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# *The Professional Development and Redevelopment of Accountants*

by Donald H. Cramer

*This article is based on Mr. Cramer's speech at the Seventh Annual Northern California Accounting Educators' Conference, sponsored by the California Society of CPAs.*

The professional development of an accountant can be compared to a journey of a thousand miles. It begins with a single step. And it can continue as an ordinary trip or it can become an enriching experience for both the individual and his profession. Much of the quality of a man's professional development depends upon himself. But a lot depends, too, on the encouragement and opportunities for development available through professional societies and through accounting firms.

## *Preparing a Career's Foundation*

A man usually lays the foundation for an accounting career as a student in college. Educators often witness this first step as they help a student choose the courses which will start him down the road of his career.

We used to think professional development ended about the time a man becomes a partner. That is too short-sighted these days. One of the most challenging frontiers of professional progress is the *redevelopment*,

or continuing development of accountants after they have become partners. Between college graduation and partnership there is the traditional, long, and especially stimulating period of practical and theoretical development. I'd like to review it briefly.

## *Professional Development in a Public Accounting Firm*

Let's start with a step by step review of an accountant's professional career after graduation. Many of these steps are self evident and small in themselves. The accumulation of them, however, is impressive. This will become clear, I believe, as I describe the development of a typical accountant. Let's call him Bill Eager.

We pick up the story of Bill when he accepts employment with an accounting firm. You might say Bill is an idealized composite of the type all firms wish to employ. His opportunities for development are based on programs available in the large firms such as Touche, Ross, Bailey & Smart and, in the smaller firms, through the AICPA and State accounting societies.

Bill Eager accepted an offer of employment when he was 25, just married, and had graduated from a big name University with an M.B.A.

Bill's first development sessions introduced him to the auditing functions and goals of his accounting firm. Fifteen years ago we had what we called a Group 1 School which took new men over the hurdles of auditing as we practice it at TRB&S. It was a two-week training session. At that time we used complete practice sets and spent a great deal of time . . . in fact, *too much time*, on them. Now, however, we work only with specific problems and cases and concepts rather than with all the busy work of a complete practice set.

#### *Four Functional Phases of Development*

After this introductory session the entire development program can be divided into four functional phases which must be integrated with each other.

1. A national program of from 40-80 hours a year, similar to the programs sponsored by the State societies, the AICPA, and the larger accounting firms. This is the program most of us talk about so often in recruiting interviews.

2. A local office program of about 40 hours a year, geared to the needs of an individual office.

3. On-the-job training, of from 30 to 60 hours a year, which is given considerable emphasis at Touche, Ross.

4. A management development program.

All four steps are necessary; the economics of our practice demand them.

The first three phases are primarily for staff people during their early years with the firm; the last is for more experienced men who are about ready to assume, or have assumed, management responsibilities.

The structure of the whole program is based on the assumption that on-the-job training hits hard at fundamental audit procedures, or tax, or management services, and, in general, is carried out conscientiously and with first class results. If this is not true, the entire program must be revised.

Specific subjects and schedules will vary with the need and those in charge of training must try to assign each seminar to the phase of the program which can handle it naturally and with best results.

The cumulative impact of this four-part development program will bring the firm and the individual these benefits:

1. It should improve the competence of staff members in technical areas, so that they can provide better service to clients.

2. It should help each person to realize his maximum potential.

3. It should create new ideas for development of a firm's practice.

4. It should present the firm's philosophy, policies and procedures as they affect both technical and administrative development.

5. It should provide development in other phases of business such as communication and mathematics as well as in accounting.

6. Each level of education in the development program should add its particular finish or polish to the professional accountant who emerges from the process.

Now, let's get back to our friend, Bill Eager. As we follow his career I will spell out some of the development opportunities Bill will encounter in the program I propose.

#### *Experience in Audit Procedures*

He will do considerable detail auditing work as a young assistant and will become acquainted with fundamental audit procedures. In all likelihood he will take a special course sponsored by his firm or the AICPA in the preparation of auditing objectives, standards, and procedures and audit working papers and memorandums required for effective communications on an audit engagement. This will probably be held on a university campus for one to four weeks.

#### *Importance of On-The-Job Training*

Working under close supervision at first, Bill will absorb a lot of "know how" on the job. On-the-job training can and should be the most effective method of training staff members in certain technical areas. It doesn't sound glamorous in a recruiting interview. Sometimes it is also used as a crutch. The recruiter says, "We are a small office; we do not need formal programs. We have on-the-job training." I'm thinking here about *first class* formal, structural, on-the-job training. The class room of a university or a class room of a firm is no substitute for hands-on experience.

Our young accountant, Bill Eager, will often work late on his first engagements but hopefully his on-the-job training will be continued. It can and should be the most effective method of teaching certain technical subjects.



Donald H. Cramer

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#### *Objective of On-The-Job Training*

The broad objective of this program assumes a system of communications and rapport beyond the usual routine of an engagement. The program should be designed:

1. To create and maintain high standards of technical performance by teaching, reviewing, and reinforcing an understanding of audit objectives and philosophy.
2. To stimulate and maintain high levels of interest and curiosity in operating techniques, business methods and business problems.
3. To challenge the individual's understanding beyond the level of his present responsibility and to stimulate his full potential for growth.

#### *Suggested Procedures for On-The-Job Training*

Effective on-the-job training does not just happen. It must be planned, budgeted and carried out with certain procedures if we are to get the most from it.

- Staff men should be assigned as far in advance of the engagement as possible, so that they can bone-up on the client's past operating history.
- Assignments should take into consideration the need for giving each man diversified experience in size and type of engagement and type of industry.
- Routine instruction necessary for specific audit procedures should not be considered on-the-job training time. Neither is regular routine review of work papers and memos.

On-the-job training should proceed in three phases designed to take advantage of the best opportunities for development. The three steps are:

1. Advance preparation
2. Training in the field, and
3. Review of the completed work.\*

#### *Advance Preparation*

As preparation for an engagement, it is best to give each assistant the audit program, prior year's work papers and memos, financial statements, letters of recommendation, company brochures, and other available background data on the company and the industry. His supervisor should direct him to significant parts of this material and should instruct him to review all the material and to write out questions and comments for later discussion.

In briefing sessions before the work begins, the partner, manager or supervisor in charge should discuss the scope of the engagement, the general audit plan, and each person's responsibility in fulfilling the plan.

The client's business should also be discussed: its position in its industry, its products and processes, properties, operating methods, and business policies.

In addition, the supervisor should discuss financial position, risk areas, accounting methods, particularly strong or weak control features, special problems, and quality of personnel.

#### *Training in the Field*

The second part of on-the-job training takes place in the field. Those in charge of an engagement should:

1. Arrange a plant tour of the client's operating facilities and familiarize staff members with the client's personnel records.
2. Lay ground rules for client relations. This means clear instructions about questions to ask client's personnel and questions which should first be referred to the man in charge of the engagement.
3. Give specific instruction on work assignments. Staff men should know what is to be done, how it is done, *why it is done*. At this point the supervisor should explain the objective of each audit procedure; the type of evidence it is intended to furnish; and how the work assignment and audit evidence fit into the overall audit.
4. Impress on the assistant the importance of think-

\*Touche, Ross, Bailey & Smart Topical Index EDU-3000 Release No. 65-50

ing about what he is doing; the importance of challenging, inquiring, and of not accepting representations at face value.

5. Try to assign work that will stretch the staff man's capabilities and capacity for growth.

6. When a part of the work is finished, have a senior review working papers and memorandums with the young auditor. The senior should point out what he considers weaknesses or errors in judgment or philosophy and should take immediate steps to help the man make corrections. An especially good job should be commended whenever possible.

7. Have staff men present when significant problems are discussed with the personnel of the client.

8. Try to keep as many assistants as possible assigned to the end of an engagement.

### *Review of the Completed Work*

As proposed, the third phase of on-the-job training takes place at the close of a specific engagement. Those in charge should:

1. Urge staff men to review the completed work papers and memorandums.

2. Furnish each staff man with a copy of the report on the engagement or an annual report as finally published. Encourage him to study these tangible results and ask questions.

3. Review with each staff man his individual performance as it will appear on the staff evaluation report. Make it a point to touch on reasons for unusual presentations, classifications or disclosures. Relay to staff men the principal points raised when partners reviewed the report; tell them how general performance could have been improved.

4. Finally have the senior or supervisor in charge of the engagement prepare a memorandum on the various phases of on-the-job training he conducted. He should evaluate the results he thinks he achieved and recommend possible modifications for the next year's program.

How can we achieve this depth in on-the-job training? First, believe in its effectiveness. Partners and staff have to be convinced the firm is on the right track. Second, provide for on-the-job training in the audit program. It must be part of the time budget for the audit. Finally, follow up to make sure that procedures are carried out.

We have this program for on-the-job training at

TRB&S and we provide for it in our time budgets and audit programs. Implementation, however, is the eternal problem. Personnel on each level of responsibility must be reminded of their obligation to teach those coming up the ladder.

You can imagine that Bill Eager, our typical young accountant, would be a very busy young man in this kind of training program. At about this time, Bill may also have a chance to take courses outside of those sponsored by his firm or state society. He could, for example, take mathematics courses sponsored by the National Association of Accountants.

Sometime during his early years, depending on state law, Bill will be ready to take his C.P.A. exam. This, too, is part of his professional development. Shortly after receiving his certificate, Bill will probably become a senior and for the next few years will continue to learn on-the-job, through supervision and sometimes by supervising others as the man in charge of an engagement.

### *Local Office Training*

Local office training programs in which Bill will participate are mostly on technical subjects taught either by his associates or by people outside the firm. In New York, for example, our firm has offered the management services staff a course in written communication led by professors from N.Y.U. Our Detroit office also presented a program in communications and used educators from the University of Michigan. However, most local office training programs relate to technical subjects.

Those responsible for training should develop models for typical local office training courses. The local offices can then adapt these and carry them out with the help of local office training directors. It is best to develop model programs for several reasons:

1. The firm can achieve consistency and high quality in the training material presented in each office.

2. A model program can prevent duplication of effort within the firm.

3. With the program, management can centralize and control training efforts, pool know-how, and assist offices in conducting an adequate amount of training.

4. The program can be used to supplement material already presented in the national training program and to emphasize specific problems on the local office level.

Not all of these advantages would apply to a firm

with one office but for them good planning this year can prevent duplication next year.

The program suggested here should cover thirty or forty hours of local office training given each staff man every year. Although the program distributed to the offices is fully structured, each office must be encouraged to carry it out in a manner that is best suited to its own needs and interests. Local office training should be planned a year in advance.

#### *Fitting In With the National Program*

You may be wondering how the on-the-job training program and the local training program fit in with the national program. The national program I propose would usually present concepts and philosophy whereas on-the-job training would deal with fundamental audit procedures. Local office programs would take up general technical development, as well as specific office problems. National programs should have broad application and present subjects of general interest, as well as new subjects which cannot be handled on the local office level.

As part of the national program, our friend Bill Eager will probably take such courses as Auditing Objectives, Standards and Procedures; Auditing and EDP; Management Services for the Auditor; Practice Development; SEC, just to mention a few.

#### *Moving Up*

Sometime during his early years, Bill Eager will decide to ask for specialized experience in depth in one of the functional areas of his firm: auditing, tax, or management services. This will require extensive training in the area of specialization. Numerous training programs are offered by the profession or by the individual firms.

At about this time our friend Bill will be serving as an instructor in local office courses and in the national programs. If he is typical, he will probably begin to be active in professional organizations and trade associations. Hopefully he will serve on committees and perhaps give a few talks. If he is lucky, he may bring in a number of new clients for the firm.

Somewhat later Bill might very well become a partner and the new position will challenge and bring into play more and more of his administrative abilities.

In all likelihood, he will accept more speaking engagements in various professional and business semi-

nars and conferences. Through his speeches and articles, he will become better known in his business community. His objective is, too, to attract new clients to his firm.

#### *Making It as a Partner*

Bill's success as a young partner of his firm will undoubtedly bring him to the attention of the managing partner. And when a partner-in-charge of an office or of a department is needed, Bill will probably get the job and take up the new challenge with his characteristic enthusiasm. His golf game will slump and his boyish figure, too, but he will be moving up in his firm.

Bill Eager is, of course, an imaginary accountant who will get some of the breaks, but not all of them. His problems will be those of any man as he moves up conscientiously in his profession.

#### *The New Techniques and Disciplines*

Perhaps only educators really know how many new courses have been added in the business schools during the past decade. In the practice of accounting we have had to create courses and educate our people in many new techniques and disciplines. The reason was simple. New techniques were needed to serve our clients better. They wanted to know how new changes would affect their profitability. Often it meant teaching clients something we had to learn first ourselves.

Many of the new techniques will be entirely routine in a few years and we will expect colleges . . . even high schools, in the case of basic computer programming . . . to offer the courses which will, by then, have become necessary for anyone thinking of a career in business. We will be only too happy when young men and women come to us with these fundamental skills already mastered. Then we can pioneer other courses on the frontier of the information revolution.

#### *Importance of a Capacity for Development*

Despite all the courses now available to students, if I had to specify only one quality we would like to see in college graduates, no matter what the degree they have earned, that quality would be: an ability to absorb much more education, a capacity for further development.

Obviously, we would like to see them come to their first engagements with several skills learned thoroughly, but, above all, with an ability to keep an

open mind and to accept on-the-job experience as the great developing force it is.

An accountant becomes really useful and worth his salt after he has acquired a good deal of experience and has taken the trouble to get the most out of the educational and development programs sponsored by his firm or the profession. He can acquire new skills, better judgment and be of more value to his firm only if his mind is open to new ideas and new ways of doing things.

The ideal recruit would have a *broad education in business*, the liberal arts, and in-depth training in the technical skills which particularly interest him. With these skills he can at least plug into a professional organization and start his career. With this base and the experience and additional education his profession can give him, he can develop rapidly into a professional accountant.

I do not want to overemphasize the need for liberal arts training. Personally, I believe there is a danger in overreacting to the former lack of liberal arts courses and too many credits in accounting. *Why must we go from one extreme to the other?*

#### *Mutual Benefits of Working with Educators*

At Touche, Ross, Bailey & Smart, we find that working with educators is a process of mutual development. This is true for all firms, large or small. We hope to bring educators our practical experience from the field and have them bring us new techniques and theory. We welcome the chance to work with them and to have them participate in our training programs. To further this relationship, we have held a number of seminars for professors. Last year, for example, we had several seminars in auditing and EDP. We held similar seminars in accounting theory and practice and in management services. We plan to continue seminars of this type.

In many ways the continuing development of an accountant and a professor are comparable. The process continues throughout a lifetime and is a combination of accumulated experience and new professional insight. When a university recruits a young instructor it makes sure the young man has gone through certain basic disciplines that will enable him to hold up his portion of the teaching and publishing load. The university takes reasonable care that the instructor moves soundly up the ladder of academic challenge and com-

petence. Professional development in accounting follows a similar pattern.

#### *What Schools Should Develop*

There are a number of things, I believe, the schools should do and the profession shouldn't have to do. For instance, accountants should acquire their basic communication skills in the schools. These skills are of ever-growing importance. As accountants, auditors, and as consultants, we deal more and more with people. We have to write and speak in order to persuade clients to accept new ideas and new ways of doing things. We should be able to write memos that others can read and translate into action.

The graduate should also learn a thorough knowledge of accounting theory in college. He needs a solid foundation in this. We would like to see more graduates come to us with a good background in quantitative methods, mathematics and statistics. We'd like to find more of them with a basic knowledge, at least, in EDP. But again, it is most important that they come with a receptivity to further development. No doubt, the change we have seen so far in information processing is just a prelude to even greater transformations in the future. The pace of change has made us even more aware of the importance of educators and practitioners working closely together. We depend on the colleges to give students a solid first step in the right direction, but we realize they can't do all of the training.

#### *Redevelopment of Partners*

The communications revolution is going to force more educational training hours into all our budgets. One of the most interesting aspects of this development fever will be the retreading or redevelopment of top business executives. This includes partners in accounting firms.

The business world ten years from now will be shockingly different from the one today. There will be new techniques, new systems to audit and control, and an almost unbelievable number of opportunities for management consultation. Before we can advise, though, we must have "know-how" ourselves. That is the great challenge which both the universities and the profession must face squarely.

They say that education today is one of the great growth industries. I think that the enormous intellectual resources of the colleges and universities will be used to much greater capacity in the years ahead simply for retreading or redeveloping the professional man.

The frontier of professional development now lies in the re-education of partners who may be inclined to think they have it made and then wake up one morning to a world that is uncomfortably new to them. If we do not carry out this program of redevelopment, the profession will find itself increasingly of two parts: professors and partners who have accepted and assimilated the changes and those who have not. Needless to say we want to avoid that split and its wasteful conflict of attitudes.

To encourage the development of managers and partners, every accounting firm must have a program that updates their management skills. One part of this program in our firm is a two week management conference which provides managers with an insight into the administrative framework of the organization. There are discussions of our own annual profit planning and budgeting, promoting services and ethics, personnel policies, international operations, and quality control. About one-third of the time is devoted to written and oral communications.

We have conducted, also, seminars for partners on communications with clients. A seminar on communications in staff development is currently on the management development schedule. It covers such topics as delegation, promotion, evaluation, consultation, and on-the-job training.

There are many avenues open for retreading partners, both in the technical and non-technical areas. Here are some possibilities:

#### *Technical*

1. Sabbaticals
2. Professional activities such as service on technical committees of the AICPA and State societies.

3. Executive development programs by universities
4. Teaching at the universities or in AICPA or in our own programs.
5. Courses in mathematics, statistics, quantitative methods

#### *Non-Technical*

1. Communications which would include psychological factors, writing and speaking.
2. The whole field of international business covering finance, business methods and customs, and languages.

#### *Summary*

Let me sum up my earlier comparison of a career in accounting with a journey. The first steps taken by an accountant are the most important. With the proper beginning in the university and a natural eagerness to get ahead, the young accountant will find good development opportunities available to him during his early years of practice. These should generate momentum to carry him well into his middle years and a position of major responsibility with his firm.

Through on-the-job training, local office programs, and nation-wide programs sponsored either by national firms for their own people or by various societies within the profession, the accountant gains the professional competence and experience.

The greatest challenge facing the profession, however, is to recognize the journey is not over when a man becomes partner. In his years as manager and partner, an accountant must make that final effort which raises his professional career, or journey, from an ordinary trip to a memorable and satisfying adventure.