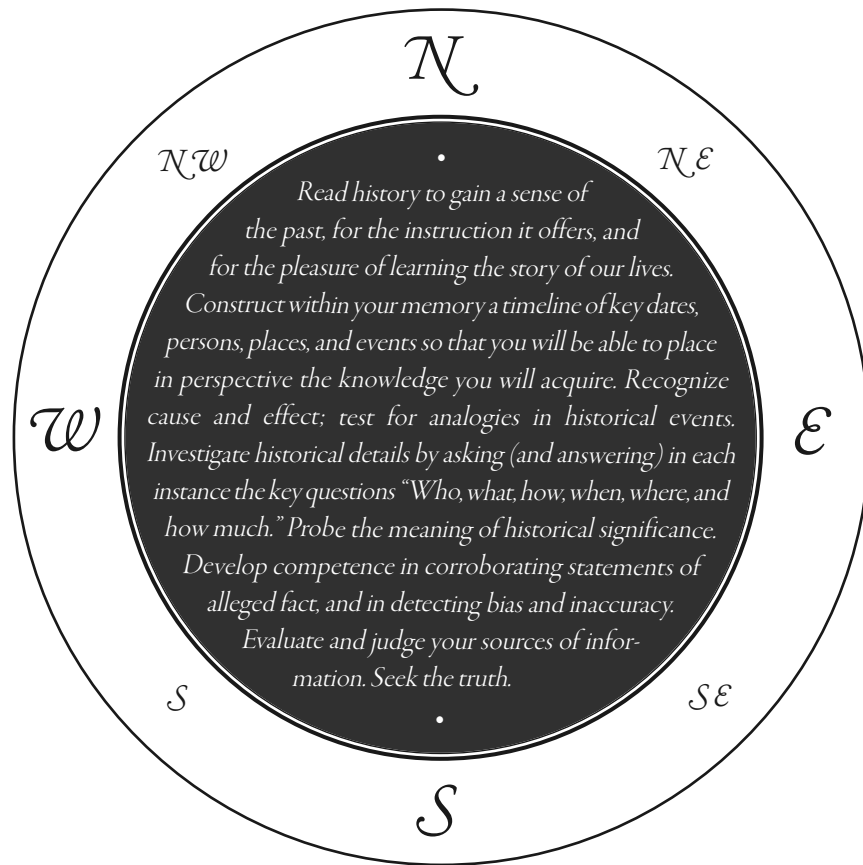


# Applying History



Parts of this Guide appeared previously in *Business and History*,  
*Careers for Graduates in History*, and *Getting Down to Work*,  
published by the Serenus Press.



The mission of the **Serenus Press** is to promote the study and use of history and the liberal arts, demonstrating their application in nonacademic settings. We also encourage employers in all sectors of the economy to provide insight on how to strengthen education that connects good scholarship with professional success. To this end we publish **Road Map Publications**, freely downloadable material for educational distribution.

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While many of our publications deal with history, we believe that history – rigorous history – can not be written, studied, or applied without due regard to other core subjects: English, science, mathematics, and geography. Nor can mastery be achieved of English, science, mathematics, or geography without an attentive focus on history.

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Printed in the United States of America

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## Introduction

The purpose of this guide is to connect the study of history and historians' methods to nonacademic careers in both private enterprise and public service.

Consider how an academic report is produced. All academic reports require (1) planning, researching, collecting, and processing data, (2) analyzing and evaluating information, and determining a course of action, and (3) communicating knowledge gained.

The same steps are followed when drafting business reports or making business decisions. These are followed by an entrepreneur developing a business plan, an executive setting long-range goals, a marketer evaluating product placement, an economist examining supply and demand, or a financial analyst determining creditworthiness. They are followed interpreting law, drafting legislation, determining policy, and practicing diplomacy. And empowered by a diligent study of history, they become powerful habits of the mind.

Before discussing connections, a few comments on academic efforts follow:

- The study of history should teach its students to think critically, ask meaningful questions, dig for sound answers, analyze dispassionately, communicate with power and clarity, and learn how the world works. It should also improve understanding of the human condition: Who we are, where we came from, where we might be headed. Worthy questions, regardless of career.
- Historical methodology is not mastered without the mastery of historical content. You cannot learn how to practice the craft of history without sharpening your insight on historical material.

- To benefit a nonacademic career, the study of history should be supported by ample course work in English, geography, at least one science, mathematics, and economic (including business) history. For depth, it should also include study of philosophy and logic, government, and at least one of the fine arts. In all of these studies learning should transcend single-issue advocacy.
- On the job, there's little time to acquire strong background knowledge of the region or issues that must be dealt with. The time to acquire such an historical foundation is at school and college.
- If you can travel before beginning a career, do so. Enjoy yourself, but study how other people and cultures live, work, play, and think. Learn a second or third language, but first master English, proper, grammatical, well-expressed English.
- Learn to listen and talk to good people from every walk of life, low, middle and high, male and female. Read history with wide eyes, unfiltered by dogma, ideology, or wishful sentiments.
- Keep in touch with former history teachers. Encourage them to reach out to students in non-academic professions and learn from business – its history and techniques (leadership, human relations, information management, quantitative and qualitative analysis, finance, budgeting).
- Knowledge of history helps, but does not create, sound judgement. Common sense, personal effort, study and reflection, moral and ethical grounding, and ability are also required.



**PLANNING** – All fields, including the humanities, are subject to planning, be it the academic work at hand, or in some form of budgeting. Business planning, like historiography, begins with placing events and actions in chronological sequence. Then the details of what must be accomplished are considered. These may include financial, economic and social conditions, human resource capability and availability, technology, legislation, regulation, weather, product supply and demand, competition, and details particular to the individual enterprise. Planning, including strategy and design, must be shaped at the outset for successful results.

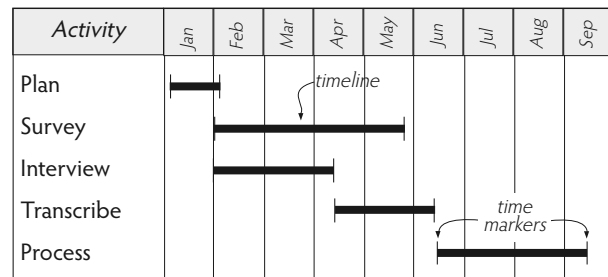
In business practitioners must learn, as IBM puts it, to “tackle problems and turn them into revenue producers.” Costs must be weighed against benefits. Those benefits expressed in qualitative – rather than quantitative – terms must then be converted to numbers. This requires at a minimum requiring proficiency in mathematics and an understanding of basic statistical concepts.

Cost-benefit analyses underlie most business planning. In its simple form, such a study compares expected financial costs with estimated financial profits. In more sophisticated form financial, economic, and/or social results are calculated, frequently comparing the effects of undertaking a given project with taking no action at all. Based on discounted cash flow methodology, it is beyond the scope of this guide to detail the techniques of cost benefit analysis. Further reading may be found in the bibliography.

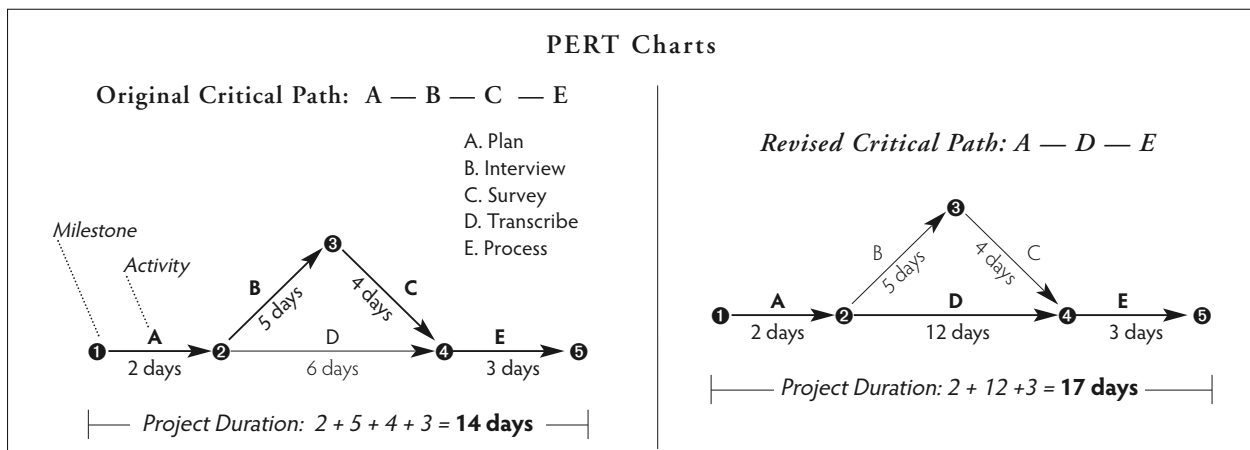
Several techniques are commonly employed to help estimate and control the time and cost of business plans.

**GANTT CHARTS** – are used to schedule the activities needed to complete a given project; activities are represented by simple bars, displayed line by line in chronological order, their length representing duration. They may be produced with pencil and graph paper, by spreadsheets, or by a number of graphical applications.

Gantt Chart



**PERT CHARTS** (Program Evaluation and Review Technique) are used to diagram complex activities, showing the relationship between individual tasks. Driven by computer applications, PERT charts frequently employ the Critical Path Method (CPM) to calculate the greatest amount of time needed to complete a project. Best-case completion scenarios may be supplemented to represent both optimistic and pessimistic values.



PERT charts are capable of dealing with multiple activities and completion times. In the original chart, the complete project will take 14 days from start to finish. However, if completion of the survey is doubled from six to twelve days (revised example), project will require a total of seventeen days.

As a student, practice simplified planning techniques. Estimate the days or hours needed to complete each activity in a reporting assignment. Track your estimates, compare them with actual results. Note which tasks take the longest and which the shortest time to complete. Use this information for future estimates, keeping an eye on improving your results.

**SOURCES OF DATA** – Typical business requirements focus on: (a) finance (financial condition and position, costs, expenses), (b) markets (demand, growth potential, consumer acceptance, competition), and (c) general economic and legal: (labor and management factors, government regulations, technological and environmental issues, economic conditions).

Like academia, business relies on current data and information, some internally generated primary material, some secondary. Refresh your grasp of sources and of evidence:

**Primary sources** offer direct, first-hand evidence and include written, recorded, or transcribed material as well as artifacts such as photographs.

**Secondary sources** are created by those who did not actually witness the event, but gained their knowledge from hearing, reading, or seeing images gathered by others. They may include contemporary works by sources who had knowledge of the event in question, or materials created at later periods by people who have neither observed or “experienced” the event. Note that secondary sources can include the work of historians.

The formal rules of **evidence** used to judge primary and secondary sources depend on one’s profession:

### Typical Business Plan

- Executive Summary
- Market Analysis
- Company Description
- Organization & Management
- Marketing & Sales Management
- Service or Product Line
- Funding Request
- Financials
- Appendix

— *Courtesy of Small Business Corporation*

- Legal evidence is used to resolve disputed facts, and may be the result of personal observation (direct evidence), or with conclusions drawn from reasoning or inference (circumstantial evidence). Eyewitness evidence is drawn from actual observation or physical experience (touching, hearing, seeing, smelling). Corroborating evidence confirms the assertions of others. Unlike the observations of direct witnesses, corroborating evidence was written or created for some purpose unrelated to the event.
- Accounting and auditing evidence is derived from an entity’s financial statements. Its reliability depends on the soundness of the underlying book-keeping procedures and certified by an independent valuation (audit) or by physical examination.
- Scientific evidence is based on hypotheses that can be tested and experiments that can be independently replicated. Scientific methods include inductive reasoning (specific to general) and deductive reasoning (general to specific).
- Mathematical evidence is proved by verifying truth without exception using deductive reasoning.
- Historians tend to test evidence, whether material, documentary, or experiential, for genuineness, trustworthiness, and proof.



In business, a combination of all the above may apply. All are fallible, subject to biases, and require careful examination. They include publicly available information found in Annual Reports, SEC filings, as well as specialized electronic data either freely available or through commercial subscription.

**COLLECTION AND PROCESSING** – No amount of electronic data acquisition or audio recordings can replace an effective note taking system. Long, verbatim quotes aren't notes; cryptic, random jottings serve no purpose. Your system must satisfy your personal need for recall. You can outline important points, format your notes to establish a hierarchy of thoughts, or use mapping and charting.

Attention to oral history skills and thorough background preparation will also strengthen the collection:

- Learn to listen as well as to question. Analyze your informant's choice of expression and body language; research your subjects' backgrounds, writings, views, and associations.
- Secure legal permission before taking photographs, videos, or voice recordings.
- As data is gathered, leave a meaningful written record for future recall of details. Check for reliability and note to whom credit should be attributed.
- Take risks searching for information. Do not let conventional views of sources control your search.
- Keep fit. If you are working hard, your challenges in collecting information are physical as well as mental.
- Collaborate and cooperate. Business research is not a solitary, contemplative activity. Winning the confidence of your sources, teamwork with colleagues, and rewarding your sources intellectually play large roles.

**ELECTRONIC TOOLS** for the collection of data center on the Internet, which for all its data richness, bristles with dangers of error and unreliability. Always cross-check Internet information; know who originated it, who is responsible for the site, and if individual authors are named, who they are and if they have positive established professional reputations.

Learn how to use and select a variety of electronic applications. For example, word processors or spreadsheets for notes; databases for information storage that must be sorted, or otherwise manipulated; spreadsheet or specialized applications for analysis; word processing or page layout software (desktop publishing) for final presentation.

**Spreadsheets** are particularly useful, as numerous functions can be performed by spreadsheet commands, including:

- Financial (payments, rates of return, present or future values)
- Mathematical (absolute values, raising to a power, cosine of a given angle)
- Statistical (deviations, averages, distributions)
- Conditional statements (logical relationships, – (if  $X > 3$  then Y, else Z)

Note that use of any functions without sufficient knowledge of underlying methodology can produce disastrous results.

Before you choose a spreadsheet software for your project, consider how your data will be imported or exported for analysis.

Business "intelligence" applications can analyze data drawn from the Internet, commercial vendors, or in-house sources. "Data warehousing" facilitates the storage of data. The user can either manually, or using built-in search engines, "mine" the data for patterns, trends, and other details.

To understand the methodology underlying business intelligence, warehousing, and mining may require contact with their programmers to follow the underlying logic driving the software.

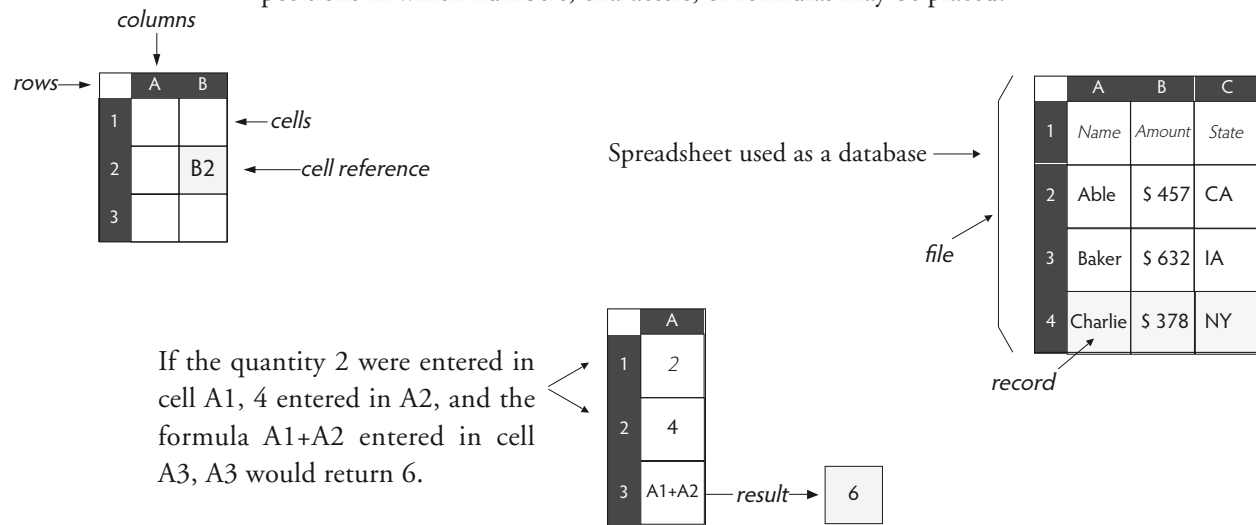
Business software may also generate performance indicators (often known as data dashboards) numeric values to indicate achievements, risk or other measure of strength and/or weakness. Be especially aware of how such

performance indicators are devised and how data has been manipulated to produce them.

**FEEDBACK AND FOLLOW-UP** – As mentioned above, few, if any, plans go unchanged. Build in a system for feedback: confirm, control, and appraise. Note which elements can and cannot be changed – cost, and time (only if changes and a general agreement are reached) while integrity (cannot).

## Spreadsheets

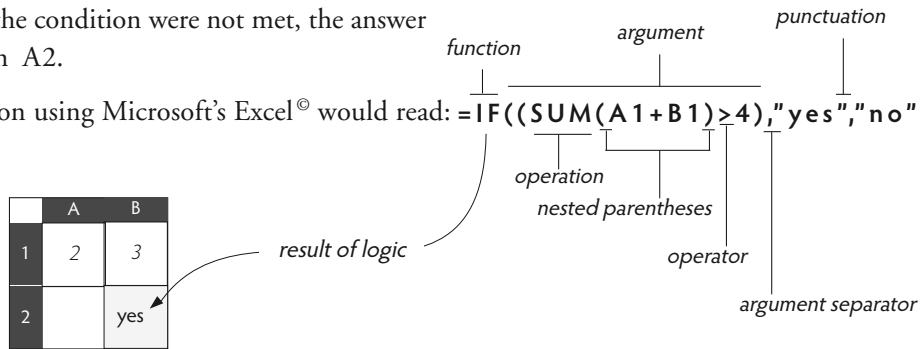
Spreadsheets, help to store, organize, and tabulate data. In mathematical terms, spreadsheets create a matrix, a rectangular arrangement of columns and rows. The point where rows intersect columns are called cells. Cells are positions in which numbers, characters, or formulas may be placed.



If the quantity 2 were entered in cell A1, 4 entered in A2, and the formula A1+A2 entered in cell A3, A3 would return 6.

Conditional statements in spreadsheets allow users to specify a single cell, a premise from which one of two conclusions can be drawn. For example, if the sum of a range of cells exceeds the given value 4, “Yes” would appear in cell A2. If the condition were not met, the answer “No” would appear in A2.

Such an expression using Microsoft’s Excel® would read: **=IF((SUM(A1+B1)>4), "yes", "no")**



**VERACITY** – Without solid research, sound data, plausible corroboration, and diligent cross-checking an analyst is at the mercy of misinformation – someone else’s “truth.”

Honest disagreements over interpretation aside, distortions, errors, and outright falsehood are the analyst’s staple fare. Preconceived notions control objectivity. Like picturing a place never before visited, new data is not quite the same as previously imagined. A few of the common pitfalls analysts face in determining veracity (“the truth”) are discussed below.

**BIAS** – replaces judgements with favored preconceptions, It can be introduced – and spotted – by choice of language (invective, exaggeration, and caricature), conflicts of interest, and over reliance on partisan sources.

Bias can be amplified in the news media by headlines and lead paragraphs that are factually refuted in near the end of an article.

Or, one may read that “according to our interviews” a conclusion was reached. Such a conclusion may have been reached after only two people were interviewed, both themselves biased.

Reason, logic, and common sense are the first defense of plausibility. If it doesn’t sound possible, it probably isn’t.

- Who was responsible for the information? What were the motives for providing it? What interest did the source have in the outcome of his observations?
- Was the source in a position to see, hear, and judge the evidence clearly? Are there other factors to distort the source’s observations?
- Does the source have any physical or psychological limitations, any inability to comprehend or understand what was observed?

- Can you detect a tendency to favor a particular outcome of the event under observation? Are there indications of the source as either hostile or sympathetic to the matter under discussion? Were the conclusions both feasible and logical?
- Are the views those of the source alone, or is some third party, possibly a sponsor, dictating points of view? If so, is the sponsor identified?
- Is the source favorably recognized by other authorities in the field?
- Can the source’s evidence be independently verified?
- If there are conflicting accounts of the same event, what convincing factors are there to accept one evaluation over another?

**PLAUSIBILITY AND RELIABILITY** – Historians are commonly perplexed by quantitative reliability of valuation. So is business. Revaluing the cost of a foreign country’s bread in terms of current U.S. dollars, whether in the 17<sup>th</sup> century or last month, is a problem both face. As are comparing living standards, or mechanical advantages, or determining the values of goods or products that have no immediate sales value (think housing valuations). Anomalies further occur when only a few transactions are recorded can be recorded for a substantially large base.

The Internet spawns multiple problems of reliability. They begin with the limitations of search engines and extend well beyond in all matters dealing with content. Dangers extend from anonymous sources, to content originated by reliable sources that might have been tampered with and altered.

The responsibility to check is yours. First test plausibility: If a proposition is not reasonable, it may well not be dependable or accurate. As for reliability, use a test common to auditors: Discover one error, and be suspicious of the entire work.

**CAUSE AND EFFECT** – Causal relationships ascribe one occurrence, usually past, to influence the outcome of another, usually present. As such, they are spectacularly difficult to define and to disprove. The prime reason – the number of possibilities. The causes affecting so many issues – consumer choice, global economic dynamics – are driven by an unfathomable volume of complex inter-relationships.

As in an historical analysis, causal relationships in business must be unwound, layer by layer, each independently checked for accuracy. Easy to say, but it is hard, necessary work.

**ANALOGY** – Analogies liken one occurrence, usually past, to another, usually current. They provide shorthand explanations of an event, encapsulating a brief summation of a complex condition. Historical analogies are, in effect, metaphors on steroids. Being suggestive, they bring emotional freight. They can be simplistic slights of hand that render true or false conclusions by short-circuiting reasoning. Thus, they can be dangerous or useful, depending on their construction and their aptness. Often employed to sum up complex situations, they can be used by their authors to disguise either ignorance or bias.

When using an analogy, the past event should be one that the audience is commonly aware. Its aptness depends on the underlying details, developed from equal or comparable causes, and maintaining logical structures. In business, beware the canard “History repeats itself.” The complexities of innovation, technology, and human behavior suggest caution before invoking such analogies.

**RISK AND UNCERTAINTY** – Risk generally implies a state which can be assigned probabilities of occurrence. Another view, as stated by economist Frank Knight, is that uncertainty has no known probability. That Napoleon knew there was a probability of defeat at Waterloo is safe to put forward. What the complete factors were in delivering his defeat are unknown, and in an absolute sense, unknowable.

Risk deals particularly with how likely some event will occur. Insurance, for instance, if carefully constructed,

attempts to base its premium on the probability of an occurrence happening. Distortions intervene when, for example legislated regulations may require factors limiting risk to one party, but amplifying it for another.

Uncertainty, bearing some degree of risk, has its own dynamics. It typically presents the analyst with a branch: go one way and be subject to A, go another and face B. Factors such as the stock market’s “animal spirits” are subject to both risk and uncertainty.

Both historians, focusing on the past and business people, looking to the future, share a risk factor known to economists and policy makers as “unknown unknowns.” That is, when all thoughts about given risks have been exhausted, something really unimaginable happens. Unknown unknowns are neighbors of the Law of Unintended Consequences; both stand guard against careless invocations of The Past is Prologue to the Future.

Careful construction of chronologies can help define risk. Take care to select appropriate time spans used to determine risk, just as you should to judge value. Also, take care to introduce alternative methods of judging risk. For fuller appreciation of risk and the uncertainties that follow, study the debate over alternative valuations of real estate mortgages in 2008, particularly in regards to the accounting concepts of “market-to-market” and “cash flow.”

Keys to risk management depend on transparency, full disclosure, accurate valuation, confidence in information, and diversification (risks that are not correlated with one another tend to be lower than those that are). Be suspicious of data on the Internet – and from government agencies – that can not be cross-referenced. If you consult large-scale databases, check if it has been compiled from reliable third-party sources.

**STATISTICS** – How accurately statistics are able to represent “the truth” transcends mathematical formulae. The methods used to collect, analyze, interpret, and present statistical data can, imperil results due to error and bias. An error in any step can invalidate results. Pay particular attention to the choice of words used to present final statistical evidence; such observations may conflict with the numerical evidence.

Statistics may be derived from a complete set of numbers (a whole population), or from a portion of those numbers (a sample), and are used as a basis for further observations. Statistics themselves describe the mean, median, and mode of a set of values as well as deviations, distributions, and regressions. Only if samples are chosen on a truly random basis may the selection be said to be representative. Methods of displaying and summarizing statistics include graphs, charts, tables, and diagrams.

To visualize this random sample, imagine that each of the 16 squares shown here represents a person. If unable to ask each person his opinion on an issue, the position held by the group as a whole can be estimated by selecting only a few and questioning them. If selection was made randomly, it may be said to be representative, necessary for returning valid results.

Random number generators, designed to provide a patternless series of numbers, are used to determine how a small group will adequately represent a larger, one (known as a sampling problem). Spreadsheets are often used to generate random numbers

Correlation is another important statistical concept. When one set of numbers follows another closely, the correlation is said to be positive. When one set does not follow the other closely, it is said to be negative.

Expressed numerically, if the two sets of numbers are identical, the correlation is 1. If there is no relationship whatsoever, it is 0. If the two are exact opposites, the correlation is -1. These indices, +1, 0, -1, are called the correlation coefficient.

Distributions describe the formation of sets of numbers. A normal distribution is a theoretical arrangement of data usually represented by series of points that, once joined, form a bell-shaped curve. They are the basic building blocks for statistical analysis.

A complete statistical analysis involves far more than number crunching. For the quantitative analysis itself, higher-end statistical packages that are loaded with features may be needed. Full-feature spreadsheets, less costly and easier to use, also have many excellent features

sufficient for fairly complex work; some databases have basic statistical functions; word processors will typically have only rudimentary arithmetical capabilities.

#### LEGAL AND LEGISLATIVE CONTENT –

Regulations, set by federal, state, and local governments, present a particular challenge for analysis. Compliance (or noncompliance) must be identified as possible conflicts among the regulations themselves, as well as bias on the part of regulators in interpreting compliance or the law. Questions to ask:

- . Who designed the statistical analysis? Did the designer have prior experience? Any biases? Were results of the past work questionable?
- . How was the analysis designed? What was the population? Was the sample randomized and sufficient?
- . What statistical measurements have been employed? How were they chosen? Have they been proven reliable and valid in past investigations?
- . If cause and effect are described, how have they been determined, analyzed, and described?
- . Were direct observations noted? Were different conclusions reached? How have differences been explained?
- . How was data collected? Could collection methods have distorted the reported outcomes?
- . Has the data been presented fairly? Can any arithmetic or conceptual errors be spotted? If categories are shown, have they been drawn fairly? Have distortions been introduced by displaying graphs that emphasize unrepresentative periods of time?

**POLLS AND SURVEYS –** Confidence in polling information depends on how the sample was determined, its size, and its margin of error. Generally expressed as a percentage, a margin of error of 3 means that the outcome could be 3% greater or 3% lower than the predicted results. “Push polls” are polls taken giving intentionally misleading background, such as framing the questions in

such a way to influence the respondent. For example, the question “Don’t you think it is wicked of X to believe Y?” Elicits a “Yes.”

Be especially aware of how polls are used to influence public opinion rather than extract “the truth.” For example, were the survey questions “loaded,” did the pollsters override ambiguous answers with their own interpretations?

Learn the underlying methods and techniques used. Apply a sense of logic to questions and responses. Questions to ask:

- Who commissioned the survey, and why was it commissioned? Who paid for the poll? What are the authors’ known biases and prior experience? What critical comments are available on past work?
- Were the questions worded in a clear, straightforward, and unbiased way?
- What was the question format: (Yes (agree)/No (disagree)? A choice between two written or stated positions)? An ambiguously worded question? A freeform opinion on the part of the respondent (later interpreted by the pollster)?
- Were leading questions asked or intimidating suggestions made by the pollster(s) prior to requesting a response? Were questions asked in a consistent manner? Were questions asked in a logical sequence?
- What was the level of response? What was the “no response” rate? Was the response truly representative of the population?
- Were the respondents knowledgeable or competent to answer the questions?
- What statistical techniques were used to analyze the poll?
- Have the poll results been misinterpreted? How?

**PROJECTIONS AND FORECASTS** – In business, projections generally calculate values for time periods ranging from months to five or ten years, based on data derived from past experience and anticipated changing circumstances. Thus sales of a product may be projected to follow percentage increases realized in past years, tempered by future advertising and shifts in demographics. Forecasts, on the other hand are generally estimates predicted by a designated expert at a particular point in the future.

While projections and forecasts reflect past experience, they hardly support linear extrapolations. Once again, acute examination of “lessons of the past” is called for. Take a projection of market success. The effects of public reaction, sales expertise, tax and regulatory impediments, weather, foreign affairs, and other factors may intrude. Again, value comes from the historian’s expertise in testing analogies.

Spreadsheets provide useful tools for calculating and presenting forecasts and predictions. But any future model must be comprehensible, reasonable.

Computers are rule-based. Be sure you know the rules as introduced by programmers. Computer models, whether spreadsheet-generated or stand alone applications frequently lack documentation. Regard them not as “black boxes,” but as withdrawn snapping turtles, and treat them with care. Obtain substantial information on data used by the model, how it was obtained, verified, and what procedures were followed to calculate future values. Fear of being thought ignorant often inhibits an analyst to state, whether to a programmer or a senior executive presenting a model’s results: “I do not understand, please explain step by step the underlying assumptions and the method of calculating output.”

**PATTERNS OF CHANGE AND SAMENESS** – Beware of comparing apples to oranges. Whether it is the historical success of country A to country B, or as in the case of business, such semi-arcane world of auctions, comparisons of hammer price (the last, accepted bid) to pre-sale estimates, but hammer price to settlement price (which includes commissions due to the auction house).

When patterns break to follow distinct paths, the analyst should reflexively question the discontinuities, as well as the mechanism behind newly constructed independences.

To test the complexities of prediction, select a current event (a security's price, the value of the dollar to a foreign currency, sales volume of a given product, a demographic trend) and, using your knowledge of history, attempt a forecast of the next month's levels. Check your results against reality. Was history your guide? If not, why not? Can you determine why certain trends are particularly unreliable?

Linear or cyclical trends present fewer problems than do long-term, meandering trends with wispy cause and effect. Both may be valid trends.

Beware of false patterns: Results may be invalid as the result of statistical techniques, or more simply the period of time chosen as a base line. Careful analysis will reveal that the trend lines examined are controlled by the assumptions too complex to make history their guide.

**DOUBLE CHECKING** – Consider the principal elements used to convey messages by the media. Understand their strengths, weaknesses, and abilities to persuade. Assume you are analyzing a report.

**Text** – The fact that a report appears in print gives an air of authority. Do not be fooled! Fortunately, you can re-read print to better analyze the statements made. Questions to ask:

- Is the narrative clear? Do you understand exactly what happened? Does the report accurately reflect the context of the event? Are any significant details missing that could alter interpretation?
- Has an author signed the article? Do you really know who he is? (On the Internet, an author can claim he is anyone and can even invent a bogus organization.)
- Does the article stick to known facts or are the thoughts of principals interpreted?

- Are opposing views given, or is there only one view?
- If there are conclusions are they consistent – or at odds – with the content of the story?
- Is the material formatted to look like something it is not? (Say, an official or legal document.)
- Are any of the statements put in quotation marks to ridicule them? (Example: “He is said to be ‘honest’.”)
- Were remarks quoted out of context, or sequence?
- If hypertext connections are made in the article, do they connect with relevant material, aiding the ability to make an unbiased decision about what happened?

**Image** – Images, much like text, must be examined critically. Like spoken words, they can be powerfully deceptive. Questions to ask:

- What techniques are used to create the images (photos, drawings, paintings, electronic images, maps, diagrams)? Does the technique used produce a particular effect?
- Have the images been tampered with, or in any way falsified? Have they been artificially staged?
- Did the event really take place, or is the scene just “fictitious history?”
- Who selected the images? Have credits been given? If so, is the source credible and unbiased?
- How is the image composed? What is included in the background, foreground, and sides? Have any arrangements been made to overshadow the subject?
- How does the image relate to the text?
- Do captions appear under the images? Do they support or contradict the text accompanying the images?

- If there are colors or shadings in the images, are they true to the originals?
- Were shots of people taken at intentionally flattering or unflattering angles?
- Did the image intentionally highlight personal characteristics, either positively or negatively, in order to deceive? If a person, was the subject pictured not looking presentable – disheveled, badly dressed, unshaven, or ill-humored?
- Has an image been falsely posed next to a “smoking-gun?”
- What clues can be detected from a photograph or image, details that can point to a particular period or time of day, identify subjects, action, or context?

**Voice** – Sounds and sound effects can produce powerful results and distortions. Listen carefully to broadcasts and audio clips. Questions to ask:

- Does the host ask the subject direct, pertinent questions that help unravel the truth?
- When questions are unanswered by the subject, is there an attempt to follow up with a second request for a direct answer?
- Is there a tone of voice or an intonation that mocks or suggests irony or sarcasm, or otherwise causes disbelief, to portray the event in a way fitting the reporter’s bias?
- Have background noises been introduced to simulate a false environment, or provoke some other untoward reaction from the listener? Are there loud (or soft) background sounds used to distract, soothe, or otherwise divert the listener?
- Has the subject slowed his speech to intentionally distract the audience?

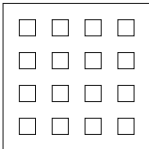
- Has music been used to stimulate a particular emotion or mood?
- Is humor or some emotive emphasis used to mask some problem, or win the audience over and detract them from the principal intellectual issues?

**Multimedia** – As multimedia combines text, images, and voice, all the questions considered for text, voice, and image reports should be considered when viewing multimedia. Questions to ask:

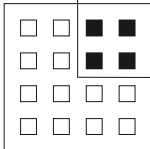
- Have visual props been used by the reporter to distract from the subject, or to create special effects that control the production?
- Does the producer, commentator, or reporter play damaging footage over and over, amplifying negative sound bites?
- Does the interviewer pace back and forth so that the person being interviewed will have to follow him with his eyes, thereby appearing shifty?
- Have a number of images been presented so as to overwhelm, misdirect, or seduce the audience?
- Has unflattering footage been played over and over, combined with negative sound bites?
- Have video clips been spliced to give the impression of uninterrupted action? Are fast forwards introduced to minimize key points?
- Have lighting effects, close-ups, or pans been introduced to distort the overall impression of the event?
- Have viewers been influenced by screening pictures of past events to support the current events, thereby falsely coloring them?



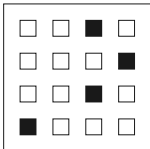
## Statistical Terms



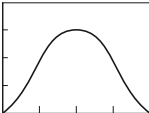
whole  
population



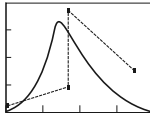
unrepresentative  
sample



representative  
sample



normal or bell  
shaped curve



positive  
correlation

$$\frac{7+8+9+10}{3} = 8.5$$

← The **mean** is the average.

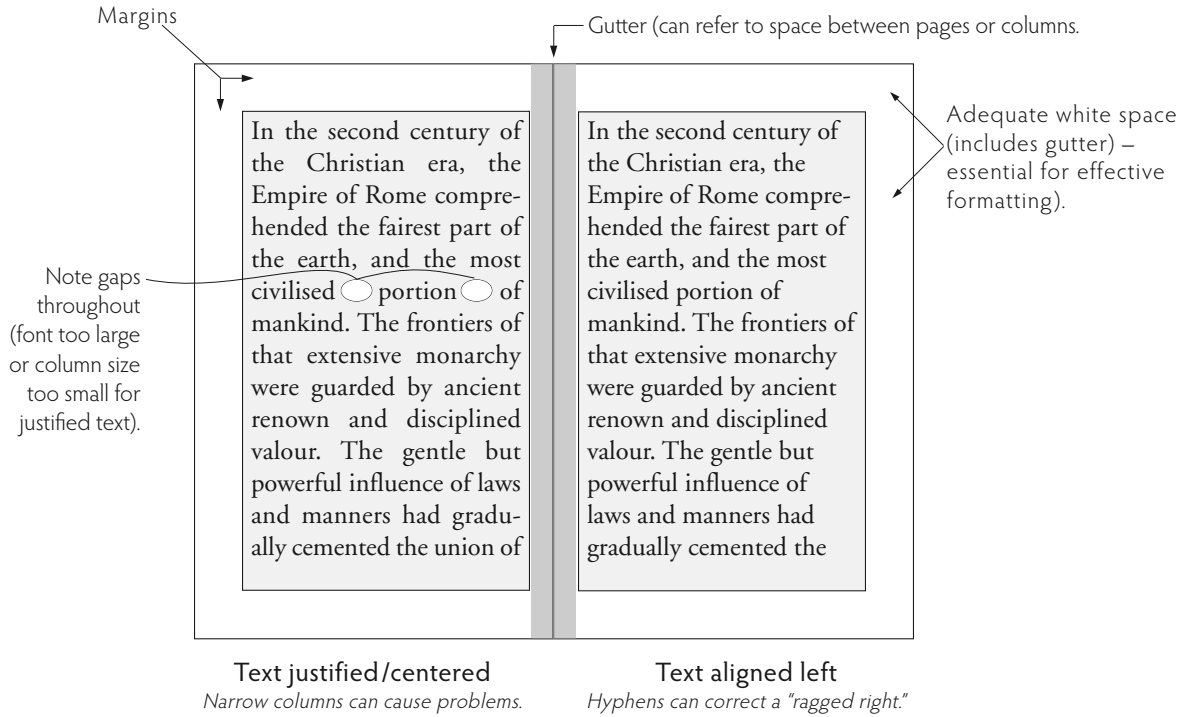
$$\begin{matrix} 10 \\ 9 \\ \boxed{8} \\ 7 \\ 6 \end{matrix}$$

← The **median** is the value appearing at midpoint.

$$2, 4, 6, \boxed{7, 7, 7}$$

← The **mode** is the value that appears most frequently.

## Forming Text



A font is a set of characters of a given size and style (normal, bold, italic). A font include letters, numbers, symbols, and special characters.

The fonts used in this guide are:

Adobe Garamond,<sup>®</sup> a serif font

Hypatia Sans Pro,<sup>®</sup> a san-serif font

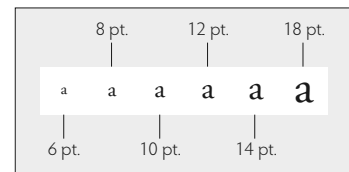
serif — a

sans-serif — a

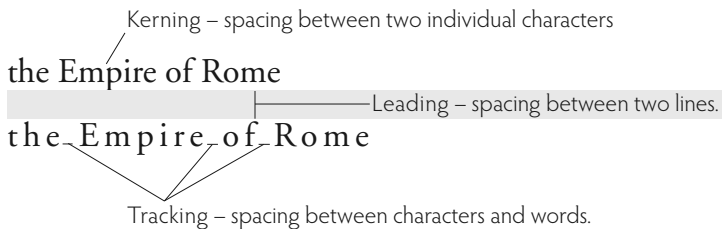
Ligatures are special characters used to represent two or more specific letters. For example, when *f* is followed by *i*, the ligature is **fi**, as in “The seven **fi**rst centuries...”

no ligature **fi**

ligature **fi**



Type is measured in point size  
(72 points to the inch)



**FRAMING CONTENT** – The planned, researched, and analyzed material now must be framed. Whether a memo, report, publication, or speech is planned, begin by writing your objectives in one brief paragraph. Your words will guide your next steps and should be useful as an introductory summary or a blurb for future publicizing. Then list the issues to be covered, developing in effect a draft of a table of contents.

Add summary comments after each item, providing momentum for the full text to come. This could be a chronology – a skeletal history of the issue to be examined, each element presented consecutively in terms of its sequence in time. You will, in effect, determine a history – of an institution, enterprise, person, process, place, technology, problems, or ideas.

Begin work when you are freshest; schedule easy tasks when less concentration is needed. Prepare your schedule to minimize multi-tasking and interruption. Distractions are your enemies: Extraneous, undirected web surfing, excessive data, organizing to avoid tough problem solving, egregious breaks, prolonged phone conversation, self-created excuses all foil planned completions. Do not delay shaping your thoughts, and excuses of “writer’s block” are not acceptable. Do not be concerned with masterful prose. It is easier to edit than write from scratch.

Get to the point, do not ramble. Be specific: Weigh, measure, estimate. Do not write about “many issues,” state what and how many issues exist. Do they represent a percentage of a significant whole? What may they be compared with? If currency is involved, is the rate of exchange vis a vis the U.S. important? Should the amount be adjusted to current value to take inflation into account?

By practice and discipline you will be able to write or speak under even difficult conditions, able to produce brief, factual reports and memos under tight deadlines, respecting the rules of grammar, writing, spelling and punctuation.

**EXPRESSION** – There are times you might want to “tell a story”. Most of the time “just the facts” are required, albeit skillfully told. Consult the bibliography at the end of this guide for references on writing. Here are some suggestions to highlight what should be your principal concerns:

**Vocabulary** – Word choice. Keep them lean. Never choose words that your audience will be unfamiliar with. If you use foreign language quotes, include their translation even if you think it obvious. Someone else may not.

**Sentence structure** – Again, keep them lean but lithe. Vary length. Sound out the rhythm of the words in your mind, or out loud.

**Grammar and spelling** – Abuse grammar and spelling at your own peril. If you are not sure, check a standard reference book. There is no excuse for errors; professional respect depends attention to detail.

**Annotation** – Footnotes and annotations. Should scholarly conventions be followed, with footnotes and bibliography? For a formal report, most likely. Even if a bibliography is not required, consider including one. It will be useful for future reference, especially if controversial issues arise. When challenged, you will find your references invaluable.

**Format** – This involves more than choosing between single or double spaced lines. It is also time consuming, and requires skill, patience, practice, and determination, all worth the effort, because format and design can be the bridge between your words and the reader’s interest.

Begin by experimenting with how a few blocks of your text will look on a single bright white page. Choose an appropriate font. Generally, text written with a serif font (serifs are the short strokes at the beginning and end of a character) is easier to read than a sans serif font, particularly in longer documents. Sans serif fonts can provide useful counterpoints as headlines, or titles for graphics. Remember that the object is to make your work easy and pleasing to read.

Assume that your report will be printed on conventional 8 1/2" x 11" letter-sized paper. The challenge is how to set the text effectively within margins and gutters. Line length, font, justification are all important. More than nine to twelve words per line is difficult to read as are numerous, narrow columns.

Write down your specifications as soon as the first complete draft of your work is done. Your objective is a comprehensive style sheet for the entire document. Include specifications for titles, section headings and subheadings illustration captions as well as body text. Note fonts and their sizes, leading, kerning, line spacing, special treatment (bolding, italics). With these specifications, set the style sheets. This will save you time.

If possible keep pages either all portrait or all landscape. Make exceptions to this when text and images logically must appear on one page. We broke this rule in this document in formatting the organization charts. Placing them in a portrait orientation would have left a visual gap between elements, breaking their visual coherence.

In reviewing your work, study how the pages of type appears at a distance. Examine the white spaces that set off lines of typed words. The relationship between black and white should be balanced.

**ILLUSTRATION** – should be just that, illustrating and supporting, but not overpowering your written text or oral message.

Prepare images, photographs, and scanned works of art with care. Scale and clarity matter; too small or crowded will only frustrate your audience. When scanning images scan in color, whether the image is in color or black and white. Scan at high resolution – 1200 dpi for example. This will assure the maximum detail. If your image is black and white, convert to grayscale and manipulate the image using Adobe Photoshop© or some other image manipulation application of your choice.

Avoid using the default “auto correct” options. Try using simple controls such as “brightness and contrast,” to adjust the image or clean up spots on background or

other imperfections. Then convert the image to bitmap to reduce file size.

Statistics, polls, financial analyses, and many narratives can be explained clearly with dramatic punch by judicious use of graphs and charts. Construct them accurately. Do not overpower your text with graphs that detract attention from your message or compelling, factual narrative.

## **CONCLUSIONS AND RECOMMENDATIONS** –

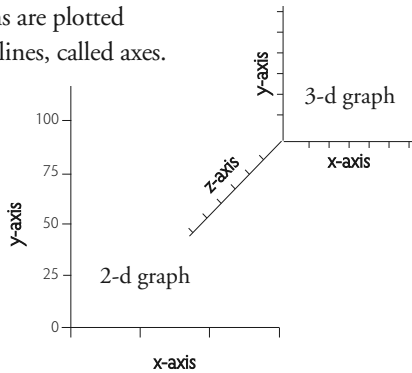
Summaries are essential, succinct, informative summations that will remain in your readers’ minds. In business, recommendations must follow conclusions. How to address and redress the problems encountered, or build on positive steps. At the heart of conclusions and recommendations are concrete statements that will make measuring the success or failure of your recommendations possible. Study *The Doctrine of Completed Staff Work* (page 19) with care.

**REVIEW** – Reread and proof your work. Examine your content remorselessly, checking and rethinking details. Errors are not to be tolerated. Be prepared to edit and re-edit. Before your copy is final, make sure you have:

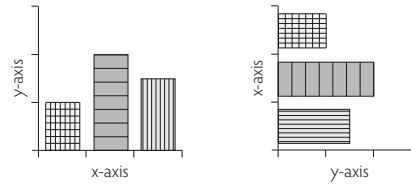
- Tested and verified the accuracy of the data, considering opposing points of view, observations, and evaluations.
- Noted the significance of issues and events.
- Differentiated between assumptions and statements of fact.
- Dealt logically with ambiguity, interpreting its meaning and significance.
- Weighed uncertainty, indicating the degree to which outcomes are probable.
- Drawn valid analogies with past and present events that your audience will recognize.
- Recognized and identified both cause and effect.

# Graphs and Charts

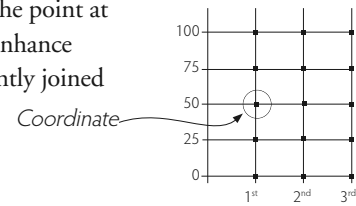
Graphs are plotted along lines, called axes.



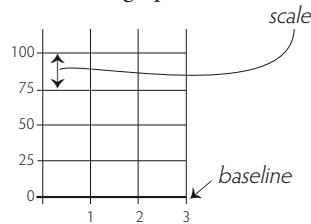
To improve effect, axes may be rotated.



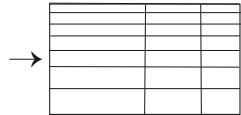
Coordinates are used to locate the point at which the data are plotted. To enhance visual impact, points are frequently joined by lines.



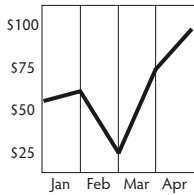
To better represent values, axes are given scales – also known as intervals. In arithmetic graphs, the intervals are placed at equal distances. Here, each y-axis interval is equal to 25 units, and each x-axis represents one year.



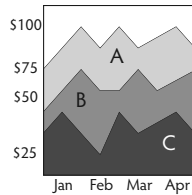
In ratio, and logarithmic graphs, scale is not represented by equidistant intervals. Rather intervals are shown in increasing (or decreasing) frequency.



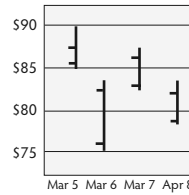
Samples of charts use in business applications:



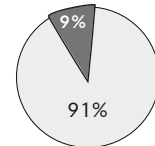
Line charts – show trends and changes over time.



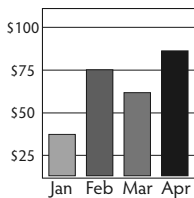
Area charts – show multiple trends and changes over time.



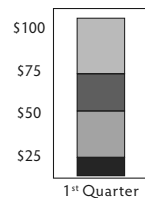
Stock charts – show high, low, open, close, and total daily range share prices.



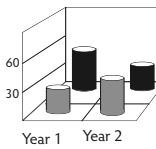
Pie charts – compare parts of a whole at one point in time.



Bar charts – compare individual items in this case over time. (see also column charts)



Column charts – compare groups of similar items in order to display their totals. (see also bar charts)



3-d perspective column charts – compare series of items.

- Discussed why your evidence is both credible and accurate.
- Evaluated your evidence in its context.
- Linked details to broad-based issues.
- Represented differing opinions, judgments and views.
- Recognized and explained historical patterns.
- Quantified findings and converted them to numerical data, assuring that statistical inferences can be made and that complete sets of numbers exist, representing a valid sample. Identified what methodology will be used to subject the data to further statistical analysis.
- Judged fairly. Taken care that inference has not disguised itself as certainty.
- Answered: Who, what, why, when, where, and how much.
- Described complex issues simply.
- Drawn clear, logical, and concise conclusions.
- Made positive recommendations for action, including mechanisms for future monitoring and evaluation.
- Illustrated with appropriate graphs, timelines, or images, to focus or call attention to your central point.
- Edited to produce a coherent, consistent style.
- Double checked for accuracy, paying strict attention to detail.
- Identified your sources, giving them accurate and complete attribution.
- Placed material in to appropriate electronic format (word processor, spreadsheet, database) to assure future ease of use.

- Produced a sound document that demonstrates command of the English language, rules of grammar, spelling, and punctuation.

**ORAL PRESENTATION** – Synthesize the information you have already gathered and analyzed. Import, or cut and paste appropriate material from your analysis for producing notes.

**Rehearse** – if you depend on notes or full text, practice how to orchestrate looking down at notes, then up at your audience. Do not address the horizon. Look directly from one individual of the audience to another. Show pleasure at being there, consider the audience your friends even when they are not.

Your breathing will control your cadence. Practice, memorize what you can. Be thoroughly familiar with your own written words. Time your presentations in order to know how many seconds, or minutes it takes you to read one page of formatted script.

Do not rush though a presentation, speak naturally as if to a friend who has a slight loss of hearing. Learn to breathe and enunciate clearly. Words should be formed in one's throat and chest, not in one's nose. Iron out verbal ticks – “er's or “ums.” Do not use jargon. Do not repeat phrases such as “you know.” Choose words that fit your audience's expertise.

Be clear about your tenses: if a position is held now, use the present tense, if it was a position held in the past, use the past tense. If you are talking about the future, make it clear that it will or shall be.

Do not bore with unnecessary statistics. Key your talk to whatever illustrations you may have. Beware of the possible distracting effects of visuals. Your audience may concentrate on a particular image when you want their attention focuses on your words.

Answer questions directly. If you do not know, say so and convey what you will do to remedy it.

Plan interesting ways to support your oral report. Consider Overhead projections or sound clips. Avoid

## The Doctrine of Completed Staff Work

Completed staff work is the study of a problem, and presentation of a solution, by a staff member, in such form that all that remains to be done on the part of the boss is to indicate approval or disapproval of the completed action. The words "completed action" are emphasized because the more difficult the problem is, the more the tendency is to present the problem to the boss in a piecemeal fashion.

It is your duty as a staff member to work out the details. You should not consult your boss in the determination of those details, no matter how perplexing they may be. You may and should consult other staff members. The product, whether it involves the pronouncement of a new policy or affects an established one, when presented to the boss for approval or disapproval, must be worked out in a finished form.

The impulse which often comes to the inexperienced staff member, to ask the boss what to do, recurs more often when the problem is difficult. It is accompanied by a feeling of mental frustration. It is easy to ask the boss what to do, and it appears too easy for the boss to answer. Resist the impulse. You will succumb to it only if you do not know your job.

It is your job to advise your boss what she or he ought to do, not to ask your boss what you ought to do. The boss needs answers, not questions. Your job is to study, write, restudy, and rewrite until you have evolved a single proposed action--the best one of all you have considered. Your boss merely approves or disapproves.

Do not worry your boss with long explanations and memos. Writing a memo to your boss does not constitute completed staff work. But writing a memo for your boss to send to someone else does. Your views

should be placed before the boss in finished form so that the boss can make them his or her views simply by signing the document. In most instances, completed staff work results in a single document prepared for the signature of the boss without accompanying comment. If the proper result is reached, the boss will usually recognize it at once. If the boss wants comment or explanation, she or he will ask for it.

The theory of completed staff work does not preclude a rough draft, but the rough draft must not be a half-baked idea. It must be complete in every respect except that it lacks the requisite number of copies and need not be neat. But a rough draft must not be an excuse for shifting to the boss the burden of formulating the action.

The completed staff work theory may result in more work for the staff member but it results in more freedom for the boss. This is as it should be. Further, it accomplishes two things:

1. The boss is protected from half-baked ideas, voluminous memos, and immature oral presentations.
2. The staff member who has a real idea to sell is enabled more readily to find a market.

When you have finished your completed staff work the final test is this:

If you were the boss would you be willing to sign the paper you have prepared, and stake your professional reputation on its being right?

If the answer is no, take it back and work it over, because it is not yet completed staff work.

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This copy of *The Doctrine of Completed Staff Work* was found on [www.dolan-heitlinger.com/Quote/StafWork.htm](http://www.dolan-heitlinger.com/Quote/StafWork.htm) with the following note: "The best original source I have found find for this wonderful piece is from Canadian Major W. H. (Hazen) Codner, Detachment Commander, RCSU (Prairie) Det Edmonton. He sent me a full military copy signed by Brigadier G. E. R. Smith, DDST, Supply and Transport Branch, HQ, First Canadian Army and dated 9 August 1943."

“Power Pointitis” or obnoxious use of badly formatted charts. While visuals can enhance a talk, they can detract from your message.

**Publicize** – Remember, “we are all in sales.” Your work, your thoughts must be marketed, your ideas sold. If your work is not made known, your goal is hardly met. Use your notes and drafts to fashion publicity statements and flyers. Begin with your “objectives” statement. Spend the time needed to prepare a thoroughly professional product. Any errors will destroy your credibility. Questions to Ask:

- For whom are you presenting your work? A known, specific person or group, or an yet unknown person or a group with an unknown background?
- What does your audience expects from your presentation? Have you addressed this directly? Will they find it easy to read or listen to?
- Is your point of view effectively presented: precise, engaging, and specific? Is it memorable?
- How will you stimulate your audience’s interest? Does it leave your audience convinced and eager to follow you train of thinking, your conclusions and recommendations? Will the material increase your audience’s knowledge?
- Do illustrations provide visual clues to support your theme?
- Can you deliver your presentation in the allotted period of time?

## Jobs vs. Careers

What should you do about employment after graduation? Perhaps you know exactly what you would like to do. Perhaps you have somewhat undefined career goals, or even no career goals whatsoever. No matter which, follow the same process outlined on these pages.

First, a word about terms. Jobs meet short-term needs, and may not involve long-term goals. The type of employment is generally secondary to economic considerations. Nevertheless, jobs may teach valuable lessons and/or turn into careers. Careers are selected for long-term prospects. They can involve a variety of jobs in different fields or areas as long as you stay focused on some future goal. Given a positive attitude, the differences in the two can therefore be minimal.

How can your studies add value to your first job? By reaching back into your studies in the liberal arts, a method of approaching some career goal should be apparent. Your studies should have taught you to think critically, analyze dispassionately, communicate with power and clarity, and ask intelligent, meaningful questions. It also should have empowered you to better understand the human condition: who we are, where we came from, and where we are going.

Your studies do not necessarily assure you of any employment. A job offer and a satisfying career won’t happen without effort on your part. Begin your search looking for a career or job that you would be keen on, rather than looking for an employer who is seeking someone with your particular qualifications. This requires a clear vision of yourself—your own goals and abilities. Begin your search with introspection.



**TAKE INVENTORY** – As a first step towards considering a future career, take stock of yourself: who you are, who you would like to become, and your goals. Examine your own life as an historian should, dispassionately selecting significant facts. Record this data electronically, so that it can be used to build your résumé and other supporting material later in your employment search.

Begin by compiling information on your accomplishments from high school to the present. Build a portfolio, short pertinent examples of your accomplishments that might be applicable to your future work. Include data on your college major, your minor, and any particular courses you excelled in. Indicate your grades.

Cite other activities: internships, jobs, voluntary community service, sports achievements, or any other notable extracurricular activities. Add information on past employers, your responsibilities, and how your efforts resulted in positive results. Gather newspaper clippings, or examples of outstanding papers or reports you have written. Your objective is to collect concrete information on what you have done, and how it relates to the position you seek.

What did you accomplish that drew upon both your academic knowledge and skills? How have your studies directly improved your usefulness to a future employer?

When compiling your information, refer to the checklists found on page 23. In your self-appraisal, take note of positive traits by citing (modestly) successful incidents in your life and studies. Committing such details to writing will help you appreciate your strengths and weaknesses.

At the same time, think about how to strengthen your negatives. Character and positive attitudes count. Employers, understandably, seek honest, proactive team players who can motivate others. Such attributes are under your control. Sharpen them.

**KNOWLEDGE AND SKILLS** – Academic scores are important, but by no means the sole factor of importance to potential employers. Being a liberal arts graduate may suggest that, as a generalist, you may be able to take a broad view of events. Senior executives are praised for being generalists, junior employees are hired to be specialists. They must be able to demonstrate how and why their studies make them useful.

Divide your list into two categories: Knowledge of your major subject, and command of skills used in mastering this subject. For example, what have you learned about a particular period, region, or specialty that is applicable to a nonacademic career? Can you draw analogies from your studies that apply to current events? How have particular economic or business events changed the course of history; what was their cause and their effect? What skills have you learned: Reasoning, writing, analyzing, researching?

Most jobs involve research – collecting and analyzing qualitative and quantitative data, drawing conclusions, then reporting on findings both in writing and orally. All deal with people: Working productively, teaching, and convincing them. As the maxim goes, “we are all in sales.”

**WORK HABITS** – are learned through example and practice. Once becoming second nature, they will prove rewarding and satisfying suggestions:

- *Focus and distraction* – Avoid multitasking when working or pondering problems. Shutter yourself from conversation and the buzz of the outside world. Concentrate on completing one task at a time.
- *Details and accuracy* – There is no whole if the parts don't hold together. Details and accuracy matter! Do not expect anyone to correct your errors kindly.

- **Originality** – It is your own ideas and insight that give you value. Emulate selectively, adding personal improvements and flair. Never plagiarize.
- **Procrastination** – Learn to place priorities on work. When possible, complete critical work first; if writer's (or thinker's) block intervenes, take a break by completing smaller, but still essential tasks. Write off nonessentials.
- **Self-evaluation** – Size up your daily work. Learn which strengths to emphasize, which weaknesses to overcome.
- **Effort** – Remember Edison's sizing up of success: "99% perspiration, 1% genius."

**RESEARCH TARGETS** – Learn about business – how it is conducted. Studying history you are largely a spectator viewing images of people, thoughts, and actions. Your tasks, confined to specific curricula, are for the most part contemplative and solitary. In contrast, business is peopled with colleagues, superiors, subordinates, clients, prospects, competitors, lenders, investors, and those who are empowered to regulate and tax you. Tasks are sharply focused, and day-to-day tasks lack the "big issues" on which academic thoughts are trained. Research itself is narrowed to specific, frequently mundane and mechanical tasks requiring acumen and specialized knowledge, performed under stringent time limits. None of this says that creativity is not rewarded, or that productivity cannot be satisfying. It is simply a different mix of and approach to costs and benefits.

Organization charts show how people and their duties relate to each other. The charts shown as Appendices B and C (pages 37 and 38) are highly generalized; in reality, each entity organizes around the product or service it produces, with departments such as finance or information management serving as support. As business historian Alfred Chandler put it: "strategy determines structure".

When investigating a career, study the actual organization chart of the entity that interests you. For larger corporations, organizational charts may be found on the Internet.

Research potential employers, before contacting them. If the organization is publicly held, begin with the communications/public relations office. Request a copy of the last two Annual Reports. Visit their web site on the Internet. Read the pages carefully, then check for related employment openings on job search sites. Ask if you could talk to someone on the professional staff who can give you background information on the organization. Come to any meeting well prepared on the organization's activities and why you could add value to their staff.

Network with friends, teachers, career advisors, and professionals you come in contact with – at your bank, an insurance company, newspaper, Internet chat rooms, elsewhere. Use your imagination. Ask for names of potential employers and employees for contacts.

While searching the internet and print media for employment opportunities and demands, note:

- Education requirements vary greatly. The Bachelor of Arts (BA) degree is likely to be required for most positions. A Master of Business Administration (MBA) will be needed for a business career while a Master of Arts (MA) will be required for a public history career. Professional degrees are required for some legal, accounting, health or other specialized careers.
- Experience can include summer jobs, internships, hobbies, and personal experiences.
- Training can be acquired prior to, or after, employment.

**REFIT** – At the time you are collecting information, reconsider what it is you have to offer employers. In particular consider whether graduate study in history or in another field is advisable (some employers may accept you in an entry level position and offer an incentive to help complete studies). Consider supplementary undergraduate courses, specifically those covering quantification and qualification.

From time to time all occupations judge value. Whether dealing with possessions or with ideas, we make decisions

to buy or sell, to support or oppose. Judging value is important in business and the language of business is said to be accounting. While a degree in accountancy is not mandatory for employment, anyone considering a business career should be able to fathom annual reports and related financial statements as well as grasp basic statistical and polling concepts.

Computer literacy, another business requirement, includes familiarity with basic computer applications – word processing, spreadsheets, and databases. It also involves extracting information from the Internet, and familiarity with applications that aid “qualitative analysis” of subjective, unquantified data whose purpose is to:

- Extract meaning from voluminous unstructured data
- Assess in relation to various periods of time
- Reconstruct past events
- Analyze intent, methods, style, and theme
- Compare with other documents

The use of all computer applications requires constant vigilance of both the underlying data’s reliability and the programming methodologies that claim to produce sound conclusions. Any experience dealing with such issues is highly beneficial to academic as well as business careers.

**ACTION** – Once prepared, draft a résumé and prepare to call on prospective employers. Suggestions:

**Résumé** - Well-crafted résumés can open doors to potential employers but they are part of a process, not an end product. Employers do not hire résumés, they hire qualified individuals.

- Be truthful, accurate, specific, relevant, and succinct.
- Summarize your qualifications in telegraph form. Complete sentences are not necessary.
- Express yourself with flair. Use verbs that demonstrate accomplishment, action.
- Distinguish yourself. Provide evidence of unique capabilities.

- Build a cohesive profile. Show how you can apply academic knowledge and skills in other areas.
- Ask for comments about your résumé. Show it to people who are experienced in the field you wish to choose.
- Print your résumé on high-quality, white paper. Print it on a laser printer – do not use an ink jet printer unless the quality is indistinguishable from a laser or offset printer.

**Contact by writing** – Your words are your representatives. Write with care.

- Keep initial correspondence lean and focused. Letters should be no longer than one page. E-mails should be shorter.
- State your purpose clearly, courteously. Isolate and emphasize your key points. Do not bury them in the middle of long paragraphs.
- Consider not enclosing your résumé in a letter to a potential employer. Ask for a meeting to present it in person.
- Follow up unanswered correspondence with phone calls.

**Contact by phone** – Words *and* delivery matter.

- Draft a script before you call. Include all salient points: who you are and what you want. Memorize the script – do not read it on the phone.
- When phoning, improve your delivery by sitting erect. Square your shoulders, smile and breathe deeply.
- Speak slowly, distinctly. Pronounce your words with care. To convince others you must be comprehensible.
- “Please” and “thank you” must be part of your script. A pleasant tone and cheerful greetings add much good will.

- When leaving messages on voice mail or answering systems, clearly repeat your name and phone number twice.
- Phone calls can be productive but are no substitute for personal contacts. When possible, request a meeting.

**Interviews** – Be thoroughly informed about your potential employer before requesting an interview. This includes the organization, possibly suitable positions, and the individuals with whom you might speak.

- Request an interview with a senior member of the unit you would like to work for (rather than someone in Human Resources). This will increase your chances of a job offer.
- Outline, then rehearse your presentation. Tape it for review, or ask a friend to critique your performance.
- Go with a positive attitude – about yourself, your host, and the opportunities you are pursuing.
- Arrive on time for your interview (and be punctual for subsequent meetings). Dress appropriately; if in doubt, research the dress code. Shake hands firmly; maintain eye contact. Speak clearly and audibly. Sit up, don't slouch. Address your interviewer in a relaxed manner, using coherent grammatical sentences. Do not begin sentences with fillers such as "like" or "you know".
- Demonstrate enthusiasm for your prospective employment during your interview. Point out why your education and experience has suited you. Discuss job details that you are familiar with; impress your interviewer that while you can see "the big picture" you can also keep track of the details.

- Do not waste your host's time. After initial pleasantries, be businesslike, direct, and brief. Be tactful: do not assume you host's opinions will coincide with your own.
- After the interview, promptly thank your interviewer for the time spent with you, by letter or e-mail.
- If no positions are available, ask for advice. Request the names of other people to call on, and for job leads.
- Request feedback about your meeting from your interviewer or another staff member. Ask for an informal evaluation of your presentation, your résumé, and your qualifications.
- Do not lose heart, or feel personally rejected, when a potential employer tells you that there are no job openings. Keep searching. Learn as much as you can about the job market, and what you have to do to successfully market yourself. Don't look for excuses. Persevere!
- Do not be discouraged if you cannot see an immediate link between your first job and your major course of study. There is no need to turn your back on disciplines you value, nor should you. Look for ways to apply what you have learned – knowledge and skills – no matter what your professional pursuit. You can always continue your studies and maintain your academic interests as an independent scholar, on your own time.

A job search requires preparation, hard work, risk-taking, *and* opportunity. Remember: "Chance favors only the prepared mind."

## Personal Assessment – Achievements & Attributes

### Academic & civic achievements

- Have achieved academic excellence.
- Have achieved recognition for accomplishments in nonacademic areas.

### Communications skills

- Able to write clear, logical, grammatical, compelling prose under tight deadlines.
- Able to write in various styles and formats, i.e. press releases, memos, grant proposals, and long topical reports.
- Able to produce accurate work the first time, and to meticulously proof read.
- Able to effectively present oral and graphical material before varied audiences.

### Interpersonal skills

- Able to develop and maintain personal networks and teams.
- Able to lead, motivate, and when applicable, follow your leader.
- Able to work effectively within disparate cultures without loss of personal integrity.
- Possess tact.

### Quantitative / qualitative skills

- Able to work confidently with numbers and words, solving both numerical and qualitative problems.
- Able to search for, retrieve, and use information from diverse sources: people, print media, libraries, Internet/Intranet.
- Able to analyze and interpret statistics, polls, and surveys.
- Familiar with basic accounting principles; able to analyze and interpret financial statements.

### Computer-based skills

- Possess working knowledge of popular computer applications packages: word processors, spreadsheets, data bases, (graphics and desktop publishing applications helpful).
- Able to navigate the Internet with confidence and effect.
- Able to work with and develop financial and scientific models.

### Business acumen

- Able to organize and direct processes, projects, and people.
- Able to set priorities.
- Aware of pertinent current affairs (business, economic, and political) and their historical antecedents.
- Be at least somewhat familiar with basic financial reports, especially budgets.
- Understand the ways and means that businesses operate.

### Moral and ethical character

- Able and willing to distinguish between right and wrong.
- Able to consistently adhere to an accepted code of ethics.
- Sense of personal responsibility for legal and ethical conduct, for yourself and for others with whom you work.

### Attitudes

- Positive attitude toward your work, those with whom you work, and your life in general. An ability to face routines and adversity with good cheer and enthusiasm.
- Eager to excel.
- Willing to take reasonable risks.
- Hard working and persistent; insistent on successfully completing what you have begun.
- Flexible in response to changing conditions and needs (but steadfast as to your morals and objectives)..
- Curious to understand what you do not know and approach problem-solving in a logical way.
- Confident in your own worth and abilities, but eager, willing and able to improve them.

### Work habits

- Dedicated to excellence and success.
- Dedicated to careful, orderly, accurate work, focusing on details while keeping in mind final, abstract objectives.
- Able to work under pressure, maintaining productivity under stress, and working effectively on a schedule that includes numerous tasks.
- Able to transform abstract instructions and ideas into practical, concrete results.
- Self-starter: able to maintain self-discipline and work without supervision. Prompt to arrive and willing to remain after formal hours.
- Able to work cooperatively and courteously with a broad range of people, with varying aptitudes, skills and attitudes.
- Able to take direction from superiors with grace, and without obsequy.
- Able to perform well within a routine, repeating processes without losing concentration, accuracy, or flair.
- Able to ask penetrating, meaningful questions, with tact.
- Able to complete assignments successfully, regardless of difficulty or inconvenience, to draw conclusions, and to act on them to assure successful completion.

## The Avocation of History

Just because you do not earn a living “doing” history does not mean you are shut out of the historian’s preserve. Amateur historians can – and do – write history, practice historic preservation, monitor history teaching on school boards, participate in historical reenactments, sustain historical societies, collect historic objects and documents, and otherwise support the promotion and use of history.

Similarly, the study of history and historical methods is not bounded by one’s past formal education. Opportunities abound to continue learning, by reading, formal courses, online instruction, or volunteering to assist in historical enterprises.

Whatever your goals, history can be your avocation. Participate:

- Read, research, and write history.
- Preserve, restore, and recreate historic resources.
- Teach history as a volunteer.
- Participate in historical reenactments.
- Contribute time, expertise, and funds to historical associations, museums, and libraries.

## Appendix A – On Financial Statements

### I. Judging Value and Producing Worth

The financial value of an enterprise can be determined through its financial records. One set of these records, financial statements, provides a particularly handy means of beginning an analysis.

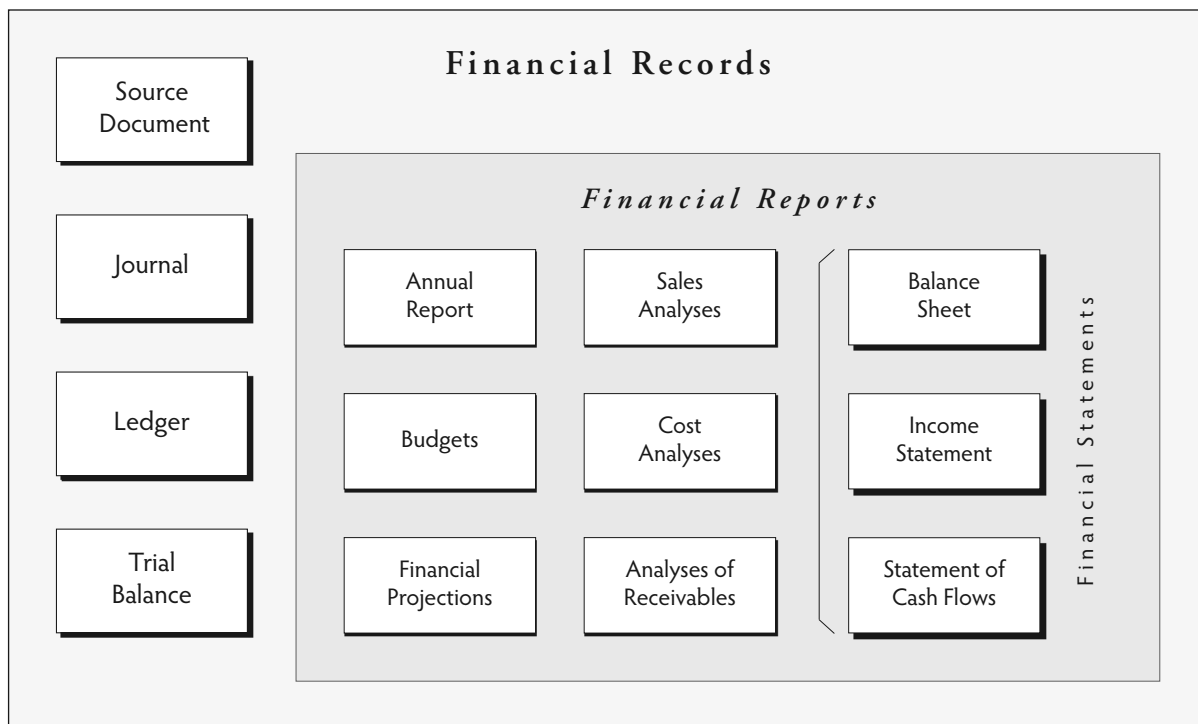
Like an X-ray, financial statements can expose the structure of a business's financial condition, but they do not, and cannot, present a moving three-dimensional image. Nor are financial statements self-explanatory. They require training and skill to analyze, and experience to interpret. A full understanding of financial transactions takes knowledge of accounting and access to source material, but much can be learned from an informed lay reading of published reports.

The product is what an enterprise offers the public. It can be tangible (a toaster), or intangible (counseling services), or some of both (a book). Worth is produced by an efficient interaction of resources, processes, and products.

To successfully create and distribute a product requires organization. Organization charts show how personnel relate to each other and to their assigned tasks. For example, small firms combine functions (such as public affairs and marketing), while larger ones expand the number of divisions, each emphasizing a particular specialty.

Impersonal resources are needed to make the product. They may be tangible, such as land where a business is constructed, buildings, tools, or the raw materials used to create products. They may also be intangible, unable to be seen, touched, or weighed such as good will and employee knowledge. Or, as in the case of money, they may be physically tangible while having pronounced intangible properties.

Processes convert resources to saleable goods or services. Some utilize physical actions, such as assembling a computer. Others involve the manipulation of symbolic concepts. Accounting, for example, translates physical resources into values represented by dollars and cents.



## II. Understanding Financial Statements

Elements of contemporary financial records may be traced from ancient Babylonian, Egyptian, Greek, Roman, and medieval European civilizations. Enhanced by the growth of Mediterranean trade at the time of the Crusades (circa 1095-1290), merchants and bankers improved financial controls, laying the system of double entry bookkeeping that underlies today's financial statements as discussed here.

**Income statement** – (also referred to as the Statement of Earnings and Statement of Operations) shows a firm's earnings and the expenses. It reflects only some of the actual cash transactions. By convention, the statement covers a twelve month period.

Sales include what is earned from the sale of a company's

<b>Income Statement</b>	
<b>Sales</b>	\$ 2,000
Cost of sales	800
Gross profits	<u>1,200</u>
General expenses	600
Provision for bad debts	40
Depreciation	300
Interest	<u>100</u>
Total expenses	<u>1,040</u>
Earnings before income tax	160
Income tax expense	<u>64</u>
<b>Net earnings</b>	<u><u>\$ 96</u></u>

goods or services. They are often shown as being “net,” as in “net sales” – meaning some deduction may be from the total sales figures. Deductions may be from discounts given to customers, the value of products returned, or special incentives offered to buyers.

When only the actual cash amounts received from sales or expenses are shown, the business is said to be recording revenues and expenses on a cash basis. On the other hand, if sales and expenses include amounts which customers or the firm itself have only agreed to pay and no cash changes hand, then sales and expenses are said to be recorded on an accrual basis. Most firms – almost all the larger ones – record sales and expenses on an accrual basis.

Cost of sales includes such items as product and transportation costs – all the direct cost of creating the final product.

Gross Profit is the result of the entire cost of sales deducted from sales.

General expenses are those expenses related to the administration of the whole firm, particularly such items as office expenses (salaries, rent, stationary, etc.).

Provisions for bad debts (also called provision for doubtful accounts) are made because a business often assumes that some customers will not pay what they owe, and are based on past customer experiences. Provisions for bad debts have been found on financial records of the Medici Bank (1397-1494), though explicit methods for estimating uncollectibles remained undeveloped until the 1880's.

Depreciation differs from other expenses in that it does not reflect a direct outflow of funds but rather a conceptual amount set aside to provide for replacement of an asset. The concept itself is old. Vitruvius, writing on architecture during the Roman Republic (27 BC - 14 AD), used what we know as the straight-line depreciation method when he advised deducting a fixed percentage of a wall's cost over its useful life. The practice of showing depreciation as a cost on the Income Statement was only formally recognized as a deductible expense for tax purposes by U.S. law in 1909.

Interest represents payments made for the use of loans or other borrowed funds. The concept of interest may be as old as money itself. Babylonians were aware of compound interest calculations as early as 1800 BC. Distaste for interest has been equally long-standing. Denounced by Aristotle (384-322 BC), lending money at excessive rates, known as usury, was banned by Pope Clement V in 1312.

Taxes on income are amounts set aside to pay federal, state, or municipal income taxes. Taxes on items other than income (payroll, for example) may be found under other expense headings.

First proposed to finance the cost of the War of 1812, income taxes were not actually levied until early in the



Civil War (1861) and were repealed shortly after the conclusion of hostilities in 1864. The Tariff Act of 1913 reintroduced the income taxes, extending it to corporations. As the Constitution prohibited direct taxation by the federal government, the 16th Amendment was passed that same year. Since 1913, growth of federal and state governments' demands for funding has caused the tax code to become bizarrely complex.

Net earnings (also called net income) are the final result of the Income Statement after all legally permitted expenses and taxes have been deducted. The significance of this widely cited item, often referred to as "the bottom line" is discussed further below.

**Balance Sheet** – Balance sheets have changed little since they were popularized by a true Renaissance man, Fra Luca Pacioli (c. 1455 - c. 1517). Mathematician, logician, and collaborator with Leonardo da Vinci, Pacioli brought his grasp of natural harmony and equilibrium to accounting practices then already 200 years old.

Using a simple equation, that assets equal liabilities plus equity, the balance sheet represents what a business owns, and what it owes. Assets are economic resources owned by the company, liabilities are amounts owed to others. Equity, the amount "owned" by shareholders, is equal to assets minus liabilities.

A balance sheet is drawn up ("struck") at one specific period of time: On December 31st or at the close of a twelve-month period established by the business (known as a fiscal year).

Current assets are items that can be converted to cash during a firm's normal business cycle, and are therefore considered "liquid."

Cash & equivalents include cash, checking or savings accounts, and other investments that may easily be turned into cash. These are said to be the firm's most liquid assets.

Accounts receivable are legal agreements between seller and buyer to pay for purchased items. Payment terms are set by the seller, who commonly will state a period of time the buyer may purchase an item without incurring a penalty. "Net 30 days," for example, means the buyer has a thirty-day period to pay before late charges are assessed. Care should be taken in investigating the soundness of these receivables. Is there evidence that the customers are able and willing to repay them promptly? Have provisions been made to deduct the adequate sums for doubtful receivables?

Inventories include material needed to produce or complete the product. They may be coffee beans and baking supplies for a coffee shop, or finished or semi-finished components for a car manufacturer. Inventories are generally carried at the lower of their cost or their market value, a concept appearing as early as 1393 in English estate valuations.

Fixed assets include land, buildings, and machinery, the resources used to produce the firm's goods or services. Fixed assets are items that are not consumed in making the enterprise's product. In the case of buildings and machinery, fixed assets are subject to depreciation (see

<b>Balance Sheet</b>			
<b>Assets</b>		<b>Liabilities &amp; Equity</b>	
<b>Current assets</b>		<b>Current liabilities</b>	
Cash & equivalents	\$ 1,136	Accounts payable	\$ 200
Accounts receivable	160	Long-term debt due 1 year	100
Inventories	200	<b>Total current liabilities</b>	<b>300</b>
<b>Total current assets</b>	<b>1,496</b>	Long-term debt	800
<b>Fixed assets</b>		<b>Equity</b>	
Gross fixed assets	3,000	Capital stock	3,000
Less: accumulated depreciation	300	Retained earnings	196
Net fixed assets	2,700	<b>Total equity</b>	<b>3,196</b>
Intangible assets	100	<b>Total liabilities &amp; equity</b>	<b>\$ 4,296</b>
<b>Total assets</b>	<b>\$ 4,296</b>		

Income Statement). Land, in contrast, may not be depreciated, but may be depleted, that is its value may be shown to decrease over time, as in a mine once all the ore has been recovered.

Intangible assets include such items as goodwill – the reputation enjoyed by the firm – patents, copyrights, trademarks, and franchises. All but the last have long histories, goodwill having been ruled a legal right in 1620 following a 200 years English proscription. Professional discussion of intangibles appears in the literature around 1916, but was not reflected on sample balance sheets until 1936. Placing an exact value on intangible assets is difficult.

Current liabilities are those obligations a firm must meet in a period of one year. These may be amounts due for long-term loans, or it may be for payment agreed to by the business itself – for instance, supplies or services.

Accounts payable include all amounts contractually owed by the corporation in a twelve month term. Accurate representation of payables and the current portion of long-term debt is crucial for determining a firm's liquidity, and its ability to meet short-term obligations.

Long-term debt represents money borrowed for periods of more than one year. Repayment terms should be studied to see if equal payments are to be made over the period of the loan, or if some other form of repayment is required. For example, instead of annual payments, one large single payment (called a balloon payment) may be required in the final year of the loan that may be difficult or impossible to meet.

Equity (also Stockholder's Equity) has several components. It includes amounts that stockholders have actually paid in return for ownership of the firm, represented by shares. It also includes retained earnings, amounts reinvested in the business from its income over prior years, as well as retained losses, amounts lost by the company in past years. The sum total of these pluses and minuses is referred to as the firm's net worth. At times these items are shown separately as a Statement of Stockholder's Equity.

**Statement of Cash Flow** – Income statements do not reflect all cash that is physically received or paid out by an enterprise, particularly if they are prepared on an accrual basis. Balance sheets give a static picture of an enterprise at the end of a period of time, with no indication of the movement of funds during that period. Neither indicates such important events as cash being borrowed or repaid, decreases in cash as fixed assets were purchased, or increases when fixed assets were sold.

<b>Statement of Cash Flow</b>	
(Direct Method)	
<b>Cash flows from operating activities:</b>	
Cash receipts from sales	\$ 2,000
Cash payment for purchases	1,764
Net cash provided by operating activities	<u>236</u>
<b>Cash flows from investing activities:</b>	
Investment in plant & equipment	<u>(3,000)</u>
<b>Cash flows from financing activities:</b>	
Issue of common stock	3,000
Issuance of long term debt	1,000
Principal payment of long term debt	100
Net cash provided by financing activities	<u>3,900</u>
Net increase (decrease) in cash	<u>1,136</u>
Cash at beginning of year	<u>( 0)</u>
<b>Cash at end of year</b>	<b>\$ 1,136</b>

The statement of cash flows, or “funds statement”, evolved in the late nineteenth century to fill this void in financial reporting. A forerunner of present-day cash flow statements was published by the Baltimore & Ohio Railroad in 1834. The first actual funds flow statements appears to have surfaced in a text on accounts in about 1908.

The present format used in the statement of cash flows is largely attributed to the early 1920's to show how working capital changed. After World War II, the total flow of funds was reflected. Cash flow accounting developed in the 1960's though it was, in effect, the basis for most accounting systems prior to the 1800's.

Statements of cash flows isolate the inflow and outflow of actual cash. Two methods are used to prepare such a statement, the direct method and the indirect method. In the direct method (shown here), each item in the income statement is adjusted from the accrual basis to the cash basis to reflect actual cash flows. Further, the statement is

divided into three logical groupings: Cash flow from operating activities, cash flow from investing activities, and cash flow from financing activities.

Cash flows from operating activities, or cash received from normal operations, is income in the form of payments, not only promises to pay, and cash paid out for services rendered. Because they represent estimated, rather than actual amounts, provisions for bad debts and depreciation shown on the Income Statement must therefore be added back to the net income stream.

Cash flows from investment activities reflect amounts actually paid or received for plant and equipment, investments, or other such transactions not shown on the income statement.

Cash flows from financing activities consist of cash inflows and outflows. Inflowing moneys may be from issuing stock or receiving loans. Outflowing amounts include loan repayments.

**Financial Indicators** – Contrary to the reassuring impression left by the term the “bottom line,” no single defining number sums up a business’ overall financial condition. Such questions are addressed by a variety of financial indicators. These indicators – usually numbers – help focus on the most important aspects of financial strengths or weaknesses. They serve more as spotlights than floodlights. Remember, these are financial indicators measuring financial performance. Other indicators must be designed for customer satisfaction or product quality.

While individual methods of determining credit risk are ingrained in the earliest of commercial exchanges, a formal discipline of financial statement analysis took root only in the late 1800’s. Among the first techniques: Liquidity analysis, used by bankers to approve credits, and operating expense ratios used for railroad analysis. As far as liquidity was concerned, American bankers generally wanted assurance that the borrowing institutions had a 2:1 current ratio.

Some of the most common financial indicators include: Ratios, trend lines, comparisons, relations to the whole, cash flow, and share price.

Ratios describe relationships between individual items or groups of items. They can be expressed as a fraction ( $\frac{1}{2}$ ), a percentage (150%), or a rate (2:1). Though by no means infallible and sometimes difficult to accurately assess, ratios can reduce complex sets of numbers to readily identifiable amounts and are as such useful tools for analysis.

Ratios have their origins in the 1800’s. Bankers who wanted to be sure borrowers could repay their loans used the current ratio as a measure. Such indicators are regularly compiled by credit and regulatory agencies, investment firms, banks, and other entities with financial worth. Ratios typically focus on a firm’s solvency and liquidity, its profitability, and its efficiency and productivity.

Use these measures with care. A single indicator derived from one year’s results and shown in isolation has little meaning. Compare firms of equal size in the same line of business, and use comparable figures for prior periods. Also, be sure to study the cause and effect of any changes; do not rely on numbers to tell the complete story.

Many other measures are used by analysts to help evaluate a firm’s financial condition. Some focus on one period of time, others compare values over periods of time. Much of the information used in these measures is not made public, not for nefarious reasons, but simply to keep it from competitors. A successful financial analyst has, therefore, to be both trustworthy and discreet to gather such data.

### III. Analysis of Value

As a first step in learning how to analyze financial value, select a corporation whose stock is publicly traded. A publicly-traded company is obligated to publish Annual Reports containing the general information you will need.

**1. Your Firm’s History** – A complete report begins with information on the past. Financial statements are not in themselves “history”; regard them as a means, not an end.

## Financial Indicators & Ratios

### Solvency & Liquidity: Can the firm pay all debts owed? Can its resources be readily converted to cash?

**Current ratio** measures the ability to meet obligations due the coming year with cash on hand, receivables, and other liquid assets. The higher the ratio, the more favorable the position.

$$\frac{\text{Current assets } \$ 1,496}{\text{Current liabilities } \$ 300} = 4.98 : 1$$

**Working capital** shows the margin of financial safety a firm has to operate during the year. There can be too much of a good thing; more than the amount needed for current expenses should be invested in more productive assets.

$$\begin{array}{r} \text{Long-term debt } \$ 1,496 \\ - \text{Current liabilities } \$ 300 \\ \hline \text{Working Capital } \$ 1,300 \end{array}$$

**Debt to Equity ratio** measures a firm's ability to meet its payments of long-term debt with funds accumulated in its net worth. The ratio considered satisfactory depends upon the industry.

$$\frac{\text{Long-term debt } \$ 900}{\text{Equity } \$ 3,196} = .28$$

### Efficiency & Productivity: Are the products produced with minimum effort and expense?

**Accounts receivable turnover** measures how efficiently accounts receivable are turned to cash. A high ratio indicates efficiency, though too high may mean insufficient credit is being extended.

$$\frac{\text{Total sales } \$ 2,000}{\text{Ave. accounts receivable } \$ 160} = 12.5$$

**Inventory turnover** indicates the number of times a firm's inventory has been sold (turns over). A high turnover generally shows good salesmanship.

$$\frac{\text{Cost of sales } \$ 800}{\text{Total inventory } \$ 200} = .4$$

**Total plant turnover** indicates how efficiently the firm is using its assets to generate sales. Generally, the higher, the better.

$$\frac{\text{Total sales } \$ 2,000}{\text{Fixed assets } \$ 2,700} = .741$$

**Efficiency ratio** measures the efficiency of management in running the business. Generally, the lower, the better.

$$\frac{\text{Expenses } \$ 2,000}{\text{Gross Profit } \$ 2,700} = .876$$

### Profitability: Is the firm earning reasonable profits?

**Net profit margin** shows the relation of net income to sales. Generally, the higher, the better.

$$\frac{\text{Net income } \$ 96}{\text{Net sales } \$ 2,000} = .048$$

**Rate of return on assets** shows how well the firm's assets are used to produce net income. Generally, the higher, the better.

$$\frac{\text{Net income } \$ 96}{\text{Total (ave.) assets } \$ 4,296} = .022$$

**Price: earnings ratio** gauges the degree to which investors value the firm's ability to earn profits. Generally, the higher the ratio, the greater the degree of confidence.

$$\frac{\text{Market price per share } \$ 10}{\text{Earnings per share } \$ 9.60} = 1.04$$

**Earnings per share** shows how much each outstanding share earned. Generally, the higher, the better.

$$\frac{\text{Net income } \$ 96}{\text{Total (average) shares } 300} = .32$$

History tells a story and should include a thoughtful analysis of reported events. Like an historian, you will want to examine an enterprise without bias over time, look for cause and effect, and see the firm in the context of the world around it.

To organize your material, draft a timeline of key events in your corporation's history. Material about your firm's past will be found in Annual Reports, corporate brochures, past news articles, trade directories, and film libraries. If possible, interview employees and retirees.

Do not rely solely on management's reports. Like riding a bicycle, owners and managers have to balance, pedal, steer, duck overhead obstructions, and look ahead for a path, all the while thinking of their objective, assuring that benefits outweigh costs. There is little time to look behind, except to glance at what may be catching up with them.

**2. Direction and Management** – As a vehicle for enterprise, corporations have a history extending back to the Roman Republic, some 500 years before the birth of Christ. Corporations are unique in that they are impersonal entities, distinct from their owners. Thus, individuals are not held personally responsible for acts undertaken in the name of the corporation, and if a business fails, the owners' personal property cannot be seized by creditors.

The term "management" is unique to the English language. According to the Association of Consulting Management Engineers, managers should: (1) gather information, (2) synthesize information, (3) plan, (4) decide, (5) organize, (6) communicate, (7) motivate, (8) direct, guide, or counsel, (9) measure, evaluate, and control, (10) develop personnel, and (11) promote innovation.

Before the mid-1800's the function of management was generally performed solely by the firm's owner. Led by the railroad industry, concepts of management and of financial controls began taking on their modern meanings in the decade before the Civil War (1861-65).

In a corporation whose shares are owned and traded by members of the public, overall direction is the responsibility of the Board of Directors, appointed according to

legally established rules. Day-to-day management is carried out by officers appointed by the Board of Directors. The Directors' role is to set policy; management to implement policy. Questions to Ask:

- Who serves on the Board of Directors and on the top management team? Are their backgrounds suited for their task? Have they been successful in past activities?
- How are Board members and management rewarded? Consider salaries, honoraria, options to purchase company stock, and other benefits. Is there evidence that their contributions to the corporation offset these costs?
- Are there any controversies surrounding management or Board members? Has any information surfaced on incompetency, unsavory involvements, or conflicts of interest?
- Do any conflicts exist between the Board and management? Is the Board intrusive, acting as a second management team?
- Does the corporation seem to be following a logical business plan? Are there any acquisitions, mergers, or divestitures scheduled? To what effect?

### **3. Creating and Improving the Product** –

Research is creating a product from scratch, or improving an existing product, includes a search for new ideas. Development are these concepts that are transformed into marketable products. R&D expenditures cover salaries, material, and general and administrative expenses.

Operations such as manufacture and production involve the actual fabrication or assembly of a product. Here the inventories of raw material or components are made or assembled into their final, finished state.

In a complex operation where thousands of parts are involved, a special department will purchase material used in R&D or manufacturing. In midsize firms, an administrative department may be responsible, while in small firms, whoever needs the part may be the buyer.

#### Questions to Ask:

- How would you describe the product(s) or service(s) offered by the firm? What is their use? How do they influence the lives of the firm's clients – do they make their lives easier, less expensive, save time, or simply make life more enjoyable?
- Is the firm successful in converting new ideas to products or services that its customer's value?
- Are there links to campuses to stimulate research if this is pertinent?
- What processes and technologies are used to produce the product? Why? Compare them with those of competing firms.
- Are the company's finished product(s) or services inferior, about the same, or superior to the competition?
- What raw materials are used to manufacture the product? Are they physical or intellectual? Where do they come from? How does the firm's location affect its use of raw materials? Are raw material costs comparable to competitors' raw material costs?
- Do inventories of raw material appear reasonable, too low, or excessive? If a "just in time" inventory system is maintained (meaning minimum inventories are kept on hand), have plans been made for a possible break in supplies? How is inventory valued?
- Does the firm appear to have too many fixed assets in relation to sales?

**4. Moving the Product** – Once the product is produced, it must be moved – psychologically as well as physically. Public Affairs creates the external ambiance in order that the firm's product may be considered in a positive light. It is also involved convincing legislative bodies of the need for beneficial laws – that is, lobbying. Marketing entails advertising and promotion of a product, and the actual selling process. Until the mid 1880's, a firm's financial statements made little distinction between sales and management. Questions to Ask:

- What public relations ventures does the firm undertake? To what effect?
- How is the market ascertained? What methods are used to identify customers and predict their tastes? Have these methods changed over time? Does the firm appear to be satisfying the market?
- What are the effects of competition on the firm's sales? Has the firm dominated the market, or create a niche market?
- How did the firm's advertising evolve over time? How do the ads relate to the market? What advertisements are used, and to whom do they appeal?
- How are sales linked to advertising? To new product development?
- Do sales progress over time, and at a satisfactory rate? If not, why not?
- How does the product or service move to the market?
- Are distributors selling their product, or are they simply increasing their own inventories?

**5. Financing Operations** – Finance involves planning and accounting for all financial transactions, assuring that sufficient funding is available at all times, and controlling all income and expenditures. People engaged in finance are responsible for the preparation of financial statements and budgets, insurance, custody of funds, purchase and rental of property, credit and collections, as well as auditing the business. Questions to Ask:

- In what economic climate does the firm operate? Is the inflation rate low? If not, what adjustments must be made to reflect inflation? If the firm borrows, are reasonable interest rates charged?
- How was the original capital raised to finance the business? What return on capital invested has been produced over time? Is the firm's return on equity sufficient to attract investment and reassure banks?

- How does the company measure its costs? Does the cost-accounting system appear to accurately reflect the activities of the firm?
- Are accounts receivable collected promptly? Have adequate reserves been created for doubtful accounts?
- How do the company's earlier projections and budgets match up with actual results?
- What are the competitors' comparable ratios on capital invested, and other key financial ratios?
- If the firm's shares are publicly traded, how have they performed over time? How have competitors' stock price performed?
- How does the company maximize its profits?
- What is the total compensation given – salaries and benefits such as health and life insurance, education benefits, time-off – and how is it given to different groups (management, salaried workers, hourly-wage earners)?
- How does the firm interact with the community at large? What is the effect on the community of the firm's payroll, taxes paid, and use of resources?
- How is debt managed? Can the firm repay its debt without problems? Are interest rates reasonable?
- Does the firm have assets (cash, equipment, land, buildings, patents, know-how, idle hands, etc.) that are not being put to productive use?
- Does the corporation have an obligation to fund pensions? How is this done? Is there a sound actuarial investment plan?
- Are inventories of material used in production kept to a prudent minimum?

**6. Information Management** – Information management involves conversion of data to information, and

### The Annual Report

#### Contents

- |                             |                                  |
|-----------------------------|----------------------------------|
| 1. Financial highlights     | 6. Information on managers       |
| 2. Message to share holders | 7. Financial statements          |
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| 4. Details on product lines | 9. Auditor's notes               |
| 5. Information on directors | 10. Other details on business    |

of information to knowledge. Information managers work with computer hardware and software, systems analysis, and computer languages and programming. They must assure the adequate collection, storage, processing, and output of intelligence in electronic form. Questions to Ask:

- What information systems are used by the firm? Are any additional systems needed? How are data and information transformed to decisions?
- What hardware and software are used? To what effect?
- How are the firm's archives and other historical resources used to create a "working memory"?
- How is information collected, processed, and provided? Are there problems?
- Does the Board/management receive sufficient information?
- Does the public get the information it needs?
- How is this information converted to knowledge?

**7. Various Support Services** – Support services include administration, human resource development (when administration has other duties to perform), legal, and other specialized functions. Questions to Ask:

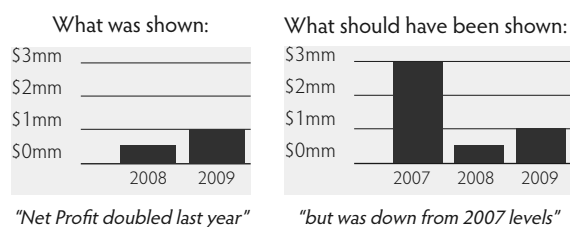
- What is the affect of government regulation on the firm? Can you find information on the cost of complying with these regulations, and are the regulations achieving their intended benefits at an acceptable cost?

- Is a trained, qualified work force available for hiring at a competitive wage? How is the labor climate – does the firm face any labor problems?
- What sort of employees are needed by the firm? What education and skills are required? Does the firm have to provide training to assure basic skills? What training does the firm offer to assure continuing development of personnel?
- What patents related to the product does the firm own ?
- How is personnel management carried out? Does the firm have significant morale problems? Is employee turnover low? Has the firm had any recent, or pending, labor strikes? Is there a record of unresolved labor issues?
- What measures are taken to improve and monitor employees' knowledge, attitudes, productivity, loyalty, willingness to excel?
- Are administrative tasks handled in an efficient way?
- Are there any law suits against the business pending?

#### IV. Pitfalls

Many pitfalls may be imbedded in financial statements distorting their interpretation. In theory, distortions such as those discussed below should be flagged by the independent auditors responsible for reviewing the records of publicly traded companies. Nevertheless, be aware of them. Train yourself to meet every statement with your own refrain: Prove it!

**Outright fraudulent information.** Methods of detecting fraudulent information is beyond the scope of this guide. Such activities include claiming revenues from fictitious sales, concealing expenses by accounting ruses, falsifying documents, and overvaluing assets. Auditors are supposed to prevent bogus accounting entries, but may be unable to for reasons of incompetence or venality.



**Illicit intra-company transactions.** Selling to one's own subsidiaries at fictitious prices, an illegitimate technique used to reduce tax payments, distorts actual results and may result in future penalties.

**Incomplete or misleading information.** Many problems in analysis stem from information that is either incomplete or misleading. For example, sales may be grouped in one item, "total sales". Does this represent the sale of one or several products? And what are the products? Uncovering such information may reveal hidden trends.

**Auditors' conflict of interest.** Beware auditors who have a vested interest in providing a clean opinion of the financial statements.

**Unstated changes in accounting procedure.** Income may be recorded on a cash basis for many years and then switched to accrual basis. As a result, sales may be overstated, as cash owed for sales tends to be greater than actual cash amounts received. Such changes should be clearly flagged in financial statement comments.

**Questionable procedures for bad debts.** Delaying write-offs of bad debts until the next year can make the immediate results look better than they really are. They can also make accounts receivable look unrealistically high.

**Inflating sales figures.** Beware of policies that allow goods recorded as sales to be returned for credit. Try to quantify this amount.

**Bundling problems under a bland category.** Unless the amounts involved are insignificant, beware of items titled "other," as in "other expenses." Such categories can disguise any number of problems that may be reoccurring.



**False analogies and failure to site past trends.** Management draws inappropriate analogies to past events in projecting future prospects, or presents optimistic sales forecasts when similar past forecasts failed.

**Exposure to risky markets or suppliers.** When a significant portion of sales or supplies involves economically or politically unstable elements, beware.

**Failure to disclose bases for financial projections.** Management should clearly state the premises on which financial projections are based.

**Failure to disclose bad news.** Management should disclose information on events that will have a damaging affect on operations.

**Aggregating opposing trends.** As shown in the following example, total sales are only slightly improved when seen in their aggregate. However, when analyzed, steel has declined, while wood has increased markedly. Beware of over-simplified data

**Comparing unlike items.** Be sure items being compared are, in fact, comparable.

**Inaccurate valuation.** A false value may have been placed on a business' assets, making the new worth appear

higher than it really is. Take, for example, assets purchased in a foreign currency, say Pounds Sterling. These amounts may be converted to U.S. dollars at inappropriate rates, making the assets appear under- (or over-) valued. An even more common problem occurs when assets, purchased years ago in a highly inflationary period, are not revalued to represent their true current worth.

**Failure to confront technological change.** As technology changes, so will the value of the business's assets. A large computer mainframe, costing hundreds of thousands of dollars, may have little to no worth with the introduction of a comparable personal computer application. Old technology may cause a business to spend more money on manufacturing than its competitors.

**Overly optimistic management reports.** "We're just about to turn the corner." "We'll end the common cold with our pill next year." Do not believe everything you read.

**Misusing statistics.** As they say, there are lies, and then there are statistics. Examine what is being shown on graphs below with special care. It is an example of an omission as the source of distortion. Be on guard for what has been left out as well as what is misrepresented. Except for your ability to probe for an accurate representation, there are no simple rules to guard against statistical distortion.

*Can these items all be readily converted to cash?*

*Will these clients pay promptly?*

*Sufficient? Fairly valued?*

*How much in land, how much in equipment? Are they fairly valued?*

*What do they consist of? Overvalued?*

### More Questions to Raise

Assets		Liabilities & Equity	
Current assets		Current liabilities	
Cash & equivalents	\$ 1,136	Accounts payable	\$ 200
Accounts receivable	160	Long-term debt due in 1 year	100
Inventories	200	Total current liabilities	300
Total current assets	1,496	Long-term debt	800
Fixed assets		Equity	
Gross fixed assets	3,000	Capital stock	3,000
Less: accumulated depreciation	300	Retained earnings	196
Net fixed assets	2,700	Total equity	3,196
Intangible assets	100	Total liabilities & equity	5,426
Total assets	5,426		

*Does this item include all amounts owed by the firm?*

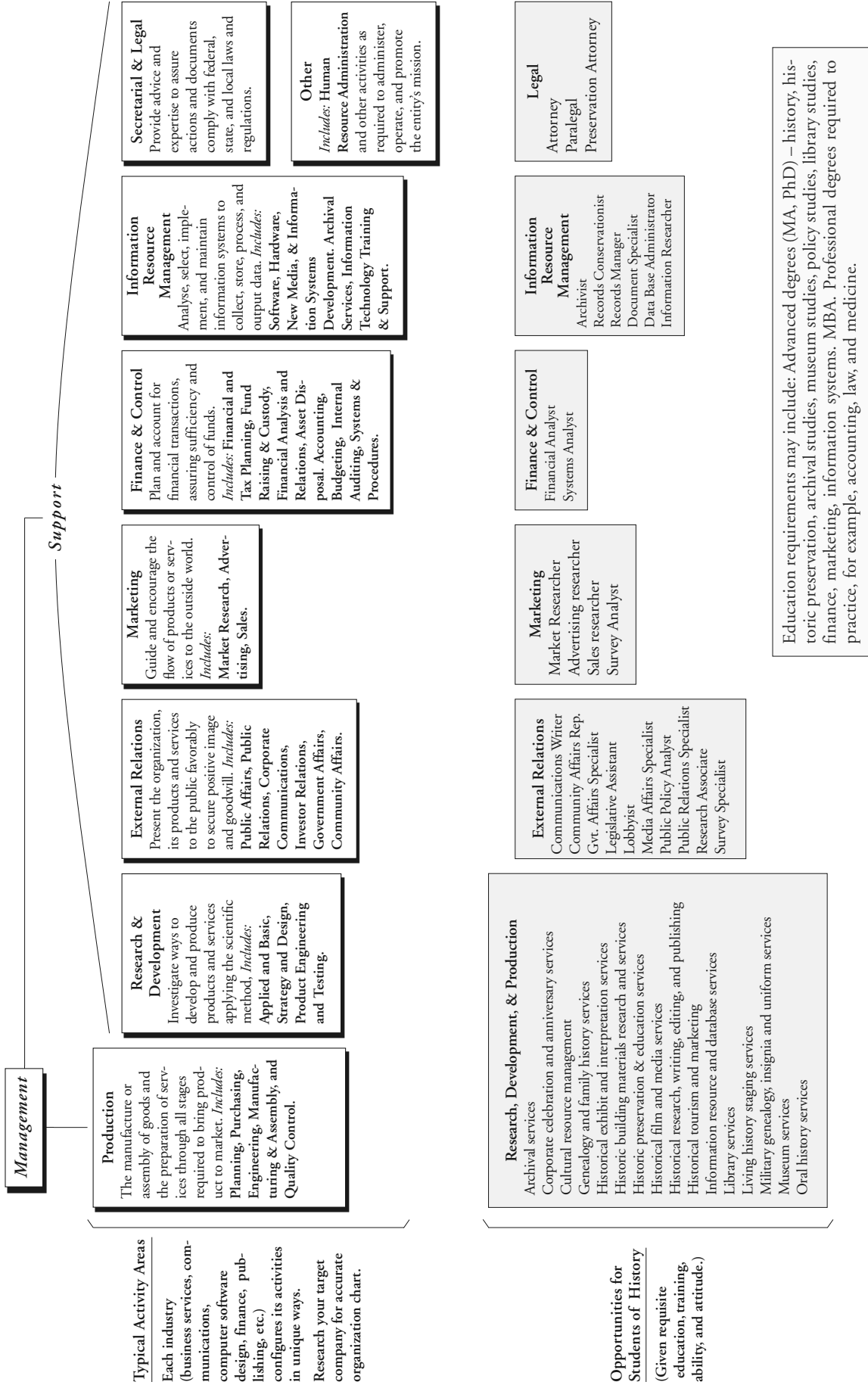
*On what terms was the money lent? Can the interest rate be increased?*

*Accurately stated?*

*Are the underlying assets worth these amounts?*



# Appendix B – Typical Industry Organization Chart



# Appendix C – Federal Government Organization Chart (partial)

## Entities of Special Interest to History Graduates

### Judicial Branch

Supreme Court of the United States – *Note: Supreme Court Curator's Office; Supreme Court Historical Society.*  
 United States Courts of Appeals  
 United States District Courts  
 Territorial Courts  
 United States Court of International Trade  
 United States Court of Federal Claims  
 United States Court of Appeals for the Armed Forces  
 United States Tax Court  
 United States Court of Appeals for Veterans Claims  
 Administrative Office of the United States Courts  
 Federal Judicial Center – *Note: The Federal Judicial History Office; The Education Division; Federal Judicial Center Foundation.*  
 United States Sentencing Commission

*Also consider support positions for history-related institutions in fields such as finance, public affairs, marketing, human resource management, information management, or the law.*

### Executive Branch

**The President and Vice President**  
 Executive Office of the President – *Note: National Security Council, Office of Policy Development.*  
Executive Departments  
 Agriculture – *Note: National Agricultural Library.*  
 Commerce  
 Defense – *Note: U.S. Air Force, Air Force Historical Research Agency; U.S. Army, Army Center of Military History; Defense Threat Reduction Agency; U.S. Marine Corps History Center; U.S. Navy, Navy Historical Center.*  
 Education – *Note: Teaching American History Grant program.*  
 Energy – *Note: Office of History and Heritage Resources; Museums, Historic Buildings, and Public Tours.*  
 Health and Human Services  
 Homeland Security – *Note: Coast Guard Historian's Office.*  
 Housing and Urban Development  
 Interior – *Note: National Park Service.*  
 Justice  
 Labor  
 State – *Note: Office of the Historian.*  
 Treasury – *Note: Office of the Curator.*  
 Transportation – *Note: Office of the Historian.*  
 Veterans Affairs  
Independent Agencies & Government Corporations  
 Advisory Council on Historic Preservation  
 Central Intelligence Agency  
 Institute of Museum and Library Services  
 National Aeronautics & Space Administration – *Note: History Office.*  
 National Archives and Records Administration  
 National Endowment for the Arts  
 National Endowment for the Humanities  
 Social Security Administration – *Historian's Office.*  
Boards, Commissions and Committees  
 Commission of Fine Arts  
 Broadcasting Board of Governors – *Note: Voice of America, Radio Free Europe, Radio Free Asia, etc.*  
 Federal Advisory Committee  
 National Parks Foundation  
Quasi-Official Agencies  
 Smithsonian Institution  
 United States Institute of Peace  
 Legal Services Corporation  
 State Justice Institute

### All Branches of Government – All Levels

Numerous agencies specializing in history, historic preservation, libraries, museums, research and policy institutes exist at state and local levels. At all levels, graduates in history will find opportunity in civil, foreign, or military service, politics itself, and, given legal training, in the judiciary. Further details on federal organizations, consult <http://www.usa.gov/Agencies.shtml>. Consult the Web for state and local organizations.

### Legislative Branch

**The Congress**  
 U.S. Senate – *The Senate Historical Office*  
 U.S. House of Representatives – *Office of the Historian, U.S. House of Representatives.*  
 Agencies that Support Congress  
 Architect of the Capitol  
 Congressional Budget Office  
 Congressional Research Service  
 Copyright Office  
 Government Accountability Office  
 Government Printing Office  
 Library of Congress  
 Medicare Payment Advisory Commission  
 Open World Leadership Center  
 Stennis Center for Public Service  
 United States Botanic Garden  
 United States Capitol Visitor Center

Advanced degrees are generally required for history-related government careers.

## Appendix D – Business and Academic Resources

The greater your understanding of how business is organized, the more numerous connections can be made with academic subjects. Begin here, then carry out your own research to fit your interests and career goals.

### Business Resources

To produce or distribute goods and services, a variety of resources are required. Five categories are described below, each pointing to a distinctive cluster of job specialties. Be aware that none of these resources are employed singly or in isolation; all are called upon to varying degrees in every business position. An understanding of the nature of business positions not only helps assess career choices, but adds a valuable dimension to the study of history.

**Human Resources** are, of course, the people who staff business at all levels. Dealing effectively with people is a central requirement in business; institutional history provides evidence of business organizations which have succeeded, and those which have failed. Motivation, behavior, leadership, and related qualities, mirrored by business history, are important in understanding social and economic development.

**Physical Resources** involve buildings, land, and equipment, as well as raw material and finished products. The history of science and technology reflects the contribution of physical resources to society's material development. Business structures and artifacts can also serve the more specialized interests of historic preservation, bringing practical benefits to their owners, and serving as springboards for community renewal.

**Financial Resources** are represented by funds and other forms of financial obligation. Generated internally from operations, raised externally as capital or contracted externally as debt, the management of a business' financial resources furnish case histories on which to base an investigation of diverse issues such as the creation of wealth, the effects of taxation, and the role of national interests in international trade.

**Information Resources** consist of recorded data used to conduct business. Information may be in the form of text, numbers, symbols, images, and sounds; it may be acquired, stored, transformed, and transmitted by a variety of media and technologies. Information management techniques support the study of history as well as the management of an enterprise. Binding other categories of resources together, information should be studied in multi-disciplinary context.

**Intangible Resources** are customarily made up of assets such as copyrights, patents, trademarks, and good will. The concept is broadened here to include legal, ethical, and moral concerns, as well as matters dealing with attitudes, such as "corporate culture". Business practice, no less than business history, is defective without reference to morality, personal, intellectual and property rights and knowledge of customs and traditions.

### Related Academic Studies

To supplement core history requirements, consider elective studies which strengthen logical, critical, and analytic thinking. General knowledge of economics, and the ability to express oneself in written English, and orally, is no less essential. The more specialized options outlined below should be chosen to reinforce historical studies; they also provide a means to test individual interest connected to specific career goals.

**Human Resources** – Select subjects which focus on the human condition revealing patterns of behavior and of motivation. They may be found in comparative literature courses, ideally taken in tandem with a foreign language, and respective area studies. Other studies: Social sciences (anthropology, sociology, psychology), business administration, human resource development.

**Physical Resources** – Knowledge of the physical sciences are of special significance for making rational decisions from competing claims of scientists and engineers; knowledge of the scientific process itself is essential. Other courses: Life, or natural sciences, engineering. For more specialized interests: Historic preservation, urban and regional planning, architecture.

**Financial Resources** – The language of finance is accounting; accounting bridges business and finance, conveying commercial transactions into their representation in terms of currency. Courses to study: Accounting, finance, financial analysis; business administration; mathematical sciences (calculus, number theory, probability, statistics, and basic business mathematics).

**Information Resources** – The historian is the quintessential information manager. Archival and records management studies represent one end of the spectrum; computer, information and library sciences, another. English, communications, and courses emphasizing quantitative and qualitative analysis are also important. Art, marketing, communications and political science can each, in its own way, contribute to knowledge of conveying information.

**Intangible Resources** – Master the ethical dimensions of life in general (not restricted to "business ethics", or "computer ethics"). Study religion, then ethics, philosophy, and logic. Consider law in its historical context, with reference to the development of legal concepts upon which capitalism is founded. Study the nature and development of professional ethics.



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### **Academy of Accounting Historians**

*Objectives:* “encourage research, publication, teaching and personal interchanges in all phases of Accounting History and its interrelation with business and economic history.”

*Journal:* Accounting Historians Journal

### **Business History Conference**

*Objectives:* “encouraging all aspects of research, writing, and teaching of business history and the environment in which business operates.”

*Journal:* Enterprise & Society

### **Cliometric Society**

*Objectives:* “an academic organization of individuals interested in using economic theory and statistical techniques to study economic history.”

*Journal:* Explorations in Economic History

### **Economic History Society**

*Objective:* “support research and teaching in economic and social history, broadly defined.”

*Journal:* Economic History Review.

### **Economic History Association**

*Objectives:* “encourage and promote teaching, research, and publication on every phase of economic history, broadly defined, and to encourage and assist in the preservation and administration of the materials for research in economic history.”

*Journal:* The Journal of Economic History

### **Harvard Business School**

*Journal:* Business History Review

### **International Association for Business and Society**

*Objectives:* “a learned society devoted to research and teaching about the relationships between business, government and society.”

*Journal:* Business & Society

### **National Council on Public History**

*Objectives:* “dedicated to making the past useful in the present and to encouraging collaboration between historians and their publics.”

*Journal:* The Public Historian

## Colophon

The text of this guide was set in  
Adobe Garamond®  
with  
Hypatia Sans and Narkisim  
for section heads and captions.

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• TEACH HISTORY • PRACTICE AS AN HISTORIAN • CONSULT AS AN HISTORIAN • PRESENT HISTORY THROUGH THE MEDIA • MANAGE & INTERPRET HISTORICAL RESOURCES • PRESERVE & CONSERVE HISTORICAL RESOURCES • PROVIDE SERVICES TO SUPPORT HISTORICAL ORGANIZATIONS • APPLY HISTORIANS' KNOWLEDGE & SKILLS IN YOUR PROFESSIONAL, PERSONAL, & CIVIC LIFE •