

THE COSTPRICE IN THE WHOLESALE TRADE

by Prof. Dr. J. F. Haccoü

Summary

On the question whether a costprice can be calculated in those branches of trade, which do not sell in small quantities to the final consumer there is no consensus of opinion. Both among the men of science as in business life itself the conception prevails in part that in the commercial enterprise it is entirely or partly a question of joint costs, which renders a particularization of the costs impossible. The writer contests this opinion. It is true that there is a relation between function and functional place on the one hand and assortment on the other hand, but this relation is not inevitable in technical respect. Even with a rationally selected assortment there is only an *economic* tie and the costs made for this assortment are joint costs in so far as they have been made for more than one product.

The impossibility of determining a productive capacity is also used as an argument against calculation of the costprice. In spite however of the lack of a durable production-apparatus determining the capacity it is possible to determine the productive capacity with a sufficient degree of accuracy also in the commercial enterprise. Except in cases where the management constitutes the bottle-neck the always limited capital determines the productive capacity, given the nature of the activity and within it the function chosen and the functional place. The determination of the capacity proceeding on these data in the case of the wholesale trade, carrying stock, is rather amply discussed. The technical stock is the most suitable instrument for this. Its size is among other things governed by the extent of the sales, the time necessary for replenishment and the minimum volume of the orders. In its composition this technical stock should be determined by the vision which the management has on the demands to be made on the assortment in connection with the functional place of the business. The composition of the assortment has great influence on the rate of turnover of the stock and hence also on the productive capacity. The decision on the question, which articles the enterprise should stick to and which it should remove from its collections in view of too small a rate of turnover is an essential economic act of choosing which results directly from the conception of the functional place. A thorough investigation into the consumers can give a better basis to this conception. Having stated that a calculation of the costprice is possible in principle the writer goes on to discuss the question whether this calculation serves a purpose.

According as the wholesaler has more feeling for his business he will be in a better position to decide on the assortment also without extensive costprice calculation. As the enterprise grows he will have a less accurate knowledge of the relations and will have to rely more and more on the aids, among which the administrative ones. As the number of articles however increases the calculation on the other hand becomes more difficult. Consequently there is a rational limit from an economical point of view. The necessary insight into the merits of the component parts of the assortment can also be obtained by way of certain fractional

calculations with reference to cost factors connected with the rate of turnover.

In any case a more thorough analysis of the cost problems of wholesale enterprises appears necessary and possible in principle, it being a question of rationality how far one wants to go.

The cost-price calculation in general and the entire policy in the commercial enterprise will have to be based on the functional place of the business.

LE PRIX DE REVIENT DANS LE COMMERCE EN GROS

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Résumé

La possibilité de calculer des prix de revient dans les branches de l'activité commerciale qui ne vendent pas leurs articles en petites quantités au consommateur final, est toujours l'objet de controverses. Certains économistes et des hommes d'affaires prétendent que dans la société commerciale les frais communs constituent la totalité, ou du moins la quasi-totalité des frais; en conséquence il serait impossible de les individualiser. L'auteur s'inscrit en faux contre cette opinion: On doit admettre, il est vrai, qu'il existe une relation entre la nature de l'activité de la société commerciale et la place fonctionnelle qu'elle occupe dans la vie économique d'une part, et la gamme d'articles d'autre part, mais cette relation n'est nullement dictée par des raisons purement techniques.

Même, lorsque la gamme est choisie rationnellement, les rapports entre les articles ainsi réunis sont d'ordre purement économique et par conséquent, les frais de la gamme sont des frais communs, au cas où elle comporte des articles différents.

L'impossibilité de déterminer la capacité de production d'une entreprise commerciale serait une autre raison pour laquelle on ne peut calculer des prix de revient. S'il est exact que ces sociétés ne possèdent pas de biens de production durables susceptibles de fournir un critère pour la détermination de leur capacité de production, il est néanmoins parfaitement possible de la calculer. En dehors des cas où la Direction constitue un goulot d'étranglement, c'est le capital financier qui est déterminant pour la capacité de production, compte tenu de la nature de l'activité de la société considérée, de sa fonction choisie au sein de cette branche (spécialisation!) et de sa place fonctionnelle. Partant de ces données, l'auteur approfondit le problème de la capacité de production des maisons de commerce en gros pour autant qu'elles disposent habituellement des stocks. Le stock physique fournit ici le critère par excellence. Son volume dépend entre autres du volume du chiffre d'affaires, des détails d'approvisionnement et du volume minimum des commandes. Quant à la composition de ce stock physique, elle doit être déterminée selon les vues de la Direction, étant donnée la place fonctionnelle de la société. Cette composition de la gamme influence grandement la vitesse de rotation des stocks et partant la capacité de production. La question de savoir quels articles il convient de continuer à vendre et quels articles