

The Spread of Competition Has Changed the Basis of Credit

A Factory Without Sales is a Liability

A Product Without a Name is a Product Without a Future

The modern basis of business credit is demand for a known product, expressed in terms of sales.

In the past the chief impersonal assets of an industrial enterprise were largely physical property. Bankers have been accustomed to judge a business by the extent and tangible value of its manufacturing plant, its facilities for production, its stock of raw materials, materials in process and finished goods, and liquid assets.

This was because the demand for most commodities was greater than the supply.

There are today few commodities for which the present consumption is equal to the total national plant capacity. Supply has outrun demand. The American genius for large-scale production has developed an industrial machine whose efficiency far exceeds

that of our distributing organism. Each year witnesses the failure of businesses which have magnificent producing equipment and personnel, but which have no sustained demand for their products.

The financial risk is increasing rapidly in any business which has not a widespread demand upon which to depend.

Correct finance today requires that the basis of credit must be not bricks and mortar, steel and concrete alone, but DEMAND—expressed in present sales and prospective sales—demand from millions of consumers, in every section of the country, in every season, year in and year out.

For a worthy product, such demand is generated and sustained by the correct use of national advertising.

THE CURTIS PUBLISHING COMPANY

INDEPENDENCE SQUARE, PHILADELPHIA

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