

"Scientific Management and Research" in which he says the following:

"We are on friendly terms with a society of engineers recognized by employers and public representatives, as well as labor officials, as fair and impartial. A great number of the members of this society are imbued with the thought that scientific management and research can only attain its full end by giving the greatest protection possible to the human element in industry—the thing most needed, for without it chaos and strife will ensue when opportunity presents itself to the workers."

Among the committees appointed at this convention was one on "Organization and Scientific Management in Industry."

### News of the Sections

#### Central New York

At the opening meeting of the Central New York Section of the Taylor Society on October 31, in Syracuse, Mr. W. J. Austin, of Cleveland, talked on "The Russian Situation and Establishing the Manufacture of the Austin Car in Russia."

#### New York Metropolitan

The first meeting of the New York Metropolitan Section on October 9, at the Fraternity Clubs, was given over to a discussion of rationalization and scientific management. Dr. Person, who has been interested in following the rationalization movement in Europe, was the principal speaker. John Gaillard, of the American Standards Association, discussed his paper, and an interesting open discussion followed.

### Reviews

*Group Incentives.* By C. C. Balderston, University of Pennsylvania Press, Philadelphia, 1930, pages xi, 171.

This volume, Number IX, Research Studies of the Industrial Research Department of the Wharton School, is an appropriate and well-done work upon a subject that is of commanding importance in the management field today. It is based upon a serious and detailed study of group incentive plans as successfully operated in more than fifty industries and offices of various sizes and in many localities.

Those who approach the subject of group incentives for the first time, or, as a matter of fact, those who have had group plans under contemplation or in actual operation, will

find that this book is charged with practical suggestions, derived from contact and experience, that are well-expressed and properly emphasized. The importance of the group incentive as one of the more recent devices of management is strongly brought out, but the dependence of this new device upon the fundamental elements of scientific management—accurate determination and fixing of standards and time study—is emphasized.

The overall excellence of the volume far overshadows its shortcomings, but to the reviewer it seems that there are some of these. The text seems to include too constant a reference to the detail of this or that company's plans, usually in respects that are adequately covered in the Digest of Typical Plans—Appendix D. There is some unnecessary repetition of details in the text itself but altogether the main text is too well done to necessitate the obvious repetition in Appendix A, where much of the text material is given again and no essentially new facts are developed. Chapter VI, Social Problems Raised by Incentives, seems to deal with the problems produced by incentive methods generally and not to distinguish sufficiently in favor of the specific additional problems of the group method.

Finally, a real regret is had because no space is given to the detailed working out of a typical plan for a representative small group, showing composition of group, base rates and basis for their determination, production rates, indirect labor factor, etc., so that a reader who is otherwise inspired by the book would, after study, have sufficient specimen data readily to proceed with the construction of a plan for his own plant.

ERNEST G. BROWN<sup>1</sup>

*Work Routing in Production.* By John Younger, The Ronald Press Company, New York, 1930, pages ix, 115.

In this little volume Professor Younger has presented material which he has used successfully for several years in his industrial engineering classes at Ohio State University. He discusses rather briefly the practices to be followed in planning production in a machine shop and the advantages which should result from this procedure. This book contains very little material which is not already known to executives of all well-managed plants.

As a text for college courses dealing with planning and related subjects this book will undoubtedly find a market although there are several other books covering the same subject already in use. The problems at the end of each chapter add materially to its value for this purpose.

*Budgetary Control of Distribution.* By T. O. Grisell, Harper & Brothers, New York, 1929, pages xvi, 99.

Here is a clear-cut application of the principles of scientific management to the field of distribution. Mr. Grisell has very ably presented not only the advantages to be gained from the preparation of a carefully planned sales

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budget, but also a simple procedure for its development. His experiences as Director of Marketing for a large advertising agency have made it possible for him to include a vast amount of actual data to substantiate his conclusions. This volume, therefore, contains results rather than theoretical or academic proposals.

The author points out that any sales program which is based only on political areas or population is inadequate. He advocates a thorough analysis of all sales data and the setting of scientifically determined standards against which actual results may be checked before any expenditures are authorized. Any discrepancy between actual and standard should be traced to the one responsible and the causes ascertained. Detailed methods for securing control over this phase of a business are quite adequately discussed.

Sales executives, comptrollers and others interested in the control of distribution expenses will find this little book filled with valuable suggestions.

P. E. HENDERSON<sup>2</sup>

*The Control of Distribution Costs and Sales.* By William B. Castenholz, Harper & Brothers, New York, 1930, pages viii, 194.

The author sets for himself the task of consolidating the principal contributions to cost accounting as they relate to distribution costs. In eleven well-chosen and easily readable chapters he has placed most of the good sales cost accounting ideas that have been developed in the past decade. This book should be of especial interest to those who would like to become familiar with the principal body of distribution cost philosophy and some of the practices. If this book were read carefully by several thousand sales and chief executives in sizable concerns and if they demanded that their accounts and statements be prepared in conformity to the main body of philosophy in it the results produced would be great enough to relieve much of the strain of a business depression. Executives and accountants generally should read this book.

Those who are familiar with orthodox accounting and with more or less "modern" accounting will be interested in the conversion of an orthodox accountant of repute to modernism. The reviewer was particularly interested in the efforts of the author to keep his peace with orthodoxy (p. 4) and at the same time place business upon a research basis (p. 33), value the executive balance sheet on the basis of present values (p. 78), forecast the future (p. 70), break up the general profit and loss statement so that it will mean more than a truism or broad generality (p. 128), and meaningless below the gross profit point (pp. 146, 159), treat interest as a cost (p. 134), show that "actual facts" and "actual expenditures" (as so often claimed by orthodox accounting) are not reliable and may be obstructive to a sound interpretation of transpired events (pp. 150-151), advocate standard distribution cost (ch. X) and, finally, acknowledge that it will take time to induce accountants to use standards in their work (p. 152).

The reviewer agrees with the author that it will take some time to educate accountants to employ the philosophy and

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technique which is set forth in this book. The executive, we believe, is becoming cognizant very fast of the shortcomings of general orthodox accounting and of the fact that in time he will force the use of standards upon the accountant or displace him for one who will. How soon this will become general no one knows, but that it will come is certain.

The author contends that, broadly speaking, there are but two principal functions of a business, namely: production and distribution. Production, he says, (as is confirmed by many executives) is far ahead of distribution in general efficiency but distribution is very wasteful and inefficient. What is needed to assist in the solution of the distribution problem is better costing for the marketing activities. This is the main theme of the book and it is in agreement with the principal body of doctrine developed during the past decade or so. The illustrations given of the operation of standard distribution costs are concise.

Since this work has as its express purpose the bringing together and co-ordinating of the best ideas on distribution costs it may be well to point out some subjects which are not treated. The first is the concept of cost variations. Actual cost may vary from standard costs for some time without reflecting the inadequacies of the standard. We need to know why the costs varied from standard, in units and prices, before the figures can be placed in their true setting. The second relates to budgeting distribution activities in such a way that the variations between budget and performance can be analyzed into their components and the causes for variations assigned in terms of units and prices.

On the whole the reviewer has nothing but praise for the book and he is glad that Mr. Castenholz wrote it.

MONARD V. HAYES<sup>3</sup>

*Unemployment and Purchasing Power.* By P. W. Martin, P. S. King & Son, Ltd., London, 1929, pages vii, 85.

This small volume, preliminary to the publication of a more detailed study, presents a technical analysis of the relation between unemployment and monetary policy. At the heart of the problem is the question of purchasing power. The setting is England, but the theories and principles involved are pertinent to the situation in any country faced with the problem of unemployment.

Many explanations have been given for the unemployment situation in England during the past decade, but little thought has been directed to the root of the matter, namely, the maintenance of a free flow of demand and supply between the community and industry. Goods and money are exchanged only when the former are available at a price which the community can pay for them. "The whole question depends on whether or not there is a deficiency of purchasing power."

A deficiency in purchasing power tends to result from one or both of two situations, i.e., the unloading upon the market of stocks of commodities which industry no longer wishes to hold and the reduction of the total quantity of money in circulation. Purchasing power may be short-circuited through obtaining money from the community directly through borrow-

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