

**THE MEANING OF
BUSINESS; OR THE
SCIENCE OF SUCCESS**

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The Meaning of Business; Or The Science of Success by American Credit Indemnity Company of New York

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AMERICAN CREDIT INDEMNITY COMPANY OF NEW YORK

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GIFT
FEB 14 1918

The Meaning of Business

—OR—

The Science of Service



Published by
The American Credit-Indemnity Co.
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THE ESSAY BEGINS ON PAGE 9

Economics, or Political Economy, is viewed generally as a dull and ponderous subject, except by Professors. The reason doubtless is, that some Political Economists seem to have the notion that they are writing always to other Political Economists, and thus sacrifice simplicity and clearness for "scientific analyses."

Political Economy is a very simple exposition of Successful or Scientific Service, following causes to their effects upon the pursuit of wealth.

As efficiency of service is the measure of success, and as this Essay on the Meaning of Business, or The Science of Service, tells so simply what efficiency is, we publish it for complimentary distribution.

It was written by a man of rare attainments, who has had an unusually successful career.

We feel confident you will find pleasure and profit in reading it. Additional copies may be had, upon request, although only a limited supply has been printed.

THE AMERICAN CREDIT-INDEMNITY CO.

Of New York - - - E. M. TREAT, President

CREDIT INSURANCE

HOME OFFICE - - - ST. LOUIS, MO.

1918

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People must have sense enough to understand what they do and why they do it.

The man who understands that he must serve in order to thrive will know what to do and what not to do.

To do an unuseful thing is to fail; to do a useful thing is to thrive.

Do what the community needs to have done.

A man makes what he sells and buys what he needs. The wise thing to do is to make, in abundance, what people need.

No man can help himself without helping others.

Business is a profitable beneficence.

CREDIT INSURANCE.

ITS SERVICE TO BUSINESS.



THE object of the writer of this pamphlet was to show that men thrive by mutual service and not by mutual spoliation. He justifies the prosperity of those engaged in making or distributing goods by showing the contribution of each to the general welfare. The American Credit-Indemnity Company accepts the challenge conveyed by his argument and offers for the consideration of business men the following vindication of its usefulness.

The problems of business are numerous and perplexing. The seller and buyer seldom stand face to face. The seller must rely in marketing his goods upon capital and credit ratings which in the nature of things cannot be so accurate as to preclude mistakes. The unexpected is always happening. A buyer may be prosperous today and bankrupt tomorrow; and however efficient a credit department may be, losses on sales are inevitable. The aggregate liabilities of firms which have become bankrupt in a single decade in the United States have amounted to about two billion three hundred million dollars.

Failures are due to all sorts of causes: to inexperience, insufficient capital, over-buying, false credit, speculation, fraud, a violent fall in prices, seasonal changes, crop failures, neglect of business, extravagance, competition, endorsing for others, or a commercial crisis; and any shocking disaster of any sort, or any sudden derangement of commercial affairs from any cause may arrest a tide of prosperity. Mortality in business is constant, if variable. The percentage of failures among those engaged in

business is greater than the mortality among men. No man is wise enough to guard against all the risks which he must assume.

Because a merchant must assume these risks, the American Credit-Indemnity Company was organized for his protection. The company affords indemnity for all losses incurred on goods sold within the period covered by its bond in excess of those which are normal and expected, and thereby gives to mercantile affairs a stability and security which otherwise they must lack.

It does more. It helps the merchant to sell goods wisely, by telling him where he is likely to lose and where he is relatively safe. It helps to reduce his normal loss; it helps his credit department; it assists with past-due accounts; it obviates friction between him and his delinquent customers; and it affords to him a mass of information which he will find of great use in his business.

If you ask how it does these things, it replies that its records cover a period of twenty-five years and contain not the experience of one merchant engaged in one business, but the experience of many thousands of merchants engaged in all sorts of business in every part of the country. The claims filed with it growing out of unpaid accounts since its business was established now aggregate more than two billions of dollars. It has sifted these records and from them derived useful information with respect to the causes of various failures at various times under various circumstances. From them it has derived experience tables which show the actual risks in selling, what the average loss is on credit ratings A, B, and all others. The premiums of the company are adjusted to these risks, and by the emphasis of the charge upon each, we warn against the greater risks. We help the credit department to under-

stand what to do, by showing the merchant where his losses occur; and we help all business by compelling it to be more prudent where prudence is requisite. We mitigate the friction which results from an attempt to enforce the collection of an overdue account by intervening between the merchant and his customer; and we reduce the merchant's normal loss by collecting in time—not after but before failure.

We carry into business a promise of indemnity against the unexpected, and thereby afford comfort and serenity and security at a cost which is far less than the benefit conferred and far less than the losses avoided. We perform in fact for commerce the same sort of service that military discipline does for young men. The average mortality among men between twenty-one and thirty-one is eight thousand in a million each year; in the army it is expected to be within four to six thousand in a million. The average business mortality is about ten thousand in each million; among those who comply with the terms and instructions of our policy it will be reduced in the same proportion.

We have a collection department operated under the provisions of the policy, which provides that past due covered accounts shall be delivered to us for collection within a stated time; and we agree that the filing of such accounts shall have the effect of proving them against our liability under our bond. We instantly proceed to collect these accounts as soon as possible, and before the embarrassment of the customer has become too serious to be coped with; and in this manner we protect the seller against loss and ourselves against liability. In a single year we have so collected many thousands of dollars which our policy-holders were unable to collect. We have saved them

that much and at the same time helped their customers to be prompt and understand the sanctity and binding effect of a promise.

These services we offer in return for a charge which is less than their value and less than we save for the man who pays it.

Our business is also serving, and our serving is not capricious and unintelligent, but a scientific service based upon reliable and very numerous data which are constantly sifted for information and suggestion. Our resources show our strength and our policies show the service from which those resources are derived.

We do a general good and a special good. We are gradually teaching buyers to be prompt in payment and we are attempting at the same time to show sellers what is prudent and what is imprudent selling.

Business, as the writer of the pamphlet shows, concerns itself with the making and distribution of goods. We furnish a very important aid to distribution: we prevent waste; we indemnify against loss; we diminish loss;—and because we help both producer and consumer of goods, we share with the business man in the fruits of his beneficence. We diminish the cost of distribution.

The American Credit-Indemnity Co.
of New York

By E. M. TREAT, President