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The Accounting Historians Journal Vol. 15, No. 2 Fall 1988

EDITOR'S CORRECTION TO VOLUME 15. NO. 1. SPRING, 1988

An error was made in printing Figures 1 and 2 of "The Nature and Function of Cost Keeping in a Late Nineteenth-Century Small Business." The front page of the article and the corrected figures are printed on the following pages.

The editors regret any inconvenience caused by the error.

Thomas Tyson CLARKSON UNIVERSITY

THE NATURE AND FUNCTION OF COST KEEPING IN A LATE NINETEENTH-CENTURY SMALL BUSINESS

Abstract: J. Henry Rushton was the preeminent American builder of canoes and small pleasure boats in the late nineteenth-century. Beginning in the mid 1890s, Rushton personally maintained books of cost records and cost finding rules for his boat-building operations. In conjunction with the company's product catalogs and Rushton's personal letters, these books reveal the nature and function of cost keeping for this enterprise. They also suggest that pressures from increased competition and an economic depression may have stimulated Rushton to undertake detailed costing procedures.

J. Henry Rushton built canoes and other small pleasure boats in Canton, St. Lawrence County, New York between 1874 and 1906. Through a combination of high quality workmanship and aggressive catalog marketing, Rushton successfully expanded his business and attained international recognition. Rushton's detailed cost records and cost-finding rules reveal his concerns for the cost side of the enterprise.

This case study of the Rushton boat building business describes cost accounting practices of a late nineteenth century small business. As discussed by Chandler [1977] and Solomons [1968], costing methods such as used by Rushton were not standard management practice at the time. The archival records for the case study suggest business conditions that may have stimulated Rushton to undertake such formal costing procedures as a basis for rational managerial decision making. These conditions include increased competitive pressures, market development strategies, catalog and special order pricing decisions, and profitability concerns.

Rushton's cost accounting records were maintained in two volumes he kept himself, in a labor operations record book kept

Dedicated to the memory of Norman X. Dressel, a devoted accounting historian. I would also like to thank Robert Colson and an anonymous reviewer for their helpful comments and suggestions.

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FIGURE 1
Photo of material housed in the Adirondack Museum Library

between 1885 and 1895.9 It is unclear if the costs for component parts represent an average based on a sample of boats or are the result of an "engineering" analysis of one boat in each grade. In any case, product costs were computed on a systema-

⁹Though undated, Kip's book associates labor costs with models that appear in Rushton's 1893 catalog. This book is housed in the Atwood Manley Collection at the St. Lawrence County Historical Association in Canton, New York. It is a marble-covered ruled account book, approximately 8" high by 9 1/2" wide and over 100 pages in length.

prime costs and running expenses for grades A, B, C, D, and E, respectively. Other catalog models show even more divergence among markup percentages across grades. Given that prices for #105 boats had not changed between 1885 and 1893, these varying percentages may indicate that detailed product costs were computed to identify the level of price cutting that could be tolerted, as well as justify Rushton's consistent promotion

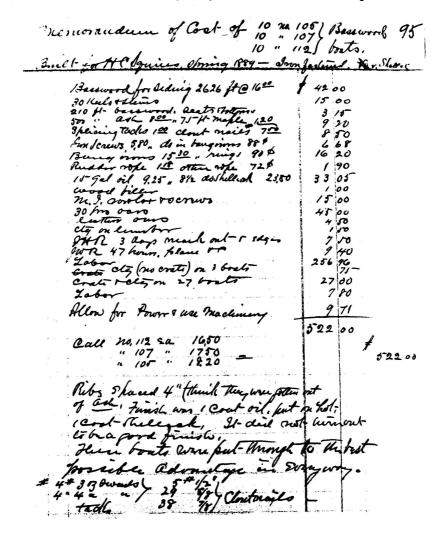


FIGURE 2
Photo of material housed in the Adirondack Museum Library