to show income clearly.

Inventory, Jan. 1, 196_	\$ 10,000
+ Merchandise bought 196_	+ 7,500
<u>Total</u>	<u>\$ 17,500</u>
Total	\$ 17,500
- Inventory, Dec. 31, 196_	- 12,500
= Cost of merchandise sold	= \$ 5,000

To calculate your cost of goods sold, add to your inventory at the beginning of the tax year the cost of merchandise and materials you bought during the year for sale. From this total deduct your inventory at the end of the year. The remainder represents the cost of goods sold during the tax period. It should not include selling expenses.

"ACCEPTABLE" BUSINESS EXPENSES

Acceptable business expenses are costs of doing business which the Government allows you to subtract from your total income in order to reduce your taxable income. In order that you may deduct these business expenses they must meet certain requirements. They must be "both ordinary

and necessary" expenses directly connected with or related to your service dealer business. Watch out though. Not all business expenses are deductible, even though they may be ordinary and necessary.

Some of the more common examples of deductible business expenses are salaries and wages, advertising, rentals, insurance premiums, gas, electricity and heat, repairs, supplies and materials, licenses, travel expenses, business entertainment expenses, interest on loans and mortgages, bad debts, membership fees in a professional association, subscriptions to technical magazines, telephone expenses and others.



ADVERTISING IS DEDUCTIBLE

Your payments to charitable, religious or educational organizations which are not in fact contributions or gifts, may qualify as business expenses. Payments which are charitable contributions, however, are not deductible as business expense. You pay \$15.00 to a church for a halfpage advertisement in a program for a concert which it is sponsoring. Since your payment is not a contribution, you cannot deduct it as such. However, you may deduct it as a business expense if it meets the other tests.

There are many taxes you may have paid to Federal, State and local governments. You may deduct these provided they are directly related to your business, but some of these taxes are not deductible, such as: Federal income, estate and gift taxes, and state, inheritance, legacy and succession taxes. In the case of state income taxes of a sole owner, they are not deductible as business deductions but only for the individual himself. State income taxes of a partnership or a corporation are deductible as business deductions. A State tax on gross income, not on net income, is deductible as a business expense.

You are allowed to deduct your net operating losses and any other losses not covered by insurance.

Have you ever been faced with a decision about how to replace an old service truck with a new one and get the benefit of a loss which can reduce your taxes?

You shopped around and found that you could sell your old truck to a private party for \$500.00 or to a dealer in town who would give you a trade-in allowance of \$500.00 on it. It seems like "six of one and half a dozen of the other" to you, doesn't it? But, it isn't! If the truck originally cost you \$2500 and you had taken \$1000 in depreciation on it, then its cost for tax purposes was \$1500 and it would seem that you lost \$1000 whether you accepted the dealer's trade-in allowance of \$500 or sold it to the private party for \$500. But this is not so. If you took the trade-in deal, you cannot claim a deduction on your tax return for your \$1000 loss. All you can do is add the amount of the loss to the cost of the new truck and eventually receive tax credit for your loss in the form of slightly higher depreciation deductions.

On the other hand if you had made an actual sale of your old truck to the private party and a separate purchase of a new truck from the dealer, you would have established a \$1000. loss which could be claimed as a loss deduction on a tax return.



A good rule for you to consider when you are trying to decide whether it would be more desirable tax-wise for you to sell or trade in an asset, is: sell "loss" property to avoid the tax which must be paid on any profit realized from the sale of an asset.

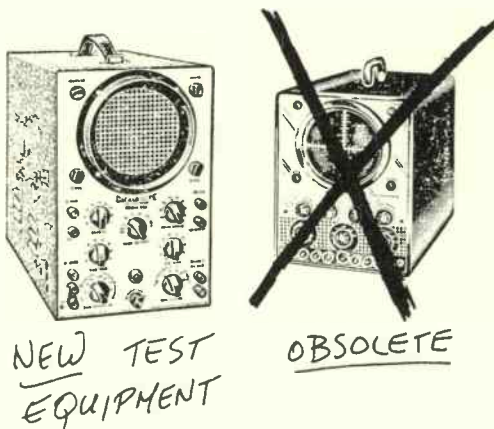
HOW DEPRECIATION AFFECTS YOUR TAXES

If you have income producing property which has a useful life of a limited period of years which can be reasonably estimated you may deduct each year a part of its cost less its salvage value over its useful life. Certainly you have such property. Your store fixtures, your shop equipment, your service truck, your business building, if you own it. When you buy property which has a useful life of more than one year, you cannot deduct for the whole amount in one year as a business expense. At the same time you cannot usually get deductions for property such as land or good will which has an unlimited useful life.

You may deduct each year as "depreciation", an amount which represents a reason-

able allowance for the wear and tear and obsolescence of depreciable property used in your business. "Obsolescence" takes place for example, when a piece of testing equipment is made useless or unprofitable by a new invention even though the old equipment has not worn out.

You buy a new piece of test equipment to cut trouble-shooting time in half; this makes your old test equipment obsolete.



The depreciation deduction is allowed only for property which you use in your business. You cannot deduct depreciation on property you and your family occupy as a dwelling or on furnishings you use there or on your automobile used solely for pleasure purposes.

There are different methods of computing depreciation. Any reasonable method which is regularly applied may be used. The three methods most generally used are 1. the straight line method, 2. the declining balance method, and 3. the sum of the year's-digits method. The straight line method is the simplest. For example, you buy a truck for \$3200; you expect to use it for 5 years and sell it for \$200 at that time. There will have been a used-up value of \$3000 over the 5 years period. Using the straight line method, you deduct \$600 for each one of the 5 years for depreciation.

Discuss with your accountant the advantages of the various methods used to compute depreciation. It could be that the method you used or are using is not the one most suited to your business needs from a tax standpoint.

"CAN I DEDUCT FOR ENTERTAINMENT, GAMBLING, ALIMONY, BAD DEBTS?"

Last month you and your wife decided to pay off your social obligations by having a dinner party. Several of the guests you entertained were business friends. Are you permitted to deduct the cost of entertaining your business friends?

Since wining and dining your business friends was not the main purpose of having the dinner party, no deduction would be allowed. The connection to your business is too slight.



Amounts you spend for entertaining customers are deductible if they are reasonable in amount and are an ordinary and necessary expense of your business. Remember, the purpose of the expenditure must be a business one rather than a social or personal one, and you must have a reasonable expectation that your business will benefit by the expenditure. For example, taking the manager of a motel to lunch so that you can sell him on the idea of buying a TV set for every unit and have

you service them; the expense of this lunch is deductible. Be sure to keep detailed records of all entertainment expenses paid by you if you want full credit for the amount so spent. Many business men belong to organizations which provide credit cards and provide the necessary records.



Although your total winnings through gambling must be included in income, you may deduct your gambling losses only to the extent of your winnings. For example, if you had winnings of \$300 and losses of \$500, the \$300 winnings must be reported as income and you can only deduct \$300 of the losses. Money received from lottery or sweepstake tickets are gambling winnings; bonds, automobiles and other prizes won at raffles are included as income at their fair market value. Prizes awarded in a sales

contest are income. Prizes won in any contest such as a lucky number drawing, TV or Radio Quiz program, door prizes, etc. are all taxable. Awards and bonuses to employees for achievements in their work or for suggestions are taxable. When an individual refuses to accept a prize, it is not included in his income. The prizes given by the business are deductible expenses of the business.

Are you an individual paying alimony? Alimony is deductible as a personal expense but not as an expense of the business. Payments for the support of minor children are not deductible personal expenses. If you are divorced or legally separated from your wife, alimony or separate maintenance payments are deductible by you; in addition to other requirements they must be periodic payments and not lump sum cash settlements. Alimony paid by a wife to her husband is treated in exactly the same way.

Do you have any dead-beats on your customer list? Accounts which become partially or totally worthless are business bad debts. You may take a deduction for bad debts that become fully or partially worthless within the tax year. If you have an accountant, discuss with him the method known as "reserve for bad debts"

HOW INSURANCE AFFECTS YOUR TAXES

Do you carry various types of business insurance that protect you against losses by fire and other hazards? The premiums which are "ordinary and necessary" for your business are deductible as business expenses. Premiums paid by you on your own life insurance policies are personal expenses and are not deductible. Where each member of a partnership agrees to take out life insurance on his own life in favor of the other partners, the premiums paid whether by the partnership or by each individual partner are not deductible.

Premiums on fire, theft, flood, casualty, merchandise and inventory, public liability, workmen's compensation, employers' liability, group hospitalization, medical insur-

ance, State unemployment insurance, group life insurance (if you get no benefit), automobile and other business vehicle, credit insurance, overhead insurance, loss of earnings, use and occupancy (business interruption), employee fidelity bond, are all deductible.



HOW PENSIONS AFFECT YOUR TAXES

The pensions you pay to retired employees or to their families and dependents are deductible expenses. Certain types of employee benefit plans to which the employer contributes are deductible. Other types of plans for pensions, profit-sharing, etc. may have certain tax advantages to the employees while you, the employer, are entitled to a deduction for your contributions under such plans. Look into this carefully when you have a number of employees and you decide to set up a plan to encourage capable personnel to stay with you.

Are you receiving a pension or other retirement income? If you are under 65, the rules are different from those that apply to you if you are 65 or over. Certain pensions or part of them are taxable to individuals who receive them. Certain income is considered "retirement income" while other income is not. There are certain tax benefits or credits for those who receive retirement income.

IT MAKES A DIFFERENCE!



OVER 65?



UNDER
65?

SALE OF HOME

If you sell your residence at a gain and within one year before or after the sale you occupy another residence, the gain is not taxed at that time if the cost of the new residence equals or is more than the sale price of the old residence.



If you sold your old residence at a gain and the sale price was more than the purchase price of the new home, you had a taxable gain.

The loss on the sale or exchange of residence may not be deducted whether or not you replace the property with a new residence.

Your residence may be part of property used for your service dealer business. If so, and you sell the entire property, what we have just said applies only to that part used as a residence.

SALE OF BUSINESS

Are you planning to sell your business? You should consider the income tax effects of such a transaction. When you sell a going concern which you have operated as a sole proprietorship, you do not sell just one asset (the business). You sell all the individual assets which make up the business. Each of these may be treated differently. As far as gains or losses, and the methods of calculating, the tax will depend on the rules for that asset. Your accountant should be able to calculate in advance of the sale the taxes you may have to pay as a result of the sale.

SOCIAL SECURITY ACT	
ACCOUNT NUMBER	
000-00-000	
HAS BEEN	ESTABLISHED FOR
J. WILBUR WORKER	
<i>J. Wilbur Worker</i>	
WORKER'S SIGNATURE	

000-00-000	
SOCIAL SECURITY ACCOUNT NUMBER	
J. WILBUR WORKER	
ANY STREET	
ANYTOWN	
WORKER'S NAME AND HOME ADDRESS	
<i>J. Wilbur Worker</i>	
WORKER'S SIGNATURE	

With permission of the Social Security Board

WHAT TO DO ABOUT SOCIAL SECURITY AND WITHHOLDING TAXES

If you have one or more employees you may be required to withhold Federal income tax from their salaries and wages. You may also be subject to the Federal Insurance Contributions Act; for old age, survivors and disability insurance and is commonly known as "social security". You may also be subject to the Federal Unemployment Tax Act (unemployment insurance).

The amount of the withholding of income tax from the wages of your employees depends upon the amount of the wages and the number of exemptions claimed on his Withholding Exemption Certificate and his payroll period. You should ask each new employee to furnish a withholding exemption certificate Form W-4. You can get these from the District Director of Internal Revenue upon request. If an employee fails to furnish this certificate, you must withhold tax as if he had claimed no withholding exemptions. If he wants to change the number of exemptions claimed by him, he should file a new certificate with you.

You may use a set of tables based on various wages to compute the amount of income tax to be withheld. These tables are in the "Employer's Tax Guide" which you can get from the Internal Revenue Service.

You are required by law to deduct and withhold the Income Tax from the salaries and wages of your employees and you are liable for the payment of this tax whether or not you collect it from your employees. If, for example, you deduct less than the correct amount, you are liable for the full amount of the correct tax.

Social security taxes are paid both by you and your employees. You, as an employer, are liable for the collection and payment of the tax. You must withhold the employee's portion from his pay check as you do income tax. No withholding exemptions are allowed for social security taxes. Tables showing the amount to be withheld is given in the Tax Guide referred to previously.

If for any calendar year your tax rate was 3-5/8% the amount of salaries and wages

FORM W-4 (Rev. July 1961)
U. S. Treasury Department
Internal Revenue Service

EMPLOYEE'S WITHHOLDING EXEMPTION CERTIFICATE

Print full name Social Security Account Number
 Print home address City Zone State

EMPLOYEE:
File this form with your employer. Otherwise, he must withhold U. S. income tax from your wages without exemption.

EMPLOYER:
Keep this certificate with your records. If the employee is believed to have claimed too many exemptions, the District Director should be so advised.

HOW TO CLAIM YOUR WITHHOLDING EXEMPTIONS

1. If SINGLE, and you claim an exemption, write the figure "1"
2. If MARRIED, one exemption each is allowable for husband and wife if not claimed on another certificate.
 - (a) If you claim both of these exemptions, write the figure "2"
 - (b) If you claim one of these exemptions, write the figure "1"
 - (c) If you claim neither of these exemptions, write "0"
3. Exemptions for age and blindness (applicable only to you and your wife but not to dependents):
 - (a) If you or your wife will be 65 years of age or older at the end of the year, and you claim this exemption, write "1"; if both will be 65 or older, and you claim both of these exemptions, write "2"
 - (b) If you or your wife are blind, and you claim this exemption, write the figure "1"; if both are blind, and you claim both of these exemptions, write the figure "2"
4. If you claim exemptions for one or more dependents, write the number of such exemptions. (Do not claim exemption for a dependent unless you are qualified under instruction 4 on other side.)
5. Add the number of exemptions which you have claimed above and write the total
6. Additional withholding per pay period under agreement with employer. See Instruction 1 \$.....

I CERTIFY that the number of withholding exemptions claimed on this certificate does not exceed the number to which I am entitled.

(Date), 19..... 048-16-75908-2 (Signed)

subject to these taxes is limited to the first \$4800. paid by you to each employee during the calendar year. The maximum tax for each employee is \$348; of which \$174 is payable by you and \$174 payable by your employee. Don't forget tax rates can change. See your Employer's Tax Guide for current rates and easy to use tables.

as a result pay a Federal Unemployment Tax of 8/10 of 1%. This tax is imposed on you as an employer and must not be collected or deducted from the wages of your employees.

APPLICATION FOR SOCIAL SECURITY AND TAX ACCOUNT NUMBER (Or Replacement of Lost Card)

Information Furnished On This Form Is CONFIDENTIAL

DO NOT WRITE IN THE ABOVE SPACE

Read Instructions on Back Before Filling in Form. Print in Dark Ink or Use Typewriter.

1 Print FULL NAME YOU USE IN WORK OR BUSINESS (First Name) (Middle Name or Initial— if none, draw line—) (Last name)			
2 Print FULL NAME GIVEN YOU AT BIRTH	3 DATE OF BIRTH (Month) (Day) (Year)		
4 PLACE OF BIRTH (City) (County) (State)	5 AGE ON LAST BIRTHDAY	6 SEX. MALE <input type="checkbox"/> FEMALE <input type="checkbox"/>	7 COLOR OR RACE WHITE <input type="checkbox"/> NEGRO <input type="checkbox"/> OTHER <input type="checkbox"/>
8 MOTHER'S FULL NAME AT HER BIRTH	9 FATHER'S FULL NAME (Regardless of whether living or dead) (State) (Date)		
10 HAVE YOU EVER BEFORE APPLIED FOR OR HAD A SOCIAL SECURITY OR RAILROAD RETIREMENT NUMBER? YES <input type="checkbox"/> NO <input type="checkbox"/> DON'T KNOW <input type="checkbox"/>	IF ANSWER IS "YES" PRINT THE STATE IN WHICH YOU FIRST APPLIED AND WHEN		
11 PRINT YOUR ACCOUNT NUMBER IF YOU KNOW IT (Account Number)	11 ARE YOU NOW— EMPLOYED <input type="checkbox"/> SELF-EMPLOYED <input type="checkbox"/> UNEMPLOYED <input type="checkbox"/>		
12 YOUR MAILING ADDRESS (Number and Street) (City) (Zone) (State)			
13 TODAY'S DATE	14 Write YOUR NAME AS YOU USUALLY WRITE IT. (Do Not Print or Type—Use Dark Ink)		

TREASURY DEPARTMENT Internal Revenue Service
Form SS-5 (Revised 8-62)

Return completed application to nearest SOCIAL SECURITY ADMINISTRATION DISTRICT OFFICE

Every employer subject to social security taxes is given an identification number to help keep Government records. If you have not applied for your number, you should get an application form SS-4 from your District Director of Internal Revenue or from the nearest office of the Social Security Administration. If one of your employees does not have an account number, you should advise him to submit an application on Form SS-5. He can get this from the office just mentioned or from a postoffice.

Federal Unemployment Tax is 3.5% on the first \$3,000 of wages paid by you during the calendar year to each of your employees. However, you are allowed a credit of up to 2.7% of the contributions you paid to State Unemployment Funds. Most employers,

If you are required to withhold income tax from wages or social security taxes you must make a quarterly return on Form 941. If the taxes for any one month total more than \$100., you must deposit them in a bank and get a Federal Depository receipt Form 450. When the time comes to pay the tax you just turn in these receipts with the tax Form 941.

You are required to give two copies of the withholding statement Form W-2 to each employee from whom you have withheld income tax. The Form W-2 must show the wages paid and the tax deducted for both income tax and social security.

These and other taxes have become so numerous that the paper work alone is burdensome to the small TV service dealer. This

FEDERAL DEPOSITORY RECEIPT
FOR INCOME TAX WITHHELD ON WAGES AND FOR TAXES UNDER FEDERAL INSURANCE CONTRIBUTIONS ACT

DO NOT STAPLE

U.S. TREASURY DEPARTMENT FORM 450 (REV. SEPT. 1954)
FISCAL SERVICE—BUREAU OF ACCOUNTS

1
2
3
4
5
6
7
8

SERIAL NUMBER

NOTICE TO EMPLOYER

FILL IN ALL ITEMS BELOW BEFORE MAKING DEPOSIT. SEE INSTRUCTION NUMBER ONE ON REVERSE.

TOTAL TAXES	

ENTER THE COMBINED AMOUNT OF INCOME TAX WITHHELD AND TAXES UNDER FEDERAL INSURANCE CONTRIBUTIONS ACT.

EMPLOYER'S IDENTIFICATION NUMBER

ENTER YOUR NINE DIGIT EMPLOYER'S IDENTIFICATION NUMBER.

↓ TYPE OR PRINT NAME AND ADDRESS OF EMPLOYER ↓

FOR USE BY DISTRICT DIRECTOR OF INTERNAL REVENUE

FOR USE BY FEDERAL RESERVE BANK
RECEIPT VALIDATED AND DEPOSIT CREDITED
IN ACCOUNT OF TREASURER OF U.S.:

DO NOT FOLD. STAPLE, SPINDLE, OR MUTILATE

AFTER YOUR VALIDATED RECEIPT IS RETURNED BY FEDERAL RESERVE BANK, YOU MUST SEND IT TO THE DISTRICT DIRECTOR OF INTERNAL REVENUE WITH YOUR QUARTERLY RETURN - FORM 941

RECEIPTS ISSUED FOR CHECKS VALID ONLY WHEN FUNDS ARE COLLECTED

TOTAL TAXES		CURRENT DATE		EMPLOYER NUMBER	
		MO.	DAY		

FORM 941
(Rev. Jan., 1963)

EMPLOYER'S QUARTERLY FEDERAL TAX RETURN
U.S. Treasury Department—Internal Revenue Service

FEDERAL INCOME TAX WITHHELD FROM WAGES	1. AMOUNT OF INCOME TAX WITHHELD (If not required write "None") 2. ADJUSTMENT FOR PRECEDING QUARTERS OF CALENDAR YEAR 3. ADJUSTED TOTAL OF INCOME TAX WITHHELD →	
FEDERAL INSURANCE CONTRIBUTIONS ACT TAXES	4. TOTAL TAXABLE WAGES PAID (From Item 21, Schedule A) 5. 7½% OF WAGES IN ITEM 4 6. ADJUSTMENTS (See instructions) 7. ADJUSTED TOTAL OF F.I.C.A. TAXES →	Complete reverse returns quarters here.
TOTALS	8. TOTAL TAXES (Item 3 plus Item 7) 9. TOTAL OF ENCLOSED DEPOSITORY RECEIPTS (From Schedule B, other side) 10. BALANCE DUE (Item 8 minus Item 9) PAY TO "INTERNAL REVENUE SERVICE"	

I declare under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge true, correct and complete return.

Date _____ Signature _____ Title _____
 PO: TEH 0000 (Owner, President, Partner, etc.)

SCHEDULE A—QUARTERLY REPORT OF WAGES TAXABLE UNDER THE FEDERAL INSURANCE CONTRIBUTIONS ACT (FOR SOCIAL SECURITY)
IF WAGES WERE NOT TAXABLE UNDER THE F.I.C.A. MAKE NO ENTRIES BELOW

14. Number of persons employed (except agricultural and household employees) during pay period ending nearest 15th of third month in quarter.
15. Total pages of this return, including this page and any pages of Form 941a.
16. To whom reported

List for each employee, except agricultural employees, the WAGES taxable under the Federal Insurance Contributions Act (for Social Security) which is the quarter. If you pay an employee more than \$4,800 in a calendar year, report ONLY THE FIRST \$4,800 of such wages.

17. EMPLOYEE'S SOCIAL SECURITY ACCOUNT NUMBER (If number is unknown, see Circular E) 000 00 0000	18. NAME OF EMPLOYEE (Please type or print)	19. TAXABLE F.I.C.A. WAGES Paid to Employee in Quarter (Before deductions) Dollars Cents	20. Wages reported for
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is another reason for getting the expert help of an accountant. It is part of his job to advise you on the tax matters you face throughout the year as well as to prepare the great variety of tax forms an employing service dealer faces today.

WHO PAYS THE SELF-EMPLOYMENT TAX?

The self-employment tax is part of the system of providing social security coverage for persons who work for themselves. The self-employed service dealer must pay a

self-employment tax on part of all of his income. Of course, social security benefits are payable to self-employed persons as well as to wage earners.

You must file an income tax return and pay a self-employment tax if you have self-employment income of \$400.00 or more even though you may not otherwise be required to file an income tax return. If you carry on a business as a sole proprietor or a member of a partnership, or give service as an independent contractor or are otherwise in business for yourself, you are probably liable for self-employment tax.

The tax rate in 1963 was 5.4% on no more than \$4800. of your net earnings from self-employment. This is usually the same as the net income from the operation of your service dealer business. You must claim all allowable deductions. You cannot increase your social security coverage and benefits by failing to deduct all allowable items including depreciation.

You must have a social security account number if you are subject to the self-employment tax. If you do not have one apply for it at the nearest social security office or get an application blank Form SS-5 at your postoffice.

The self-employed taxpayer is permitted to set aside tax-deferred dollars from earnings each year provided the savings go into a "restricted" retirement plan qualified under the Internal Revenue Code. All small business owners, self-employed technicians and other qualified individuals should take advantage of the security provided by such recent legislation as the "Self-employed Individual's Retirement Act. The entire purpose of this act is to permit you to put retirement savings aside, free of tax, when you are in a high income bracket and draw them out after retirement when your earnings for tax purposes would probably be in a lower tax bracket.

ADVANTAGES AND DISADVANTAGES OF SOLE OWNER, PARTNERSHIP, CORPORATION.

The oldest and most common form of business organization is the individual proprietorship: where one man owns and operates a business and hires all of the help for pay. It is the simplest way to go into business. You rent space, buy equipment, tools and parts and start working. There are no special legal requirements to be met except where Federal, State or local licenses or permits are required.

INDEX No.

Certificate


of

TOM JONES

CONDUCTING BUSINESS UNDER
THE NAME OF

TV SHOP

Pursuant to § 440 Penal Law



You may want to conduct your business under a name other than your own such as the "Prompt TV Service Shop". This is operating under a trade name. In most communities you would have to register that name with an official such as the County Clerk. This is to enable creditors and other people you deal with to know the actual ownership of the business. In some states you have to fill out a "Certificate of Doing Business Under an Assumed Name". Where used, this form is made out in triplicate and must be notarized. You file the original with the County Clerk, who upon request, will certify the other two copies. One of these you should display in your shop and the other you give to the bank in which your business checking account is to be kept; this is because you will be depositing checks made out to your trade name.

Here are some of the advantages you will have if you operate an individual proprietorship:

1. No legal organization requirements.
2. You are the sole owner. You have perfect freedom of operation. It is not necessary for you to get the consent of anyone else in the business when you have to make a business decision.
3. You get all the profits and they don't have to be shared with anyone else.
4. You can decide that profits are to be kept in the business for its improvement and expansion.
5. Business losses are deductible from personal income when Federal Income Tax is determined.
6. There is no income tax on the business (but on the owner only).
7. As compared with a partnership: (a) the individual owner's liability is limited only to his own errors or obligations (b) there is no danger of loss to the business resulting from the death or withdrawal of a partner.
8. As compared with the corporation: (a) there is no double tax when profits are distributed (b) there is no capital stock tax (c) the individual owner has no corporate reports or inspections to make (d) as a sole owner you have no restriction on diversifying

your sales and services (e) there is no penalty for keeping earnings in the business.

The TV Serviceman who operates a 1-owner type of organization suffers these disadvantages:

1. The many abilities required for successful business operation are seldom all possessed by one person. As a manager of a small business you must really be a jack of all trades. You must be able to perform all of the functions from president to porter. You not only have to be a technician, but also bookkeeper, personnel manager, advertising manager, sales manager and foreman or supervisor.

2. The personal assets (the cash and other things he owns) of the average TV Technician are usually so limited that he cannot always provide the money for his business needs; this condition discourages banks and other lenders.



PERSONAL ASSETS
CAN BE CLAIMED
BY CREDITORS

3. In case the individual owner has a business failure, his personal assets including home, automobile and other property can be claimed by his creditors. This is known as "an unlimited personal liability" for business debts.

4. An individually owned business ends upon the death of the owner.

Many small TV service dealers are taking a new look at the legal structure of their firms. Many individual owners are wondering if they would be better off with a different setup. They aren't sure. They want more information. Like them, you also may find it profitable to change the legal structure of your firm. Before you consult a lawyer you will find the background knowledge we give you in this lesson a good foundation for future discussions.

As one individual owner of a TV service shop said: "Without boning up on partnerships and corporations, I wouldn't even know what questions to ask my lawyer."

His questions should be and yours may be: "Should single proprietorship be continued? Would partnership be better? What about incorporation?"

PARTNERSHIP

If you don't have enough money to run your business, you may be able to get it from relatives or friends who would be interested in a share in your business. You can take them in as partners or you can incorporate your business and make them shareholders.

If you want someone to join in your business, someone with technical or merchandising skill it needs, someone who will accept greater responsibility than those of an employee, you may find it advisable and necessary to take a partner. Given an opportunity to share in the profits and become a co-owner, a partner will share with you the responsibilities and duties involved in managing the business.

The advantages of a partnership include the following:



*Two Heads are
better than one!*

1. There is an old saying: "Two heads are better than one." Some people feel that even out of a disagreement of two opinions, may come a desirable compromise.

2. People of different personalities and abilities may succeed in business together as partners even though neither one could succeed alone.

3. When two or more partners combine their assets, less borrowing is necessary for the business.

4. If there are business losses, they are deductible from the personal income of each partner for income tax purposes.

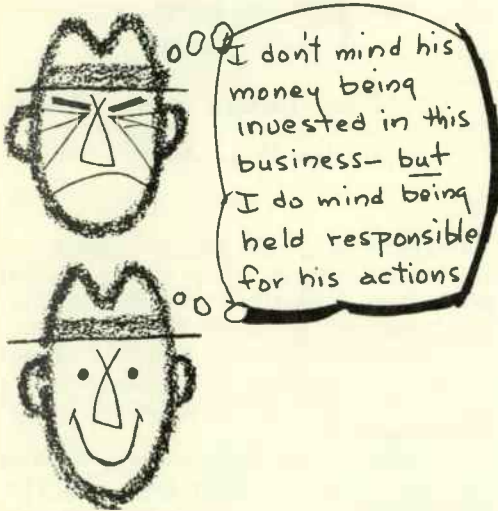
5. As compared with a corporation: (a) there are little or no state taxes, no capital stock tax and no double tax on dividends. (b) the income of the business may be divided among the members of the family through the use of a "family partnership" or may be based on investment or skills or time spent in the business. (c) "salary" of partners is not subject to payroll taxes. (d) there is no penalty for keeping earnings in the business.

Among the disadvantages of the partnership are:

1. There is unlimited liability of each partner for all the debts of the firm.

2. Each partner is responsible for any action of any other partner that creates an obligation for the business. One partner "binds" the others when acting within the

scope of the business. For example, if he buys an expensive truck or expensive store fixtures which the other partners do not want and do not want to pay for, all the partners are still responsible.



3. The partnership is usually automatically dissolved by the death or withdrawal of a partner. This is subject to change by agreement among the partners.

4. Profits must be shared among the partners.

Are you an average service dealer? Are you a "rugged individualist?" Do you prefer to struggle along by yourself? Consider the possibilities of a partnership. Some of them have been very successful. A partnership can be profitable when a couple of experienced service dealers can get along well with each other. Combined businesses can cut down on overhead and operating costs. Their combined funds can make for a modern electronics service shop. Combined investments can be used for materials, equipment, sales promotion and additional technical help.

A partnership is better able to provide "fringe benefits". This includes life insurance, hospital and surgical insurance. It provides the possibility of time for vacations. In order to share time fairly, partners can arrange their working hours in ways that not only give them time off with their families but also help them make better use of their time adding more income to their business.

How do you start a partnership? It is quite simple. You can set one up by having two or more people in the business sign what is called a "Partnership Agreement". A written agreement is not a necessary requirement for a short-term partnership since an oral agreement can be equally effective.

CHECK LIST

FOR

ARTICLES OF PARTNERSHIP

1. Names of partners
2. Nature of business
3. Name of partnership
4. Place of business
5. Duration of partnership
6. Duties of partners
7. Contribution of capital
8. Sharing of profits and losses
9. Accounting for profits periodically
10. Salaries of partners
11. Drawings of partners
12. Termination of partnership

It is advisable to draw up a "Partnership Agreement" (preferably by a lawyer) and signed by the partners in order to avoid future quarrels and differences of opinion, regarding such important questions as: the duties of the partners, the salaries, the division of profits and losses. According to the law (Statute of Frauds), partnerships that are to be in existence for a period of more than one year from the time the contract is entered into, must be in writing.



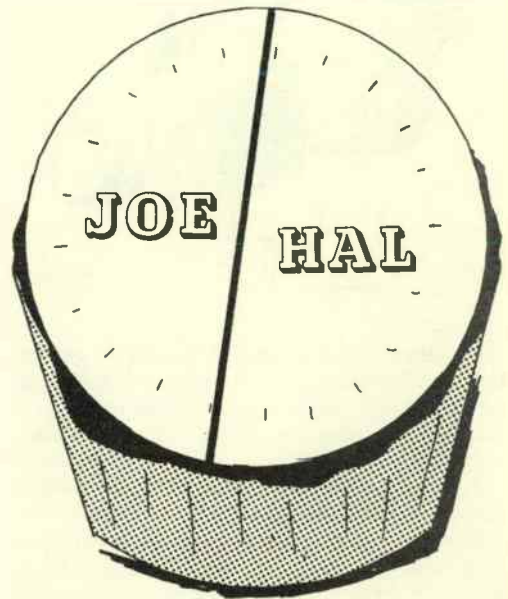
There are different types of partnerships. In the "general partnership" the partners usually have the right to manage the business and therefore they must assume the liabilities of the business. Each partner is known as a "general" partner and his liability is unlimited; if the partnership fails and the partnership assets are insufficient to meet the claims of all the creditors, the general partner becomes personally liable for any amount to make up the deficiency.

In some states, persons organizing a general partnership must file a Certificate of Doing Business as Partners and register the firm's name with the County Clerk of the county in which the business is to be located. The form is called a "Certificate of Conducting Business as Partners"; filled out in triplicate and notarized. A copy is given to the firm's bank and to each of the partners. A partner may buy or sell merchandise, receive or pay money, borrow money and sign or endorse checks, or promissory notes.

A partner is not entitled to extra pay for his services because of illness or neglect of the other partner. He must do the work

of both. He must act in good faith toward the other partners. He may not keep secret profits arising from any transaction connected with the partnership business. He must inform the partnership about all matters affecting the firm, because notice from an outsider to one partner is considered notice to all partners.

A partner is entitled to an equal share in the profits of the business regardless of his investment unless the partnership agreement specifies otherwise. If he makes a personal loan to the business, he becomes a creditor and is entitled to interest until the loan is repaid. He has the right to inspect the books at all times and may demand an accounting of the business operations.



All partners must agree to the admission of a new member or to any change affecting the essential nature of the business. A partnership and each of its members is not only liable for the payment of debts, but it is also liable for these actions committed by a partner in the course of business:

1. Assault and battery: doing bodily injury to a person by force or violence. Example: hitting a customer.

2. Conversion: the wrong use of the right of ownership over goods. Example: a service dealer who sells stolen goods is liable to the true owner.

3. Deceit: making false statements knowingly, or acting with the intention to harm others. Example: selling a re-built picture tube as a new tube.



4. Libel: defamation of another's character or reputation by writing or printing to bring hatred, disgrace, ridicule or injury. Example: writing something of this kind about a competitor.

5. Slander: the same as "Libel" except that it is spoken instead of in writing.

6. Negligence: failure to use the care and skill which a person is legally required to use in order to protect other people or property from injury. Examples: (a) a service technician drives a car on the wrong side of the road and crashes into another car (b) the owner of a service shop fails to close a cellar door properly as a result of which a passerby falls and is injured (c) a serviceman repairs a set without replacing the parts which a manufacturer installed to make it shock proof.

7. Trespass: unlawfully passing over the land of another so as to cause him injury. Example: driving a service truck on someone's property without permission.

8. Wrongful arrest. Example: accusing a person of taking an article from a counter without paying for it, having him arrested and later discovering that he is not guilty.

In the individual proprietorship, the sole owner would have been entirely responsible for these actions. In the partnership, all of the partners are liable.

A partner is liable for all debts due existing creditors even after he has withdrawn from the firm. Notice of a dissolution of a partnership should be given to each of the old creditors and public notice should be made through the newspapers for the benefit of new creditors.

CORPORATION

Now that you know all you should about the individual proprietorship, and the partnership, you should also know about the third most common form of business organization; the corporation.

The corporation is a legal form of organization made possible by state laws. Incorporation is a privilege rather than a right. The state can grant or withhold the privilege of doing business as a corporation. It can and does subject the corporation to certain special conditions and regulations.

The kind of corporation formed by a TV service dealer for profit purposes is known as a "private corporation". Membership in private corporations is based on stock which is divided into shares; a person's interest in the corporation depends on the number of shares of stock which he owns.

Before you rush to your lawyer and have him file a "Certificate of Incorporation" for you, with the proper state officials, consider these disadvantages:

A corporation is subject to more taxes than is the proprietorship or partnership.

In most states three or more persons, known as incorporators, may form a corporation for any lawful business purposes, such as operating a TV Service Shop. After the incorporation, the number of shareholders may be less than three.

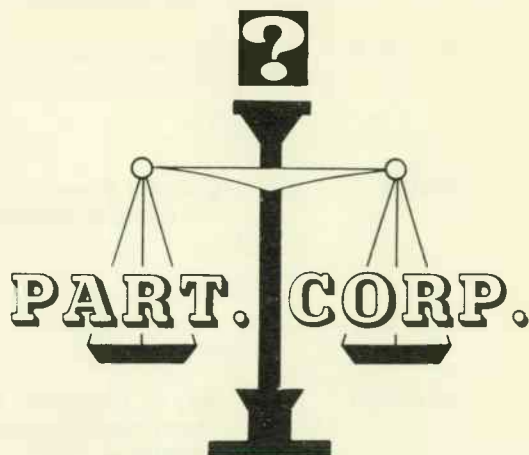
Do you still want to form a corporation? Before you make your final decision and before you see your lawyer, review the following comparison of partnership and corporation.

FAMILY PARTNERSHIPS

Family partnerships have been recognized for tax purposes even where a partner gets his interest by a gift. This gift of part of the family business to children will split the family income and will cut the family taxes. The transfer of the partnership interest must be real; no fake ownership will split the family taxes.

These rules apply only when the partnership is one where capital, such as substantial inventories or investments in equipment, is an important income-producing factor. It could probably apply to a service dealer operation consisting of a store, fixtures, test equipment, service truck, etc.

Capital is not an important income-producing factor where the income of the business consists mainly of fees for personal services as would be in the case of a service technician working out of his own home with little investment in equipment. In the case of a personal-service partnership operated by



a family group, the family members must play an important part in producing the partnership earnings by regular jobs, or running a part of the business.

TO BE OR NOT TO BE TAXED AS A CORPORATION?

A sole proprietorship or a partnership may under certain conditions choose to be taxed as a corporation. Under certain conditions a small corporation may choose to be taxed like a partnership. This can mean that you may not have to change your form of business just to get certain tax advantages. Each form of business organization presents different legal and tax problems. Consult with your lawyer and your CPA before you change your form of doing business.

	PARTNERSHIP	CORPORATION
1. How created	By agreement, oral or written.	By charter granted by a state.
2. Members required to organize	Two or more.	Three or more.
3. Legal status	Partnership property is owned by the partners as individuals. Partners must be sued individually.	Corporation is an artificial "person" separate from the members who own it. Corporation may sue and be sued as a separate person.

	PARTNERSHIP	CORPORATION
4. Investment	May be increased or decreased by agreement.	Amount of capital stock authorized may not be changed except with permission of the state.
5. Profits	Credited to partners according to agreement.	Profits are distributed to stockholders on basis of number of shares held by each, but only when and if dividends are declared by the directors.
6. Liability	Unlimited.	Limited to amount invested.
7. Existence	May be terminated by any one of many reasons: death, insanity or withdrawal of a partner. Interest in a partnership may not be transferred without consent of partners.	Usually perpetual. Ownership of shares of stock may be transferred without affecting corporation.
8. Management	Divided — each member is a "general agent" and binds the partnership (all the partners).	Centralized under board of directors, generally acting through officers; stockholders are not agents and cannot bind the corporation.

CHECK LIST

Some of the Federal taxes for which a sole proprietor, a partnership, or a corporation may be liable are listed below.

IF YOU:	YOU MAY BE LIABLE FOR:	USE FORM
Do business as: Sole proprietor (or partner)	Income Tax	1040
	Estimated Tax	1040-ES
	Self-employment Tax	1040
Partnership	Information Return	1065
Corporation	Income Tax	1120
	Estimated Tax	1120-ES
Corporation electing not to be taxed	Information Return	1120-S
Unincorporated business electing to be taxed as a corporation	Income Tax	1120
	Estimated Tax	1120-ES
Employ: 1 or more persons	Income tax withholding	941
	F I C A Taxes	941
4 or more persons	F U T A Tax	940

CHAPTER 12

HOW \$IMPLE RECORD\$ MAKE DOLLAR\$ AND \$ENSE

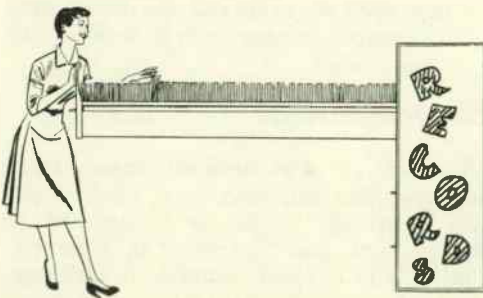
"Why do I need records to run my service-dealer business?"

You need at least a simple set of business records to figure your profit and show the condition of your business at any time.

"All the information I have to know about my business I can keep in my head."

"I can't afford the time to bother about keeping records."

This chapter will show you why you will find that keeping simple records makes sense and dollars for you!



SIMPLE RECORDS - EASY TO KEEP

We will explain how you can keep a simple set of records on a day-to-day basis as shown in a typical Business Record for the Radio and TV Serviceman. You will learn how useful good records can be and how easy they are to keep. You will understand how the "business end" operates.



When your business is large enough you will probably have an all-'round girl answer the phone, watch the store, and keep most of your records. You'll probably have an accountant set up a system of records to suit your business and to answer your questions about "How am I doing and why? (or, why not?)"

SIMPLE RECORDS TELL YOU

Even then, this chapter will show you how the keeping of records will cut down your chances of failure and increase your chances of staying in business and making a profit. Whether you keep your records or have someone else do it for you, a simple system of records should tell you:

How much business, cash and charge, services and parts, am I doing?

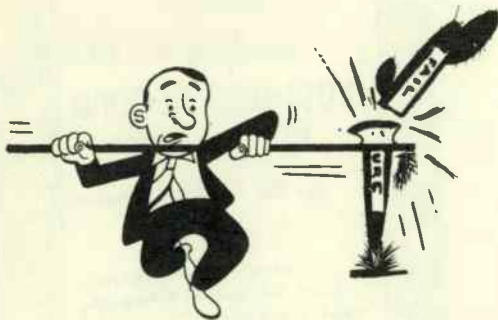
How are my collections on my charge business?

How much do my customers owe me now, what part is past due, and can my business take it?

How much cash do I have on hand? How much in the bank?

How much stock (inventory) do I have on hand? Is it too much or too little for the amount of business I do?

What is the most profitable and the least profitable department of my business?



How much am I taking out of the business for personal use? Can the business stand the drain?

How much do I owe my distributor and other suppliers?

Am I taking full advantage of cash discounts given for prompt payment for purchases?

ANALYZE YOUR OPERATIONS

These questions will help you analyze your past operation:

How much gross margin did I earn? (What is gross margin?)

How much money did I make before I paid expenses?

How much were my expenses and what were they?

What is the total of my overhead expenses and what percentage of gross sales were they?

How much net profit, if any, did I earn? How much taxes will I have to pay? What is my after-taxes income?

How much do I own, how much do I owe, and how much am I worth?

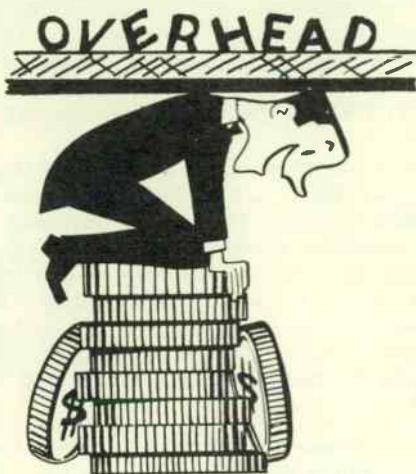
How is my shop progressing from month to month and year to year; that is, what are the "trends" in my sales, expenses, profits, net worth, etc?

How does my radio and television service shop compare with others in the same trade?

YOU WANT TO KNOW

A simple set of records will answer these questions. You will then know when something is wrong; where the "short" is, or what part of your operation is defective; whether it is in sales, collections, turnover.

expenses, gross margins, etc. You will be in a position to do something about these long before you are forced out of business.

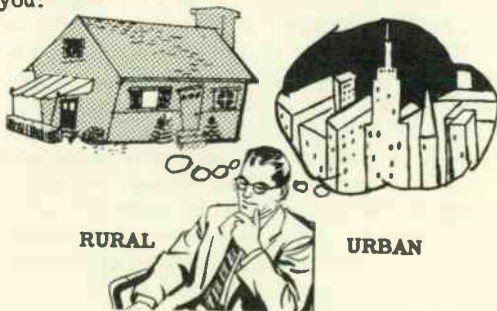


FOR OTHERS TO KNOW

Simple records provide the answers to the questions which your banker, supplier and income tax collector want answered! You will have to give them a lot of information about your business when you need a loan, or want to buy on credit, or file your income tax return. The people you deal with are impressed by the reliability and efficiency of a service dealer who has a good set of records.

TO MAKE DECISIONS

There are questions you will want answered for yourself in deciding whether or not your business is profitable. Simple records tell you:



...whether you should expand or cut down on a particular part of your operation, such as servicing, sale of parts, sale of sets, sale of appliances, etc.

...whether the business needs more cash.

...whether you should scrap your old equipment and buy new testing equipment, store fixtures and lighting, service truck, etc.

...whether you should hire more help or less.

...whether you should have a "cash only" or a credit policy

...whether you should cut down on expenses or increase them, such as advertising, rent, etc.

...whether you should keep your business for yourself or take in a partner or form a corporation.

THE RIGHT RECORDS FOR YOU

Whatever information you want to help you make the right decisions for your business, good records can give you. What "good records" should be depends on a number of things: the size of your business, the kinds of services you offer, the variety and type of merchandise you sell. It depends on how detailed is the information you want or need. It depends on whether you will keep your records yourself, have a full-time book-keeper, or have an employee devote part-time to "the books", or hire an accounting service.

You should then have a set of records which will give you the information, as well as fit the conditions of your particular business.

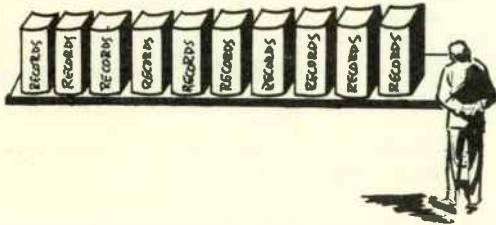
RECEIPTS AND PAYMENTS

You will need a record of cash receipts and payments; how detailed, is for you to decide. You should certainly keep separate records of receipts for repair service and

receipts from the sale of parts. You may want to keep separate records for sale of TV sets, radios, hi-fi components, etc. Separate records for each outside serviceman you employ will prove valuable in deciding on what your house call service charges should be.

your own accounts have to be paid. This enables you to have a good credit standing with your suppliers. It makes certain that you take advantage of cash discounts. Distributors give the best deals to service dealers who meet these two requirements.

RECORDS FOR TAXES AND MANAGEMENT



Up to this point in our discussion you must see that there are two main reasons for keeping records: (1) for tax purposes. (2) for business management purposes. Even though you can't afford unnecessary book-keeping, the tax laws require that you keep certain basic records. Too few records, however, will not give you enough information to manage your business and keep your costs down.

You should keep a record of payments for expenses such as rent, wages, supplies, interest, taxes, insurance, telephone, advertising, etc.

You can use a pre-arranged record keeping system or design one for your particular business or call in a qualified person to do so for you. An accountant, for example, can usually help you plan tax-savings in advance!

The main thing to remember is that you can and should keep your record keeping down to the minimum that will give you the information you want for yourself, your bank, your suppliers, and the tax collectors.

DOUBLE-ENTRY BOOKKEEPING

CREDIT SALES AND PURCHASES

There are two general types of record-keeping systems you can use: the "double-entry" or the "single-entry" method. In the first method, you write each business transaction in two different records. For example, when you buy tubes for \$20 cash, your cash record will have to show a decrease, and your tube record will have to show an increase. The single purchase, shows up in two places. All other business transactions are recorded in the same way.

When you give credit (let customers pay later), you must keep a record of credit sales so that you will be able to know what customers owe you, how much, when due and when overdue.

This double-entry method gives you two sets of figures. The total of one set must equal the total of the other set. If they don't, you know a mistake has been made. Because of this safety feature, the double-entry system is the most widely used. If you are going to set up and use a double-entry system you must have a good working knowledge of book-keeping. Since you are primarily a technician for radios and TV servicing, you would probably want an accountant to design and a bookkeeper to operate a double-entry system to give you the detailed answers about your operation.

NAME	ITEM	TOTAL	DOWN	DUE	PAID	DUE	DUE
		PAID	PAID	PAID	PAID	PAID	PAID
Mrs. J. Smith	100	\$100.00	7/10	7/25	7/30	7/30	7/30
T. Johnson	25	50.00	7/10	7/25	7/30	7/30	7/30

When you buy on credit, your records should be arranged to tell you quickly when

Payments for MERCHANDISE for the Month of *January* 19*6*

Part
TWO

DATE	CHECK NO (OR CASH)	PAID TO	AMOUNT	DATE	CHECK NO (OR CASH)	PAID TO	AMOUNT
'19	151	Electronic Jobber	30 10			TOTAL BROUGHT FORWARD	
'19	152	Radio Parts Wh.	15 32				
'19	153	North Pole Refr.	15 60				
'19	154	Modern Appliance Distributors	13 85				
'19	155	Skylark Receiver Distributing Co	40 37				
'19	156	Orion Radio Set Jobber Inc.	25 25				
TOTAL FOR MONTH							(a)
PAYROLL RECORD							
DATE	EMPLOYEE	TOTAL WAGES	DEDUCTIONS		NET PAID		
			Old Am. Recur. Tax	W. U. A. Social Sec. Tax			
'17	Jim Sparks	85 00	3.08	13.00	68 92		
'14	"	85 00	3.08	13.00	68 92		
TOTAL FOR MONTH							(f)
CARRY THIS → TOTAL FORWARD TO NEXT COLUMN							(g)

SPECIMEN PAGE

Week by Week INCOME Record for the Month of January 196

Part ONE

DAY	1st WEEK from 3 to 7	2nd WEEK from 9 to 14	3rd WEEK from 16 to 21	4th WEEK from 23 to 28	5th WEEK from 30 to 31	MONTHLY TOTAL OF INCOME BY WEEKS
MONDAY	<i>Closed</i>	10 80				1st WEEK 174 45
TUESDAY	25 20	21 50				2nd WEEK
WEDNESDAY	19 63	38 92				3rd WEEK
THURSDAY	34 10	37 95				4th WEEK
FRIDAY	43 52	36 30				5th WEEK
SATURDAY	52 00	47 10				TOTAL (a) FOR MONTH
SUNDAY	-	-	-	-	-	
OTHER INCOME	-	-	-	-	-	
TOTALS	174 45					

Week by Week EXPENSE Record for Month

CASH PAID OUT FOR:	1st WEEK from 3 to 7	2nd WEEK from 9 to 14	3rd WEEK from 16 to 21	4th WEEK from 23 to 28	5th WEEK from 30 to 31	PERSONAL DRAWINGS	
						DATE	AMOUNT
Supplies	2 70	13 20				1/7	95 00
Rent		30 00				1/14	95 00
Repairs		2 00					
Electric		5 52					
Gas		2 30					
Fuel							
Water						2 00	
Telephone							
Insurance							
Interest							
Stationery & Postage	1 20	1 50				TOTAL (b)	
Advertising & Printing						MONTHLY TOTAL OF EXPENSES BY WEEKS	
Taxes on Business						1st WEEK	8 16
Taxes on Business Property						2nd WEEK	
Other Taxes						3rd WEEK	
Miscellaneous	2 05	3 60				4th WEEK	
<i>Freight In</i>	1 51					5th WEEK	
<i>Bank Charge</i>		2 00				TOTAL (c) FOR MONTH	
<i>Cost Supply</i>	70	2 70					
TOTALS	8 16						

PAYMENTS ON NOTES, FIXTURES & EQUIPMENT

CASH BALANCE FOR MONTH

DATE	CHECK NO. (OR CASH)	PAID TO	AMOUNT	CASH ON HAND & IN BANK BEGINNING OF MONTH
1/10	157	Cash Reg. Lnc.	7 00	4175 20
				Total Income for Month (a)
				TOTAL
				Personal Drawings (b)
				Expenses Paid (c)
				Payments on Notes (d)
				Payments for Mds. (e)
				Payroll (g)
				TOTAL CASH PAID OUT
				BALANCE IN BANK & ON HAND END OF MONTH
		TOTAL (d)		

SPECIMEN PAGE

YOUR BUSINESS RECORD

One ready-made, simple, one-book, single-entry record system is that shown on page . It is easy to understand; has easy to follow directions; and is easy to keep up-to-date.

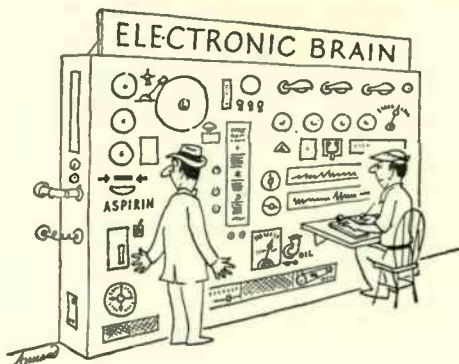
You can start using this type business record at any time. It provides you with enough record pages for a full year. There is space for:

1. Day-by-Day, and Week-by-Week record of all money taken in.
2. Week-by-Week record of all money paid out.
3. Daily record of Payments for Merchandise.
4. Complete Payroll record and record of Personal Drawings.
5. Record of Payments on Notes, Furniture and Equipment.
6. A Monthly Summary of your Cash Balance.
7. A Complete Yearly Summary by months of all the above items.
8. A simple, easy to figure, Profit and Loss Statement for the year.
9. Easy to follow instructions on how to fill out the Profit (or Loss) Schedule of your Income Tax return for the year.
10. Tax Calendar (when taxes are due) and record of Tax Payments.
11. Record of Bad Debts charged off during the year and Schedule of Depreciation.

As an example of what entries you should make; and how they should be made. If you want practice or want to learn how simple it is to keep a business record you can copy these entries as you go along. Use any available business record book or ledger sheets---or rule lines onto plain paper.

Some people learn better when they are doing what they want to learn.

Now you can go ahead and copy down the items and amounts from the two weeks of items in the LIST OF TRANSACTIONS.



(Reprinted from Radio-Electronics)

(This is easier than assembling a kit!)

DATE	LIST OF TRANSACTIONS	
Jan. 3	Cash on hand/in bank	\$1,175.20
3	Income from sales and services	\$25.20
3	Paid for supplies	\$2.70
4	Income from sales and services	\$19.63
4	Bought stationery	\$1.20
5	Income from sales and services	\$34.10
5	Miscellaneous expenses	\$2.05
6	Income from sales and services	\$52.00
6	Paid freight charge	\$1.51
6	Paid coat supply	\$.70
7	Personal use (drawings)	\$95.00
7	Payroll: Jim Sparks	\$85.00
	S.S Tax (old age)	\$3.08
	Fed. Income Tax	\$13.00
	Disability Comp.	\$.30

Calculate and record the total income for week of Jan. 3 to 7.

Calculate and record the total expense for week of Jan. 3 to 7.

Transfer totals (income and expense) to Monthly Column (1st week).

Jan. 9	Income from sales and services	\$10.80
9	Paid rent	\$30.00
9	Paid for merchandise Electronic Jobbers (Check No. 151)	\$30.10
	Radio Parts Wholesale (Check No. 152)	\$15.32
	North Pole Refrig. Co. (Check No. 153)	\$15.60
	Modern Appliance Dist. (Check No. 154)	\$13.85
	Skylark Receiver Dist. (Check No. 155)	\$40.37
	Oriole Radio Jobbers (Check No. 156)	\$25.25
10	Income from sales and services	\$21.50
10	Electric Power Co.	\$11.27
10	Cash Registers, Inc. (Check No. 157)	\$7.00
11	Income from sales and services	\$38.92
11	Paid for postage stamps	\$1.50
12	Income from sales and services	\$37.95
12	Bought supplies	\$13.20
13	Income from sales and services	\$36.30
13	Paid coat supply (repairs \$2.00)	\$2.70
14	Income from sales and services	\$47.10
14	Paid Bank charges	\$2.00
14	Personal use (drawing)	\$95.00
14	Payroll: Jim Sparks (Deduct. same as 1/7)	\$85.00

Calculate and record total income and total expense for week of Jan. 9-14. Transfer totals to 2nd week Monthly Columns.

CHECK THE BUSINESS RECORD

Now, stop a moment to check the Business Record. Are all the transactions of the first two weeks checked?

Have you calculated and recorded the totals for the 2nd week?

BALANCE FOR MONTH." Follow the order of the letters (a), (b), (c), (d), (e), (f).

- 31 Calculate:
TOTAL of all available cash
TOTAL CASH PAID OUT
BALANCE AT END OF MONTH

NOW:

CHECK YOUR "CASH BALANCE SECTION" WITH THAT SHOWN AT END OF THIS LESSON.



MINIMUM RECORDS

The use of a business record provides you with the minimum records required by law for such taxes as income tax, payroll taxes, sales tax, and so on. As simple as it is, the Record can also answer many of the questions you have about your business. When used properly the Record can be of great value in the planning and control necessary for making a profit. Keeping the Record over a period of years will enable you to compare monthly and weekly sales summaries, as well as quarterly and annual sales figures. Similar comparisons of your expenses, payroll, purchases, etc. will give you a good idea of the progress you are making.

It is also possible and desirable to keep more records than those provided for in the

Record. But, to what extent, you could decide on as you continue your study of this chapter and learn how a more detailed record system helps predict profits!

ACCOUNTS RECEIVABLE

Are you a serviceman who does servicing or makes sales NOT for cash, that is, for credit, (charge account)?

You have to keep a separate record of what customers owe you. This does not have to be involved and complicated. Use an order book with triplicate forms having the complete information about every job. You will have a detailed record of what was installed: receiving tubes, pix tube, parts, serial numbers, labor and tax charges, signatures, etc. The slips signed by the customers, filed vertically, can be used as your only record of customers' accounts.

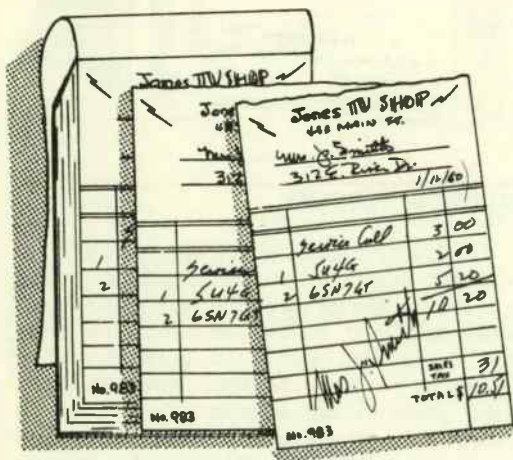
is paid or until it is used as a "past due" statement.

If the customer pays the bill before you mail out the statement, destroy the "paid" bill and the two statements. Enter the cash received in the Cash Income columns of the Business Record.

Using this method, you will tell at a glance from your file of slips, how many people owe you how much money. The record you keep of each customer who owes you money is called an "account". Since you expect to receive this money, the term Accounts Receivable is usually used by bookkeepers to describe the record of what the customer owes you; that is, your claim against the customer. You should refer to this file frequently to keep after slow payers.

FILE OF CUSTOMERS

Keep a separate list, preferably on 3"x5" cards, of all customers. Include name, address, 'phone number, kind of radio and TV sets they have, the dates of your servicing or sales. This card list will prove of great value when you want to send out a mailing. When you get a call, you will have a better idea, in advance, of what you may expect to service. (The 3-part "job ticket" we spoke of in an earlier lesson provides a card for this purpose).

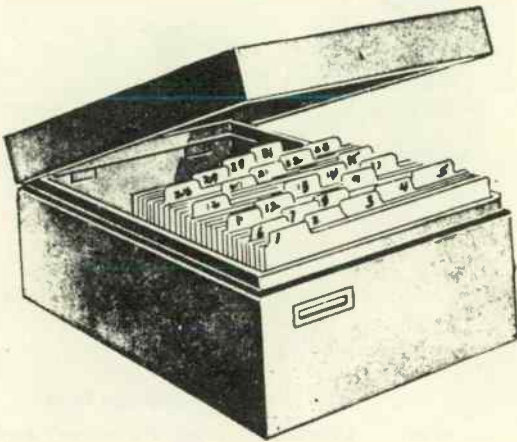


The slips are totalled once a month or recorded immediately on a statement to be mailed at the end of the month (if that is the amount of time "credit" is allowed). A duplicate statement, pre-printed "Overdue" can be held in the customer's file until it

OWNER	B. GOULD	JOB NO.	A-349
ADDRESS	312 E. RIVER DR.	DATE REC'D	2/11/60
CITY	CHICAGO	PROMISED	2/10/60
PHONE	MI. 3-4150	DELIVERED	2/10/60
RADIO <input type="checkbox"/>	MAKE	Zenith	TUBES
TV <input checked="" type="checkbox"/>	MODEL OR SERIAL	65N74T	PARTS
NATURE OF COMPLAINT	No Radio - No Sound	CHECK-UP	ALIGNMENT
SERVICE REMARKS	Loose wiring in HV.	REPAIR	TOTAL
REPAIRS COMPLETED AND SET TESTED <input checked="" type="checkbox"/>	TECHNICIAN'S INITIALS	SALES TAX	TOTAL CHARGE
CUSTOMER'S SIGNATURE	B. Gould		(ITEMIZED ON REVERSE SIDE)

ACCOUNTS PAYABLE

If you buy tubes, parts, and other merchandise "on account" (on credit), you must set up a simple system which will remind you to pay your bills when they become due. Get (or make) a box file. A metal box about 10" x 12" x 3" with cardboard dividers numbering from 1 to 31 will be suitable. When you buy materials on the 5th of the month and you have to pay the bill on the 15th, place the bill with cardboard divider "15". This simple file is frequently called a "tickler" file because of its effect on your memory, telling you: "Pay up! Today's the day!" This will protect your credit reputation and will mean more profit for you because you will remember to take cash discounts.



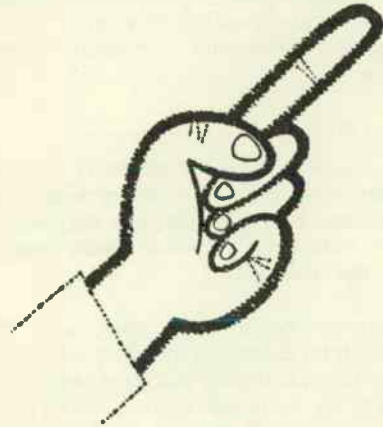
When you pay your bill, enter your payment on the expense side of the Business Record. Mark the bill "paid" and transfer it to a similar box file with cardboard dividers labeled and arranged alphabetically by name of the distributor. In this way you will always be able to refer back to a bill to see what you paid for a given item by looking up the paid bill filed according to the dealer's name. You should have a "paid" file whether you make all your purchases for cash or on account. Have a new file for each year.

The record or accounts you keep of each person or distributor to whom you owe

money, and expect to pay, is called by bookkeepers: Accounts Payable. They represent the claims other people have against you. Be sure to pay them promptly!

SUMMARY OF SIMPLE RECORDS

Let us stop and review what records we have talked about so far, for a simple set of records:



- (1) Business Record Book - a minimum - a MUST!
- (2) File of Accounts Receivable - if you sell or service on credit.
- (3) File of Accounts Payable - if you buy on credit.
- (4) "Paid Bills" File - for all "Paid" cash or credit purchases.
- (5) Customers' List - 3 x 5 card file.

You can keep these records up-to-date with only a small amount of time every day. Putting it off will make a tough job of trying to catch up. Actually, if you pay cash for all you buy, and if you do not extend credit (you're lucky!), then records (2) and (3) above are not necessary.

MORE INFO FROM MORE RECORDS

It will be necessary, however, to have more records rather than less, if you want to know more about what is going on in your business; especially, if you want this information

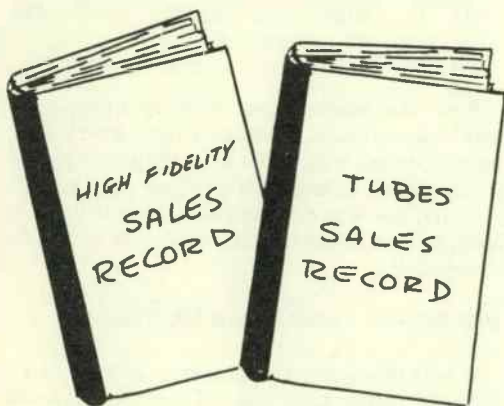
monthly or quarterly instead of waiting until the end of the year.

You can't expect to operate your service-dealer business profitably on guesses and hunches. As your income from sales and services increases you should keep separate records of your sales and of your services. As you diversify your services do not think it involves too much work or it is too difficult to keep a separate record of each kind of service. Actually, to keep separate records, as for separate departments in a larger business, is quite simple, and requires little extra time.

"DEPARTMENT" RECORDS

When you sell parts, tubes, hi-fi components, stereo equipment, p.a. systems, and possibly other merchandise, you should have separate sales records for each type of merchandise you sell.

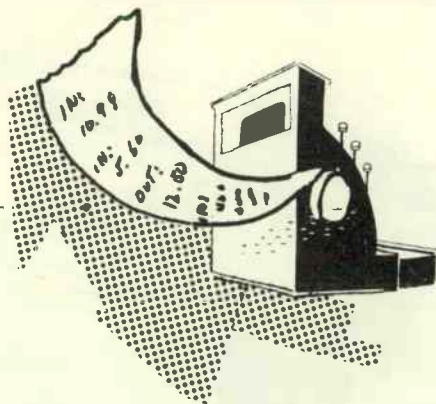
The service dealer, you, must have "department" information in order to know your costs and to operate your business profitably. If you have the facts and figures which prove absolutely that some service or merchandise is losing money, you can immediately do whatever is necessary to stop or reduce your loss. Otherwise, you must wait for a Profit and Loss Statement at the end of the year, or some other source of information which may be too late to be of value.



CHECKING CASH

To "know your costs" you must keep an accurate record of money paid out for any purpose: for merchandise to be resold; for personal withdrawals of cash for your living expenses; for operating expenses (payroll, supplies, etc.) It is desirable to get a receipt for each payment, where possible.

Keep a daily check on your cash—this is a "System of money control." It is important for all service dealers, large and small. A cash register which can record income and paid-outs will help you. However, if you don't have a cash register for "money control", here is a simple method for checking your cash every day:



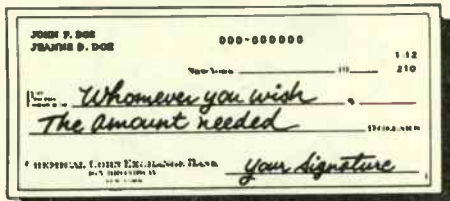
STARTING CASH (change fund)

plus	INCOME FROM CASH SALES AND SERVICES AND COLLECTIONS FROM CHARGE CUSTOMERS AND SALES TAX (if any)
equals	TOTAL IN
less	PAID OUT (in cash, for any purpose)
equals	HOW MUCH CASH YOU SHOULD HAVE

CASH CONTROL

When you have done this, count your cash and compare totals to see whether you are

"over" or "short" in cash for the day. For good "cash control" it is best to use a checking account for making payments; your check-book stub and cancelled check will provide you with a lasting record of payments.

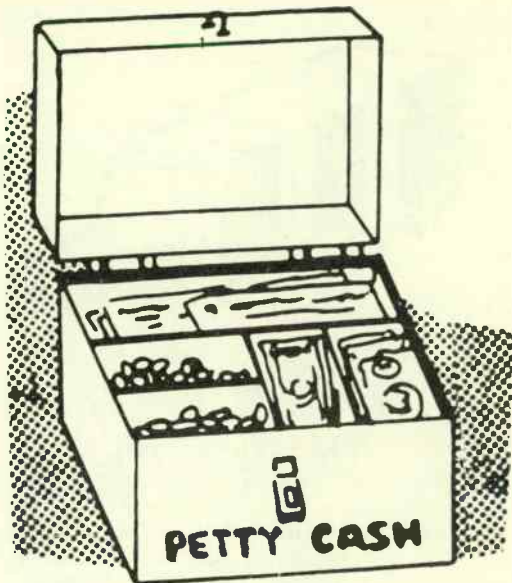


Check 



For the payment of small items, set up a small cash fund known as a "petty cash fund". As you take out cash for small expenses and purchases, put in a slip giving the reason for the payment. (From these slips you will make entries in the Business Record.) When the petty cash fund needs a refill, draw a check for cash to put in the fund. Your check account will then be, as it should be, a record of all payments, as well as all receipts.

Don't count on the bank, however, to do all your record keeping! We hope we haven't made it seem as though if all receipts are deposited and all payments are made by check then you will have adequate records and your costs will take care of themselves. Some service dealers think that their bank balance is actually their profit; especially when they neither buy nor sell on credit!



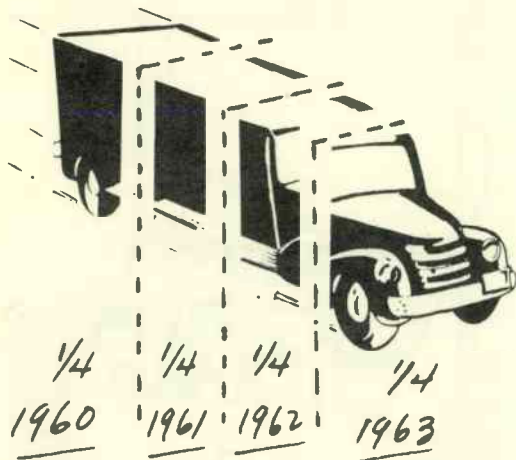
WHAT IS PROFIT?

The fact is, however, your total cash and your total profits (or losses) most often are entirely unrelated; that is, they will not be the same figure. Simply stated, your profit is the difference between your income from sales and services, and your expenses. What your expenses consist of, is not that simple. Some servicemen think that when they buy a tube for \$1.25 and sell it for \$2.50 they have made a profit of \$1.25. You know that is not so!

EXPENSES

Check this typical list of expenses a service dealer has. See if you have been overlooking some of your expenses, without realizing it:

- Utilities- rent, light, heat, telephone, answering service
- Auto Expense- gas, oil, tire repairs, maintenance
- Taxes- state and Federal income, local sales or business taxes, personal property, unemployment, social security, licenses, fees



- Insurance- public liability, fire, storm, burglary, life, auto or truck, hospitalization and medical
- Supplies for shop, small tool replacements, meals away from home, interest on loans and mortgages, bank charges, donations, trash removal service
- Advertising- direct mail, newspaper, signs, telephone directory ad
- Technical information- additions to library of schematics; manuals; magazines

OVERLOOKED: DEPRECIATION

These expenses are as much a part of your costs as tubes, parts, and payroll. You have other expenses, also part of your costs, but which are often overlooked:

Depreciation (the decrease in the value, through "wear and tear") of such things you own as: shop fixtures, testing equipment, service car and truck, business property.

Depreciation is one of the most frequently overlooked items of costs. The service dealer who overlooks the fact that his service truck will last about four years, and therefore, that one-quarter of the cost

of the truck should be charged as an expense for each of the four years, is understating his costs. It follows, also, that he is kidding himself and overstating his profits (and, eventually, his income).



OVERLOOKED: REPLACEMENTS

When you make no allowance for depreciation as an important item of your cost of doing business, you are probably overlooking providing for replacement of equipment, getting new fixtures, repainting and redecorating your shop, inside and out, at regular intervals to attract the new and keep the old customers. Maintenance and upkeep expenses are part of your costs. Make allowance for them, as for all other costs, when you are deciding on what your service charges should be.

OVERLOOKED: A FAIR WAGE FOR YOU

You must also allow yourself a fair wage, keeping in mind increased living costs, and the need for putting aside some money to finance the growth of your business. Many small service dealers, whose business appears to be making a fairly good profit, draws money out of the business on an irregular basis, as they need it. Many times this is not a fair wage when compared with the pay they would have to give someone else to do their job.



Often a service dealer isn't aware of this fact until he goes to his bank for a loan. In examining the business records the banker will recognize that the "profit" is not so much the result of a profit-making business operation as it is the result of a service dealer "working" for himself at an unfair wage. Of course, where you are "cost conscious", and don't have a "big shot" complex, you are wisely and carefully keeping your personal withdrawals low to build up reserves for expansion; most bankers would approve of your policy.



COST CONSCIOUS

Being "cost conscious" brings you real profits! Now we'll talk about a testing instrument you should use to measure these profits. When you know your VTVM, its operation, its capabilities, its limitations, you are a capable technician. When you know the same things about a Profit and Loss Statement, you will also be a capable businessman.

PROFIT AND LOSS STATEMENT

If you have made your daily, weekly and monthly entries in the Business Record Book, you will easily be able to use your yearly totals to prepare a Profit and Loss Statement for the Year in the space provided. Of course, if you have an accountant, he should prepare the Profit and Loss Statement for you. Whether you make the Statement yourself or have it done for you, what we have to say will improve your understanding of this "measuring instrument" and what it can tell you about your future as well as your past operations.

Here is a brief outline of what a Profit and Loss Statement is:

TOTAL INCOME FROM SALES AND SERVICES

less COST OF GOODS SOLD (cost of tubes, parts, etc.)

equals GROSS MARGIN (sometimes called GROSS PROFIT)

less TOTAL OPERATING COSTS (or EXPENSES)

equals NET PROFIT

Your Profit and Loss Statement is a brief summary of what has taken place in your business during the past year (or month, or quarter, depending on the period covered by it). The Profit and Loss Statement in the Business Record Book you will prepare at the end of the year; this is all you need for income tax purposes. As a good business manager, however, you should want a Profit and Loss Statement more frequently; you will know where you are going, before it's too late! Just prepare the same form every month, three months or six months and you will have more information to help you make your

everyday decisions and plans for buying, selling, and controlling your costs.

Here is a typical Profit and Loss Statement:

PROFIT AND LOSS STATEMENT--YEAR ENDING DEC. 31, 196_

Income from sales.....	\$52,740.72	
Less returns & allow.....	135.00	
NET SALES.....		\$52,605.72
COST OF GOODS SOLD:		
Merchandise Inventory 12/31	\$ 9,255.00	
Purchases.....	\$51,060.41	
Returns & Allow	160.00	50,900.41
Saleable goods		\$50,755.41
Less Merchandise Inv 12/31	12,240.00	
Cost goods sold.....		47,915.41
GROSS PROFIT ON SALES		\$ 4,690.31
OPERATING EXPENSES		
Salary.....	\$ 7,260.00	
Advertising.....	225.00	
Truck depreciation.....	540.00	
Bad debts.....	131.51	
Office supplies, etc.....	95.00	
Insurance.....	95.50	
Store equip depreciation....	150.00	
Interest charges.....	103.00	
Rent.....	1,680.00	
TOTAL OPERATING EXPENSES....		10,485.35
NET LOSS--OPERATING		\$ 5,795.04
OTHER INCOME		
Discount on Purchases.....	\$ 365.20	
Interest received.....	78.96	
OTHER INCOME TOTAL.....		444.16
		\$ 5,350.88
OTHER EXPENSES:		
Sales discounts.....	\$ 610.00	
F.I.C.A.....	210.00	
TCTAL OTHER EXPENSES.....		820.00
NET LOSS.....		\$ 6,170.88

HOW TO READ A PROFIT AND LOSS STATEMENT

Whether you or your accountant prepares it, we want you to be able to read a Profit and Loss Statement with understanding. Look back at the previous Profit and Loss Statement so that you can use what it tells you.

Notice that the Gross Profit (or Gross Margin) is calculated first, then Expenses are deducted to get the Net Profit.

To determine the Gross Profit, you must first find the Cost of Goods Sold. To the Inventory of goods you had at the beginning of the year, add the cost of your Purchases (less any returns or allowances), and subtract your Inventory of the end of the year. This gives you the Cost of the goods which you sold during the year. (Freight you paid on any purchases, should be part of your cost of Purchases). Some accountants, by the way, prefer to have a separate report for these Cost of Goods Sold calculations. They call it a Gross Earnings Report.



(Westinghouse Electric Corp.)

GROSS MARGIN

Your total sales for the year, less any returns from, or allowances to, customers, less the Cost of Goods Sold, is your Gross Margin (or Gross Profit) or Profit Margin) for the year. Many businessmen prefer to call this figure Gross Margin because they want to make certain they don't kid themselves into thinking it is their Profit (Net Profit, that is) for the year.

From Gross Margin, all of the operating expenses are deducted to determine the Net Operating Profit. We spoke of the importance of including Depreciation. It is also important to include Bad Debts (uncollectible charge accounts). If an insurance premium was paid in advance to cover several years, as is customary, count only this year's share as part of this year's expense.

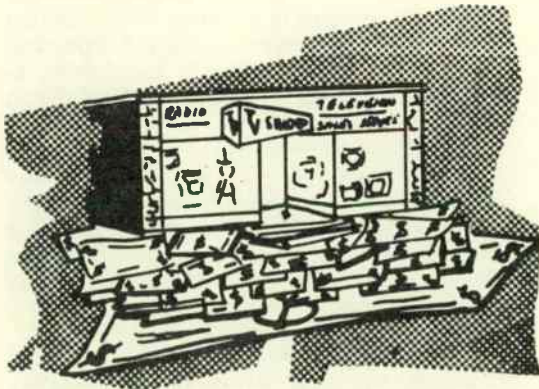
OTHER INCOME

In this Profit and Loss Statement you will notice that additional income, "financial Income", is figured separately from income which resulted from sales and services. It refers to Interest you may earn on bank accounts or loans, as well as Discounts given you to pay promptly for your Purchases. From such non-operating income is subtracted the Interest you may have paid on Bank Loans, Mortgages, and Auto Loans, as well as Discounts you have allowed to customers who paid you promptly.

Notice that any profit (or loss) you may have as a result of selling such things as a truck or building does not show up on the Profit and Loss Statement. You will want to keep a separate record of these for income tax purposes, to account for "capital gains and losses."

PERSONAL WITHDRAWALS

Your personal withdrawals also are not considered in calculating Net Profit because they are not allowed as "expenses" for tax purposes. When you subtract your withdrawals from the Net Profit, you see what is left over for building up the business. Ask yourself whether this is enough to help you expand and take advantage of the new possibilities in electronics . . . the fastest growing industry!



COMPARE YOUR PROFIT

Although you may have actually made a profit, the next question should be: "Is my profit enough for my size and type of service operation?" You may consider yourself a fairly successful technician and businessman since you have made a nice dollar profit. But, when you compare your operation with those of other service dealers, you may find you are kidding yourself because you've been judging your profits against too low a standard. Get some statistics from your trade association to compare with your own.

Even though you may have made a good profit from your total operation, you will want to be sure that each type of service or product you sell is a profit-making item and not a losing one. If your Profit and Loss Statement does not tell you which of your services or merchandise is losing, how much it is losing, and why it is losing, then you need more detailed records.

PROFIT TREND

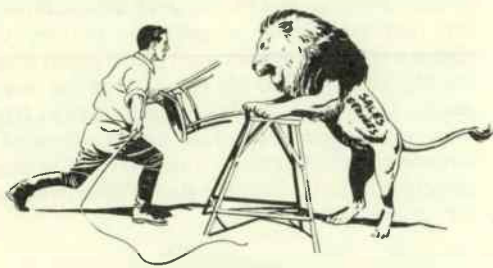
Finally, your Profit and Loss Statement should be arranged so that you can see whether the trend of your profit shows healthy progress. If you have a Profit and Loss Statement for last year, you might also include the figures of the previous year; if it covers last month, include also the figures for the same month last year. Dollar profits that at first may look good, can show up as signs of a downward trend. That's why you must be constantly on the lookout for Profit Improvement through Profit Control.



PROFIT CONTROL

"Profit Control" means setting up a goal, the profit you want, and "controlling" or doing something about reaching your goal. Here is what you must do to "control" your profit:

- (a) Control your costs - check on those "overhead expenses" such as rent, light, heat, property taxes, depreciation, which continue pretty much the same regardless of the number of service calls or sales you make each day; check on those which should increase only when you do more business; and, of course, see to it that certain expenses go down, when you do less business.
- (b) Control your inventory - as you must realize, the danger of too large an inventory is that it ties up your cash and increases the risk of losses; while with too small an inventory, the risk is you won't have the tube or part you need when you need it. (This is discussed in greater detail in a previous chapter.)



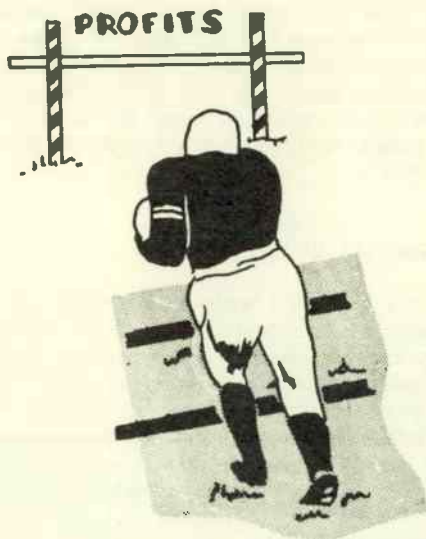
*CONTROL Your Sales and Services
as well as their Prices.*

- (c) Control your sales and services as well as their prices - on the basis of past experiences, you can estimate your probable sales in advance. Take steps to increase sales through diversification, advertising, etc.; make your

prices competitive for your area; allow for unforeseen situations. This will provide you with a guide to manage your business toward pre-determined profits with greater efficiency and less expense.

BUDGET

To accomplish Profit Control you need a budget. This is simply an estimate of your future operating or financial requirements. It is as though you planned a Profit and Loss Statement in advance!



You set up a goal of a reasonable, estimated profit, and the income, costs and expenses, likely to take place to make that profit. In this way you know how much your sales and services must be for the year, and for the month, if you are to reach your goal. You know the most you can spend on costs and expenses. By a constant watch on these things which affect your profit, you will be alerted whenever your monthly Profit and Loss Statement does not closely follow your Budget estimates for that month.

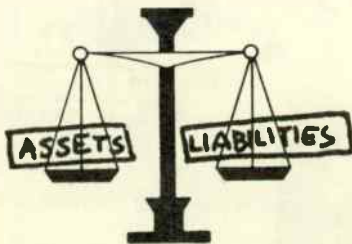
TARGET: PROFITS

A Budget is a "MUST" to help you plan for the ups and downs of income over the various

months of the coming year. It is based on accurate records of the past, with an eye on a target for the future. It makes you search for ways to increase your income, instead of sitting at your bench waiting for the service calls and sales which may not come. It makes you look for the best use of labor, materials and expenses, instead of finding at the end of the year that they were wasted.



A Budget is recognized as one of the most important aids to successful business management. Your banker will be pleased to learn you are using a Budget to get Profit Control. When you apply for a loan he will also want to see your Profit and Loss Statements, and another "picture" of the condition of your business called a "Balance Sheet".



BALANCE SHEET

The Balance Sheet tells you and your banker what you own (your ASSETS), what you owe (your LIABILITIES) and what you are worth (your CAPITAL). When you subtract your Liabilities from your Assets you find out

your Capital. By making a Balance Sheet at the end of each year you will be able to compare your capital to see where you stand; whether you are on a treadmill, or going backward, or going forward.

If you can make a list of everything you own in your business, you will have a list of your Assets. Include: Cash on Hand, Cash in Bank, Merchandise Inventory (receiver tubes, picture tubes, parts, etc., and everything you have for sale), Accounts Receivable, Real Estate (Land, Buildings), Furniture, Fixtures, Shop Benches, Test Equipment, Tools, Truck, Car, Supplies, etc. (To show the true value of these or other assets you may have, be sure to subtract the Depreciation.)

Your Liabilities include what you owe your suppliers (Accounts Payable), bank loans, promissory notes, mortgages, etc.

Stone Radio & TV Service
BALANCE SHEET-period ending June 30, 196-

ASSETS	
Cash.....	\$ 401.25
Notes receivable.....	105.00
Accounts receivable:	
Central Furn.....	\$ 25.00
Home Equ. Co.....	35.00
Valley Appl.....	<u>55.00</u>
Equipment.....	115.00
Tools.....	333.00
Truck.....	93.00
Total ASSETS.....	<u>\$1,997.25</u>
LIABILITIES	
Accounts payable:	
United Parts.....	\$ 17.00
A-J Hardware.....	<u>22.00</u>
Total LIABILITIES	\$ 39.00
PROPRIETORSHIP	
H. Stone-capital-6/1/6-	
	\$2,000.00
Adu. Net Profit.....	228.25
	<u>\$2,228.25</u>
Less drawing.....	270.00
H. Stone-capital-6/30/6-	<u>\$1,958.25</u>
Total LIABILITIES/PROPRIETOR	<u>\$1,997.25</u>

NET WORTH

Your Assets minus your Liabilities equal your Net Worth or Capital. Additional investments by you, or profits you don't take out of

your business, increase your Capital. You can see, therefore, how the Capital on your Balance Sheet can show what progress you have been making over the years. You will get a good idea as to whether your work and worry have been worthwhile.

A study of your Balance Sheet can also show whether you are on the road to bankruptcy! If your liabilities are more than your assets, you are said to be "insolvent". If this keeps on very long, there's a good chance you'll go broke! However, you can still be in for a rough time if you don't have the "ready cash" to meet your bills when they become due.

CURRENT RATIO

This is why it is important that the total of the liabilities you have to pay in the near future (current liabilities) should be compared with the cash and other assets from which you will get cash (current assets) to pay those liabilities. This comparison, known to accountants as the "current ratio", can quickly show whether your credit standing is so poor that you will have to "close shop", or so good that you can pay your bills promptly enough to earn cash discounts.

WORKING CAPITAL

When you look at your Balance Sheet see whether your "current assets" are twice your "current liabilities". For most businesses this is a safe figure, indicating sufficient "working capital". Of course, experience and the expert opinions of your accountant and banker may suggest a different "current ratio" as desirable for you. On the other hand, you may notice that your "working capital" is low because you have so much (too much) money tied up in inventory or in Accounts Receivable, or both! The Balance Sheet, the picture of your business as of a given day, will point out many strengths and weaknesses of

your business. It is then up to you to do something about them.

RECORDS: TOOLS OF MANAGEMENT

We hope you have learned from this chapter that you can keep a minimum set of records for tax purposes, but that you should have more complete records for better financial management. These records, however, are only a tool. Like your shop tools they can do nothing by themselves, and if misunderstood they won't help you one bit.

We don't expect or want you to have more records than you need for your particular business. We don't want you to spend so much time on record keeping that you won't have time to make money through servicing and sales. Even good records won't take the place of good business judgment and common sense. But, you will be better prepared to make wise decisions and, therefore, more profits, when you use both business records and business sense.

