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By their work shall they be known

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Many expressions of satisfaction at the pleasure and benefit derived from getting together were heard after the meeting. It afforded not only an opportunity to welcome certain new members, but to pass down traditions, cement relations, and spread the spirit with which the organization is energized. It was like a well-spring bubbling over with the enthusiasm and inspiration which develops out of the rubbing together of elbows in a common cause.

Those in attendance were as follows: Messrs. Matthews, Atlanta; Hyde and Nickerson, Boston; Leffler, Buffalo; Fuller, Croggon, and Reik, Baltimore; Kracke and Rossetter, Chicago; Bates and Cham-

berlin, Cleveland; Lamb and Bowen, Cincinnati; Bland, Dallas; T. H. Lawrence and Young, Denver; Hollis, Tilton, and Porte, Detroit; Tompkins, Havana; Page Lawrence, Kansas City; Hahn, Los Angeles; Jumonville, New Orleans; Morris, Willins, Hay, Bowman, Dallas, Bell, Porterfield, Shepard, New York; Brawner and Gibson, Philadelphia; Gause, Pittsburgh; Leo, Portland, Oregon; O'Connell, Saint Louis; Forbes, San Francisco; Vincent, Salt Lake City; Davis, Seattle; Padon, Tulsa; Scoville, Watertown; Miss Bolles, Messrs. Sells, Ludlam, Dunn, Cook, Vaughan, Bickett, Wildman, Carter and Foye, Executive Offices.

By Their Work Shall They Be Known

By W. H. ADAMS, of the Cleveland Practice Office

RECENTLY Mr. Brown, president of the Brown Manufacturing Company, applied to his principal banking connection for additional credit and submitted a financial statement prepared by the company's accountant in support of his request.

The banker made a very careful analysis of the statement and informed Mr. Brown that, based upon the statement submitted, the bank could not grant the additional credit.

Mr. Brown was very sincere in the belief that he was entitled to the credit. The demands for more capital were becoming more pressing, and, as is usually the case, after trying all of the home remedies without effect, the doctor was called. A prominent firm of public accountants was retained in the hope that the accountants might be able to prescribe some remedy which would keep the patient alive.

Fortunately for the client, the accountant assigned to the work was one of broad business experience as well as of marked accounting ability. He was more

than an ordinary "figure hound" who simply verifies the transactions as they appear on the records and summarizes them in the form of a balance sheet and income statement. He went deeper into the affairs of the company than simply making a brief review of past transactions. He found an opportunity to get out into the plant and, as he went through, made mental notes of everything that occurred to him which might be of benefit to the client. During the progress of the audit he looked into every possible angle of the business.

When he had finished his work he was in possession of facts in connection with the business which, when presented to the client, not only placed the latter in a position to secure the necessary credit from the bank, but also brought to his attention a number of changes in policy and methods which resulted in a great saving to the company.

Many who are entitled to credit present their facts in such shape that they do not secure it; and many who are not entitled to credit so distort their facts

that they secure, to the chagrin of the creditor, credit to which they are not entitled.

There are many ways in which the accountant may be of service to the client if he is alert and awake to the importance of the profession and to the needs of business.

Industrial and financial leaders agree that the present business depression has been the best possible thing for American industry, because it has afforded an opportunity to prepare for the coming battle for trade supremacy.

This country is entering a period which makes it imperative that all business get down to the most scientific basis possible in order to be able to compete for the world trade. The United States is noted as the most extravagant country in the world. In order to hold our place among nations and secure our share of the world trade it is essential that we live down this reputation by producing at a cost which will bring the world to our market place. We must eliminate waste, and by this I do not mean waste of materials only, which has grown to enormous proportions, but lost motion must be eliminated, time must be saved, and everything which enters into the cost of production must be weighed intelligently.

There are concerns carrying inventories of from two to five times their requirements, some through lack of foresight and some because they do not know what they have. In some instances the carrying charges have equalled one-half or more of the original cost. They seem to lose sight of the fact that the inventory is simply cash in another form.

The profit and loss statements of many concerns show a fair return for the year but the concerns do not know on what lines they are making their profit. An intelligent analysis and study of the business very often develops the fact

that they are losing heavily on some lines, although the net result of operations for the year shows a profit.

Mr. Charles Huttig, who for many years was president of the Third National Bank of St. Louis, stated to me just a short time before his death, that the plan on which he worked was to "keep them in a healthy condition so that when the epidemic comes they are not affected." Or, in other words, discourage overexpansion so that when the panic comes they are in a position to weather the storm.

The employing of the public accountant in fair weather as well as in the storm is one way to "keep well." But in employing the public accountant, or business doctor, the same care must be exercised as one would exercise in the selection of a physician. The best is none too good.

The public accountant is going to be called upon during the next few years to render a greater service than ever before. He must possess the knowledge of accounts and the skill and ingenuity in applying this knowledge. He must render constructive service and prescribe ways and means of taking care of the business of the country. Are we going to measure up to the task which confronts us or are we going to pass up the greatest opportunity for service ever presented? The simple verifying of the figures and their allocation is not sufficient. We must be more than theorists. We must know from actual experience what results can be obtained from the proper application of our recommendations.

This calls to my mind the case of a college graduate about thirty years of age who conceived the idea that he wanted to become a public accountant. He secured a position with a prominent firm of accountants and became quite a student of accounting subjects, but, as he very often stated, during his one season on the staff, he could not find in his work a

case that would "fit the book." Or, in other words, he could not visualize the things that confronted him in his work and apply the theories that he had studied.

Another case that came to my attention recently is that of an appraisal company making an appraisal of a plant. When the man in charge came to the physical inspection of the assets appearing on an analysis of the property accounts, he mistook a calculating machine for a hydrometer.

These are probably remote cases but they illustrate the importance of the accountant's being well versed in the theories of accounts and by practical experience being able to visualize the transactions as they appear before him.

Technical knowledge is highly essential, but the intelligence with which this knowledge is applied is the yard stick by which our usefulness is measured.

This should bring to the mind of those who are charged with the employing of accountants the great importance of selecting men who are able to render the service to which our clients are entitled and which they have a right to expect. Put yourself in the client's place and ask yourself if the man that you are considering for the staff is such a man as would appeal to you if he presented his credentials to you for the purpose of making an audit of your affairs. Does he inspire confidence? This is a serious matter and must be treated with the greatest care and consideration. The accountant in charge is permitted to go into the most sacred records of the business and in selecting a man for the staff this should always be kept in mind.

Another important point is the frame of mind of the accountant or his belief and absolute confidence in the firm.

A salesman cannot make much of a success unless he has confidence in the house and its product. Neither can the

accountant render proper service unless he thoroughly believes in the firm for which he is working. He must sell to himself the idea that the firm is rendering the best service available before he can create in the mind of the client the desire for the service we render.

The accounting profession does not countenance solicitors or salesmen of accounting service, but the accountant in the field can be the greatest salesman on earth by creating in the mind of the client the desire for our service.

If the accountant is going to inspire confidence in himself and the firm he must have the utmost confidence in his superiors. The managers and those in charge must conduct themselves so that their very actions and methods of handling matters will inspire the confidence of the men on the staff. This must originate at the fountain head. The executive, in order to maintain a high standard of efficiency, must at all times be on the alert and awake to everything that goes on in the organization. He must realize the great responsibility resting on him and he must radiate the light for the entire organization. The executive is the "spark plug" of the organization. If he does not function properly the whole organization is going to find it difficult to "make the grade." He might consider his job a sort of baseball game. There are three men on the bases. The executive is at the bat.

We have pleasure in announcing the appointment, effective October 1, 1921, of Mr. Paul Shepard as manager of the New York 39th Street Practice Office, in charge of tax accounting.

We announce also the appointment, effective October 1, 1921, of Mr. P. P. Rossman as assistant manager of the New York Broad Street Office, in charge of the Tax Department.