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Use and Abuse of System

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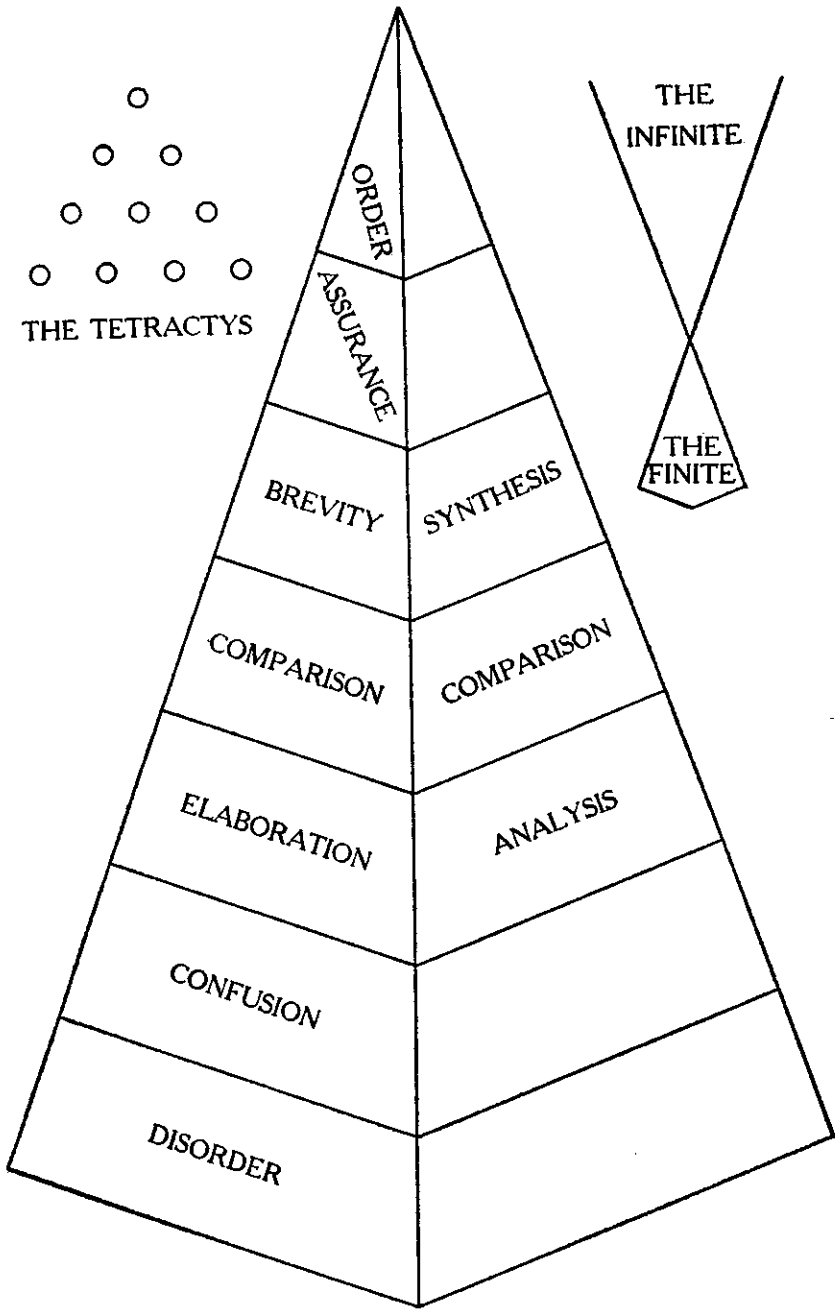
The Use and Abuse of System.*

BY CLARENCE FRANKLIN HELWIG,

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Above my office desk hangs a picture of the pyramids of Egypt. To me this picture possesses a peculiar meaning. It seems to symbolize the ending of the old order of things and suggests the new; the development of the known to the highest point and an attempt to reach into the unknown. In fact, it seems to suggest that after we have passed the apex of the pyramid, we pass from the limited area of the finite into the very region of infinity itself. The pyramids present to our view masses of stone, square of base, triangular of side, terminating in a point at the top. So also do we note from a wide inspection of Nature that the number of the chosen gradually decreases as we rise in the scale of existence. Viewed from any one of its four sides, the pyramid resembles the equilateral triangle, considered by the Egyptians as representative of the great principle of animated existence, each of the sides of the triangle referring to one of the three subdivisions of creation, the animal, vegetable and mineral. In an article on "Classification," Henry Drummond says, "It is an open secret, to be read in a hundred analogies from the world around, that of the millions of possible entrants for advancement in any department of Nature, the number ultimately selected for preferment is small. * * * Some mineral, but not all, becomes vegetable; some vegetable, but not all, becomes animal; some animal, but not all, becomes human; some human, but not all, becomes Divine. Thus the area narrows. At the base is the mineral, most broad and simple, the spiritual at the apex, smallest but most highly differentiated; so form rises above form, Kingdom above Kingdom. Quantity decreases as quality increases." Plato, when in Egypt, is said to have imbibed the idea of one Deity, in which all things are absorbed; perhaps it was suggested to him in part by the figure known as the Tetractys, comprising ten points arranged in triangular form. This figure was emblematic as a whole of the

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Deity, and as to the parts, of vital symbols. The topmost point was a symbol of the active principle or creator, the two points directly beneath of the passive principle, or matter, the three points thereunder of the world proceeding from their union; finally, the four points, or base, of the liberal arts and sciences, said to complete and perfect the whole.

We have been told that at the time of the building of the pyramids Egypt had reached a state of remarkable civilization. We are also told that at the same time she gave evidence of misery and degradation incredible to us. If this be true, we have in the pyramids a reflection of Egypt's greatness; also of her weakness, of her order as well as of her disorder. Excess of disorder led to her dissolution as a nation. Gladstone has described evolution as "Series with development." The pyramids, which we consider one of the seven wonders of the world, remind us that nearly every great work has been such by synthesis.

Synthesis means, literally, putting things (or series) together. Synthesis neither implies nor refutes development, but if it carries development with it, then it becomes evolution. It is not unreasonable to say that there is a science of system, which might be termed the mind distinguishing between disorderly and orderly steps in all matters. System is evolution if it progresses from disorder into order. The imaginary line designating the altitude of the pyramid from its base, through its center, to its apex might be considered a scale, marked in series or degrees. It was said by Plato, "Our faculties run out into infinity and return to us thence. We can define but a little way; but here is a fact which will not be skipped, and which to shut our eyes upon is suicide. All things are in a scale; and, begin where we will, ascend and ascend." It has been said that as we proceed from disorder into order, we often proceed from the simple to the complex. We must first become simple, however, before we can become wise. We must all pass through the apex,—*simplicity*. Emerson said that European civilization is a triumph of talent and the extension of system; and that he knew of no other study that demands the sharp understanding, the adaptive skill, the delight in forms, the enthusiastic manifestation of comprehensible results so much as the study of system and methodization.

I believe there was never a time in the history of the nation

when the work of the intelligent systematizer was in greater demand in the interests of the Government, of the States and of business in general than at the present time. Among other qualifications, the successful systematizer must have the knack of classification. As stated by John Stuart Mill, he must be able to assemble together those objects which have the greatest number of important common properties for joint consideration and comparison. No set scale will apply in all cases. It is generally held, however, that in any classification arranged for some particular purpose, the objects must be brought together in some such manner as to admit of simultaneous study. The arrangement should also be in series, according to degrees in which the object is exhibited, beginning with those degrees which exhibit it most and ending with those which exhibit it least.

The word "system" is derived from the Latin word "systema," which denotes, literally, "to place together." There are a number of other words which approach the word system. In many cases they have been used interchangeably. For instance, in logic, synthesis is termed "the combination of separate elements of thought into a whole, as of simple into complex conceptions, species into genera, individual propositions into systems.

As a matter of fact, system includes both analysis and synthesis. Sir Walter Hamilton says that analysis and synthesis, though commonly treated as different methods, are, if properly understood, only the two necessary parts of the same method, each being the relative and correlative of the other. If we would build properly we must know our subject. This comes through analysis. It has been said that analytical wisdom not only consists in discovering the general character of the subject, being sensitive to its present appearance on this or that peculiar propensity, but in being able to define the individual characteristics and capacity and being able to define the circle beyond which it cannot pass, and to say which phases are to be given consideration, that we may not idly waste power, but dispense just sufficient to actuate and put in motion. Thus we are taught that we must analyze before we commence to build. We have also been told that all things are in a scale. Let us take the measure of our subject. Let us assume that the two extremes in our scale of

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system are represented by the words order and disorder. Disorder represents the lowest conception of the thought; by degrees we finally attain to the highest conception of the thought and enter into order. Various names could be assigned to these successive steps. It is merely a matter of choice. It is a truism that if we retrograde continually from order we shall eventually descend into complete disorder. We can fall into disorder by wrongly directed effort; also by absence of effort. It is equally true that if we arise from disorder we shall ultimately reach order. Plato describes this when he pictures Timæus a god leading from disorder into order.

The first aid to a successful systematizer is a knowledge of human nature. He should acquire a ready perception of character, be able to discover motives, have a knack of reading men by minor signs, but never to the extent of unwarranted suspiciousness. He will meet all kinds and classes of men, each one requiring a different way of handling. The disorderly man is more positive than the careless man, in that the latter is not guided by determined effort. The systematizer will find that the habitually careless man will give him much trouble. He will find that the man who talks carelessly will often do damage by disclosing information and creating dissatisfaction among employees. It will be necessary to detect and provide remedies for such leakages, for envy and waste, for disputes and excusings, and counsellings against rules and regulations.

It will often be necessary for the systematizer to place different constructions on that which comes to his attention. You have probably heard of the man who said that snowballing was healthy amusement, that boys ought to be allowed to enjoy it, and thereby got credit for being a generous soul, but afterwards was found to be a glassman. Disorder and its remedy is not always to be limited to a consideration of the lesser employee. In my past railroad experience I have known of agents who have deliberately tried to shift the responsibility of shortages on innocent employees. The larger man may therefore occasionally need a share of your attention. Now and then you may find in him a source of disintegration. Again, he may be a mere tool, bound by ties other than those of position and office. You may find weak defense as against ready offense. You may find that work

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of bright and capable assistants is being mishandled through wrong method. You may find worth depreciated, machine work encouraged, and individuality discouraged. You may find artifice and deception. Advance information may cause you to expect utter disorder. You may be surprised to find a most consummate and beautifully arranged system, amazing in its completeness. Possibly not until you have spent much time and trouble will you know that the system under consideration gives only irregular and superficial returns. The results, where disorderly, are bound to be more so if they are studiously so. This might be termed the disorderly use of or actual abuse of system.

If it is a matter of examination, the first important step usually taken is to ascertain the condition of the cash. In railroad usage, when a traveling auditor finds disorder and loss at a station he generally takes charge or puts a competent man in charge. In other words, he proceeds to cut off the source of disorder, and thus the second important step is taken. Summary action is sometimes drastic it is true, but where conditions warrant it, no one doubts the effectiveness of it. I do not, however, urge too much speed in these matters. Since we are after the facts it would scarcely be wise to cut off all our sources or even any one important source of information by hasty action. Perhaps a second view of the proposition will greatly modify the first impression. It is only after everything is going on an orderly basis that we should attempt to arrive at the extent of the loss produced by disorder. In the consideration of disorder, therefore, we may, I believe, take the following steps to advantage:

- 1st. Take account of that which remains as a working basis.
- 2d. Eliminate disorder and begin the establishment of order.
- 3d. Determine the extent of the loss.

We are now ready for the consideration of the next degree. Every one who would develop should avoid an overdose of ease and comfort. The difficulties surrounding disorder bring out both the strength and the weakness of the man. Let us take the next step, which for convenience we will term *Confusion*. There is a species of timorousness, caution, or confusion existing in the minds of some men that is but very little removed from actual disorder. Such men are of that peculiar class who have

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an unusual sense of delicacy or perverted sensitiveness; who feel that their ideas are always far superior to the accomplishment of them; that their intelligence is greater in degree than their talent of expression; who become quickly dissatisfied with themselves; would rather judge than produce, feeling that their efforts would never reach their true conception; who are over-anxious, always on the lookout, worrying about trifles, afraid of shadows, forever getting ready because of so many provisions to make, who often revise decisions in order to avoid the issue, live in perpetual fear of accident and evils, lack promptness and decision, and will run no risks whatever. Modern business life requires of a man both strong wit and courage. Timorous men and timorous methods have to get away from ultra-conservatism or be left hopelessly behind in the race. Napoleon the First said that indecision and anarchy in leaders led to weakness and anarchy in results. Looking at timorousness from the Uriah Heep point of view, it becomes positively repulsive. Bacon says that "There be three degrees of this hiding and veiling of a man's self; the first, Closeness, Reservation and Secrecy,—when a man leaveth himself without observation, or without hold to be taken, what he is; the second, Dissimulation, in the negative,—when a man lets fall signs and arguments that he is not that he is; and the third, Simulation in the affirmative,—when a man industriously and expressly feigns and pretends to be that he is not." The extremely timorous man is almost as hard to deal with as the careless individual, although it is hard to conceive of any worse preparation for mental and physical derangement and disease than unconnected, disjointed, careless conversation and conduct. Sixty per cent. of the failures of the United States are attributed to carelessness, twenty per cent. to dishonesty, ten per cent. to speculation, and ten per cent. to misfortune. The careless, indifferent individual, balancing between right and wrong, is certainly a deplorable object. Self-pitiers and self-poisoners belong to this class and your system should be such that either they are sidetracked permanently or given enough to do to make them appreciate the purifying value of perspiration.

Then there are, among those who labor in confusion, last of all, those who do not know, who know that they do not know and who wish to step out of disorder into order. It pays to spend

a great deal of time with these. Our efforts are generally rewarded. They are of the kind who will acquire the earth eventually. In a sense, I trust I will always be eligible to this class. In the matter of confusion we may, I trust, properly summarize as follows:

- 1st. The elimination of the careless man.
- 2d. The elimination or development of the timorous man.
- 3d. The development of the earnest man.

Let us now find the next degree, which for want of a better term we will call *Elaboration*, dealing with those working laboriously toward the light. There is a class of minds powerful in a sense, not given overmuch to delicacy or sensitiveness, who can proceed without much dissatisfaction, produce largely, analyze and elaborate freely. There are two kinds in this class—those whose mental grip of the subject is strengthened by the analytical process and those whose mental grip is weakened in the progress of the study, resulting in confused comparison. We might call them mental dyspeptics. The latter resemble the careless men whom we never seem wholly to get rid of. Their trouble is caused more often by hasty consideration and lack of concentration than by lack of mental ability. Finally there are those minds, powerful and yet sensitive, who surpass as they set forth, who complete what they conceive and reach the highest form of excellence. Such minds are rare and are well worth our careful appreciation and study.

We cannot enter into elaboration or analysis without entering into a zone of mathematical inquiry. Mathematics in any true classification usually stands at the base. If we confine our attention to one branch of mathematics only, viz., arithmetic, it will be found that the whole science of arithmetic is the outgrowth of synthesis, analysis and comparison. Under analysis we find subtraction, which is said to be the fundamental analytical process of arithmetic. Division, being an enlargement of subtraction, naturally follows. Factoring, or the process of determining the factors of composite numbers, comes under the head of analysis, since it proceeds from the whole by division to the parts. The common divisor or measure of several numbers is a divisor common to all of them and the process has a place under analysis. Evolution being the process of determining one of several equal

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factors of a given number, is therefore analytical. By analysis we find and verify the primal items of the accounts constituting the income account. By analysis we may find and verify all the initial items that produce the assets and liabilities of the business. By analysis we may go into detail to the farthest possible subdivision. The signs or evidences by which a fact is usually proved are some of its consequences, and the inquiry often hinges upon determining what cause is most likely to have produced a given effect. In accounting this cause is usually determined by analysis. To illustrate: A short time ago the preparation of coal at a certain mine came under criticism. There was a large percentage of slack. An analysis of chances, which consisted in ascending from events to their causes, suggested a cause. We got at the cause by dividing the total cost of powder used by the total number of tons produced during the month. The miners were simply using too much powder. It made a big difference, however. In the final consideration of elaboration and analysis, we may sum up as follows:

1st. The elimination or development of the man who lacks attention.

2d. The development of the man who goes ahead although often faulty.

3d. The appreciation and study of the superb mind and a remembrance of the fact that by analysis we determine the primal causes.

We have now reached a point in our scale which might be termed the dead center. We must here cease to act in a negative way and become positive. Timorous minds seldom pass this point, being more inclined to deliberate than to resolve. Even when determined upon an end, irresolute men are often diffident in resolving upon the means. We will assume, however, that we have laid aside timorousness.

The ability and desire to analyze, illustrate, classify, compare and draw inferences is suitable to Nature's classifications of all her works. We must possess this analyzing, criticising, inductive faculty. We must illustrate with clearness and facility from the known to the unknown, explain plausibly and correctly and have the power of discernment if we desire to bring order out of confusion. We must also not forget that all the foregoing is some-

times conversely used, wherein the misuse of order by successive downward steps results in the establishment of confusion. The tendencies of all things must be watched and the proper steps taken in time. The definition which brings out the meaning is that given in the law for conspiracy, an agreement manifesting itself in words or deeds, by which two or more persons confederate to do an unlawful act, or to use unlawful means to do an act which is lawful. I do not necessarily advocate unlawful means for presumably lawful ends, but I do urge the necessity of a knowledge of the conditions, and the instant in which we receive the most favorable reports is just the time when we ought to redouble our vigilance, even in regard to the most trifling circumstances. That the actual conditions surrounding the business for which the system is to be devised should receive the closest scrutiny is practically self-evident. Misfits result from the assigning of arbitrary accounts where the conditions do not warrant them. Herein lies one of the greatest abuses of system. It is well to keep before us the lesson of simplicity. The plan advocated by scientists for scientific collocation is a useful one. The origin, the appearance, the difference, the peculiarity and the accidental features should be determined. The desirability of this plan with respect to the study of method in its relation to accounting systems must be followed to be appreciated. In fact we necessarily follow this plan to a greater or less degree in any work. Let us be specific. Suppose we use the idea of origin or kind as a starting point and take as an example the coal mining business, I would suggest the securing of a copy of the mining engineer's report on the property. If this is not available, the general diagram advocated in engineers' books will be found useful. It is presumed that you are familiar with coal mining systems in general. It will not, however, work to your disadvantage should you get a thorough knowledge of the local conditions. Sometimes these conditions are fully reflected in the reports and blanks used by other companies operating in the vicinity. Information obtained from miners and others in the same locality should prove to be of value. In other words, obtain from every source possible all the facts you can with reference to the properties under consideration, as well as all the information you can concerning the neigh-

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boring properties. As you gather this information it is important that you should classify it, that you should put into the same group things which are essentially of the same natures, and in other groups things of natures essentially different. This is fundamental to the right guidance of action. You will see from this that it is our purpose to gain the necessary knowledge that will enable us to bring the particular business into mental co-ordination, step by step, with other similar concerns, and also with an ideal system which we no doubt had in our mind's eye when we first began.

It has been said that flexibility is the most requisite qualification in the management of affairs. We must not be so wedded to pet ideas as to be blinded to a full appreciation of the best way of doing things. Points of difference between our ideal system and the various systems adopted by other companies may or may not be of importance, but very often close study will bring up nice points of localism well worth our consideration. I believe in getting through with the differences as soon as possible. In the consideration of the characteristics of the subject I would especially emphasize the importance of careful comparison. Our ideal system may be correct as far as it goes, but not go far enough. On the other hand it may go too far, and because our ideas are in accordance with the ideas of the others it does not always follow that we are in the right. We should determine very carefully the inconstant and variable features and by every means of reasoning possible find out the unusual things which may sooner or later test the strength of our system.

The application of system to systematization comes very close to the comparison of the ideal with the real, by looking for the points of difference, the points of similarity and the points of uncertainty. Referring again to arithmetic, we find that comparison gives rise to several processes which do not necessarily grow out of the general operations of synthesis and analysis, but where these operations are grouped together, may often suggest them. For example, by ratio we measure the relation of two similar quantities, that is, we measure their similarity. After becoming familiar with the idea of the relation of numbers, we then commence a comparison of those relations and when equal relations are compared we arrive at proportion. Every propor-

tion involves three comparisons: the two which give rise to the ratio, and the third, which compares the ratios themselves. When comparing numbers we perceive that we may have a series of numbers which vary by a common law and such a series is called progression. In a series of numbers which increase or decrease by a like difference, this difference might be termed the ratio. We may compare numbers and determine their relations with respect to their common worth or basis, as previously stated, with respect to ratio and proportion. Further, we may compare numbers with respect to some number agreed upon as a basis of comparison and develop their relations with respect to this basis, and when this number is 100 we have the process of percentage.

The applications of percentage are extremely extensive and are of two general classes: those including the element of time and those excluding the element of time. In fractions and denominate numbers we have units of different values under the same general kind of quantity. By comparing them, it is seen that we may pass from a unit of one value to one of a greater or less value. Quantity of magnitude is numerically stated by comparing it with some fixed quantity of the same species and as a standard of measure. A classification of those quantities might be as follows: First, value; second, space; third, time; fourth, weights. There is a thought, in the matter of comparison, worth remembering. Is it not true that one natural method, after all, governs in nearly every line of work? The farmer, the miner, the merchant, and the business man, all sow and reap and measure. The miner develops his mine and goes to the boundary line, pulling his crop of coal forward as the hill comes in behind him, taking out his coal scientifically in order to insure the greatest percentage of extraction; first, by uniform room work; and lastly, by neat pillar extraction. He measures his returns and disposes of the prepared product at the best price possible, without unnecessary allowances. The accountant has matter in bulk to deal with and if he handles it scientifically he follows the natural course. When he arrives at his returns, it is well for him to remember that there are elements in the income account that may be measured by some other quantitative unit than value. This unit may be weights, as in tonnage of coal; lengths, as in feet of lumber; surface, as in an acre of land; volume, as in

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cubic contents of stone; capacity, as in gallons of fluid. The dollar, the day, the pound, the yard, the cube, the bushel, and the right angle are so related to each other, that having determined one, all the others may be derived from it. The applications of these units of measurements are endless, and exhibit many things of importance. It is said that everything that exists, exists in space, and that everything that acts, acts in time, and it sometimes seems to me, perhaps exaggerating a little, that the income account, in a comparative way, almost includes the universe itself. It follows that the successful accountant must be a man of experience and education. In the matter of *Comparison* may we, therefore, not sum up as follows?

- 1st. The elimination as far as possible of the negative course and the substitution as far as possible of the positive course.
- 2d. The determination of orderly arrangement in all things.
- 3d. The establishment of the points of difference, the points of similarity and the points of uncertainty by proper comparison.

Let us now take the next step, that of *Brevity*. To do so we must become builders. So that we may make the meaning clear to ourselves and bring all our facts into the most satisfactory condition for representation and use, it is necessary that we assemble them together after the briefest and shortest method possible. Beginning with the unit as the primary numerical idea, numbers arise by a process of synthesis. There is something beautiful about the idea of unity and its expression. One way to bring order out of confusion is to consider the unit and determine its tendency, and its ultimate absorption in the final number, proceeding from the universal to the particular. Reverting to arithmetic, by synthesis we find the sum of two or more numbers. If we impose the condition that the numbers united shall all be equal, with the new idea of times the number is used, we have a new process of synthesis, which we call multiplication. Again, composition proceeds from the parts by multiplication to the whole. The composite number may be made up of any factors, equal factors, factors having a special relation to each other, and so on. Where all the different factors of two or more numbers give rise to a number which is one or more times each of these numbers, it is so by synthesis and is called a common multiple.

If in the synthesis of factors we fix upon the condition that

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all of the factors are to be equal, we proceed according to involution and the composite number so formed is called a power of the factor. By this method we square and cube numbers, and so on. Carrying these ideas into accounting, by synthesis we design books of record and by synthesis we see that the entries therein are so arranged, according to proper columns, as to make easy their entrance into the ledger and thence to the balance sheet and to the exhibits of operations made therefrom. By synthesis we fix upon forms of classification of accounts, so that they will admit of proper and permanent comparison. We insist upon economy of time and accuracy of work, and we provide for the necessary interbalancing of the accounts, so that they will not alone admit of ready analysis, but likewise afford a means of detecting possible errors and making clear irregularities. It is also important that the knowledge and information concerning our particular business should be so classified, not only that we may consider the various elements to determine those which have the greatest number of important common properties, but also—since we shall find that the requirements will sometimes cause us to fix upon a still greater refinement of classification—that our accounts shall enable us compactly to consider single subjects **by bringing into one class after the shortest possible method all those things that bear upon the subject and arranging those things in a series, in accordance with the degrees in which they exhibit the characteristic property, beginning with those which exhibit it most and stopping with those which exhibit it least.**

Concentration, in its primary sense, denotes the act of bringing things toward a common center or point, thereby increasing the strength and diminishing the bulk, thus getting rid of useless material. In a sense it denotes one of the strongest points of order, the getting-together idea, or what might be termed a close mixing tendency with those with whom we come in contact. It is impossible to get into full touch with men unless you get into harmony with them. We have heard it said of one of our greatest railroad men that he believed much business is done on sentiment. It is certainly true that along with all the necessary short cuts and consolidations in our system, due attention should be paid to harmony and friendship, if the good of the business is to be considered. It has been said that the ablest of men have ever

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an openness and frankness of dealing and an aim of constancy and veracity. Is it not true, that instead of being so adversely criticized, many, if not most, of our great men of business should be more fully appreciated by all right-thinking men, if for no other reason than for their large knowledge of humanity and their practical application and use of the work of scientific men in their efforts to bring order out of confusion? Along with a due appreciation of others it is to be hoped that we shall have a proper recognition of the value of following a natural system in creative work. In the consideration of this phase of our discussion, dealing with briefness, concentration and synthesis, we would emphasize:

- 1st. The concentration of many things into a small compass so that the essence of the matter may be determined;
- 2d. The cultivation of the art of making friends, everywhere and under all circumstances;
- 3d. The highest possible appreciation of the merit of others.

Before we can enter into order, we must consider the next step, which we will call *Assurance*. That which follows a right understanding of those with whom we come in contact is clear-cut decision and procedure. A right understanding begets assurance and is designed to inspire full confidence. As you know, assurance denotes freedom from doubt, steadiness and sureness. The sure basis of assurance is information and the ability to use that information quickly and effectively. If a man knows how, he can certainly perform wonders,—you might almost say miracles. But it isn't guesswork, he must know. Let us reiterate, that in the process of getting together and establishing a system it is extremely important that we not only know the people in the business, but the business itself in general as well as in detail, and that we have a working knowledge of it as well as a theoretical knowledge of it. Only then can our handling of the matter be both logical and scientific, and so stated that our form of presentation will in itself almost guarantee its validity, consistent throughout and critical withal, presenting an accurate and systematic knowledge of our observations, based on principles that are both clear-cut and indisputable. Much has been written and said on this phase of the subject. It is a matter that is almost

inexhaustible. A discussion of form with relation to typography alone would take up much time. Be that as it may, it is presumed that no matter how modest we may be, nevertheless, by reason of this very nicety of procedure, our statements will oft-times seem dogmatic and insolent. But even if we do get the name of being rigid, I do not believe it will blast our reputations. On the football field and baseball field only a fool or a knave would take offense at the cry we so often hear, "Pretty work," coming on the heels of a meritorious play. In the consideration of the matter of clearness, assurance and perception, as against confusion, timorousness and uncertainty, we would emphasize:

- 1st. The cultivation of assurance;
- 2d. The importance of accuracy;
- 3d. The necessity of often taking well calculated chances along right lines.

It has been said by one of the most prominent business men of this country that he did not care what method a man used in any department of a business so long as that man "made good." This saying may or may not appeal to us; however, it would seem that the main thing for consideration is the good of the business. Figuring along right lines, everything else must be dominated by that one idea. If we are to construct a good system we must build on broad lines, carefully, toward a definite, clear-cut point. The Egyptian pyramids, to which I have referred, are typical of this idea. Their foundations are broad. Every atom in those pyramids is dominated by final points. The completion of those pyramids marks work that has stood the test of centuries. The builders "made good." But does this suffice? Is it not necessary for us to build so that the results will have a very human side as well? The mere inert mass of granite is only a monument, after all is said and done. Should we not carry a little heart along with our work? Is it not true also that a most enduring and lasting monument is one that is erected in the minds and hearts of our associates? I cannot but feel that our system should, as far as possible, provide against unequal distribution of work, provide against all unnecessary hardships, and thus promote in every way consistent with good business procedure the welfare and happiness of those interested therein.

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Personally, I have much to feel grateful for along these lines. I trust you will be equally fortunate in your associations.

Let us now consider the final point of our scale. *Order*, in its primary sense, denotes regular arrangement. It also denotes right arrangement. In a secondary sense it denotes the customary arrangement in conformity with law and decorum and therefore implies the prescription of a method of procedure under rules and regulations made by competent authorities. It implies a commanding position, that of rank and degree. We know of no other thing that will contribute so much to the good of the business as order and wise rules for the conduct of the business. System, it would appear, in the proper sense of the term, approaches very closely to law in its most general and comprehensive sense. In the formation of new companies it is generally the custom to give attention to the laws of the State under which the incorporation is to take place. It is also the custom to give attention to the construction of the constitution and adequate by-laws, so that fundamental rules and principles, well within the laws, may be laid down for the conduct of the affairs of the corporation. Generally speaking, the by-laws of a corporation are the standing and written rules as distinguished from the provisions of its constitution, in being more particular as to detail and more readily altered to suit the conditions. Then we come to the standing, and ofttimes unwritten rules, as distinguished from the by-laws, in that they are still more particular and likely to be readily and easily altered. Here is the logical place for system, and it is the place wherein system can be very much abused as well as used. To sum up the matter, we might say, as regards order in its relation to corporations, that we have:

- 1st. The law in general;
- 2d. The constitution of the corporation;
- 3d. The by-laws of the corporation;
- 4th. The system of the corporation;

each popularly considered different in degree and the order indicative of the successive grades or forms of law, from its highest to its most imperfect exemplification. I believe that system is an art and a very specialized one at that. It might be termed a science. Be that as it may, I think it approaches very closely to

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law. In fact, the place assigned to system is the common ground for law makers and system makers. It is the firing line where use and abuse are at warfare.

System does not stop with the act of collecting, arranging and placing in a logical and scientific manner. True system is never determined until perfection is obtained. The process, as it advances from disorder into order, gives and defines the rights of the question or case involved. The word which seems most likely to be confounded with the word system is the word method. Yet these words have been considered so different in special definition as to require to be distinguished. To some minds, method is the scientific or logical conduct of the case, in accordance with the rules or conditions system has outlined for its guidance.

Whether we use the word system or method, plan or procedure, it matters little; and to sum up, we would say that the most useful system is the combination that we get from the study and consideration of the best thoughts of many minds, for the system which is impregnated with self-assertion and self-aggrandizement is of little value. No system will be found useful which has been constructed hurriedly, and over which we have not studied and worked with all our powers. The system which admits of no correction after apparent completion is not a good one, since nothing can be made so good that it cannot be improved upon. The system that is elastic and broad in its scope is useful, but the system that is rigid and without the necessary versatility will not stand the test of time. The system whose constant aim is for the betterment of the concern for which it was created is useful and its value becomes more apparent day by day. The system which permits leakages is useless. The system which admits of consideration towards its adherents is useful, and the system that saps the ambition and individuality of its servitors is worse than useless. A clean-cut, well-defined system is useful and essential. The system which admits of the exercise of improper motives or views is useless. A useful system will compel harmony between departments in any business, and worse than useless is the system that tends toward the development of low personalities in business rather than the promotion of the business itself. The system which is radical enough to create the opposition of those who indulge in graft and wrong-

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doing is useful. The system that will not detect error and grow stronger by opposition is not useful. The system that is based on sound accounting principles and glows under the hammering it is bound to get is useful.

The system which we establish can be the source of a great deal of satisfaction to us if we are convinced that it is right, for if we know our business thoroughly we can be reasonably contented with our work and we may consider that we are well on our way towards the Kingdom of Contentment. Frequent discouragements may come, however, and we will not be the only ones who have felt that we have a hard proposition to deal with. A great many men besides yourself, you may be assured, have stood the test and rung true. Accounting is something of a fighter's job. If you do not like fighting, do not take up a fighter's work, for you will only end a good-for-nothing and will constitute at best only a first-class stepping stone for some one else. But when you go in, go in to win and fight fair and you will not have such a hard time as you might think. Most men, especially those worth while, are amenable to reason. Most men love a man who goes in with a smile on his face because he feels that he is right. If, however, you should happen to be wrong once in a while, be candid about it and be honest with yourself. Throw all your energy to help repair the injury. The other man cannot help but respect you if he is decent. If he is not, there are plenty of good men who will side with you. The system which you advocate must be felt to be effective. If it is any good, it will show up strong. There must not be anything hidden or retiring about it. Push it because it is right and not because you are after some fashion, the author of some part of it. A system worth while is a system that upbuilds the institution, that does not weaken or hamper it. Build up within yourself the idea that your mission is to fulfill a good work. You will get what you are after if your motive is right, in the face of all opposition. As you progress, remember that you are exerting an influence; therefore be careful of your own habits. You cannot be content with yourself and keep out of difficulties if you do not think about your own case once in a while. Sooner or later we shall all have to pay for our infirmities. Our missteps are bound to cost us something. This will help to remind us that when our

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system catches up with some unfortunate, figuratively speaking, that it is not necessary to destroy him all at once and consign him to the worst fate possible. Let us take a moment to consider. I have heard of some good auditors who were nearly ruined and subjected to serious setbacks because they caught some one "short" too soon. They made their report a little too early. It is a good plan to wait until the evidence is all in and then wait a little longer. Do not tell everyone else but the person your system has caught what you are going to do to him because of his misdeeds. This is not only abuse of system, but absolute cruelty. Once in a while it is well to have a heart-to-heart talk with the man himself. Is not your idea the betterment of the service? If so, should you not be governed accordingly? If you act too quick you may subject yourself to some legal difficulties as well, and if not that, you are apt to lose in reputation by being classed as unfair and unjust.

The system should be strong, first, to detect tendencies, and second, actual fraud. You are after betterment, not destruction. Morally your otherwise future victim may be headed wrong. Set him right in time if you can and save him and yourself future grief. Your system should help you to determine the fitness of the various members of the force to fill their respective positions, to get the round pegs in round holes and the square pegs in square holes, otherwise it is faulty. Your system should tell you when one of the men is overworked. Otherwise it might lead to the final discharge of the overworked man and the mistake of putting a poorer man in his place and then, possibly, bringing about a raise in the salary of the position—another illustration of the contemptible and perhaps costly end to which the abuse of system might carry one. It is also a good thing to remember that others can be just as suspicious and cunning as yourself about manners and methods. Your system should not create any false impressions about yourself—you might have a hard time living up to them. It is an easy thing for others to get impressions which they will believe as thoroughly as though you swore to the thing. You may feel that this is their business, not yours; but remember, it may react on you later if you are aware of the impression and do not take the trouble to correct it in a way they will understand. This is applicable to grievances of many kinds.

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Which is the strongest position when the other man retaliates—fight wildly or wait a moment and find out what is wrong? If you should show some sort of friendly feeling, in the light of a better knowledge, perhaps your viewpoint will change and you will gradually get the impression that had you been in his position, possibly you would not have stopped where he did. The waiting method may take a little longer, but it is likely to be the surest method in the end. Your system should speak for itself and do most of the talking for you. The more you talk about it the more absurd you are likely to appear. People are not blind. They generally, in the long run, give credit where credit is due. The system which develops in the white light of publicity is likely to be tainted by the multitude. You cannot please everybody. Do not attempt to. The system which you develop by careful thought and observation, by the use of the midnight oil and the study of books worth while, will be likely to be much more to the point and give you better returns. When you quietly think the matter over, go to “rock bottom,” ask yourself what is the best and the most appropriate thing to do. What will yield the best returns? Forget personalities. Forget any improper prompting to even up the score, but do not forget to protect yourself and go to the bottom of the matter. When you meet a hard problem, grin and go to it. Do not dodge it. The more you put yourself in an attitude to be condemned the more you are apt to be condemned. Did you ever notice how quickly dogs take after running objects? The principal thing is to get others to see that you know your business. In other words, get a good name. Everything else comes to the individual. A clean heart, a sharp eye and a clear brain is your stock in trade. This means the pursuit of good habits and fine health. Do not poison yourself either in mind or in body. It is well to remember that it is scarcely possible for an earnest man to preserve a neutral position in anything and he must necessarily be positive in everything. Not offensively so, but pleasantly so. The reaction of an uneasy, unstable, vacillating mind upon the body is slow poison both to the mind and body.

As before stated, your system should prevent snap judgments. In fact, it will generally be found to be more advantageous if it can be used to forecast the future and enable the concern to

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climb ahead carefully, than it will be found to be useful in passing harsh judgment upon associates. or those you are checking. Man's success to-day largely depends upon the way he treats his friends and measures the future. It might be reiterated with some degree of emphasis that when you are handing the other fellow his due, be a little careful what you hand out. If you give a fool a good thing he is apt to laugh in your face and consider you "easy." Along with your system should go a good line of questions. Especially in investigation make your questions to the point, all leading to a definite goal. Follow this up by questions put in a different way, checking up your former requests, and get as many side lights on the question as possible. Do not spend too much time on the general books, and get into the letters and files as often as you consistently can. Keep the main points in view and do not diverge into too many paths. Follow each point clear through. Much can be determined by general appearances as to just how to spend your time. Accounts that have a clear, concise bearing are generally safe and do not need much attention. From this it will appear to you that a good systematizer must be something of a detective. Not necessarily a "Sherlock Holmes," but something of a "Doubting Thomas." Confusion in entries or filing creates suspicion. Confusion is the bulwark of evil. The system worth while always has a good foundation, based on research and study of all the best information obtainable along the lines it is intended to cover. In summing up this matter I have necessarily been very dogmatic, but I hope not needlessly so. If so, I trust you will pardon me. A summary always has something of the insolent in its makeup. After all is said, the sum total of this on the one hand, referring to the *abuse* of system, is a sum amounting to disorder, confusion and excessive elaboration, and on the other hand, referring to the *use* of system, a sum amounting to brevity, assurance and order.