



Open letter on the occasion of the 100th anniversary of CPC:

Few business traditions outlive their creators. So it is quite an achievement that 2006 marks the 100th anniversary of NCR's Century Point Club (CPC), or simply, The Club.

NCR's founder, John H. Patterson, recognized that training is the link to "infinite sales," and the best training results from having successful salespeople share their experiences. That's why he created sales conventions and CPC.

Starting with the first CPC in Dayton with 70 U.S. members attending, it has grown into an annual global event that continues to recognize the "best of the best" in sales excellence at NCR.

The tradition of CPC has more than survived, it has thrived. CPC has thrived because it offers an unparalleled educational experience—an opportunity for top sales leaders from Boston to Beijing to share their winning strategies.

Often imitated but never duplicated, CPC is an NCR sales fundamental. As this commemorative booklet illustrates, so too are many of the sales strategies Patterson pioneered—strategies that are as enduring, as powerful and as relevant today as they were more than a century ago. These include sales conventions, sales territories, direct mail advertising, the first documented selling tool, the quota system, the "pull-through" sales model, the sales receipt and many more inventions and innovations too numerous to list here.

There is staying power in these fundamental sales practices established by our founder. Likewise, there is staying power—and a great deal of heartfelt nostalgia—in the remembrances of CPC we have collected from many of our Life Honorary Members.

NCR has a fascinating heritage and an even more promising future. I am delighted to be a part of NCR as we embark together on making sales history once again.

Sincerely,

A handwritten signature in black ink that reads "William Nuti". The signature is written in a cursive, flowing style.

William (Bill) Nuti
President and CEO
NCR Corporation



How it all began

At the time NCR was founded in 1884 a reference to war meant the Civil War. The airplane was yet to be invented. Speedy transportation meant going by rail. And to be a salesman was the lowest of the low. Rough-looking. Cigar-puffing. Whiskey-reeking. Undisciplined hawkers and peddlers of wares of dubious manufacture.

This undisciplined approach to salesmanship continued well into the twentieth century. In contrast, the 70 charter members of the world's first CPC were sales professionals of the highest caliber—impeccably groomed, black shoes polished, white shirts starched, collars buttoned—ready to face two weeks of systematic sales training, camaraderie and entertainment by the officers of the National Cash Register Company (NCR). This landmark event, celebrating the top sales achievers in 1906, was held February 4-16, 1907, on the 8th floor of NCR's building No. 10 in Dayton, Ohio.

2006 marks the 100th anniversary of CPC, the oldest and most elite sales club in the world. The first written record of CPC can be found in the June 8, 1906 edition of "Quota Number N.C.R." Mailed to the entire U.S. selling force, it did a great deal toward popularizing the 100-point movement which had started in the Chicago district office with the encouragement of District Manager E. W. Russell and Office Manager C. T. Walmsley, who were both ardent supporters. To become a member, a sales agent was required to secure an average of 100 points a month for 12 consecutive months, from January 1 to December 21, or 1,200 net points per year.

CPC was a direct outgrowth of the sales quota plan devised by founder John H. Patterson for measuring and recognizing selling ability. Billed by Patterson as "the most exclusive organization of any selling force in the world," the announcement of the 100 Point Club* described the club's features and organizational model and promoted the ultimate prize, "a two weeks' convention exclusively at Dayton, Ohio." The purpose of the convention was to gather together for an exchange of ideas and general discussion in order to "increase their efficiency as salesmen." All traveling expenses and hotel bills were paid by the company.

"Loyalty Produces Leaders" was the motto adopted by members of The Club—loyalty to the company and to the company's sales practices. The Club's insignia was the monogram of the letters "C.P.C." As was noted in the proceedings, "It shall be inscribed upon the flag adopted by The Club, and each member shall be given a flag." G. L. Baker of San Francisco made NCR history as the first sales agent to qualify for CPC Membership. According to the rules of the time, he became president of CPC for the year.

*Editor's Note: Known variously as the 100 Point Club, Hundred Point Club, Century Point Club, The Club or CPC. For the purposes of clarity, the word CPC is used throughout this booklet.

In addition to rousing speeches and songs, attendees were entertained and showered with congratulations for their hard work. One of the first orders of business was a tour of the factory floor where special exhibits had been erected in different departments to help tell the story of NCR's manufacturing and inspection processes.

The members of the first CPC convention deemed it “a tremendous success. So great was the praise of the charter members of the 100 Point Club—of the idea, of the convention, of the help and encouragement they got—that many of the agents voluntarily asked that their quotas be increased to 100 points a month so that they too could be eligible for membership.”

As the company grew and prospered and NCR evolved into a global entity, enthusiasm for CPC expanded from its roots in the United States into a phenomenon of domestic, regional, international and eventually global events in which the “best of the best” in NCR sales came together as one.

Rewards and recognition were a big part of the CPC convention experience, but more important was the veritable explosion of ideas that resulted as salespeople shared their stories and their most successful techniques. Annual CPC conventions continued to be held with regularity except when world events intervened, notably the Great Depression and World War II.

The rules for CPC qualification have changed from time to time since the first CPC convention. Today attaining 100 percent of assigned objectives qualifies sales associates for CPC Membership, but it does not qualify them for attendance at the convention except for first-timers or “Baby 100 Pointers” as they were called in the early years of CPC. Today, in order to participate in the convention, additional quota attainment is “incrementally set...depending on the category of the sales associate.”

Some things have not changed, however, including many of the CPC traditions that have evolved over the decades. The one tradition that has endured the longest is the flying of flags which formed a key part of the celebrations of the very first CPC convention. Today, in addition to a flag ceremony, other CPC traditions include the CPC pin, a tie/scarf ceremony started at a CPC convention in the Far East, recognition of first-time CPC qualifiers, recognition of consistent achievers, recognition of 25-year CPC Members and Chairman Award Winners, and the induction of new Life Honorary CPC Members.

The beginning of modern salesmanship

Born near Dayton, Ohio, in 1844, John Henry Patterson, the seventh of 11 children, spent his childhood working on the 2,000-acre family farm. Patterson helped out when he was growing up by selling his father's farm goods—sides of bacon from the old smokehouse, molasses from the cellar, sacks of flour and cornmeal from the grist mill, and the like. The amounts charged for the goods would sometimes go unrecorded, and he would be asked by his father, sometimes in the middle of the night, about whom he had charged and how much they had paid. "There must be a better way of recording transactions," thought Patterson. Although Patterson didn't know it at the time, the seeds of a global business empire were planted.

Another "Eureka!" moment for Patterson came later in life when, as a toll-booth attendant on the Miami and Erie Canal, Patterson came up with a way to verify collections to avoid disputes with the home office. "I gave the captain of each canal boat a receipt for the money he paid for canal tolls," he explained. The receipts, which served as passports to the next station or office, became a Patterson innovation that he would put to good use in later years.

After college and a stint in the Union Army during the American Civil War, Patterson and his brother Frank set up a miners' supply store in Coalton, Ohio. However, the expected profits failed to materialize in spite of strong sales. When he heard of a machine invented by saloonkeeper John Ritty that automatically recorded sales, Patterson bought two of these cash registers sight unseen. In six months, the registers helped reduce debt from \$16,000 to \$3,000 and the business showed a profit of \$5,000.

Seeing the potential of every shopkeeper in the country having such a device, Patterson bought out the business for \$6,000 in 1884, changing the name from National Manufacturing Company to the National Cash Register Company. Before Patterson sold the world on his business system, most merchants had no idea how much profit they should have made at the end of the year or even how much was missing from their cash box at the end of each day. The cash register gave them for the first time the means of running their businesses professionally and systematically.

The most significant person in the history of sales

John Patterson is best remembered for, first, recognizing the potential of the cash register and, second, creating a market for his product where none existed.

When asked, “Who do you think was the most significant figure in the history of sales?” Harvard Business School’s Walter A. Friedman, author of *Birth of a Salesman*—which chronicles the remarkable metamorphosis of the salesman from itinerant amateur to trained expert—points to John Henry Patterson, founder of the National Cash Register Company (NCR).

“Beginning in the mid-1880s and continuing to his death, Patterson promoted ‘scientific’ salesmanship. Like Frederick W. Taylor, the founder of scientific management in production, Patterson carefully analyzed business processes and tried to perfect them,” said Friedman. “Patterson saw sales and advertising as driving production rather than the other way around, and he had great faith in the ability of his salesmen, imbued with the proper technique, to persuade ‘prospects’ to buy the NCR brand.”

Patterson was one of the first industrialists to effectively use the knowledge of business cycles. He found that a good barometer was the price of cast iron, as an increase or decrease in cast iron prices presaged an increase or decrease in general business conditions. He knew the price of cast iron each day and was able to correct ahead of time for business depressions. Patterson increased sales and promotional activity at these times, which was completely in reverse of the common business practice of cutting expenses and personnel in times of depression.

Salesmen are not born, they are as you make them

Patterson was also convinced that the key to success was through sales agents. He never stopped improving their ability to sell. He kept in constant touch with them through conventions, training schools, publications, advertising material and “flying trips” as he called his personal visits to NCR offices. Long before the airplane was invented, Patterson “flew” by train to Pittsburgh, Washington, Philadelphia, Baltimore, Trenton, Wilmington, New York City, Scranton, Elmira, Buffalo and Cleveland. During these trips he observed agents’ selling skills, or sometimes lack of skills, and went to work to mold them into better sales representatives for the company.

In doing so, Patterson began to gain a reputation as a pioneer in advanced sales and marketing techniques, many of which form the foundation for sales and marketing practices of today. Once novel,

the sales strategies he introduced are an everyday part of today's business world and are just as powerful and relevant as they were more than a century ago.

Before Patterson arrived on the scene, few had heard of the cash register and no one wanted one. Yet the company progressed rapidly from selling 359 cash registers in 1884 to 650 in 1885 to 100,000 in 1896 and one million in 1911. Patterson accomplished this rapid growth by being a true sales and marketing innovator, pioneering many firsts, including:

1884—The first protected sales territory...

Patterson was a man who exemplified the adage that necessity is the mother of invention. He began his innovative sales and marketing techniques because he had no other choice. The company he purchased was virtually bankrupt. Three days after his seemingly ill-advised purchase, John Patterson began to contact sales agents around the country because he had no money for salaries. Instead, sales agents were put on commission. However, the agents didn't want to sell on a full-time basis until Patterson gave each an exclusive territory and promised not to cut their commissions.

1885—The first international sales organization...

An Englishman, J. W. Allinson, became the company's first sales agent when he saw the self-adding wheel cash register in Chicago in 1885. Learning that the register could be adapted to English currency, he ordered one for his business in Liverpool. In the next year, Allinson signed on as the most active agent abroad selling in the British Isles, France, Belgium and Holland. Before the end of the 1880s, agents were appointed in Argentina, Austria, Brazil, Canada, France, Italy, Spain, Sweden and Uruguay.

Patterson began his worldwide travels in the late 1880s and continued this practice for the rest of his life. He constantly reviewed his growing empire of NCR offices, sales agents and product adoption in each country. In 1896, Patterson set a travel record for himself visiting 50 cities in 15 countries within 60 days. And the first international sales convention was held in Dayton in that same year. Patterson thought globally from the very beginning, believing that at least half of the company's business should come from the international market. At the start of World War I in 1914, his projection had become a reality.

Notably, Patterson placed nationals in charge of offices. Patterson was an internationalist and always impressed upon his overseas representatives the necessity of conforming their methods and operations to local customs.

1885—The first direct mail advertising...

In the early years, sales were the first priority of NCR. To support the sales agents' work, the company produced *Output*, a broadside that listed sales, discussed the benefits of the cash register and printed testimonials from satisfied users. The first direct mail campaign was underway. Three years later, 135,000 copies of the publication were being mailed, with NCR using one-quarter of all the two-cent stamps being sold in Dayton.

In addition to direct mail, Patterson fully exploited business-to-business advertising and company newspapers. The *Output's* successor, the *Hustler*, was published for targeted businesses and promoted greater profits through the use of the cash register. It was sent to merchants in several versions—*Store Hustler*, *Saloon Hustler*, etc. Patterson believed that “sales make news and news of sales makes for more sales.” These circulars contained a reply card for readers to request further information.

He bombarded “probable purchasers,” as he called them, with weekly and monthly circulars describing products. During one direct mail campaign, Bradt & Flint Apothecaries wrote back: “For Heaven’s sake have mercy—don’t send us any more circulars. We have bought one of your machines to keep you quiet.” A rotogravure printing press was installed by the company in 1889 to help cut costs and provide more quality control in the perfection of print demanded by Patterson.

1886—The first sales convention...

When Patterson acquired the company, the only full-time sales agent was Robert Callahan in Washington, D.C. By 1886, Patterson had five first-class sales agents whom he called to Dayton. In addition to Callahan, there were Harry R. Blood from Chicago, C. R. Lord from Boston, John Crawford from New York and Walter Cool from Denver. They met at the old Phillips Hotel in Dayton where Harry Blood fell ill and was unable to leave his bed. Patterson went to see him and asked for the first time a question he was to ask thousands of times in later years. He asked, “How do you sell?”

Blood had been achieving a remarkable record. Whereas other sales agents were quite content to sell a single register to a saloon, Blood had managed to sell a register for each barkeeper. Blood’s big point was that he never brought up the matter of a cash register until he had made friends not only with the owner, but with all the people who would use the registers.

“All the rest of the men ought to know about this,” said Patterson, and that was the beginning of what later developed into Patterson’s method of training salespeople. It was also the beginning of the sales convention idea.

The sales agents’ convention became an annual event and showed the importance of sales in the ongoing success of NCR. Conventions provided a way for the company to communicate its culture to agents, most of whom were far removed from Dayton. The conventions also provided an important forum to discuss strategy and share sales knowledge.

In June 1887, nine agents attended the convention held in Dayton. In 1888, 41 of 210 agents traveled to the three-day event in Dayton. Patterson encouraged his agents to pay the rail fare and take time out from selling. “We can assure you that all who will attend, that they will be fitted to sell twice as many registers as heretofore,” said Patterson. Part of the convention program was a tour of the factory to observe the building of cash registers.

Sales conventions were not confined to the United States. As documented in the minutes of the fifth convention of the European sales agents held April 9-12, 1906 in Berlin, G. H. Wark, the manager for Continental Europe, explained to agents gathered from Germany, Austria-Hungary, Italy, France, Switzerland, Spain, Belgium, Russia, Holland, Denmark and Sweden: “We have called a convention at this time for several reasons. The main one, of course, is to find out how we can increase our business, how we can improve each organization... As other matters are constantly trying to get our attention, we must make up our minds to concentrate on selling. We must learn how the best of our men do it and then teach all the others this best way.”

1887—The first documented selling tool...

NCR sales agents were required to memorize a 450-word primer based on the successful sales presentation of Joseph H. Crane, John H. Patterson’s brother-in-law, whose sales record consistently topped the other agents at the time.

The Primer began when Joseph Crane was asked to sit in on a meeting devoted to the discussion of prices. At the end of the meeting, Crane stated that the price was all right and the product was good, but that NCR salespeople didn’t know how to sell it. Patterson had a stenographer record Crane’s demonstration. Crane said the same thing, word for word, during each demonstration, and the first NCR sales script, “How I Sell A National Cash Register,”

was introduced at the 1887 agents' convention. Patterson dropped in on agents, to give them a command quiz on the 16-page primer and fired those who refused to learn it or failed to commit it to memory.

Over the years, *The Primer* grew as did the selling strategies and concepts. *The Primer* divided a sale into four steps: approach, proposition, demonstration and close. The agent was not to mention the cash register in the approach but rather to explain to the business owner ways to increase profit, effectively acting as a consultant. In the proposition, the agent described the register and explained how it would give an accurate account of daily receipts. The next step was to schedule a demonstration at a nearby office or installation. The last step was to close the deal. For this *The Primer* offered numerous techniques.

By the 1916 edition of *The Primer*, salesmen weren't required to commit the words to memory. They merely needed to remember the highlights printed in bold type.

By 1923, *The Primer* had expanded to two volumes: A "Manual" and "Selling Helps." The manual contained the selling methods of the company's most successful salespeople. Each volume of *The Primer* was numbered and assigned to a salesman. So great was the power and respect given to this selling tool that if the salesman left the company, he had to turn in his primer.

1891—The first sales quota system...

"Experience shows a register can be sold for every 400 people in every town in the U.S.," said Patterson. Instead of publishing the number of registers sold by each agent, Patterson published the percentage of realization on the basis of one register for each 400 people and along with it the gross sales by points (with \$25 being a point). Out of this demographic approach grew another Patterson innovation, the quota system. Patterson created districts in the United States based on the population and set a quota for each. Agents were required to sell in the same district each year, which at the time represented a new approach for non-perishable products.

1893—The first sales training school...

In 1893 the NCR Hall of Industrial Education was opened at Fourth and Main Streets in downtown Dayton to teach agents the "best

ways of helping merchants make money.” The following year training facilities were set up in a maple grove situated on the first rise of the “Far Hills” above the factory complex. Tents were raised on the land and the site was called Sugar Camp.

Other Patterson innovations included the “pull-through” sales model, the sales receipt and much more...

As Jeffrey Gitomer writes in his book, *The Patterson Principles of Selling*, Patterson might have been the best salesman of all time, a man who blended the emotion that makes the sale with the logic that figures out the reasoning behind it. Gitomer credits Patterson with a number of sales breakthroughs, including being the first person to realize that a customer is more likely to complete the transaction through buying rather than selling, and the creation of the original “pull-through” model. As Patterson once said, “If the prospect understood the proposition, he would not have to be sold, he would come to buy.”

Gitomer points to evidence of Patterson’s genius in his ability to create the demand for a receipt rather than just trying to sell the cash register. “This may be one of the most powerful business strategies of the 19th and 20th centuries,” he says. Thanks in large part to Patterson’s obsession in promoting its value, the receipt has become universally accepted as the permanent record of a transaction and is today one of the most powerful pieces of paper. It is proof of purchase and ownership. A 1912 company brochure stated: “A receipt, like a deed, is proof of title to property.”

The Saturday Evening Post in 1953 stated, “He [Patterson] will hardly be forgotten until somebody figures out a better system of salesmanship than the one he put together and drilled into the heads of thousands of salesmen, so many of whom he fired that his system was spread through the country’s business.”

In short, Patterson created demand for a product no one wanted, the cash register, and took it from nothing to the mainstream of world business operations. NCR’s success was based on an explosion of ideas quickly converted to action beginning in 1884. Not the least of these were Patterson’s innovations in sales techniques that set the rules for all professional sales operations in the future. Of these techniques, the CPC sales convention is perhaps the most important and enduring.