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PROFESSIONAL EDUCATION FOR THE ACCOUNTANT:

by Robert Beyer

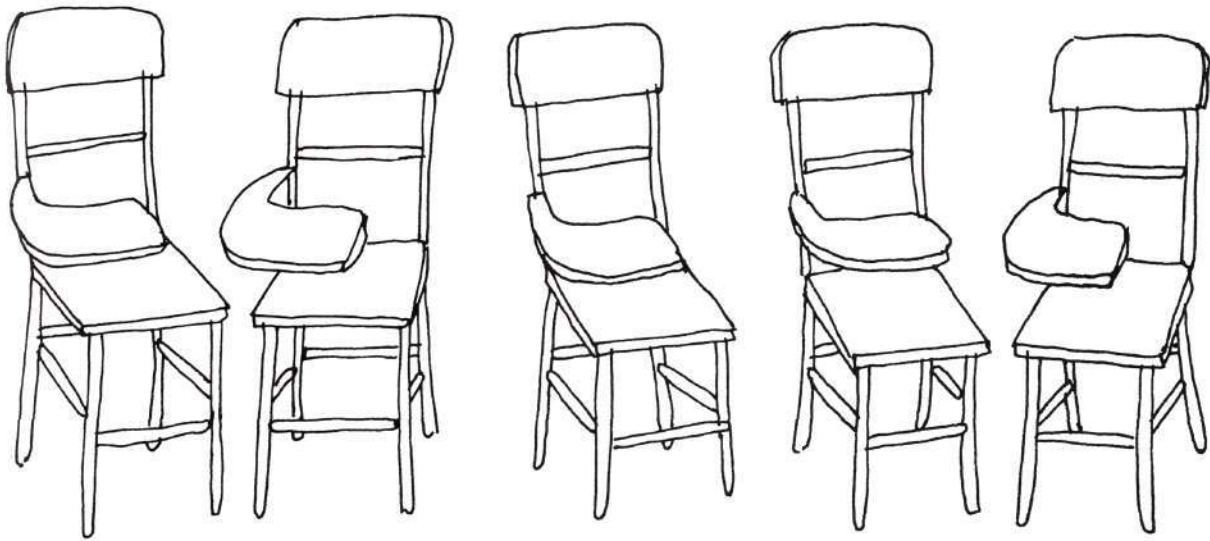


BEGINNING this month, Touche, Ross, Bailey & Smart opens wide the door to a new era of educational opportunities for all its staff members. The firm's Executive Committee, Policy Group, and those responsible for training take pride in announcing this educational program which represents a major investment in the firm's growth and prosperity. Such a project expands the firm's existing facilities for training and forms part of the \$18,000,000,-000* U. S. industry spends for training each year.

A detailed outline of the new program is included in another section of *The Quarterly*. You might page over it quickly right now to see what I mean when I say I am struck by the range of the courses and by their variety. Personally, I am eager to learn about new techniques, new concepts, new discoveries which our expert instructors have ready for us. It delights me to imagine how this expansion of competence can improve our tax, audit, and management services. And I have no doubt that, as word of the program spreads to the universities, it will help attract capable young people to our firm.

Even after twenty-eight years in the accounting pro-

Robert Beyer's most recent book is "Profitability Accounting for Planning and Control," published by Ronald Press. Articles by our managing partner have also appeared recently in "The Journal of Accountancy," "Banking Magazine" and "Administrative Management."



WHOSE RESPONSIBILITY?

profession—practicing, teaching, writing, and making innovations—I am sure there is still a lot I can discover both from the instruction sessions (I intend to visit many of them) and from the feedback of students.

All of us at TRB&S are in a sense both students and teachers. We can teach others something about our specialties and we can learn a lot from others about their special areas of knowledge. It is all part of the process of educating the whole man, your education and my education. It should prove an exciting experience for all of us. We may discover new talents, new capabilities we did not know we had. Through the challenge of new ideas, the perception of fresh relationships with other areas of knowledge, we may very well experience thrilling releases of energy. It will renew our dedication to our professional careers.

**Business Week, June 20, 1964, pp. 56*

What is Professional Education?

At the start of such an ambitious and far-ranging project it seems appropriate to examine the basic idea of a professional education and where the responsibility for it lies. Let us begin by defining terms. What is education? Education is an ideal and humanizing process. In it an individual learns theory and skills, makes them his own through practice and refinement, and leads himself to function as a whole man in relation to the world in which he lives.

When education has its proper place and purpose in society, the open and intelligent mind welcomes it. An

enlightened society realizes the process furnishes both soil and seed for its cultural vitality and survival. The development or stagnation of education has paralleled the rise and fall of human cultures throughout history. Before the rise of the universities, during the waning of the middle ages, only a few men were educated and these, for the most part, by self-perpetuating crafts, trades, or callings. As examples, consider the old guild system's master-apprenticeship relationship or the training of the clergy by the church. In England and Scotland, where modern accounting took particularly long strides toward becoming the profession it is today, "articled clerks" still apprentice themselves in accounting offices. Through practical experience, on-the-job training, and home-study, they prepare for their "chartering."

In the United States, where universal public education is the typically American contribution to the history of education, the accountant usually takes his early training at a university. The university either has a school of business or offers a Bachelor of Arts degree for which the student can major in economics, business administration, or accounting. If his undergraduate degree was in economics or liberal arts, the student would then specialize in accounting or business administration for his Master's degree.

Professional education, as distinct from a general or liberal arts education, leads the student directly into one of the professions such as medicine, law, engineering, the ministry, architecture, teaching, or accounting. Each of

these fields of specialized knowledge, by general consent, fulfills the requirements of a profession or group whose members:

1. possess a body of specialized knowledge
2. undergo a recognized, formal process of education
3. conform to a standard of professional qualifications governing admission. (In the case of accounting it is the CPA exam.)
4. maintain certain standards of conduct
5. perform work of benefit to the public
6. have a recognized status
7. belong to an organization devoted to the advancement of the social obligations of the profession.

Professional education characteristically requires a broad base of formal training usually in a university or college, then post-graduate work, and, finally, facilities for continuing education throughout one's career. When a young man crosses the threshold of the CPA exam, in his career as an accountant, he enters into a life-long process of education.

The Responsibility of the University for Professional Education

Accounting, as a profession, moves faster and faster toward the day when it can provide effective services in all areas of measurement and communication of economic data. As concepts race ahead in such related areas of knowledge as the behavioral sciences, mathematics, and techniques of data processing, the challenge to educate the apprentice accountant increases daily. We have reached the point where the potential CPA cannot obtain sufficient education in a four-year undergraduate course at a university to carry him through his professional career. There is a reason for this. In many business schools the preparation for the CPA examination has dictated the pattern of instruction. By tradition this tests a narrow range of knowledge: accounting theory, accounting problems, auditing, and commercial law. It is necessary now to broaden and deepen the course material offered in order to whet the appetite of students for continued study on their own.

Business today demands effective measurement and communication of economic data in greater quantity and quality than yesterday's accounting information can supply. And, mark my words, business tomorrow will ask for even more and better data.

Yet the knowledge of the newest technical wrinkles in accounting will not alone make an accountant a professional. The future demands of the profession will force

the young accountant to move into ever-widening experience with all phases of social and economic life.

This educational gap has been increased by the different qualities and ranges of instruction at different universities and business schools. Although universities have the responsibility for the formal education of an accountant, some have not yet reached the frontiers of knowledge pioneered by the leaders in the accounting profession while others have succeeded in keeping pace.

To help close the gap, the profession must make clear to the universities what areas of knowledge it wants covered by aspiring accountants.

Many steps have already been taken toward cooperation with the universities in this task. In its publication, "The Accounting Profession—Where Is It Headed?" the American Institute of Certified Public Accountants suggests that the responsibility of the university is "to design a curriculum to stimulate intellectual curiosity, develop the ability to think logically and grasp fundamental principles that can be applied to a variety of specific situations, cultivate the ability to communicate clearly, and inculcate a general understanding of human nature and the social environment."

Course experimentation in the universities still must go on. Everyone knows of the successful programs at the well known graduate schools of business in this country. Significant innovations are also being sponsored by many other institutions. As the awareness of the need for more and broader education spreads, almost all schools of business have been, or are, reshaping their curricula. Committees of the American Accounting Association suggested and sponsored many of these changes. I can say without qualification that today the universities graduate a man who is much better prepared for accounting than his colleagues were a decade ago.

More and more universities have designed and initiated a graduate program for professional training in business administration and accounting and have reserved the undergraduate years for emphasis on the liberal arts including such subjects as literature, philosophy, economics, the behavioral sciences, the physical sciences, and mathematics. Other universities have greatly increased their emphasis on the liberal arts courses while providing core courses in business administration which, although a terminal degree for many students, also provides an excellent foundation for graduate study. TRB&S endorses this trend wholeheartedly. Whenever feasible, the firm employs young people with graduate degrees. It is too early yet to expect every school of business to climb aboard this bandwagon. There are good reasons for the

delay: the shortage of qualified instructors; the increased cost to the school and to the student; and the time required to build facilities and develop curricula. Nonetheless, a trend has been started and our firm intends to keep it moving.

When a prospective staff man asks me if he should attend graduate school, I tell him, "If you can afford it, by all means, do so." Now, let me say right here that a graduate degree does not guarantee success in accounting. Think of the accountants you know. Many outstanding men did not have the opportunity to go to graduate school because they could not afford it, because military service intervened, or because of other valid reasons. Some of these men took on a long program of part-work, part-study to get a higher degree. Some learned the relatively slow and expensive way: by experience on the job. Often the achievements of these men have been made *because they recognized the need for further education* and were willing to work extra hard for it.

Yet the current demands of the profession are such that graduate study provides the quickest, most convenient, and probably the least expensive way to build a solid foundation for a career in accounting.

The Responsibility of the Firm

Professional education, as I said earlier, is a life-long process. Thus only part of it can take place in the university. Once the university has built a substantial base, the continuing responsibility passes to the profession, usually a man's firm, and, of course, to the man, himself.

Even the most highly motivated individuals, however, despite brave beginnings, seldom complete a long-term, systematic program of self-improvement. Daily professional work, family responsibilities, and community projects divert the drive for regular hours of independent study. Another factor also argues for continuation courses sponsored by the firm. You know as well as I that many subjects, particularly technical subjects, prove difficult to master by self-study. These skills and theories can be learned much more quickly and thoroughly when taught by experts.

TRB&S, with the launching of its new courses, rededicates itself to a comprehensive, hard-hitting program of continuing professional education. It is our aim to make these courses of outstanding value to members of the firm and, taken as a whole, an educational program second to none in the profession.

This project, as you know, is not a sudden development. Ever since 1947 when the present firm was organized,

TRB&S has offered training opportunities to its staff. Probably the best known of these was the Group I Training School for new recruits. These early programs stressed vocational requirements and filled a need of that time. Our growth today demands much more. Business constantly grows more complex. Clients ask for more services from their accountants. The educational challenge is clear. In 1959 the AICPA embarked on long-range planning for a full-fledged professional training program. Part of this study acknowledged that the basis of training for the profession had been too narrow.

I would like to stress that this stretching of viewpoint did not develop overnight. In our firm it follows naturally from previous training and, I am sure, will lead to other plans. As we took this step forward we kept in mind the advice of the mathematician and philosopher, Alfred North Whitehead, who said, "The art of progress is to preserve order amid change and to preserve change amid order."

General Objectives of the New Program

As part of the careful planning for these courses, W. Thomas Porter, our Director of Education, has worked with the various technical committees of the firm. They have kept these objectives in mind:

1. Improve the competence of our staff members in all technical areas so that they may provide better service to our clients.
2. Assist each person to realize his maximum potential.
3. Create new ideas for practice development.
4. Present the firm's philosophy, policies, and procedures in technical as well as administrative areas.
5. Disseminate developments not only in accounting, but in other phases of business as well.

So that our people can reach these objectives, three types of training have been planned. They are National Conferences, Local Office Programs, and On-the-Job Training. For each, certain goals have been set and each should add characteristic flavor to the whole process of education.

Central Training Center Program

Our new national conferences will provide staff members with basic instruction in all three functional areas—audit, tax, and management services. Advanced instruction will be given to each staff member in the functional area in which he is going to specialize. Following these courses, specialized instruction will be available for staff people who devote significant amounts of their time to a

particular industry or to a new service of the firm. These national conferences replace regional programs formerly conducted by the firm. The quality of instruction of the national conferences should prove higher because fewer instructors will be needed. The recently completed Audit-EDP seminars offer an excellent example of the superior instruction we will have with national conferences. (G. M. Boni, Dennis Mulvihill, W. Thomas Porter, and Henry Rossi, who comprise the firm's Audit-EDP committee, handled the instruction for these seminars with the fine assistance of Elliott Green of IBM.) Similar committees have been appointed to select instructors, to challenge and refine the outlines of course material, to prepare all course material, and to evaluate, periodically, the sessions and their feed-back.

Also, national conferences make it easier to achieve maximum attendance. Instructors can schedule multiple sessions for most of the training. This provides flexibility; offices can fit in education with client engagements, vacations, and illnesses. Attending national conferences offers staff members a prime opportunity for meeting partners and colleagues from offices throughout the country. Conferees will be able to discuss common problems and discover new ideas based on a rich variety of shared experiences.

Most of the new national conferences will take place in New York City. The scope and content of the programs in each of the functional areas—audit, tax, and management services—can be classified either as *basic training* or *specialized training*.

Basic training is designed as a first level of professional education to meet the growth and service objectives of the firm. The instruction will be aimed at all functional areas to give an awareness of the firm's total professional services. Regardless of his functional area, a man will receive training in one or both of the other two areas. This follows the firm's policy of requiring significant experience in two of the three areas of service for promotion to supervisor. The description of courses elsewhere in this issue of *The Quarterly* outlines basic staff training.

Specialized training is designed for staff members, usually at the management level, who require advanced training in order to render specialized professional services. The instruction includes necessary skills for servicing manufacturers, retailers, financial institutions, and government agencies. It will also include such topics of particular importance to the firm's growth and reputation as Profitability Accounting and Audit-EDP.

In addition to this Central Training Center Program in New York City, there are other national conferences

which include *The National Auditing Conference* (or Group I Audit) held each year at the Kellogg Center for Continuing Education on the campus of Michigan State University. All staff members recently graduated from a university attend this two-week program. Its primary purpose is to outline for new staff men the firm's organization and philosophy and to present instruction in auditing objectives, standards, and procedures.

The Management Conference is a ten-day program for recently promoted audit, tax, and management service managers. Conferees discuss such topics as managing an accounting practice, managing an engagement, quality control problems of an accounting firm, practice development, and professional responsibilities.

Local Office Educational Programs

Our national conferences represent but one phase of the firm's training. Local office programs are necessary also. Instruction offered by local offices provides concentrated, tailor-made sessions on topics and problems of particular value to the office involved. Such training should strengthen specific weaknesses in an office or build its competence to serve the new or particular needs of local clients. This type of instruction complements and extends the training received from national conferences. Each office is expected to conduct a program of at least forty hours of training a year scheduled on a weekly or monthly basis. All staff members are expected to attend. Topics for discussion will include specific technical subjects of importance to the office, effective communication, current problems in tax, audit, and management services, current firm and AICPA announcements, and practice development procedures.

On-the-Job Training

Training on the job can provide a man with a realistic critique and evaluation of the very procedures and techniques he is using in a specific engagement. Such give and take on the job improves the working relationship of supervisors and assistants and, in so doing, can generate the most valuable training possible. *Each engagement budget, for this reason, includes an allowance for on-the-job training.* It is up to those in charge of engagements to spend sufficient efforts to reach the goals of this program. *The national and local office programs were planned with the assumption that effective on-the-job training will be conducted.* Without it, the national and local programs cannot serve their intended purpose. A TRB&S newsletter in August of this year outlined the objectives of on-the-job training. I urge you to re-read that statement now.

The Training Program as a Spur to the Firm's Growth

The investment of TRB&S in this comprehensive educational program is sizeable and is intended as a "capital improvement" to spur the firm's growth. The "capital" of any professional firm lies in the brain power of its members, their knowledge, their skills, their open-mindedness, and their curiosity. The firm therefore feels the new program represents a major modernization project. Heightened efficiency in fulfilling services should more than justify the expense.

The kick-off of the program, set for September in New York, should also trigger the flow of results. Maximum results will require maximum support from instructors. This means thorough preparation of lectures and discussion material and enthusiastic presentation of the subject. Also required are attendance at every session, active participation by each conferee and conscientious completion of all assignments. The student's commitment to learning can be compared to service given on a client engagement. Each must be planned so that no part is neglected.

The Responsibility of the Individual

In reality, the individual has a major responsibility for his professional education from the very start. Self-interest suggests he learn what his university and his firm require as quickly and as thoroughly as time and circumstances allow. The man who is really determined to become a leader in his profession will learn more than mere requirements in all stages of his career.

Ideally, and hopefully, the whole of one's training in the university and in the firm is accompanied by self-development. This is not something done to or for someone although the individual benefits from the process. Rather it is a stimulus, a challenge to accept personal responsibility for keeping open the door to further enlightenment. In staff members this will show up as enthusiastic support of the new educational program, active participation in it, and rigorous goals for independent self-development. This attitude should also produce constructive criticism of the courses as they progress.

The CPA Exam and After

In outlining a goal for self-development, the first objective after graduation from a university and indoctrination in the firm's procedures is your certification as CPA. This certificate forms a foundation for your future growth. You have gained admission to the accounting profession. Having reached this milestone, you ready yourself for the challenges thrown at you by change. You must master new techniques, overcome specific deficiencies

in your previous training, and remain up to date in your areas of special competence.

As you move further along in your professional career, you will want to acquire skills for servicing specific industries. To a knowledge of audit, tax, or management problems of an industry, you will want to seek understanding of the client's entire business—how it operates and its objectives for the future.

One of the best and most pleasant ways to master new subjects or to test innovations is to discuss them with other members of your profession. At TRB&S you have occasions to do this during the scheduled conferences of the firm. You will also have opportunities to speak to various business and professional groups. Take advantage of them. They offer you a chance to review and to sharpen your thinking on various subjects and they also lead you to possible new business. Ample opportunities also exist, beginning with this Quarterly, to publish your talks and to write original articles for appropriate journals.

The Challenge of Self-Renewal

Education provides the means for self-development. Self-development leads to self-renewal. The infinite potential and responsibility of self-renewal have been identified by John Gardner, Chairman of the Carnegie Foundation, in his recent book, "Self-Renewal":

"Exploration of the full range of his own potentialities is not something that the self-renewing man leaves to the chances of life. It is something he pursues systematically, or at least avidly, to the end of his days. He looks forward to an endless and unpredictable dialogue between his potentialities and the claims of life—not only the claims he encounters but the claims he invents. . . . This will not be a widely shared pursuit until we get over our odd conviction that education is what goes on in school buildings and nowhere else . . . The world is an incomparable classroom and life is a memorable teacher for those who aren't afraid of her."

The firm expects *you* to set up your own program of self-renewal. It may include a reading plan, active participation in professional and civic organizations, speeches, and articles. Although the firm as a whole benefits from your self-renewal and from the new ideas it may generate, it is you, the individual, who will reap the richest rewards; it is you alone who will contribute to the advancement of your profession.

May I repeat that the new training program was *designed for your benefit*. If you discover ways to make it better, do not hesitate to speak out.