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From the desk of John W. Queenan: A Cause for optimism

John W. Queenan

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A CAUSE FOR

From the Desk of John W Queenan

As I write this message, the Firm is concluding a season of the most extensive national meetings in its history. I have been able to talk with more of you and to learn more about what you are thinking than ever before. Standing out in my mind particularly are the meeting of our principals and their charming and capable wives at Lake Placid, and the orientation seminars in New York for our new staff accountants, fresh from the academic world and one of the most promising groups of young men and women ever to join Haskins & Sells. The meetings have left me with a feeling of optimism for the future of our Firm.

To all of these groups I have been able to report that the year ended June 3, 1967 is, in my opinion, our best year in professional performance. It is impossible to restrain a sense of pride in an organization motivated to perform so magnificently. Each member of it can rightly share this pride in belonging to such a team.

Yet for most of us it takes more than superior group performance to bring ultimate satisfaction. At least as important, if not more so, is the purpose of the team. What is "the name of the game;" why are we banded together? Each of us, after all, is not only an accountant but a citizen of the world—a world offering extraordinary opportunity but witnessing tragedies of a kind that

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make us wonder about the progress of the human race. What social utility do we find in the work we do from day to day?

Think for a moment what life would be like without the public accountant. What would happen to the national credit structure if bankers, investors and other credit grantors had no one to rely on to attest to the fairness of financial reports? What if businessmen had no outside accountants to turn to for help in presenting financial statements, or for counsel on internal control and business information systems, or for accounting advice on taxes, to name but a few of the independent accountant's functions?

After more than 40 years with H&S, I can look back to pioneering efforts that have resulted in significant technical breakthroughs, providing new techniques that have helped our clients run their businesses more profitably and effectively and that have enabled our Firm to express its opinion on the results of their operations with greater confidence.

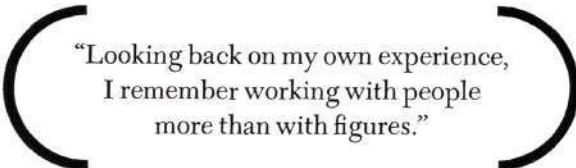
One of the earliest in my memory was the development of our internal control questionnaire in the 1920s. It was new in the profession at the time, and it occurred in a period of business growth when auditors were having to learn to arrive at their opinions without examining individual transactions in the detail once expected of them.

The most recent of these technical developments and also one of the profession's most dramatic in my memory is the H&S Auditape System, which has been recognized by other firms, the academic world, businessmen and the Federal government as a major breakthrough. It represents both a response to changing business conditions—in this case the dawn of what has been called

the age of the computer—as well as a shaping of that change. And like earlier breakthroughs, it equips our professional accountants to continue to discharge the responsibilities which the public expects of them. Until the development of Auditape, many pessimists had warned that the disappearance of the visible audit trail, as clients store their records on electronic devices like magnetic tape, would render the auditor technologically obsolete.

It is interesting, I think, that these technical developments have had a marked social significance. They were not simply the chance inventions of specialists, but were designed to meet an acute and growing need throughout the business community that had been recognized early by people in our Firm. In the case of Auditape, interest has been so widespread that we have made it available to the profession after initial benefit to our clients. These innovations have generally supplied H&S accountants with new tools available at the outset in no other accounting firm and enhancing their day-to-day work with new excitement and new social utility.

Our Firm has led the profession with these breakthroughs because of our early identification of emerging



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needs. Careful observation of economic and business trends, and close relationships with our clients have made this detection possible. Growing problems are talked about by people before they are written about in books. Looking back on my own experience, I remember working with people more than with figures. It meant knowing their ambitions, the opportunities they needed to get ahead, and the functions they were expected to perform. It called for sitting and talking with people and a lot of patient listening. You never knew when something they might say would lead you to an area you ought to look into. The word “audit” comes from the Latin verb “to listen.”

We accountants must be willing to talk with our clients in this way even though we may not have immediate answers for their problems. Unless we do, we may never find out what the problems are. The caution we must exercise before we can render a formal opinion on financial statements should not make us hesitate to discuss other aspects of a client’s business and offer suggestions about them. Clients need us to supply a fresh viewpoint, not necessarily having to do with accounting. I can remember how Cass Apple, our former partner-in-charge in Newark who died last year, once walked down the assembly line with a client and asked why one process was done the way it was. “I never thought of it before,” was the answer he got, and the question led to a change in manufacturing process.

There’s a lot to being an accountant that isn’t technical. An accountant who sidesteps a discussion, remarking “that isn’t my area,” is losing a golden opportunity.

For as long as I can remember, it has been our Firm’s policy to encourage our accountants to be both specialists and generalists. Division of labor is an ancient part

of man’s organizing ability. It permits a man to get better at something than anybody else. In a firm the size of ours, we can encourage this, and still by fragmenting specialties into areas of manageable size, we enable our people also to be students of the whole. We therefore never need be trapped in the techniques, procedures, or routines of the moment. We are able to talk with genuine interest about a wide range of subjects. We are not victims of habits and attitudes. We are able to reorient ourselves when technological change makes our specialties obsolete. We are able to shape that change, not just react to it.

At our meetings this summer, I have been repeatedly reassured that H&S has more than its share of people who bring with them strong ideas of what accounting is all about—who see accounting as an opportunity to achieve worthwhile social ends and who can talk persuasively about it and about what our Firm has to offer. They are people who have goals for accounting in mind, and not merely goals for themselves. They are not only making their mark in life but will leave their mark on accounting. They give me a great sense of optimism for the future of Haskins & Sells.