

on the accuracy of the costs and the system would be in effect the inaccurate and old fashioned single entry system."

It is quite true in too many cases that, as the authors state, "manufacturers although they may be thoroughly conversant with their manufacturing and selling problems, have but a hazy idea of what goes to make up the cost of their products. They are inclined to look upon cost accounting as more or less of a mystery."

Not only is this true with respect to cost-keeping, but it also applies to accounting in general. How many managers can personally secure desired information from their own books?

In view of the orgy of expansion and the consequent deflation through which industry has passed, the following statement will no doubt be accorded more consideration than it might have received two years ago:

"Planning has a much deeper significance to a business than merely to assure smooth production. The real purpose of planning is to conserve capital so that the rate of turnover will be decreased; that is, so that the time which elapses between the purchase of the raw material and the shipment of the finished product will be a minimum. Obviously, when this time is reduced, a given volume of sales can be handled with a less investment in goods in process."

Most manufacturers believe that what they need most of all is more capital in their business, and to prove it, point to the business failures, which are usually blamed on lack of capital. It is seldom that a manufacturer can talk about his business for an hour or so without laying emphasis on what he could do if he only had more money.

Yet we believe that most of these men not only do not need more money but would be worse off if they had it. The strange thing is that when considering the getting of more money, they almost invariably think of Wall Street and the banks, rather than realizing that very likely they would be able to pick it out of their own business.

Strange as it may seem, the banks often neglect this whole viewpoint and lend beyond the actual needs of a business.

H. K. HATHAWAY.

Chain Stores: Their Management and Operation. By Walter S. Hayward and Percival White. McGraw-Hill Book Co., New York, 1922. Pp. vii, 411.

In this book the authors have brought together a great deal of interesting information about the operation of chain stores.

The chapters cover such topics as locating of stores, warehousing, pricing, selling, and meeting competition. In connection with the exposition of these subjects, many helpful model forms and graphs are introduced. One section of the book is devoted to a description of the varieties of chains in existence at the present time.

The purpose of the book, as indicated in the preface, is to serve chain store executives, store managers and their assistants, with the hope that it may also be found interesting and stimulating to independent retailers and others interested in the chain-store development.

The reading of the book indicates that the authors have studied chain stores widely and have put into its pages a great deal of valuable information. The details of operation of chain stores are excellently described.

Mechanically, the book is exceedingly well constructed. The binding and printing are well done. The McGraw-Hill Book Company are good book makers. Chapter outlines, index and bibliography add to the value of the book as a text.

The sections describing the detail of operation of chain organizations appear to the reviewer to be the best parts of the book. Employees in chain organizations who have little opportunity to see the work of institutions as a whole will find these parts instructive.

The chapters dealing with the principles of chain stores and describing the special developments in particular fields seem

the weakest. It may be impossible to keep out the difficulties in a book of this kind. For example, the information given as to the number of stores in various chains is already out of date, although the book has just come off the press. The number of stores given for the Great Atlantic and Pacific Tea Company is nearly 2,000 less than the actual number reported at the present time. Figures of this kind in a text book can scarcely have any but illustrative value. They are changing constantly.

Better and more authoritative work remains to be done on the subject covered in the chapter on Expense and Profits. Operating statements have recently been made public for some of the larger chains, such as J. C. Penney & Company, United Drug Company and Piggly-Wiggly. It does not appear that statements such as these have been used in the preparation of the material presented in the book. Too much reliance seems to have been placed upon secondary sources of information. Most of such recent reports indicate costs of doing business considerably higher than the figures quoted in the book.

Considering the book from the standpoint of the general reader, it does not seem unfair to say that it stresses chain stores as a method of distribution rather more favorably than seems warranted by the evidence presented here or, for that matter, elsewhere. Chain stores are increasing in number rapidly and undoubtedly have a big field of development ahead of them, but such statements as the following are too strong: "They help in no small way to keep the cost of living down and to stabilize retail prices"; "The economic trend of the times is more direct distribution and a more rapid reflection of the course of wholesale prices in the retail field; The chain stores are working in accordance with this tendency and not against it"; "The public prefers them (chain stores) to service stores, the people who can afford to pay for extra services are comparatively few as compared to those who care to carry their purchases home and save the money"; "The business of manufacturing is necessary for the greatest success of the chain"; "The Penney organization with a 10% to 12% operating expense is unique in the dry goods line when compared with 20% for independent retailers in direct competition with them."

There is a great deal of public interest at the present time in the problem of cutting the costs of distribution of goods from producers to consumers. The literature specifically dealing with distribution is likely to be scanned closely by students looking for solutions of this problem. Chain store distribution is a variation from the usual or customary distribution of goods. Some readers, less critical than they should be, may take such general statements as are quoted above and conclude that the chain-store system is the ultimate economy in distribution. The authors probably do not even intend this, but the caution seems necessary.

On the whole, however, these criticisms do not affect the main value of the book as a text for chain-store officers and employees. The over-emphasis, if it may be called such, may not only be pardonable but actually desirable in serving this purpose.

PAUL H. NYSTROM.

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Engineering Societies Building

29 W. Thirty-Ninth St.

New York

DECEMBER, 1922

VOL. VII., NO. 6