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MAP 16

MANAGEMENT OF AN ACCOUNTING PRACTICE

The Difficult Art of Managing Your Time

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The Difficult Art of Managing Your Time

Introduction

WHAT DOES IT TAKE to be a managing CPA? Nothing more than the desire to better serve your clients, your profession and, of course, yourself. The most important ingredient, however, is the courage to take the initial step.

These points are illustrated clearly by Louis H. Penney, past president of the Institute, when he said: [emphasis supplied]

“. . . when Mark Eaton was president, he told me one evening after an executive committee meeting that the first time he was asked to do something for the Institute, he thought he couldn't afford the time, but he was flattered, so he said, 'Just this once.'

"The following January when he was making out his tax return he found that he had made more income than the year before. That year the Institute asked him to do more things than he had done the first time. He was still dubious but still flattered, so he decided to give it another whirl, and when he made out his tax return the next year he was still further ahead. He told me, 'It's been going like that ever since. I keep putting more and more time into the Institute and I keep on making more money.'

"I hadn't thought about it before, but I had somewhat the same experience myself, and I began to wonder why it worked out that way. My first conclusion was that when Mark knew he was going to have to leave his office to attend a committee meeting, or something of that kind, he did a *better job of delegating authority* so things would run right while he was away. I realized that I had done a better job of organizing my own office when I knew I was going to be away for a considerable amount of time—*laying out*

principles and procedures and rules so the place could run more or less indefinitely without me.

“I also found, when I analyzed it, that every time I went to a meeting, I met a bunch of fellows smarter than I was and I came back home with new and valuable ideas—ideas that resulted in more value in the services rendered, better training of personnel, more efficiency in office operation, and other improvements too numerous to list here.

“I can tell you honestly that I am money ahead for the thousands of dollars I have spent on Institute business, in hours of time and travel expenses. I’m sure the other members will find that the same thing works for them, and if you follow it out, twenty years from now you will thank me for the idea.”¹

One of the greatest problems confronting the managing CPA is the planning and scheduling of his own as well as his staff’s time.

It is the purpose of this bulletin to show the managing CPA that through the proper management of time he will be able to secure the hours needed to plan for future operations, organize for the attainment of objectives and to think creatively about such matters as additional services, systems and procedures and the effective utilization of mechanical and electronic equipment for his clients.

In dealing with members of the staff it is also important that the managing CPA have time to concern himself with what motivates people and to evaluate the results of their performance. This subject will be treated in a subsequent MAP bulletin.

¹ The CPA, July-August 1959.

WHAT IS A MANAGING CPA?

A **MANAGING CPA** can be defined as any CPA who is engaged in the administrative as well as the technical aspects of a public accounting practice.

As a first step, the managing CPA should determine the answers to the following questions:

1. With respect to my practice, what is my goal? (Small local practice, statewide or national activities, specialized practice, etc.)
2. What are my functions and responsibilities as the managing CPA?

It is extremely important that the managing CPA determine as quickly as possible the direction in which he is going. It is probably true that a man with average ability, but with a purpose and a goal, will come closer to succeeding than an individual with greater ability who has no goal. It is recognized, of course, that establishing a goal is a highly individualistic process and that the goals set will vary.¹ Therefore, of necessity, the establishment of a definite but realizable goal is required before the managing

¹ A more detailed discussion of this subject is contained in Economics of Accounting Practice Bulletin No. 13, "Planning a Practice for Growth," American Institute of CPAs, 1960.

CPA can determine the course of action needed to achieve that goal.

As indicated previously, goals will vary according to individual desires. In addition, goals will vary according to the size of the firm. Without doubt, the individual practitioner encounters the greatest difficulty in determining and achieving his goal because of the unique problem he faces in having to assume so many different roles (manager, staffman, etc.) at the same time. The determination of which role he shall assume and for how long, is a great problem. It should be remembered, however, that whenever possible the role selected should be that which keeps the managing CPA's activities pointed in the direction of reaching the predetermined goal.

The establishing of goals for one year, five years, or ten years or more is not a fanciful or theoretical idea. It is very realistic and is absolutely essential to the successful operation of any business.

The managing CPA has two broad areas of responsibility which he must satisfy in conducting his practice. They are: (1) technical; and (2) administrative.

The technical functions encompass, but are not limited to, those activities dealing with:

1. *Auditing*—including all examinations on which an opinion is expressed.
2. *Taxes*—including tax returns, tax examinations, tax assessment appeals and estate planning.
3. *Management advisory services*—including system installations, investigations, cost analyses, and other consulting and management services.
4. *Other accounting services*—including preparation of nonaudited statements and write-ups.
5. *Professional activities*—national and state CPA association work, conventions, speeches, preparation of technical articles.
6. *Professional development*—including all educational purpose activities.
7. *Public service*—civic activities.

The primary objective of the technical functions is to provide the best possible service to all present clients as well as to prepare for future clients.

The administrative functions of the managing CPA encompass the following activities:

1. *Planning*—involving the establishment of objectives and policies, i.e., what shall be done.
2. *Organizing*—determining and assembling the resources which are needed to carry out the firm's objectives.
3. *Directing*—issuing instructions to subordinates.
4. *Controlling*—ascertaining whether or not the operating results are conforming as nearly as possible to the firm's goal.

It is readily seen that the objectives of the administrative process are to provide guidance, leadership and control of one or more people with a view to attaining the firm's goal.

The managing CPA, because of his training, may be oriented more toward the technical aspects of his practice. It should be pointed out, however, that unless he recognizes the importance of the administrative aspects of his practice and diligently tries to meet them, the managing CPA may find himself at a point where his efforts are yielding something less than his full potential.

It is important, therefore, for a managing CPA to become engaged in an evolutionary process as his practice grows. The evolutionary process will normally begin with the managing CPA engaged in a rather broad base of technical activities which should gradually decrease to a point where the technical activities are being carried out by other firm personnel. At the start of the evolutionary process there should also begin a movement, small at first, in the activities of the managing CPA toward a broad area of activity dealing primarily with plans (i.e., the administrative function). The rate of evolution will, of course, be predicated upon the growth rate of the practice, as well as the willingness of the managing CPA to delegate authority and responsibility. The managing CPA owes this to himself, his clients, and the profession.

Having determined what the goal for the firm is, as well as describing in general terms what the responsibilities and functions of the managing CPA are, it becomes necessary for the managing CPA to chart, analyze, and evaluate the manner in which his available time is being utilized.

CHARTING

THERE ARE PROBABLY hundreds of ways in which to say you are unable to comply with a request due to a lack of available time. In fact, it could probably be said that at one time or another we have used or have heard all of them.

For the managing CPA who does not know precisely how he is spending his time, it is a very real problem. Indeed, as pointed out previously, it may very well affect the rate of growth of his practice.

Before implementing a time program, the ultimate purpose of which is to provide more effective use of available time, it is necessary to determine what has been done in the past or what we are currently doing. Since past history is generally not indicative of what is currently being done, it is recommended that current time rather than past history be charted.

In an effort to secure the desired information, a rather detailed record of the manner in which time is currently being spent must be maintained. The period of time charted should be of sufficient length so as to encompass a representative mixture of all the managing CPAs' activities and functions. The period of time considered sufficient for this purpose may range from three days to two weeks. The formality or informality of the actual form used for maintaining a detailed record of the time spent on the various activities is not of great concern. What is important, however, is that the details of the time consumed are recorded with a reasonable degree of accuracy. From a practical point of view it is

believed that a formal approach to charting such time is more applicable. A form for this purpose is illustrated on page 13. This illustrated form may be adopted in its entirety or may be modified to fit individual needs.

Entitled "Daily Time Expenditure Log," the form will cover the following items:

1. The beginning and ending time that is spent on each subject.
2. The total amount of time that is spent on each subject in terms of units. (A unit is considered to consist of a ten-minute period.)
3. The location where the time was expended, e.g., office, client's office, etc.
4. Who initiated the action.
5. The frequency of interruptions.
6. The subject of the action (simplified by the use of a code which breaks down the time which has been expended in terms of type of service and whether it is chargeable or nonchargeable).
7. Identification of client or person.

For simplicity and practicality it is recommended that expenditures of time involving less than five minutes be ignored in charting the time expenditures.

DAILY TIME EXPENDITURE LOG

Form 1

Name Theodore M. Date April 2, 1962

| Start | Stop | Total Time Units | Location | Initiator | Inter-ruptions* | Subject Code No. 1 | Client or Other |
|--------------|---------|------------------|----------|-----------|-----------------|--------------------|--|
| 8:00 AM | 12:00 | 21/3 | Office | Self | 2 | N-11/16 | Hilder Co. T. Comay Kole Inc. Queen Anne Co. Reading |
| 12:00 | 2:00 PM | 12 | Client | Client | | | |
| 2:00 PM | 2:30 PM | 3 | Travel | Self | 1 | C-1 | Hilder Co. T. Comay Kole Inc. Queen Anne Co. Reading |
| 2:30 PM | 3:30 PM | 6 | Office | Client | | | |
| 3:30 PM | 4:00 PM | 3 | Office | Client | | | |
| 4:00 PM | 5:00 PM | 6 | Office | Client | | | |
| 5:00 PM | 6:00 PM | 6 | Office | Self | | N-13 | |
| Total | | 60 | | | 3 | | |

Code No. 1

| Chargeable | Nonchargeable |
|------------------------------|------------------------------|
| C-1 Audit | N-10 Professional Activities |
| -2 Taxes | -11 Management |
| -3 Management Services | -12 Staff Training |
| -4 Other | -13 Professional Development |
| | -14 Public Services |
| | -15 Personal |
| | -16 Other |

* Interruptions are considered to be time spent on any subject other than that in which you are specifically engaged when the interruption occurs. Interruptions of this nature should be measured, as a minimum, in one-half units (five minutes). Details regarding total time, source of interruption and subject matter should be indicated on the reverse side of this form.

Reverse Side of Form 1

Interruptions

| <u>Number</u> | <u>Total Units</u> | <u>Source</u> | <u>Subject</u> |
|---------------|--------------------|---------------|----------------|
| 1 | .5 | Secretary | Filing Problem |
| 2 | .5 | Client | Tax Advice |
| 3 | 1. | Staff | Audit Question |

ANALYSIS

THE NEXT STEP is to analyze the facts disclosed by the log. The following are the minimum disclosures that should be revealed by such analysis.

1. Total amount of time expended. (Schedule 1)
2. Total amount of time expended broken down between chargeable or nonchargeable time. (Schedule 1)
3. Chargeable and nonchargeable time broken down as to classification of services performed. (Schedule 1)
4. Who actually initiated the managing CPA's time expenditure in terms of himself, clients or staff. (Schedule 2)
5. Determination of the frequency, source, and nature of the interruptions. (Reverse side of Form 1)

Analysis of Total Chargeable and Nonchargeable Units

SCHEDULE 1

| CODE NO. | ACCOUNT DESCRIPTION | DATE | | | | | | | | | | | | TOTAL UNITS | |
|----------|---------------------------|------|----|----|----|----|----|----|----|----|----|----|--|-------------|-------|
| | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | | | |
| | Chargeable: | | | | | | | | | | | | | | |
| C-1 | Audit | 12 | | | 44 | 15 | | | | | | | | | 69 |
| -2 | Taxes | 15 | 10 | 27 | 50 | 8 | 30 | 12 | 21 | 33 | 28 | | | | 234 |
| -3 | Management Services | 4 | | | | | | | | | | | | | 4 |
| -4 | Other | 3 | 25 | 25 | 10 | 12 | 10 | 16 | 10 | | | | | | 88.5 |
| | Total Chargeable Units | 30 | 39 | 27 | 58 | 66 | 42 | 27 | 31 | 49 | 38 | | | | 395.5 |
| | Nonchargeable: | | | | | | | | | | | | | | |
| N-10 | Professional Activities | | | | | | | 18 | | | | | | | 18 |
| -11 | Management | 21 | 3 | | | 24 | | | | | | | | | 48 |
| -12 | Staff Training | | | | | | | | | | | | | | - |
| -13 | Professional Development | 6 | | | | | | 6 | | | | | | | 12 |
| -14 | Public Service | 6 | | | | | | | | | | | | | 6 |
| -15 | Personal | | | | | | | | | | | | | | - |
| -16 | Other | 3 | | | | 3 | | 8 | | | | | | | 14 |
| | Total Nonchargeable Units | 30 | 6 | 3 | - | 3 | - | 24 | 24 | - | 8 | | | | 98 |
| | Total Units | 60 | 45 | 30 | 58 | 63 | 42 | 51 | 55 | 49 | 44 | | | | 493.5 |

10 minutes = 1 unit

Analysis of Who Motivated the Cause of Action on My Part

SCHEDULE 2

| Initiator: | <i>April 1962</i> DAILY FREQUENCY | | | | | | | | | | | | TOTAL | |
|--------------|-----------------------------------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|--|-------|-----------|
| | <i>4</i> | <i>3</i> | <i>4</i> | <i>5</i> | <i>6</i> | <i>7</i> | <i>8</i> | <i>9</i> | <i>10</i> | <i>11</i> | <i>12</i> | | | |
| Myself | <i>3</i> | <i>2</i> | <i>2</i> | <i>2</i> | <i>2</i> | | | | | | <i>1</i> | | | <i>10</i> |
| Staff | <i>1</i> | | | <i>1</i> | | <i>1</i> | | <i>2</i> | | | | | | <i>5</i> |
| Clients | <i>4</i> | <i>1</i> | <i>2</i> | <i>2</i> | <i>1</i> | | <i>1</i> | <i>2</i> | <i>3</i> | <i>1</i> | | | | <i>17</i> |
| Secretary | <i>1</i> | | | | | | | | | | <i>1</i> | | | <i>2</i> |
| Other | | | | <i>1</i> | | | | | | | | | | <i>1</i> |
| Total | <i>7</i> | <i>5</i> | <i>2</i> | <i>5</i> | <i>2</i> | <i>2</i> | <i>2</i> | <i>2</i> | <i>5</i> | <i>3</i> | | | | <i>35</i> |

EVALUATION

THE FACT that there are both administrative and technical demands made upon the managing CPA's time makes it especially important that he manage his time in an effective and efficient manner. This means that he should not only know how to spend his time, but on what he should spend it and the order of its importance. In evaluating the results of the analysis the managing CPA should determine what he considers to be the most important and the least important of the activities in which he is presently engaged. This should be done in the light of the established realizable goal and his broad technical and administrative responsibilities.

A managing CPA who is confronted with increasing demands on his time has several choices open to him in this type of situation.

1. Defer any action on the administrative functions by taking an easier task. This has been referred to as the "retreat to the familiar"; the familiar being the technical aspects of the practice.
2. Work harder and longer. Working longer hours does not necessarily mean that an individual is working efficiently. In fact, there is a distinct possibility that, in arriving at a decision, the managing CPA's judgment may be influenced by the amount of stress to which he is being subjected. It should also be pointed out that by constantly being busy the managing CPA

can be prevented from securing the time necessary to organize his work according to time-saving principles.

3. Avoid the issue altogether. Avoiding the issue obviously does not accomplish anything by way of a solution to time demands. It does, however, add to the problems of the managing CPA by making the treadmill spin faster.

What can be done to provide for more effective utilization of time?

- a. *Delegate*
- b. *Use time-saving methods*
- c. *Budget available time*

DELEGATION

DELEGATING RESPONSIBILITY to members of the staff requires that the managing CPA exercise a great deal of self-discipline. Too often we hear of a situation where an individual is afraid of relinquishing control over his subordinates and does not allow them to assume the responsibility of carrying out a particular task. It is probably true that the task could be carried out more efficiently if it were performed by the managing CPA and that technical and judgment errors might be made by staffmen doing the same task. However, the advantages far outweigh the disadvantages. A chief advantage in delegating is that the managing CPA will provide himself with more time to devote to the administrative functions of planning, organizing, directing and controlling. In addition, unless proper delegation is employed, the imagination, initiative and interest of the staff personnel can stagnate. The questions that must be answered by the managing CPA with respect to delegation are:

1. Do I want to delegate some of my technical duties to staff members, in order to provide myself with time to devote to administrative functions?
2. Do I want my staff personnel to grow in initiative and imagination and be interdependent rather than doing only what they are told to do and, therefore, be dependent.¹

¹ A more detailed discussion of this subject is contained in Economics of Accounting Practice Bulletin No. 4, "Getting and Keeping Good Staff Accounts," American Institute of CPAs, 1958.

It is extremely doubtful whether any managing CPA—small or large firm, would say no to either of these questions. Yet in many cases proper delegation is not being utilized.

What shall be delegated and the degree of delegation cannot be determined by scientific method. Accordingly, the delegation of responsibility should be made of those activities that others can handle adequately, so that the managing CPA may be able to engage in other and possibly more important activities.

TIME-SAVING METHODS

Sustained effort

AS NOTED in the "Daily Time Expenditure Log," Form 1, page 13, there is a column provided for recording the number of interruptions, as well as a space provided on the back of the form for recording the number of time units consumed, and the source and the subject of the interruption. The purpose of this detail is to determine whether or not the interruptions were an absolute necessity. Generally speaking, it will probably be found that many of the interruptions could have waited an hour or more. In fact it is entirely possible that many interruptions, if not allowed, would have resolved themselves by inaction on the part of the managing CPA.

Six five-minute periods are seldom as productive as a sustained effort of thirty minutes. Accordingly, an attempt should be made to provide for periods during the day when you can give your undivided attention to the subject at hand.

Mechanical and time-saving devices

MECHANICAL DEVICES should be used whenever possible as a means of increasing efficiency by either increasing output or by reducing the amount of time consumed.

All CPAs engaged in a public practice are generally familiar with mechanical and time-saving devices. Basically, these include

adding machines, comptometers, calculators, reproducing equipment, dictation equipment, multiple copy forms, peg board write-up systems, through and including punched card and magnetic tape computer systems.

Without doubt, the use of modern calculating equipment allows the managing CPA to save his mental agility for more important tasks.

The staffman in the field should use the client's or his own firm's duplicating equipment for making copies of or excerpting portions of minutes, client's worksheets, contracts, legal documents, etc., which can be delivered to the managing CPA for review. This provides the managing CPA with an opportunity for reviewing the data at his desk, quickly and completely.

Portable dictating equipment, especially in the hands of the man in the field can reduce review and conference time. Problems that arise during the course of an audit engagement can be quickly discussed, in detail, by using such equipment, instead of just being noted on the working papers. Questions can be asked, ideas given, and the methods and techniques used can be fully explained. The managing CPA can then listen to the recording or have it transcribed so that he may digest, criticize and answer any questions, in his own time without becoming involved in excessive reading. In addition, the staffman in charge will not be held up in starting a new engagement.

There are, without doubt, many other uses for mechanical and time-saving devices; however, the major consideration for encouraging adoption of such devices is that they contribute to the effective and efficient conduct of a public practice.

Daily agenda

PREPARATION OF A LIST of items which you propose to accomplish during a working day will result in more effective utilization of time and will increase productivity. It is a matter of individual preference as to the order in which the various activities will be scheduled, i.e., should the items requiring the least or those re-

quiring the most amount of time be done first. In the preparation of the daily agenda the following suggestions should be kept in mind:

1. Try to select the activities that you expect to accomplish during the day in terms of their relative importance, giving full recognition to your responsibilities and the goal of the firm.
2. In order to achieve the established daily goal, the day's activities should not be scheduled so that every minute is filled.
3. Leave some time that is considered unassigned for unforeseen emergencies.

BUDGETING

BUDGETS ARE MORE THE RULE rather than the exception in a dynamic economy such as we are experiencing today. To most people a budget is considered to be a vehicle designed to serve as a guide in the conduct of a business entity.

As professional accountants, we prepare budgets for our clients dealing with such items as income, expenses, and capital requirements. In the conduct of a public accounting practice, similar budgets should be prepared. More important, as indicated in MAP Bulletin No. 15, "Fee Determination, Costing and Budgeting for Accounting Firms," budgets should also be prepared for annual staff assignments. This budget is called an annual staff assignment schedule and is used as an aid in determining future staff requirements. It also helps to insure that personnel will be available when required. This type of budget is concerned primarily with chargeable hours.

Generally speaking, chargeable time of staffmen should not be budgeted in excess of 85 per cent of their normal hours for a year. Budgeting of chargeable hours for the managing CPA should, therefore, be something less than an 85 per cent productivity ratio. If this is not done, it becomes extremely difficult for the managing CPA to carry out the dual responsibilities and functions which his position encompasses.

Many firms have indicated a preference, formally or informally, that partners accumulate anywhere from 900 to 1,500 chargeable hours during a year. The upper or lower limits of the number of

chargeable hours to be accumulated vary according to the size of the firm as well as the number of partners within the firm. Assuming that a total of 2,000 hours are accumulated during the year, this would leave from 500 to 1,100 hours that can be considered for the most part controllable nonchargeable time.

Nonchargeable but productive time

IN VIEW OF THE FACT that the controllable nonchargeable time is of such importance and that it may assume a major proportion of the annual hours accumulated during a year, it becomes apparent that some form of budget should be prepared to serve as a guide in the determination of what items should be given greater preference during this time in the light of the firm's goal. Yet, seldom do we hear of a managing CPA who is indulging in self-management by the preparation of a personal time budget. Generally, if a guide for the use of these hours is provided, it is in such vague terms that it cannot truly be considered a personal time budget.

Nonchargeable but controllable items consist of, but are not limited to, the following types of items (not necessarily in order of importance):

1. Promotional activities
2. General office time
3. Training and development—personal
4. Training and development—staff
5. Professional, fraternal and civic activities
6. Other nonchargeable time

The purpose of this section of the bulletin is to provide a guide in the determination of how time can be spent on the above listed activities. It should be pointed out, however, that in the final analysis the time to be devoted to the various activities will be predicated on the relative importance that is assigned to each item in the light of the predetermined goal.

Promotional activities

THE PROMOTIONAL ACTIVITIES of a managing CPA evolve around existing clients and the development of new clients. The practice of just getting in, getting a job done and then leaving without having spent some nonchargeable time with the client should be avoided. To be technically competent is not the only requisite in a service-type business entity. An understanding must exist, not only of the economic problems, but of the human problems (traits, strengths and weaknesses) and their impact on others as they affect our everyday life.

Recognizing the fact that the number of new clients which can be developed is somewhat related to the ability of the managing CPA to understand and win the confidence of others, it becomes necessary not only to strengthen the relationships with existing clients (this group probably being the best source of new clients), but to expand the sphere of personal contacts on as frequent and continuous a basis as to be in good taste and professionally correct.

The results of this type of activity will not be reflected immediately but will be recognized in the long run.

Training and development—personal

IN THE COMPLEX SOCIETY of today, it is necessary that the managing CPA devote some portion of his available time to his own personal development.

A certified public accountant holds himself out to the public as an expert in those matters concerning the financial aspects of a business entity. It is for this reason that he cannot allow his special skills and knowledge of these matters to become obsolete.

Therefore, it is incumbent upon the managing CPA to allot time, in his personal time budget, for the participation in and the review of such items as the following:

1. **State and Federal taxes.** Scanning a tax magazine, reviewing tax releases, and attendance at state or regional tax confer-

ences should be considered a minimum for this particular area of activity.

2. **Review of accounting development material.** Included in this category would be the must reading of the statements on auditing procedure and the accounting research studies. Other publications such as the *The Journal of Accountancy*, *Accounting Review*, state society bulletins, *NAA Bulletin*, *Harvard Business Review*, *Fortune*, and *The Controller*, should at least be scanned for items of interest.

The value of devoting time to serious reading cannot be over-emphasized. Authors devote a great deal of time in research, and consider very carefully how and what to present. In spite of all their effort, a great amount of concentration on the part of the reader is required. However, it should be pointed out that most of the articles and information which appear in these publications are not of undue length.

It should also be pointed out that the managing CPA cannot allow himself to become stagnate in his technical and administrative functions, and he should not only be knowledgeable of what has been done in the past, and of what is currently being done, but what is tending to become the future practice.

3. **Professional and educational.** Most practicing CPAs will generally agree that there is a continuous need for supplemental education. The form of the supplemental education varies considerably and includes items such as the following:
 - (1) Attendance at accounting lectures presented at state society meetings and graduate study conferences.
 - (2) Attendance at courses which are offered independently by the Institute's Professional Development Division, or on a co-sponsorship basis with a state society. These courses are designed with a view to providing the practicing CPA with a vehicle for expanding his knowledge of a particular subject and for keeping himself abreast of the changes taking place in his various areas of competency. They cover such areas as budgeting, taxes, management, report writing, estate planning, and fees.

- (3) Engaging in writing articles with a view to having them published in professional publications.
 - (4) Teaching either in adult education courses or on the college level, is an excellent method of providing supplementary education and without doubt is rewarding in the sense that it provides a feeling of accomplishment.
4. **Other personal development.** As members of a profession we are expected, not only to be technically competent, but to be aware of the happenings in the world in which we live. Reading a good daily newspaper or weekly news magazine is certainly a minimum in this area.

Developing oral communication skills should not be overlooked as they are indicative of the professional man. Engaging in public speaking courses or belonging to the Toastmasters Club provides excellent opportunities for developing and enhancing this all-important requirement.

Training and development—staff

HAVING SELECTED the personnel for employment in your firm it is necessary to enhance their usefulness by developing their competence as quickly as possible. One of the most successful methods for developing staff members is to use staff training programs. In general, staff training programs may assume one of, or a combination of, the following forms:

1. **On-the-job training.** From a historical point of view, this method of staff training has probably been the most widely used and has without doubt met with substantial success. However, the business entities which comprise our economic system of today have developed and expanded very rapidly, and as a result have created a much broader area of activity for CPAs. In addition, the trend toward specialization is assuming ever greater proportions. Therefore, the limitation inherent in on-the-job development of staffmen, has caused most accounting firms to supplement this method.

2. **Formal training programs.** Formal staff training programs will vary according to size of firm, and the number of prospective participants in such a program. However, they can be broken down into two categories:
 - (a) *Firm administered programs.* Firm administered staff training programs are expensive and for this reason they are for the most part used only by the larger national accounting firms. Some programs are conducted on a weekly basis, after normal working hours; others are conducted on a daily basis for several successive days or weeks. Some firms on the other hand use a combination of both methods.
 - (b) *Co-operative programs.* For those firms who, because of time demands and the costs involved, cannot administer a firm staff training program of their own, the Institute's Professional Development Division has made available and presents annually a formal staff training program. This program enables a staff member to apply more quickly the theory that he learned in school to work assignments, making him a more productive staff member, competent to perform more complicated assignments with less supervision.
3. **Discussion meetings.** The purpose of discussion meetings is to provide for the general communication of ideas and the sharing of specialized knowledge with the members of the staff. Separate discussion meetings may be held according to the relative status of the participants (partners, seniors, juniors, etc.) or they may be held on a specialty basis (audit, taxes, management services, etc.).

The resulting benefits received from time budgeted for a staff training program that supplements on-the-job training can be stated as follows:

1. Faster development of staffmen
2. Through training, productivity of staffmen should increase

As indicated previously, time is related to output, and whenever

output can be increased at any level of the staff the result will be more effective use of available time.

Professional, fraternal and civic activities

1. **Accounting profession.** Budgeting time for participation in professional activities on a state, regional or national basis cannot be overemphasized. Some years ago, Theodore Roosevelt said that "every man owes some of his time to the upbuilding of the profession to which he belongs." Yet, when we look at the statistics we find that only 54 per cent of the CPAs in the United States are members of the Institute, and 65 per cent are members of the state societies.¹ Relatively speaking only a very small percentage of those who are members of these professional organizations are considered to be active members. As to those CPAs who are not affiliated with either of these professional organizations it is, at the very least, doubtful that they are fulfilling their obligation to the profession to which they belong.

In addition to satisfying an obligation to the profession, there is the very realistic, and practical, possibility that society activity may increase personal income as well as develop a feeling of self-achievement.

2. **Fraternal and civic.** The nonprofessional activities most frequently encountered are in the nature of fraternal, charitable, social, religious, service groups and athletic activities. The areas selected for participation by the managing CPA will depend upon individual preference. However, it should be recognized that there is a value, not necessarily immediate, to participating in such activities. The value is in being able to provide your unique professional talents to worthwhile activities, as well as deriving a feeling of personal accomplishment, and again, it serves as a means of increasing the number of people with whom the managing CPA is associated.

While it is true that engaging in civic, religious and fraternal

¹ The CPA, January 1962.

activities is on a voluntary basis, it should be remembered that every professional man has an obligation to engage in as many activities of this nature as time permits.

General office time

THE AMOUNT OF TIME that is to be budgeted for general office administration will vary according to individual needs and desires.

Some of the areas which should be given particular emphasis are the following:

1. **Personnel recruitment.** The selection of staff employees is without doubt an activity which requires the utmost consideration by the managing CPA. The success of a firm can be greatly enhanced by utilizing effective techniques of hiring staff members.

The Institute under the direction of the advisory committee on personnel recruiting has published a kit that covers all of the salient features of an effective system of hiring staff members. The kit is entitled "How to Hire Junior Accountants" and is free to members on request.

2. **Record-keeping and office procedures.** It is very necessary for the managing CPA to have the record-keeping and office procedures which are employed in the firm reflect, at least, the stage of development that the firm has reached. Unless this is provided for, inadequate and obsolete records may very well prove to be costly.

A partial list of the items included in this category are the following:

1. Work forecasts
2. Billing procedures
3. Expense reports
4. Staff assignment schedules
5. Staff manuals
6. Staff compensation
7. Budgeting costs

8. Personnel evaluation records
9. Developing productivity data
10. Time reports
11. Developing follow-up procedures
12. Records retention and destruction procedures
13. Assignment of responsibilities
14. Analysis of operations

Much of the material listed above has been discussed in previous Economics of Accounting Practice bulletins and the first two Management of an Accounting Practice bulletins, and should, therefore, provide greater ease in implementing more effective systems and procedures for the accountant's office.

Other nonchargeable time

IN PLANNING A BUDGET for nonchargeable time, consideration should be given to providing for an adequate amount of time that can be utilized for recreational purposes. Recreational activities are important because they relieve tensions and are essential to maintenance of healthy and normal life. An individual, therefore, who includes allowances for vacations, holidays, and other non-working time in his general plan will normally provide for longer service and greater vitality to the firm. It is true, in a sense, that by managing your time effectively you will develop a greater amount of time which you may utilize for recreational purposes.

Conclusion

THE EFFECTIVE MANAGEMENT of time can be employed by any managing CPA irrespective of the number of years he has been in practice, but there are two requirements that he must meet before any measure of success can be achieved. In fact the requirements can be called the *key* to the successful management of time. They are: (1) desire; and (2) self-discipline.

As with any venture, the greater the risks that are involved the greater the rewards will be. The rewards in this instance are in the nature of growth, personal satisfaction, and the opportunity of expressing yourself in a creative manner.