THE HISTORY OF BABSON INSTITUTE

Babson Institute was founded by Mr. Roger W. Babson in 1919 with the purpose of training young men in the fundamentals of business leadership. His idea was to give them a thorough understanding of the periodical fluctuations to which business is subject with the idea of reducing or preventing in the future these times of over-expansion and depression and the resulting evil consequences to business and to individuals. From its founding, the Institute has not been interested in helping men to make money per se, but rather to prepare men to enter business with the desire to render service and to develop right habits that make for true business success.

He also believed that the way to learn is to do. In learning to swim, the first step is to get into the water; just so, it is not strange that the school was organized that young men may learn the fundamentals of business by actually doing at the same time they are studying, and so Babson Institute has been a careful blending of the practical and the theoretical and is an innovation in the American educational system, unique in its foundation, its set-up, its purpose, and its methods.

In the fall of 1919, the school opened with about twenty-five students. A house at 31 Abbott Road, formerly the home of Mr. and Mrs. Babson, was used as the one and only school building that year. Soon afterward, however, the Babson Statistical Organization moved into its present quarters, after which the Institute moved into the Organization’s old building on Washington Street. When we think of this very humble beginning and see the huge Campus and equipment which now exist, we can not but be impressed by the great progress that the school has made in but twelve years.

During the first two years of the Institute, Mr. Babson was president, and in the fall of 1921, with the incorporation of the Institute under the Educational Laws of Massachusetts, he became chairman of the Board of Trustees, and Dr. Coleman came to the Institute as president, which position he has held ever since. It is a wonderful thing that these two great men have got together to focus their interests on one great goal. They have but one purpose, one end in view, as Mr. Babson puts it: “We both were aiming at the same results, but Dr. Coleman started with the masses at Ford Hall, and I started with the bankers on Wall Street.”

While the school was located on Washington Street, Mr. Babson was gradually acquiring for the Institute a large tract of land which is partly
in Wellesley and partly in Needham. This land was later to become known as Babson Park; 125 acres are owned by the Babson Institute, and the remainder by the Babson Park Company. The Administration Building, the Richard Knight Auditorium, given by Mrs. Babson, the Lyon Building, and the Bryant Building were all built in 1923. The Peavey Gymnasium and Park Manor South were built in 1924, and the Coleman Map Building in 1925. In addition to these buildings there has sprung up, under the ownership of the Babson Park Company, an office building, a post office, a store, and a garage, offering facilities to the students of the school, all of which make Babson Park quite a community in itself.

Within the last year a very modern radio broadcasting station, headquarters of Station WBSO, has been completed; also an ultra-modern dormitory, at a cost of over a quarter of a million dollars, has been finished. This new Park Manor has added greatly to the housing facilities as well as to the comfort of the students. It is considered one of the most modern dormitories of its kind in the country.

The Institute student body has shown a great increase every year since its existence. This year over 145 students will have passed through its doors. The distribution of the student body is considered to be one of the greatest for its size of any school in the country, representing thirty-two states and two foreign countries.

Babson Institute will never be a great deal larger than it is at present, as its purpose is to train by the small conference group plan where the acme of personal attention can be given to every man. However, its traditions, fame, and reputation will go on ad infinitum.
LYON STUDY GROUP

BUSINESS TRAINING

It would be far from fitting to leave out mention of the more serious side of our life here at Babson Institute. Here, where we learn by doing, it would take far too long to tell the whole story of our laboratory methods, so we will try simply to scan briefly the high lights of the past year.

The first thing that happened when we arrived was to be given an office desk and the use of telephone and ediphone service in a brick office building. Here we were immediately taught business hours and business methods. Our work began promptly at eight-thirty in the morning and it was five o'clock before we were free to ourselves.

The Distribution Course included Business Law, Marketing, Economics, Forecasting, Advertising, Advertising Management, Sales, Sales Management, Public Speaking, and Business Correspondence. The classes were run on the small conference group plan. There was very little field

ECONOMICS CONFERENCE
work in this division, the only two trips taken were to the Christian Science Monitor, and to the Boston Produce Market. Sales demonstrations were given by students ranging from Austin Cars to Investment Trusts. It would be impossible to evaluate the different classes as they were all pertinent and practical.

Every Wednesday morning during the last hour, we had Public Speaking under the eminent Dr. Matthews. These classes were not only helpful, but very entertaining. Subjects for discussions ranged all the way from the immortality of the soul to arguments against marrying at a youthful age. The final meeting of the class was in the form of a banquet in the Park Manor dining room. This was certainly a most fitting climax to this course and was an event that will be well remembered by all.

An annual feature of the Advertising Class has been the writing of an advertisement for The Babsonian by the students. The contest this year for the best advertisement for the Babson Institute was won by Thatcher P. Laquer. This advertisement appears in the Advertising Section of The Babsonian.
Late in the fall Dean Millea started to hold open forum sessions at his home Sunday evenings. The Dean made it plain that everyone was welcomed. Once a week a group of more or less philosophically-minded students met and definitely settled questions that theologians have been arguing about for centuries. On several occasions Dean Millea escorted a delegation to the home of Mr. Babson where most enjoyable evenings were spent in conversation with the honored founder of the school.

The old time clock, which received its daily quota of punches, was not the only thing that became a habit. Friday afternoon Industrial Movies were just as much a part of our life as our meals. We soon found that the number of times we got hit on the head with beans, tin cans, shoes, or what not were in inverse proportion to the timeliness and interest of the particular picture. It would have been impossible to have travelled all over the United States to visit all kinds of factories, mines, stores, and the like, but it was no trick at all for the school to bring them right to us by means of the celluloid.

After solving the problem of demand creation, forecasting prices,
learning how to tramp on a sound economic footing, and eventually marketing our product, we changed to our course of how to produce them. The courses in this group were: Factory Management, Business Administration, Psychology of Business Judgment, Psychology of Business Management, and Industrial Relations. This group was likewise composed of discussions and problems arising from the management and direction of business. By going over a large number of situations, which cause friction in the smooth running of a plant, a common sense attitude in the handling of production difficulties and personnel problems was soon developed.

In the Production Division came our real dose of field work. Every Tuesday afternoon at twelve-thirty, Dean Millea led a long stream of cars out of the Park Manor driveway headed for some nearby plant. These visits were both interesting and instructive, and the reports which had to be written on them later certainly kept the boys out of mischief. A few of the plants visited were: The Ford Motor Company; The H. P. Hood and Sons, Incorporated; Clicquot Club Company; American Woolen Company; Ayer Mills; the Pacific Mills; Walk-Over Shoe Factory; The Dennison
A LECTURE IN HYGIENE

Manufacturing Company; the Industrial Exposition at Babson Park; The Loose-Wiles Biscuit Company; Lever Brothers Soap Company; The Boston Woven Hose Company; B. F. Sturtevant Company; Salada Tea Company; The New England Structural Steel Company; The Stetson Shoe Company; The William Carter Underwear Company; Hood Rubber Company; Pneumatic Scale Corporation; General Electric Plant at West Lynn; General Electric, River Works; and the Edison Lamp Works.

The Psychology courses are a combination of personnel work, the psychology of selecting men and the development of a personal philosophy of life. Several trips were taken in connection with this course: to a conference on mental hygiene and employment at the Twentieth Century Club at Boston, to the Waverly School for the mentally deficient, and to the Worcester Insane Asylum.

It was about this time that we became acquainted with Dr. Wilcox. Public Speaking ended shortly after the beginning of the second quarter and a course in Hygiene immediately followed. Babson Institute not only stands for mental hygiene in business, but physical and
spiritual hygiene as well. Dr. Wilcox, one of the foremost physicians and surgeons in the vicinity of Boston, was most admirably qualified to give this course of lectures. His talks were readily received by the students who benefited greatly from them.

Equally interesting were the series of lectures delivered by Dr. Ford A. Carpenter of the Los Angeles Chamber of Commerce. Dr. Carpenter is one of the foremost authorities in the world on aeronautical meteorology and is an annual guest for a period of lectures. Dr. Carpenter's talks were illustrated with slides that he had personally compiled and he impressed the student body with the great future of aviation. Since an airport is in the process of construction on the Institute Campus, it was of particular interest to us all.

Speaking of lecturers reminds one of the weekly Saturday morning talks in the Richard Knight Auditorium. Dr. Coleman presided at these meetings and it was an education in itself to see him handle such assemblies, as he is generally recognized as one of the foremost chairman in the country and is in constant demand at meetings of all types. The
following business leaders were among the speakers: Mr. William H. Shumway of the William H. Shumway Personnel Company of Boston; Mr. E. Grosvenor Plowman of the University of Denver, a leader in the Statistical field; Mr. Daniel Bloomfield of the Retail Trade Board of the Boston Chamber of Commerce; Dr. Everett C. Herrick, President of the Newton Theological Seminary; Miss Doris Hayes of the Fairchild Trade Publication of Boston; Mr. E. L. Chase of the Babson Park Personnel Company, another vocational speaker; Mr. Lawrence P. Tolman, Vice-President of the Certified Industries of Boston; Mr. Hugh D. Butler, Director of the Foreign and Domestic Commerce Office of Boston; Dr. Charles N. Arbuckle, Pastor of the First Baptist Church of Newton Center, Massachusetts; Mr. Earl Dean Howard, Vice-President of the Hart, Schaffner and Marx Company, Chicago; Mr. Leonard W. Cronkhite of the Leonard W. Cronkhite Company, Boston, an authority on the international situation; Mr. Thomas Dreir, The Thomas Dreir Service, an expert on monthly house organs; Dr. J. A. Burns, President of the Oneida Institute, Oneida, Kentucky, a unique educational enterprise; Mr. Stewart Girriel, Sales Counselor to the leading paint and varnish manufacturers in the United States, a sales executive par excellence; and Mr. Charles Ward of the Appenzeller, Allen and Hill Company of New York City.

After the three months of Production came Finance. Soon we began to read the financial pages of the daily paper more religiously than the sports or comics. Nearly every one bought a few thousand dollars' worth of stocks on paper and we were off on a temporary career of high finance. This course included Accounting, Taxation, Investments, Corporation Finance, and Statistics. Oh! what a headache that last-mentioned subject was to many of us. It was not long before every one realized what an exact science the general subject of financing anything or everything really is. Accounting and Taxation taught us the art of keeping track; Investments taught us the general set-up of the things financial and taught us how to analyze companies of all types. Corporation Finance showed us the various ways to organize companies; Statistics, the noble effort to try and know the why and wherefore of all the zigzags on all the charts. Trips were taken in Finance to the Federal Reserve Bank, Stock Exchange, and many brokerage houses in Boston.

Babson Institute is truly a very definite road to plenty—of hard work to the plentiful twin cities of success and happiness.
I have been advised by the Editor that this Babsonian is to be dedicated to Opportunity.

This creates in my mind a vision of Opportunity personified as an elderly gentleman knocking at a door, and, having briefly knocked, departing with a speed which belies his apparent age, and with an expression of evil joy on his face at not having been apprehended and detained by the party or parties on the other side of the door. He will not, according to popular legend, return to this particular door. He is the original "one-timer"—this "Old Man Opportunity."

I am prepared to admit that one has to be fairly quick on the trigger to lay the old fellow low, but despite the fact that I have heard it repeatedly stated that he knocks but once I do not believe it. On the contrary, I have ample evidence to prove conclusively that he knocks not once, but innumerable times—almost continuously. Quite a task for an old chap, to be going around knocking on doors continually, but then he's fast. Moreover, general belief notwithstanding, I have an idea that he likes his job.

The Alumni Association as far as opportunity is concerned is somewhat of a double-edged affair. As an organization it is blessed with an abundance of opportunity. To its present and prospective members it represents opportunity. But, curiously, this is not true unless its members and prospective members take advantage of their opportunity, which opportunity does not actually exist unless the Association takes advantage of its own numerous opportunities. Involved and poorly expressed, probably, but true nevertheless. In other words, it takes the combined efforts of the Association as such and its individual members to grasp the opportunities which the old man is handing out all the time—neither one can do it alone.

The Alumni Association has been and is growing. We will continue to do so and achieve the ends for which we are striving. In the past we have been able to throw "Old Man Opportunity" for a loss several times, and, consequently, to forge ahead toward our proper station in the usual order of things. To be sure, there have been times when it has not, for various reasons, been expedient to make a headlong dash to capture the old man when he has knocked at our door and we have had to forego the pleasure of "taking" him every time that he has shown up. However, gradually we grow stronger and more skillful and he need look for no quarter in the future.

I wish to welcome the members of the Class of 1931 into the Alumni Association—come along and help us take "Old Man Opportunity" into the camp. You will find it fair sport and valuable.
ACTION OF COMMODITY, BOND AND STOCK PRICES
WITH RELATION TO
TREND OF GENERAL BUSINESS
(1890-1931)

CHART OF BUSINESS DEPRESSIONS
OPPORTUNITIES

Roger W. Babson

An old saying runs somewhat as follows:—"Blessed is he to whom adversity comes in early life." This might be stated as "It is much better to start at the bottom of the ladder than at the top." The fishermen of my old home city of Gloucester say:—"Those who go up like a rocket, come down like a stick." The general philosophy of these sayings may be rather discouraging to those who graduated from the Institute in 1927-1928, during the height of prosperity; but should be very encouraging to those who are graduating in 1931.

The year 1931, possibly the year 1932 also, is destined to be a year of adversity. General business is bad, unemployment is great, few people have any money, politics are very confusing, conditions abroad are unsatisfactory, failures are running heavy, commodity prices are very low and most people are blue and discouraged. Therefore, you men now graduating must scratch for jobs and scratch even harder to keep them after you get them. Yes, you are surely having adversity early in life and hence are greatly blessed. So here's a hand, men, for you all. I envy you.

Looking back over the economic history of our country, there have been eleven important business depressions. The first one began in 1837 and they followed in 1847, 1857, 1865, 1873, 1884, 1893, 1908, 1907, 1914, 1921, and 1929. The Major Depressions started with the dates above in black, and they came about once in a generation, the theory being that each generation must learn its own lesson for itself. Hence you are very fortunate to learn your lesson at the beginning of your generation rather than at the close thereof. Moreover, I can speak from experience, having graduated from the Massachusetts Institute of Technology in June 1898, at the end of the great Major Depression of 1893-1898.
The greatest opportunity in business management today is that of pioneering in the new order of business which has as its keynote educated intelligence and controlled initiative.

Our business history is characterized by alternating periods of false prosperity and depression, the elimination of which is the most important task confronting men entering business. Such a condition is not an essential accompaniment of management and its causes are found to lie in business ignorance and personal selfishness. If business men analyzed markets properly and kept within reasonable bounds in supplying those markets, if the wide range between manufacturing cost and selling price were reduced by the elimination of wasteful distribution practices, if resources were properly budgeted, if business managers widened the range of their visions to cover long-term prosperity rather than immediate gain, if reason rather than desire were made paramount, the hills and valleys would soon be levelled automatically.

In order to accomplish this end, sound business principles must be identified as such and vicious business practices discarded. It is not necessary to fear the so-called mechanization of industry, for this industrial development serves but to increase the standard of living. Rather should we fear any retrogressive step which would bind men more closely to industry. The best and unanswerable argument in favor of short working hours is that the principle makes it possible for a man to be a man. Greater industrial development will still further fortify man’s position as man. Reasonable wages, regularized employment, and a proper working day form a combination which furnishes a market and a source of supply.

In an intelligently controlled business every individual serves a useful purpose. Business success is proportionate to the number of people served and the manner in which they are served. It is necessary to plan every step in every phase of business. Concentration on one and neglect of another prevent proper balance, lack of which results in periodic chaos.

The greatest bar to consistent business progress is the failure of the managerial incumbents to utilize logically their own natural capacities.
for development. Depressions can be stopped only during times of prosperity. When the structure topples it is too late.

It is almost tragic to observe the degree of contentment and optimism with which business men as a class smother themselves when "business is good." The medical profession is taking great strides in the direction of health preservation. Business should adopt principles analogous to those found in preventative medicine. It is not difficult. It requires merely patient, consistent direction of applied intelligence to the field of business.

The responsibility for intelligently planned control in business rests largely upon the generation now entering the field. Success will be long in coming and progress will at times be barely discernible. Yet nothing worth while is easy of achievement. To bear a share in the intelligent discharge of this responsibility is the greatest opportunity open to you men entering business.
All lines of business offer opportunities to the men who can either grasp or make them. It is not true, as the old adage would have us believe, that opportunity knocks at a man's door but once. Opportunities are continually knocking at the doors of all of us. And so whether it be in the domain of distribution, the field of finance, the province of production, the professions, or elsewhere, opportunities exist today as they always have existed and always will continue to exist.

What a young man is going to be able to make out of his life depends upon the character of the young man, the effort he is ready to put forth, and the sacrifices he is willing to incur, that he may achieve his ambition, whatever that ambition may be. His ambition may be to make money, to gain power, to win fame, or to serve humanity. He can attain to the realization of any of these ambitions in any honorable undertaking. But to accomplish his purpose requires the wise expenditure of twenty-four hours a day; that is, the utilization of his leisure as well as the efficient organization of his working hours.

Finance at once suggests banking. What, then, are some of the opportunities in banking? The percentage of failures among our commercial banks is appalling. That more than five per cent of all the commercial banks of the United States should have failed during the single year of 1930 is indisputable evidence that the banks of this country are not efficiently organized. That the depositors in these banks have been deprived of the use of nearly a billion dollars of money rightfully theirs is a situation that has created widespread and serious suffering.

Our banking difficulties have been due to a multiplicity of causes. Chief among which is the circumstance that our banks have been operated as local units with boards of directors too often made up of illiterates in investment understanding. A reorganization of our banks into larger units ought to result in fewer failures. The future of commercial banking in the United States would seem to offer excellent opportunities to the young men of today to make money, to gain power, to win fame, and to do so by serving humanity.

The East has been long settled and its natural resources, although not fully developed, have been largely utilized. The greater part of the West has been rather thoroughly, though not completely, exploited. The
South, however, is rich in resources that have remained untouched and is a field still open to the promoter and the investment banker. There are many wonderful opportunities for the young men of today to become investment bankers to the South of tomorrow.

These financial opportunities in the South, however, are not exclusive. There will always be opportunities for investment bankers in the East and in the West as well as in the South. Already the lives of the American people have been lengthened. Undoubtedly, the next generation will see a further prolonging of life. More and more attention will be paid to personal hygiene and to community sanitation. Companies organized to promote the health of the people should prosper and should offer excellent opportunities for financial gain in return for the social service rendered.

Ten years ago investment trusts in the United States were unheard of. Up to date the history of our investment trusts has presented a sorry outcome. But just as investment trusts survived early years of mismanagement in England, so will investment trusts in the United States come to be of real service to the American people. There are going to be many opportunities for the young men of today to do good and to make good money in the management of investment trusts.

The newest of all the professions is that of the so-called "investment counselor." To the man who can wisely advise his clients how to invest their money and more particularly to make their money grow by speculation, the opportunity to obtain financial return for service rendered is very great.
Dr. James M. Matthews

It is stimulating that the Babsonian Board of Editors have woven their editorial efforts this year around a theme. The idea is different. Things which are different have attraction and desirability.

The fact that Opportunity was chosen as this literary and philosophical nucleus has little to do with the situation,—and yet, Opportunity herself lies largest along lines and in situations which are unique. The editors deserve to place this year’s Annual in every graduate home and 100 per cent among the Alumni.

I think it was the elder Morgan who was reputed to have told a young man, seeking his vocational advice, that it made little difference what line of work he entered if he would play a game so strict and so undeviating in honesty as to make him different from the ordinary run of men in his line. “Your very uniqueness,” he said, “will attract people and business to you.”

We Americans are a great bunch of Babbitts most of the time. We live on a sort of psychological main street which brooks not of deviation. Our loudly vocal individuality is but a thin disguise to this quality of mind. We buy stocks when they are high and we sell them when they are cheap, and then wonder why we have Cycles. Bankers over-reserve in Depression and dangerously deplete reserves in periods of Inflation, and our financial structure cracks under the strain of over-expansion. American business builds factories six and seven and eight and nine and ten when skies are rosy, and these same factories are foreclosed for taxes or other debts a year or so later. We make a drive for Fall Trade; we do a “whale of a business” sixth months in the year, and close our doors the rest of the season. We stick to a policy of economic American provincialism in a world one-half as large as a century ago and calling for new policies and points of view, and wonder why this period of economic revival is so long delayed. We wrote books five years ago entitled “Mass Production The Way Out,” and everybody fell in line who could, and those who could not cursed themselves for their inability, and today we have a productive capacity at least 20%; beyond domestic consumption and with foreign outlets suspicious, incapable, or openly hostile.

It would have been supposed that the four outstanding fields of economic endeavor: Producing, Marketing, Dividing Profit, and Con-
suming should have been simultaneously developed and coordinated these hundred years since the Industrial Revolution. They have not been. We have given our chief attention to Production, until we have become up to very recently the marvel of the world and the host of varied visiting committees of investigation, eager to see how we worked this prosperity racket; and today we are worrying about our several million unemployed and the general business depression, and we are still wondering what country is responsible for our condition.

Can not the young men of this generation do something original—for here lies their Opportunity. Have we lost all imagination? Can we no longer pioneer in the field of Social and Economic and Intellectual, and even Religious endeavor, as our grandfathers pioneered the new nation? The new field is as fertile and as needful of careful exploitation, and far more difficult. It challenges the best that is in the American young man. It will not be satisfied by a Tea-Hound, a Jazz Artist, a "Nincompoop," or a "Copper Stomach." The whole capitalistic and factory system, both national and international, call for the closest interdependency and coordination and cooperation of classes. The very theory of the system itself is division of occupations and responsibilities. Yet dog eat dog, class hate class, and group exploit group, is still too strongly the motivating philosophy which can only bring our system to ruin.

Do you still remembe my old stuff on the Evolution of Competition? It is still worth following.

Stage 1—"Dog Eat Dog." "Every Man for Himself and the Devil Take the Hindmost."—Chaos.

Stage 2—"Live and Let Live." Our fathers' philosophy (God bless them). —Good, but negative.—Uncertainty.

Stage 3—"Live and Help Live."—Cooperative competition, coordination,—planned, active, and positive.—Stability.

Never was Opportunity so bright for setting things in their proper relation, and thereby challenging effectively the communistic coordination and scientific planning which we dare not ignore and which must inevitably be forced upon us if we do not set our economic house in order.—And all this is merely waiting for a generation which dares to put a degree of originality where economic conformity has ruled so long.
"It is generally recognized that the use of explosives will be greatly extended to everyday needs."