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the subject of College and University Accounting. Not once, but several times, the author uses the term "funds" on the liabilities side of the balance sheet, namely, endowment funds, plant funds, and current funds.

Apparently, there is no reason why the nomenclature of a college balance sheet should be made to depart from the traditional set-up of a business organization. The principles of accounting apply as well to a college or a university as any other type of organization. Because a university is obliged to segregate certain units of capital, in order to keep faith with its beneficiaries, is no reason for revising the whole scheme of accounting and accounting terminology.

A university has a miscellaneous assortment of assets, but they classify generally into those which are free or unrestricted in their use and those which constitute a part of some special fund. There is no occasion for ear-marking in any way those

assets which are unrestricted. On the other hand, the assets which constitute a part or all of special funds require to be so grouped and specified.

On the liabilities side the integrity of the special funds may be protected by reserve accounts, preferably called "fund reserves," while the remainder, or equity in free assets after setting up the current liabilities, represents the invested capital of the institution. Incidentally, it is absurd to argue that an educational institution cannot have capital. It would be equally unsound to argue that such an institution cannot have assets.

This dissertation may sound like much ado about nothing. It is true there is nothing vital at stake. It is a protest, however, against loose expression, if not loose thinking, in accounting and an appeal for support in clinging to that which is good rather than unconcernedly permitting whoever will to break down the fences which have been built with so much effort.

Book Review

Leffingwell, William Henry. *Office Management, Principles and Practice*. (Chicago, A. W. Shaw Company, 1925. 850 p.). \$5.00.

The author is an associate of the American Society of Mechanical Engineers, a member of the Society of Industrial Engineers, a member of the Taylor Society, and president of The Leffingwell-Ream Company.

The text which follows foreword and preface is divided into forty-eight chapters, under eight classifications, viz.:

Theory and principles underlying office management, analysis of the problem of office management, standardization of the product, standardization of the plant, standardization of equipment and materials, standardization of methods, standardization of personnel and methods of control.

The text is interspersed with sixty-seven charts, diagrams, and forms of consider-

able variety, to which there is a preceding index, and is followed by a bibliography appendix and a copious index of nine pages.

This work is so comprehensive that a review can scarcely do more than touch the high spots in the hope of exciting that interest which the subject well deserves at the hands of many persons. It is not singular that the latter should be true, considering that since 1880 the ratio to population of persons engaged in all kinds of office and clerical work has increased sixfold.

A careful reading of this work will profit any professional accountant, and especially will profit every professional accountant who has office management responsibilities. He surely will find in it many things which, if carefully studied, may well be applied to his own particular job. Incidentally, it might not be amiss for accountants who are engaged in widespread practice to take a leaf from the

pages of this work and apply the principles to the problems of such practice.

We like the author's statements that "the new conception of office management is simplification"; that "the first principle of office management is comprised in the possession of a definite knowledge of what work is to be undertaken and its purpose"; also that before assigning any clerical task or preparing any system, we must decide:

- (1) What is the value of the work to be done?
- (2) What is its probable cost?
- (3) Is it worth what it will cost?"

The author points out that effective management implies control and enlarges upon what is comprehended in control. In that connection he takes a thrust at any person who does not function consistently with his title of office manager, or of similar import, by saying that "such a person is not managing unless he exercises a conscious directing influence upon the conduct of the business; unless, in other words, he makes things happen that should happen and prevents things from happening that should not happen."

Some space is devoted to control of the human element and to the psychological factors in office control, in relation to which latter he says: "In this sense every individual in an organization constitutes a separate and different problem." It is refreshing to find one, of such indicated earlier background as the cold calculation and mechanical tendency of engineering, giving profound consideration to the factors of psychology involved in the best utilization of human units, to the separate problem which every one of these constitutes, and to the disastrous effects of neglecting or ignoring such factors.

In the concluding chapter the author indicates the present trend of office management toward a higher level of understanding and education and away from the fads and fancies of the seductive, universal "systematizer," and summarizes his advocacy of simplification of systems, elimination of superfluous work and details, estab-

lishment of standards, better selection of help, thorough training, greater use of machinery, and the selection of executives trained in the principles and practice of scientific management as they may be applied to the needs and the conduct of the office. In connection with this latter, he suggests that management of all clerks in all parts of an organization be placed under one head, with a true title, such as "Manager of Clerical Activities," and, while he does not so say, we infer that he means also a subdivision of such management throughout the several departments in the organization. While such management or control over the clerical activities might bear fruit in elevating the average competency, the reduction of numbers, and economy of floor space, its suggestion flouts that quality of human nature which displays itself in seeking more authority and power rather than in a disposition to surrender any already acquired.

It is not necessary to accept everything that any author advocates as a principle or as good practice. Development can come through the friendly friction of minds, and in the absence of full agreement. Studious reading of this work will stimulate thought on the subject, and that is the first and immediate need.

At a meeting held in Seattle on March 27, 1925, under the auspices of the Washington State Chamber of Commerce, Mr. P. C. Davis, manager of our Seattle office, was selected as a member of a committee appointed to draft a bill for a proposed state arbitration law, to be presented to the coming session of the legislature for enactment.

Mr. William M. Trant, formerly assistant manager of our Denver office, has been made manager, effective April 1, 1925.

Mr. James K. Gregory has been appointed assistant manager of our Los Angeles office, effective May 1, 1925.