

## Reviews

*Harvard Business Reports*, Vols. 1, 2, 3 and 4. Compiled by and published for the Graduate School of Business Administration, Harvard University, A. W. Shaw Company, Chicago, Vol. 1, 1925, Vol. 2, 1926, Vol. 3 and 4, 1927.

For decades elementary and secondary school education has been alive with experiment and change, and collegiate institutions have at least developed considerable talk about revitalizing instruction, but the squeaky coach of graduate teaching in the social sciences would be considered as having hardly budged at all were it not for one notable innovation. This is the displacement of the lecture method by the case system—an advance, as President Butler recently characterized it, from an almost exclusively expository and didactic method, through which the major portion of the thinking is done by the teachers themselves, to a process of conference, requiring some mental excitation on the part of the students as well. It was the Harvard Law School, through the introduction and application of this method by Prof. Langdell in his classes in the 70's, which was the pioneer in a change that has revolutionized the teaching of law everywhere; it is Harvard again, through the Graduate School of Business, under the able leadership of Dean Wallace B. Donham, which has made the most effective application of the case system to business teaching, and by its active work in developing the case material has made possible the rapid extension of the newer method to the chief institutions of the country.

Case teaching has as its main aim the development of mental power, through the requirement of analysis, synthesis and an actual decision in a concrete case. If it is not an aid to the quick acquisition of facts or to the acquiring of a broad field of knowledge in a limited length of time, it is likely to heighten the impression and the usability of the facts which are acquired. There is no question that its development has been the most significant influence upon the field of graduate teaching. The country owes a debt of gratitude to Harvard both for demonstrating the value of the new system through successful application and for the technical excellence of the case material it has generously made available to other institutions during the past seven years.

The first case books produced by the Harvard staff were not collections of business problems in general but classified instances of obstacles presenting themselves to executives. Illustrative of these are Copeland's "Marketing Problems," Lincoln's "Problems in Business Finance," Tosdal's "Problems in Sales Management," etc.—books which had the merit of looking like other text books and of including material limited to a specific field. Lately, however, some of the effort of the Harvard staff has gone into the production of books of problems, like Volume 1 and 2 of the books being reviewed, that are miscellaneous in nature and are grouped under the general classification "business." In all four volumes, effort seems to have

been made to simulate the appearance of the uninviting tomes in the Harvard law library. Like them, the new business books are bound in buckram and stamped in crimson, black and gold; they are bulky and technical and they are expensive; to make the similarity greater they are called "Harvard Business Reports," Vol. 1, Vol. 2, etc.: the citations to volume and page number are made in a fashion similar to references in the U. S. Supreme Court Reports. It is proposed to bring out a great many volumes of this sort in the future, at least two a year, and if the buckram and red are to be retained, it will be difficult, without closer scrutiny, to tell a business executive's office from a lawyer's.

Volume 1, published in 1925, contained cases without commentaries. This was a serious omission which volumes 2, 3 and 4 quickly remedied. The note of comment or analysis is comparable to a decision by an instructor or business executive. Volume 3 is largely concerned with problems of marketing and Volume 4 with labor problems. Each report presents an actual situation which has arisen in business, with the name of the concern disguised where so requested. The cases are drawn from every field of business practice—organization, finance, accounting, marketing, advertising and personnel. The pertinent facts, the issues involved, the alternatives presented, the decisions taken, the results obtained, and a commentary and analysis by an impartial authority—these combine to make each report the record of vital administrative experience.

Because of the magnitude of this undertaking, which is still in its beginnings, suggestions and criticisms are in order. It is in a spirit of fullest co-operation with the Harvard bureau that two points are raised which may be worth its consideration. One involves the present form of the case books, the other the spirit.

The purposes of these volumes are two: one is to provide the tools for teaching by the case method; the other, and more ambitious, is to provide a library of reference to which the busy practitioner himself, the sales manager, production man or investment officer, may go whenever he has a knotty problem, just as the lawyer consults his cases whenever in doubt about a point of law.

For both purposes it seems to the present writer that the form of the earlier problem books, mentioned above, on special aspects of business, is much to be preferred, and that little, if anything, is to be gained by the ponderous appearance of the present volumes. Assembly of miscellaneous cases in a volume labelled only "business" seems especially undesirable. In teaching there is every advantage in being able to assign a definite text book limited to a special field; while as far as the great mass of practicing executives is concerned, we feel certain that a far greater distribution and use of the excellent case material would be assured by bringing out such books in sizeable and less expensive volumes dealing with the special kind of business problems in which the individual is interested. For while it is true that most managerial problems are interrelated, the average business man is, in fact, an accountant, a salesman, an advertising man, an

investment officer, etc., and reads only specialized books.

We wonder, too, how many executives there are, (or, during our life time, there will be), who when confronted with a problem will go to the library to look up the mass of general precedents. The untrained man would find them forbidding; the university trained business school graduate already has the principles in mind and is not likely to bother. Unlike the situation in the law, business books are sure to become out of date faster than the decisions of our tribunals, as the latter grow the more hoary with age, while business men look askance at the experience of a bygone age. On our part, we should very much prefer to see the problems presented in case books limited to special fields. Miscellaneous cases might just as well be held until grouping becomes easy, or printed in individual sheets and pamphlets, for use in places where the bulky tomes would be an obstacle.

The second of our suggestions relates to the spirit of these case books. The basis of our comment is probably subjective and may be irrelevant. It seems as if the similarity to law books is almost too close, for law books are too much concerned with legal technicalities and the description of things as they are. Most lawyers go to law books not to seek justice or to vindicate principles but to win cases. If the older method of lecture and assigned reading formerly so generally in vogue in schools of business had defects, it also had a great advantage in this: The teacher's point of view was likely to be that of a social economist rather than a technician, he was not intent on immediate results alone and he assigned readings likely to call the students' attention to stimulating questions as to the why and the wherefore of industry in the social process. The present Harvard case books, except in Volume 4, which has the beginnings of something different, seem to be concerned almost exclusively with the policies and methods that make men efficient in producing at a profit in their particular concerns. They tend to make men effective, but not necessarily in the highest social sense. Perhaps, as many economists believe, it is better that men seek only their own interests. But if it is good occasionally to be jolted out of our acceptance of the business system as it is, and to have our attention distracted from technical matters of production, sales and finance, we should like to see some cases which raise disturbing moral problems of social justice; which ask the executive what kind of society industry is fashioning and which make him reconsider what all this activity of business is about. We assume the last is remedied through the influence of the teacher in classroom discussion or perhaps through the assigned readings. But as these books are intended for the practicing executives as well, we should be cheered to have the Harvard group take us into its confidence that it does regard some of the strut of business with less solemnity; by including in future volumes an occasional indiscretion showing that they too are sometimes affected by a divine discontent and questioning.

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*Accounting Systems*. By Geo. E. Bennett, LL. M., C. P. A., A. W. Shaw Company, Chicago, 1926, pages xiv, 554.

Unfortunately, the word "System" has come to be looked upon by many executives, to say nothing of employes, as a polite way of saying "Red Tape."

Probably the reason for such a biased impression is due to the common error of endeavoring to make the business fit the system installed, instead of making the system fit the business.

Mr. Bennett in his book on "Accounting Systems" splendidly points out this fact in his introductory chapter by showing the result that might be expected if one should attempt to transfer bodily the accounting system of a large city department store to a country drygoods store.

Not only is it true that such an error is an inexcusable one, but it is also equally unpardonable to attempt to adapt, without careful analysis, the books and records of one business to another, even though both businesses are engaged in activities of a similar nature.

This leads to the question "What actually justifies a system's existence?" Unfortunately, Mr. Bennett has stated under the subtitle "Justification for a System's Existence," that because the cost of operating the system must come out of the company's profits, unless such expense earns a profit, there is no good reason for its being incurred.

How then can we reconcile ourselves to providing an accounting system for a new enterprise where it is impossible to predetermine profits? Or what about the many organizations that are operated for purposes other than profit making?

We should be on our guard here not to take the author's statement literally, but to read into this statement an intention to imply that there should be some direct relationship between the cost of operating an accounting system and the resulting addition to profits.

The real justification for a system's existence is whether or not it reflects the operations of the business in such a manner that it presents the proper facts necessary for executive control when they are "current news" and not "past history."

Mr. Bennett has with great clarity set forth as examples the methods employed in many enterprises of different natures and has given concise discussions of the standard books and forms that are used in the various departments of a business. But here the actual helpfulness of his book ceases.

It is one thing to know what books or forms are used in these departmental activities, but it is another matter to secure an understanding of the circumstances that give occasion for the use of these forms.

In order to have made his splendid work infinitely more valuable the author could well have added a section that would clarify the principles involved from the very beginning of an investigation of the business activities to the actual installation of the books of record. True, Mr. Bennett has splendidly set forth the necessity of keeping in