

**THE BUSINESS MAN'S
LIBRARY: CREDITS
AND COLLECTIONS**

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The Business Man's Library: Credits and Collections by T. J. Zimmerman & John E. Gardin

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**THE BUSINESS MAN'S
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THE BUSINESS MAN'S LIBRARY

CREDITS AND COLLECTIONS

The Work and Scope of the Credit Department—
The Organization Necessary for Judging Credits—Commercial
Agencies, How They May Best Be Used — Credits and Collection Methods
for the Wholesale, Retail and Manufacturing House—Foreign
Credits and Collections—Systems for All Needs

T. J. ZIMMERMAN

Managing Editor, System

DORCHESTER MAPES

President, The Dorchester Mapes Co.

PETER R. EARLING

Vice-President, L. Gould & Co.

N. M. TRIBOU

Credit Man of Langley, Low & Alexander

F. E. FRENCH

Credit Man of John V. Farwell & Co.

JOHN E. GARDIN

Manager Foreign Exchange Department, National City Bank

And other contributors

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PREFACE

American business men hold that the only way to learn to do things is to do them. This opinion has had much truth and fact to justify it, but it has been undergoing a marked transformation in the past decade. For men are coming to realize that, although no one can learn to do a thing by merely being told how it is done, such precious knowledge greatly facilitates his learning how to do it when once he gets into practical work. It affords him a strong foundation, barren and useless in itself, but a firm basis upon which to build the structure of business experience. Book learning, abstract knowledge, is like a fertilizer: it does not, of itself, produce anything, but it stimulates growth and advance when the live seed, practical experience, is instilled in the soil of work.

There is another feature in modern commercial life which has stimulated the output of business literature. Association for the accomplishment of common purposes is having an always greater impetus, and it has been accompanied by another kind of co-operation—the give and take of business ideas and knowledge.

In other words, business men are realizing that no one man can know all; that every man can make a profitable exchange by giving his knowledge and experience for that of others. For while he gives the knowledge of one man, and that without taking anything away from himself, he receives in return the

ideas and information of many. The business principle, "that exchange is the best which gives both parties the largest possible profit," has been found as successful in the exchange of knowledge as of commodities.

These two tendencies in modern commercial life have led to the projection of the "Business Man's Library," of which this book is the first volume. The foregoing analysis of these tendencies also serves to point out the purpose of the whole series and of this first book. It is to tell the "how" of things: the technique of commercial operations, the specific processes and actual methods necessary for the accomplishment of certain work. And this all is told, these processes are described and these methods discussed, by business men actually engaged in this line of work—men who have performed these acts, who have originated and used these methods, who know because they do. This series of books is intended, therefore, to teach the beginner the fundamentals and detailed methods of practical business operations, and to give him who has been long in the harness new ideas for application in his own business.

Literature on the subject of credits and collections is very meager. This is due to the fact that only recently has this work been recognized as a distinct and worthy department of business. Mr. P. R. Earling, who contributes the able introductory chapter of this book, was the first man to call attention to the importance of this subject, in his work, "Whom To Trust," published in 1890. This book focused attention upon credits. The suggestions laid down in it were largely followed and business houses began to recognize the significance of credits and collections.

PREFACE

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Mr. Earling carried credits to a plane a step higher when in 1893 he organized, under the auspices of the World's Fair Auxiliary Congress, the congress on "Credits, Collections and Failures," of which he was chairman. This congress had representation from business houses not only of America, but also of foreign countries. The most important work which it did was to stimulate the formation of credit men's associations in the principal cities of this country and to encourage through these associations the dissemination of knowledge upon credits and collections.

"Credits and Collections" attempts to give a complete treatment of the subject of conducting credits and making collections, and to that end is divided into three parts.

The first part treats of the general function of a credit department, its place in business and its relations to the other commercial operations; it discusses the general management of credits and collections and the organization of a credit department, analyzes the factors involved, and describes the tools at the disposal of the credit man in his work.

In the second part, the subject is divided and considered as to the different lines of business in which credit operations play an important part. Here is described in detail the management and conduct of a credit department in various classes of business, and actual specific methods of carrying on credit and collection operations.

In the third part are described in detail actual systems now in use for conducting credit departments in all lines of business, fully illustrated with reproductions of such blanks and forms as may appear in keeping the accounts and records of the department.

The unfailing courtesy and willingness to give suggestions and help, which the editor met in the preparation of this work, make the usual conventional task of thanking those to whom he is indebted especially pleasant. To the business men and credit managers who have contributed the chapters which make up this book, thanks are due, not only for the time and careful thought which they put into the preparation of this work, but also for the encouragement and careful advice they gave the editor. More specifically, the editor wishes to thank Mr. P. R. Earling, the Nestor of Chicago's credit men, Mr. Dorchester Mapes and Mr. Berthold E. Borges, for their valuable advice and for their assistance in reading the proof sheets of the book, and Mr. John Griggs, secretary of the Chicago Credit Men's Association, for his many suggestions.

THE EDITOR,

Chicago, June 1, 1904.