

nature of a manual and "is intended as a guide for agency executives and owners in the management of financial affairs" (p. 3). This objective is to be served by determining "what facts and figures are needed" and how "these facts and figures can best be secured" (p. 5).

Part I of the book, comprising eleven chapters, is introduced with a short historical review of the development of the agency. The author then devotes the remainder of the section to a description of the functions performed by the agency in bringing publisher and advertiser together. Problems peculiar to agency operations covering, in the main, media selection, space buying, insertion orders, billing, agency liability and agency compensation are reviewed in detail and their significance in management is emphasized.

Part II, titled "Accounting Procedures," assigns ten chapters to the technical aspects of record keeping, with the primary objective of providing information that will enable the advertising executive "to determine the results from the policies the agency has followed" (p. 101).

The accounting questions involved in agency accounting do not of themselves create any insurmountable obstacles, but the discussion of the details and techniques (Part II, Chapters 1-8) of the process of cost accumulation and billing for the different media (newspaper, radio, magazine, outdoor) demonstrate the complete dependence of the timeliness and statistical accuracy of the results on the proper design and use of basic business papers and of their efficient routing through the organization. In this the book is thorough and complete and any accounting system designed in terms of such business papers could not but provide useful and current information whereby management could measure and test the adequacy of its policies and the profitableness of its operations.

A lengthy section of the book (Chapter 9, Part II) is devoted to the agency accounting system in its entirety. This presents a detailed chart of accounts, a description of the several books of original entry and their use, and

finally a listing of all necessary subsidiary records and business papers. The system as designed contemplates an extensive operation. However, it gives the appearance of being sufficiently pliable to be adaptable to any situation regardless of size.

Criticism of the manual could be made relative to its organization. It is not clear why the chapter on budgets should appear in Part I which deals with agency functions, nor why the chart of accounts and the books of entry (Chapter 9, Part II) should follow rather than precede the detailed description of the problems incident to their use in the accumulation and recording of financial and other data. This reviewer would also take issue with Mr. Rubel's repeated assertions that he is developing accounting principles applicable to advertising agencies. Mr. Rubel has done nothing more than design a specialized system employing accounting principles that have been established for some time.

The book is another addition to the *Printer's Ink* Business Bookshelf and should serve the ends for which it was intended. It possesses a comprehensive index and is amply supplied with illustrations of accounting and business forms.

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HOW MANUFACTURERS REDUCE THEIR DISTRIBUTION COSTS, by Charles H. Sevin. (Washington, D.C.: U. S. Department of Commerce, 1948. Pp. 149. \$35.)

In a very readable 150 page government publication, Charles H. Sevin, of the Marketing Division, Office of Domestic and Foreign Commerce, presents the results of case studies covering twenty-six manufacturers of consumer goods, five of industrial goods, and seven manufacturers of both. Companies were selected because they had accomplished substantial reductions in their unit marketing costs. The objective of the survey, out of which developed this booklet, "is to present a factual description of the distribution cost analysis methods which are actually being used by manufacturers, and the results which they achieved in their use." The author says

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"a comparative evaluation of these various techniques, as well as an extended discussion of the principles and methods of distribution cost analysis are beyond the scope of this survey."

The case results are presented under these seven main headings: Customers, Channels, Orders, Territories, Salesmen, Products, and Physical Distribution. For each case there is a short summary of the methods used and the results achieved; following the summary is the description of the techniques and methods employed by the management. For some cases, tables and charts are included to further aid in an understanding of both techniques and results. Throughout the cases, emphasis is placed on the importance of sales potentials and the apportionment of sales effort in relation to the potentials.

Some cases illustrate better than others how distribution costs are decreased and are generally more useful cases. For example, Case No. 44, dealing with salesmen, very effectively develops the work involved in regional sales potentials, territorial cost analyses, and experimentation in decreasing the number of salesmen—all in order to effect better territorial divisions. Emphasis is placed on diminishing returns and the many complex and inter-related factors in determining the most profitable number of salesmen for a marketing territory. Case No. 43 dealing with products is a very interesting development of product-line and profit-and-loss statements, with good figures and charts covering the years 1923-1940. Case No. 10 dealing with territories illustrates an interesting method for analyzing earnings by towns.

The author points out that the war period in many instances would not fully test the methods and techniques for reducing costs. In addition to this limitation, this reviewer feels that more attention needs to be given also to the study of manufacturing costs in relation to various sales volumes. One wonders also, after reviewing the successes of these companies, whether reductions in cost were due to other factors than those indicated.

In the part devoted to salesmen, one would

like to see a further development of the usual elements of a good sales management program. For example, in the cases on territorial re-organization, one would like to see some cases that include the studies necessary for a clear definition of the salesman's job along with improved selection and training of salesmen, all of which are important in a cost reduction program in a company.

This relatively short, inexpensive booklet—only 35¢—is a distinct addition to university and business libraries, especially now when the buyers' market is looming ever greater and there is a need for watching carefully all marketing expenditures. It would be very helpful to marketing teachers if more of this sort of analytical and illustrative material were included in marketing texts for teaching in our colleges and universities.

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THE AMERICAN ECONOMY: ITS PROBLEMS AND PROSPECTS, by Sumner H. Slichter. (New York: Alfred A. Knopf, 1948. Pp. 214. \$2.75.)

A fair question to ask an author is why he used the time and energy to write the particular publication. There are many answers to this query, but Dr. Slichter's answer in this case is interesting. He writes: The present is an opportune time to examine the economic arrangements of this country because (1) a great shift in power—a shift from the businessmen to representatives of employees—is occurring; (2) the institutions under which we operate are being subjected to an attack without equal in the history of the world and (3) the thinking about economic organization and policies during the last fifteen years has been unduly influenced by the depression and the war. Dr. Slichter is, therefore, taking advantage of this period of flux to present his views on the characteristics, problems, and prospects of the American economy. The thinking people of America are indeed fortunate that he has taken the time and energy to put his observations in writing.

What are his thoughts about the character-

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