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MEMORIAL

Lawrence Revsine: Influential Teacher and Author

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A REVIEW OF HIS CAREER

Lawrence Sherwin (Larry) Revsine was born on May 29, 1942 in Chicago. He was a master teacher at Northwestern University, an advocate of replacement cost accounting with physical capital maintenance, an author of numerous perceptive and thoughtful articles, and the lead author of an innovative intermediate-level financial accounting textbook.

Revsine, who never used his middle name or initial, grew up in the North Lawndale neighborhood of Chicago's west side and graduated from the Chicago Jewish Academy (today the Ida Crown Jewish Academy). His father, Victor, was a CPA in his own firm, V. B. Revsine & Company, at 110 S. Dearborn Street in Chicago's Loop. After studying for one year at the University of Illinois' Navy Pier campus, he enrolled at Northwestern University in north suburban Evanston, where he completed a B.S. in accounting in June 1963. He married Barbara Sue Epstein on December 22, 1963, once she had completed her own bachelor's degree at Northwestern.

Revsine received an M.B.A. from Northwestern in 1965, majoring in finance, and, finally, a Ph.D. in accounting in 1968. His thesis title was "Replacement Cost Reports to Investors: A Relevance Analysis." He liked to joke that his decision to pursue the doctorate should be credited to President Lyndon B. Johnson, who imposed conscription during the war in Vietnam for married men without children who were not students. To avoid the draft, he enrolled in the Northwestern Ph.D. program, and was helped financially by twice receiving a Ford Foundation Doctoral Fellowship in Business and other scholarships. He had become a CPA in 1963, and between his bachelor's and master's degrees, he spent a year on the staff of Peat, Marwick, Mitchell & Co. in Chicago.

He joined the University of Illinois at Urbana–Champaign in February 1968 as an assistant professor of accountancy, and became an associate professor in 1970–1971. At the end of that year, he returned to the Graduate School of Management (which in 1979 became the J. L. Kellogg School of Management) at Northwestern University as an associate professor of accounting and information systems. He became a tenured full professor four years later. There he remained, save for 1974–1975, when he visited the University of Wisconsin–Madison, for the remainder of his career, in 1979 becoming the Eric L. Kohler Professor, and in 1986 the John & Norma Darling Distinguished Professor of Financial Accounting.

In April 1971, Revsine and Nicholas Dopuch convened a conference on accounting research at the University of Illinois, and the published proceedings, which they jointly edited, appeared as *Accounting Research 1960–1970: A Critical Evaluation* (1973). Once at Northwestern, he and Alfred Rappaport directed a conference in October 1971 on financial reporting, the proceedings volume from which was published under their joint editorship as *Corporate Financial Reporting: The Issues, the Objectives and Some New Proposals* (1972).

In 1973, he drew heavily on his Northwestern doctoral dissertation to write a 194-page book, *Replacement Cost Accounting,* in a series for Prentice Hall, Inc. entitled Contemporary Topics in Accounting, which was edited by his senior Northwestern colleague Alfred Rappaport, who had been an active adviser on his thesis committee. Revsine's expertise on replacement cost accounting, also evidenced in a number of articles and essays he wrote in the 1970s, led to his appointment to

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the Securities and Exchange Commission's (SEC) Replacement Cost Advisory Committee in 1976–1977, following issuance of the SEC's Accounting Series Release (ASR) No. 190, which required a set of large companies to provide replacement cost information in supplementary disclosures to their financial statements filed with the Commission.

In 1977, as chair of the American Accounting Association's (AAA) blue-ribbon Committee on Concepts and Standards for External Financial Reports, he directed the committee's work and drafted most of its report, *Statement on Accounting Theory and Theory Acceptance*. In the same year, he wrote a 23-page monograph, *Accounting in an Inflationary Environment* (1977a), for the public accounting firm of Laventhol & Horwath.

But pride of place in his books and monographs belongs to his innovative, intermediate-level textbook, *Financial Reporting & Analysis,* initially published by Prentice Hall in 1998 with Daniel W. Collins and Revsine's former Northwestern colleague, W. Bruce Johnson. The book is currently in its sixth edition, now with McGraw-Hill and additional coauthors.

All of these works, plus a sampling of his more than 40 articles and book chapters, will be discussed below, as will his many accomplishments as a teacher.

Foremost among his service contributions were the following: During the 1970s, he was a member of the AAA's Doctoral Consortium faculty on three occasions, and in the 1980s, the Financial Accounting Standards Board (FASB) tapped him for two of its task forces. From 1992 to 1995, he was a member of the FASB's Financial Accounting Standards Advisory Council. He twice served on the AAA's Financial Accounting Standards Committee, in 1976–1978 and 1989–1992, and he was on the editorial boards of *The Accounting Review* (1971–1974, and as editorial consultant, 1977–1980), *Journal of Accounting and Public Policy* (1982–2007), and the U.K. journal, *Accounting and Business Research* (1986–2007).

In 1991, Revsine served as the AAA's Distinguished International Visiting Lecturer in Accounting to universities in Eastern Europe, including Hungary, Poland, Finland, and the USSR. In 1992, he received the AAA's Outstanding Accounting Educator Award, and he received the same recognition from the Illinois CPA Society the following year.

On the non-academic side, Larry was an avid fan of the Northwestern University football team and the Chicago White Sox baseball team, and he saw the former go to the Rose Bowl and the latter win the World Series. His automobile license plate read "NU 1965." As a gardener, he could be counted on to discuss climate zones for flowering plants and to keep an eye on the Northwestern University oak grove so he could alert Buildings and Grounds if a tree needed attention. An engaging conversationalist, Larry could talk about politics, travel, food, aviation safety, and, of course, his family.

He died on May 7, 2007, in Chicago, from complications resulting from leukemia. His surviving family members are his wife Barbara, a long-time food writer in a wide variety of publications, daughter Pamela, son David, and brother Bernard.

SELECTED MAJOR PUBLICATIONS

Books

Both of the two proceedings volumes that Revsine coedited in the early 1970s were reports on very timely conferences. The one on accounting research, with Nicholas Dopuch (1973), contained critical commentaries on the important work done during the 1960s on normative, managerial, behavioral, and empirical research in accounting. The opening essay by Carl L. Nelson, "A Priori Research in Accounting," has been widely cited for his critical analysis of writings published during what he called the "golden age" of normative research in accounting (1973, p. 4). The proceedings from the conference on financial reporting, coedited with Alfred Rappaport (1972), focused both on the institutional framework for formulating financial reporting standards and on the objectives of financial statements, while the American Institute of Certified Public Accountants' (AICPA) Wheat and Trueblood Study Groups were deliberating on these very topics (see Zeff 2015, 2016).

Notable among Revsine's research writings is his 1973 monograph, *Replacement Cost Accounting*. In this book, he adopted a normative cash flow model, following a number of earlier writers, to enable long-term equity investors to estimate the amount and variability of future dividend flows from their investments. His next step was to look at the enterprise's distributable operating flows: "Since these operating flows represent a major portion of total enterprise flows, they constitute a prime determinant of future dividends" (pp. 47–48). "Thus," he wrote, "our examination of the predictive ability of replacement costing will focus on the ability of this concept to predict distributable operating flows" (p. 48). After further analysis, he concluded that "replacement cost income," that is, "current operating profit" according to Edwards and Bell (1961), "has the *theoretical* potential to improve estimates of future distributable operating flows" (p. 137; emphasis in the original). He, therefore, subscribed to the physical capital maintenance concept, relegating Edwards and Bell's (1961) "realizable cost savings," or holding gains, to the category of wealth enhancement, to be taken directly to the shareholders' equity section of the balance sheet (pp. 90–92). Revsine conceded that empirical support for this choice was still wanting.[1] He

[1] For a thorough review of Revsine's book, see Swieringa (1974).

continued to embrace this normative model in his subsequent writings, and in a comprehensive essay on the two capital maintenance concepts, he said he was "skeptical about the economic interpretation of the resulting income number" when including therein the realizable holding gains (Revsine 1982, 92). In "Let's Stop Eating Our Seed Corn" (1981a), published in the *Harvard Business Review,* he elaborated his argument that financial accounting must place emphasis on companies' maintenance of physical capital, else industry might run the risk of not preserving its future productive capacity.

In his Laventhol & Horwath monograph, cited above, Revsine (1977a) gave sympathetic coverage to the FASB's 1974 exposure draft, which had since been withdrawn, on the use of general price-level (GPL) accounting in a supplementary set of financial statements. He also explained his approach to replacement cost accounting, and at the end of the monograph, he showed how both GPL accounting and replacement cost accounting can assist decision makers. Publication of the monograph, whose intended readership was apparently the preparers and users of accounting information, followed on the heels of the SEC's ASR No. 190, mentioned above, requiring the supplementary disclosure of replacement cost information.

As early as the 1980s, Revsine believed that the educational market required an intermediate-level accounting textbook that, while comprehensive in coverage, was not fixated on the technical details of standards and practices, but instead focused on the meanings that students, as future users, could extract from the financial statements. He also wanted to reveal to students how company managers sometimes introduced bias into their reported figures. He himself began drafting chapters for such a book, on accounting for inventories, receivables, fixed assets, leases, pensions, and inflation, which he used in his classes at Northwestern. As coauthors, he enlisted Daniel Collins and Bruce Johnson, both at The University of Iowa. They published their first edition in 1998 with Prentice Hall. An admirable book, it was widely adopted both in M.B.A. programs and at the undergraduate level, and it came out also in a Canadian edition. Of the book, Collins has written as follows:

> There is no doubt that Larry Revsine was the driving force behind the book, and it was something he believed in passionately. He believed, as Bruce and I did, that the way that traditional upper level financial reporting textbooks approach accounting was all wrong, particularly for the MBA audience. He understood the important role that accounting numbers played in management bonus plans and debt contracts and what incentives this provides for management to manipulate the numbers in ways that did not always reflect the underlying economics of the firm. So we set about writing a financial reporting textbook from a user's perspective that explained not only how the alternative accounting methods work, but how management could sometimes exploit the flexibility in generally accepted accounting principles (GAAP) to "conceal" rather than "reveal" the true performance of a company.[2]

Coauthor Johnson recalls their first-edition experiences in the following way:

> Larry was relentless in his commitment to the book and its goals. As the first edition manuscript evolved, it was not uncommon to receive a mid-day phone call from Larry expressing his heart-felt concern about some element of your assigned chapters: Should the numerical example use beginning- or end-of-period payments? Can the intuition behind a particular mathematical expression be better conveyed in words rather than symbols? Does "bad debt expense" meet the accounting definition of an expense or is it a contra-revenue item? Conversations on topics such as these often might last two or three hours.
>
> Larry was a gifted writer. He had perfected a voice for expressing in simple terms accounting matters that are complex and nuanced. He favored short sentences. He labored tirelessly to ensure that our writing conveyed a common voice. This penchant for clarity, brevity, and the clever turn of phrase is still evident on nearly every page.[3]

Chair of the AAA Committee on Accounting Theory

From 1974 to 1976, Revsine chaired the AAA's Committee on Concepts and Standards for External Financial Reports. Its assignment was, as he said in the preface, "to write a statement that would provide the same type of survey and distillation of current thinking on accounting theory as *A Statement of Basic Accounting Theory* (*ASOBAT*) (1966) provided in an earlier decade" (Committee on Concepts and Standards 1977, ix). After two years of intense and sometimes fractious deliberations, which truly challenged Revsine's enviable ability as chair, the committee produced a statement *about* accounting theory, not a statement *of* accounting theory. As he wrote in the preface, so many fundamental changes had recently occurred in the "tools, perspectives, and analytical techniques" used by accounting researchers that "there are no easy theoretical answers to many of the urgent problems faced by the profession" (p. ix) The committee concluded, in *Statement on Accounting Theory and Theory Acceptance* (Committee on Concepts and Standards 1977, 1), "In the view of this committee, a single universally accepted

[2] Memorandum supplied by Collins to the authors on August 28, 2015.
[3] Memorandum supplied by Johnson to the authors on September 7, 2015.

basic accounting theory does not exist at this time." The committee was composed of nine members, and several subscribed to very different world-views of accounting theory: Joel S. Demski (information economics), Robert R. Sterling (exit value), George J. Staubus (decision usefulness with a cash orientation), and Revsine (entry value), among others. One can imagine the daunting task that confronted the chair in trying to manage the drafting of a report to which all of the committee members could subscribe, but Revsine, ever the diplomat and good listener, managed the assignment with his usual unflappability. While the committee members collectively drafted the long Chapter 2 on alternative theory approaches, Revsine coordinated this work and drafted the other four chapters mostly by himself.[4]

Articles

While at the University of Illinois, Revsine, together with James Wesley Deskins and Frederick L. Neumann, proposed a course on research methodology for candidates for the master's degree in accounting (Deskins, Neumann, and Revsine 1970). The authors laid out an extensive syllabus that drew on more than three dozen books and articles, and they gave the reasons for their selections. This was a very early article evidencing the emerging importance of research methodology in preparing accounting practitioners and researchers.

Revsine and James B. Thies (Thies and Revsine 1977) also made a contribution to research methods in inflation accounting by discovering that the Compustat data on capital expenditures were not produced in a way that facilitated the standard process to approximate inflation-adjusted numbers. Rather, inflation accounting researchers were advised to use information directly from firms' 10-K reports to the SEC.

Perhaps owing to the publication by Revsine of an article (1970a) based on his doctoral dissertation on replacement cost accounting, he was commissioned by the AICPA's Trueblood Study Group on the Objectives of Financial Statements, whose influential report, *Objectives of Financial Statements,* was published in 1973, to write two papers in the Study Group's companion volume of supporting essays: "Replacement Cost Accounting: A Theoretical Foundation" (1974a) and "A Test of the Feasibility of Preparing Replacement Cost Accounting Statements" (1974b). The first paper was the conceptual argument, largely drawn from his 1973 book, and the second was a study of the practicability of implementing a replacement cost system in a company producing electronic equipment.

Over the course of his career, Revsine made many contributions to the academic accounting literature (including 15 articles in *The Accounting Review*),[5] as well as to the literature aimed at practice (*Journal of Accountancy, Harvard Business Review,* and *Financial Analysts Journal*). A major early focus of these articles was on how financial reporting can most effectively reflect relative and general price changes (collectively known as "inflation accounting"), following in the wake of a major AICPA research study (Staff of the AICPA Accounting Research Division 1963) and treatises by Edwards and Bell (1961), Chambers (1966), and Sterling (1970), and in response to the increasing U.S. inflation in the 1970s.

Accounting methods under changing prices provided a laboratory for Revsine to examine more general issues in accounting. For instance, the lack of consensus on which method should be chosen (if any) to reflect inflationary forces had led some authors to suggest that multiple methods be reported, so that financial statement readers could benefit from whichever statements they found most useful. In "Data Expansion and Conceptual Structure," Revsine (1970b) reviewed the psychological literature on decision making in this reporting context and cited studies showing that, beyond some point, additional information reduces the ability to make judgments. He emphasized the need for empirical research to identify external users' data needs and processing capabilities.

In a 1971 article entitled "Predictive Ability, Market Prices, and Operating Flows" and a 1985 article entitled "Comparability: An Analytic Examination," Revsine used inflation accounting to examine two "desirable characteristics" of financial reports—predictive ability and comparability. In the former article, he argued against evaluating alternative income measures based on their ability to predict future measures of income. He posited that the object of prediction should be a measure based on "real events" (e.g., distributable cash flows), not on an artifact of the accounting process: "the criterion for assessing predictive efficiency must be related to the object for which a prediction is desired" (1971, 489). In 1985, Revsine ventured into the modeling literature. In "Comparability: An Analytic Examination," he developed a formal comparability model to test the relative comparability of historical cost versus current cost balance sheet numbers. He showed that neither approach satisfies comparability and that "comparability is *both* an attribute of the information system and also dependent upon certain features of the decision setting" (p. 2; emphasis in the original). He intended his model to be "a starting point for analyzing the potential effects of various measurement alternatives on the efficiency of resultant resource allocations" (p. 2).

[4] The second author of this article was a member of the committee.
[5] Heck and Bremser's (1986) examination of six decades of authorship in *The Accounting Review* found that Revsine and Joel Demski were tied (at 13) for most articles published in the two decades between 1966 and 1985.

In 1976, as noted above, the SEC required that large companies make supplemental disclosures using replacement cost accounting. Application of replacement cost accounting requires a method for dealing with technological change. When measuring replacement cost for a company whose productive assets have been subject to technological change, should one use the replacement cost of the existing (old) assets or of the productive capacity using the new technology? The latter approach, which Revsine called NewTech, was required by the SEC, rather than the former approach, which he called OldTech. In "Technological Changes and Replacement Costs: A Beginning" (1979), he examined this choice and showed that, when asset markets are perfect, NewTech and OldTech produce the same accounting rates of return. He then turned his attention to estimation problems caused by imperfections in the markets for new and used productive assets. When used asset markets were active with available prices, he showed that OldTech required fewer estimations than NewTech. He also considered the effects of various market frictions on the measurement errors of both methods. Revsine's conclusion was that "various measurement problems exist which tend to make one method preferable to the other under certain conditions" (p. 319).

In 1981, on a commission from *The Accounting Review,* Revsine wrote a review article on Edwards and Bell's celebrated treatise, *The Theory and Measurement of Business Income* (1961), on the occasion of the 20th anniversary of its publication. This article was a major undertaking, and he composed a trenchant analysis of the authors' argument. At some length, he debated whether the book belonged to the "true income" or the "decision usefulness" school. Both Revsine and Edwards and Bell favored entry price accounting, but they differed on two important issues: on whether financial capital maintenance (Edwards and Bell) or physical capital maintenance (Revsine) should be used, and on whether the focus should be on the *ex post,* "scorecard" view of accounting (Edwards and Bell) or on "the hypothesized predictive ability of the current value data" (Revsine 1981c, 352–353).

But Revsine's interests extended to other financial reporting issues, as well. One characteristic of most of his contributions is that they addressed an audience that encompassed not only his fellow academics, but also students, policy makers, company executives, users, and those in practice. He was, above all, a teacher, not only on his home turf at Northwestern, but also via the literature. Often, through the use of a well-constructed example, Revsine was able to illuminate the thinking behind an accounting standard or an accounting construct, or the fallacies behind a defective argument. The clarity of his thinking (and writing) is reflected in the fact that his articles were reprinted 19 times in books of readings. In the paragraphs below, we provide some examples.

In the 1970s, there was an active debate in the literature about the appropriateness of measuring and recording the value of the human assets represented by an organization's employees. Revsine, with David A. Dittman and Hervey A. Juris (two Northwestern colleagues), published "On the Existence of Unrecorded Human Assets: An Economic Perspective" (Dittman, Juris, and Revsine 1976). Their analysis of labor market forces showed that the training of employees could create a future benefit for an organization only when that training produces capabilities valuable *solely* to that organization *and* when employee mobility is somehow restricted. In a subsequent article (Dittman, Juris, and Revsine 1980), the same authors surveyed the Big 8 accounting firms (which do a lot of employee training) to determine how much of that training would be regarded as firm-specific rather than general. Based on assessments of the accounting firms' training directors, only a small amount of their employee training could be classified as firm-specific and having the potential to produce unrecorded human assets.

In 1975, the SEC issued ASR No. 177, which instituted a requirement that auditors express an opinion that, when a company changed an accounting method, it was moving to a preferred method. While such a requirement had already been on the books (under Accounting Principles Board Opinion 20, issued in 1971), it had obliged the company, not the auditor, to justify the preferability of the change. In general, the reaction by the audit profession to the SEC's shift in responsibility for preferability was unfavorable. In "The Preferability Dilemma" (1977b), Revsine pointed out that preferability assessments require an accepted set of objectives for financial reporting, and none existed at that time. He recommended that the FASB "establish a single set of objectives that would guide the entire profession," but he also noted the difficulties that such efforts invariably encounter. Finally, he drew attention to the illogic in auditors' contention that they were not then in a position to make preferability judgments on a defensible basis. He wrote, "If preferability cannot be established when accounting changes are made, it also cannot be established for those principles currently in use." How, then, can the auditor give a "clean opinion" that the financial statements fairly present the financial status of a company? This was, he wrote, the essence of the preferability dilemma.

In his 1991 article, "The Selective Financial Misrepresentation Hypothesis," Revsine posits that it is not accidental that financial reporting rules set in both the private and public sectors are often arbitrary, complicated, and misleading. His hypothesis is that this circumstance "instead results from contrived and flexible reporting rules promulgated by standard setters who have been 'captured' by the intended regulatees and others involved in the financial reporting process" (p. 16). Not only, he argues, do managers prefer "loose" financial reporting standards, but shareholders also benefit when the managers of their companies can use the standards to promote "smoother" earnings that are perceived by the market as a proxy for lower default risk. He cites the FASB's Statement of Financial Accounting Standards (SFAS) 15, on troubled-debt restructuring, and the

Regulatory Accounting Principles during the savings and loan crisis of the 1980s as examples. He argues that steps must be taken to insulate the standard setter from regulatory capture. In a later article (2002, 138), he characterized the Enron debacle as "an extreme example of the selective financial misrepresentation mentality."

Revsine also contributed to the literature on the economic consequences of accounting standards. Northwestern colleague David F. Larcker and Revsine (1983) provide a nuanced view of the incentive effects of SFAS 19, resulting in cross-sectional hypotheses involving incentives and political risks. They posit that incentive effects depend on where the pre- and post-SFAS 19 earnings lie on management's bonus function and that political costs depend on the level of oil and gas reserves that the company has. Larcker and Revsine find confirming evidence for the incentive effect. The market reaction to the exposure draft of SFAS 19 depends not just on whether a company has an incentive plan, but also on where the firm's earnings fall relative to its performance targets.

In "The Effects of Regulatory and Contracting Costs on Banks' Choice of Accounting Method for Other Postretirement Employee Benefits" (2000), K. Ramesh and Revsine analyze the adoption of SFAS 106 and 109 by banks to see how the adoption flexibility of these standards was used to achieve financial reporting and regulatory reporting objectives. SFAS 106 gave adopters flexibility in the timing and method of adoption, and SFAS 109 generally reduced the negative impact of SFAS 106. The authors show that some banks took advantage of this flexibility to balance earnings management with regulatory capital requirements. Banks took a "portfolio approach" to the adoption of new accounting methods. While prior research had posited that adoption flexibility was used to reduce the FASB's political costs, Ramesh and Revsine demonstrate that this flexibility was being used strategically and that it creates comparability issues for regulators and for analysts that deserved further investigation.

Revsine also contributed to the Education Research section of *The Accounting Review* when he developed an insightful way of thinking about and presenting accounting material. In "A Capital Maintenance Approach to Income Measurement" (1981b) and in "The Rationale Underlying the Functional Currency Choice" (1984), he was able to illuminate the underlying reasoning and the effects of complex accounting choices. For example, in the former, he used simple, numerical examples to illustrate the capital maintenance assumptions underlying historical cost income and four inflation accounting alternatives, an approach he used in his classes at Northwestern.

Ever the teacher who explained complex accounting standards in terms that non-specialists could understand, he wrote an article in the *Financial Analysts Journal,* "Understanding Financial Accounting Standard 87" (1989, 61), on pension accounting, which he labeled as "one of the most technically complicated financial reporting pronouncements ever issued." In the article, his aim was to provide "a somewhat less technical, intuitive overview" of the impenetrable standard. It was a foretaste of his chapter on pension accounting in *Financial Reporting & Analysis* (1998).

TEACHING

As a member of the Northwestern University faculty for 36 years, Revsine received every teaching accolade that the Kellogg School of Management offered. He received the Outstanding Teacher Award from the graduating Executive M.B.A. Class of 1982, and the Teacher of the Year Award given by the graduating M.B.A. class of 1983. In 1995, Revsine received the Kellogg Alumni Choice Faculty Award from the alumni reunion classes of that year. For a span of many years, he was one of the three highest-rated professors in every quarter that he taught.

Revsine's "signature course" at Kellogg was an elective entitled Financial Reporting and Analysis. The course covered many traditional topics in intermediate financial reporting, but taught from the point of view of a financial statement reader. There was a heavy emphasis on reporting flexibility and managerial incentives and earnings quality, and the class materials that he developed became the basis for the *Financial Reporting & Analysis* textbook (1998), with Collins and Johnson, mentioned above. Revsine had a knack for starting with a simple example and—through a series of refinements—using it to provide a better understanding of what a reader should look for. And he did it with enthusiasm and great humor.

In an article, "Enron: Sad but Inevitable" (2002, 142), he sternly criticized the state of accounting education, with its emphasis on "technical minutia over economic substance." Financial accounting courses, he said, were rules-driven and boring. "Students," he wrote, "should be encouraged to approach financial statement analysis with a healthy degree of skepticism—to 'look behind the numbers' to ensure that reported numbers faithfully represent economic conditions and performance" (p. 142). He lamented that "accounting educators have certainly contributed to the climate of naiveté that fostered Enron" (p. 143).

Revsine's efforts to mentor young faculty are described by Shyam V. Sunder and Jayanthi Sunder, now at The University of Arizona:

> Larry was extremely generous with his time and teaching materials. When we reached Kellogg, assuming the responsibility for teaching a course that Larry had been teaching successfully for decades was a challenge. We spent each of our first quarters sitting through his class. He conveyed his strong belief that accounting could tell you a lot about a business, and his passion for the subject was infectious. It was evident that students were in awe of him. What

was remarkable was once the class was over Larry would insist on going over the class in great detail. He relished recounting every question that students had raised and would identify how he could have either answered differently or how he could have answered it better. It reflected his excitement and involvement in the process of teaching, his dedication to the class, and how much he cared about mentoring junior faculty. He was always supportive and encouraging and remained a friend and mentor.

Larry had a keen interest in research that examined financial accounting issues. He would read the workshop papers with interest if they pertained to financial accounting. We remember that he would want to relate them to issues that came up in class and it reflected his intellectual curiosity and interest in constantly tying practice to a larger conceptual framework of accounting. Finally, the passion for the subject was reflected by the fact that the normally jovial and smiling Larry would get upset if a speaker betrayed a disinterest in, or worse, a lack of knowledge of, accounting.[6]

Former colleague and textbook coauthor Bruce Johnson described Revsine's teaching in the following way:

A master teacher, Larry's classes were engaging and insightful. He described his instructional approach as "edutainment," a thoughtful combination of "education" and "entertainment." Education always received top billing. His execution was superb.

Larry often spoke to financial analysts about the perils of accepting reported financial statement numbers at face value. He would talk at length about how accounting gimmicks can and are sometimes used to mask firms' real economic performance and condition. I vividly recall the advice he gave me one day as I prepared for a similar speaking engagement: "Never follow the magician." When pressed for an explanation, he described a recent banking conference where the warm-up act for his talk was a professional magician. The lesson learned? Anecdotes about accounting sleight of hand apparently become less compelling to credit analysts once someone has actually pulled a rabbit out of a hat.[7]

The keen understanding that Revsine had for the financial statement reader's point of view was developed and refined in a successful one-week executive program, presented twice a year, for practicing credit and equity analysts, entitled Credit Analysis and Financial Reporting. This Kellogg School program was jointly developed in the early 1980s by Revsine and Norman J. Bartczak (formerly on the faculty at the Harvard Business School and currently on the faculty of Columbia University's School of International and Public Affairs), and it continued to be offered until Revsine's death. The sophistication of the audience required that the material presented go beyond the standard presentation of accounting and ratios and adopt a "financial detective" point of view. Material started with an understanding of what the credit or equity analyst wanted to know about a company, considered the motives of those producing the financial reports, and showed where accounting numbers did not always provide what the analyst was seeking. Then Revsine would show how finding that information required pulling apart the statements and putting them back together in a different fashion to identify potential "red flags."

The executive program covered new and impending accounting standards changes, highlighting what information was gained by the change and what information was lost.

Norman Bartczak, Revsine's partner in the executive program, recalled that Revsine's teaching reminded him of a quotation attributed to Albert Einstein—"If you can't explain it simply, then you don't understand it well enough."[8] As noted in his publications and textbook and in his teaching in degree programs, Revsine was a master at developing materials that took a "deep dive" into complex accounting subjects and ended up with the audience understanding both the accounting and its implications for their decision making.

In summing up his collaboration with Revsine, Bartczak said, "Larry was never superficial, and he was never uncomfortable. He was always prepared. That's what made him a superstar."

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[6] Memorandum supplied by S. V. Sunder and J. Sunder to the authors on February 4, 2016.
[7] Memorandum supplied by Johnson to the authors on September 7, 2015.

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