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Charles Weissinger

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The Future of the C. P. A.

BY CHARLES WEISSINGER

Schools, colleges and universities teaching business administration, accounting, finance and commerce every year are turning out thousands of young men who, with very little practice and experience, can do a good portion of the work that was formerly done by some of the certified public accountants. In the past four years, the number of certified public accountants has been growing far more rapidly than the demands of business required. Therefore, it now behooves the practising certified public accountants to look about for additional justifications for a continuation of their existence as public practitioners. Some of them will naturally be absorbed by industry in permanent positions. Others will want to remain in public work. To be enabled to do this, they must enlarge their scope and elevate their services to higher levels of achievement.

The following statements and suggestions are not inspired by any spirit of fault-finding but rather by an intense desire to see the profession as a whole finding beneficial paths to higher accomplishments.

A training that only emphasizes the technicalities of our work no longer forms a sufficient background for the professional accountant. There is a wide distinction between the *art* of book-keeping, requiring specific mental and manual skills, and the *science* of accounting. The latter requires not only the bookkeeping skills and a thorough understanding of the principles and application of accounting problems in our modern businesses, but also a background of general and business education and experience leading to an understanding of our present economic system, its history, present status in this and other countries of the world and its probable future.

Such a background comes from the acquisition of a liberal, progressive education and broad culture, in the best sense of those terms, supplemented with varied experiences. The problems of modern business are so intricate that the accountant who does not possess the necessary education, culture and practice will be handicapped and will fail to realize the full opportunities of his profession.

Accountants now have greater responsibilities than they ever had before and these in time will become even more numerous. They must aid their clients in making their businesses efficient and profitable and they are also under an ethical and legal obligation to see that such work as is delegated to them is carried on within the restrictions and requirements of statute and economic laws. These are grave responsibilities, and those who follow this profession in the future will need a broad social outlook, ability and talents of a high order. Accountants must begin to enter more into the business of the nation, becoming economists and industrial engineers as well as auditors.

Of the foremost and best experienced accountants and educators, there were some who have held this idea for the past twenty-five years. For example, in April, 1910, a prominent Pennsylvania accountant, Herbert G. Stockwell, offered a report as chairman of a committee on education in which he called the attention of the profession to the greater opportunities that lie before them and to the need of up-to-the-minute education for certified public accountants.

One of the professors at the university of Pennsylvania, E. S. Mead, about twenty-seven years ago expressed similar ideas, but before any organized effort could be made to act upon these suggestions, the new tax work began to occupy the minds and attention of accountants and the ideas did not receive the attention which must now be given them.

A great many business men look upon the accountant as a sort of cynical, critical, finicky creature, who unconsciously restricts his realm to the doing of a high grade of police duty (auditing) and preparing statements from history more or less ancient. This existing condition is due largely to the fact that most accountants do not broaden out rapidly enough and allow the world to move away from them, intellectually speaking.

Production and profit engineers are making great inroads on work, part of which was formerly delegated to certified public accountants, and some of these engineers are not nearly so well equipped by training and education.

One of the great troubles with some accountants is that unless a thing appears in the trial balance or in the general ledger or on the statement of assets and liabilities or on the statement of manufacturing, trading and profit and loss, they reason that it is not within their province to pay attention to it. If ever, in the

history of this generation, there was a time when these conditions were manifest, it is now. There is not a statement today, if it is taken from the books and the books have not yet been adjusted to present values, which tells the truth under these abnormal conditions. The net worth in many a case is merely 25 per cent. of what the books show. In businesses that have been in existence for a great many years, the actual worth of the company may be five times greater than is shown on the books. Present conditions should drive home the thought that the knowledge and activities of the world do not stop with the picture which the accountant paints in figures if he relies wholly upon the recorded history.

One publisher was heard to say to a young certified public accountant: "The accounting profession is doomed. You had a mushroom growth through the impetus which the income tax and excess-profits taxes gave you and you are suffering a mushroom death." Even if the speaker was only 25 per cent. right, that should be enough to make accountants sit up and take notice and find additional avenues of usefulness to take the place of the tax work which has gone from them. Those who realize their limitations in time will be able to rise above them. Societies of other men in kindred callings are taking this problem seriously and bringing it forcibly to the attention of their members.

Progressive accountants belong to the local and national organizations of office managers, cost accountants and industrial engineers in order to get a broader background of experience. The functions of these societies are intermingled, but they all work toward the same end—to fit their members to manage an engagement in which many phases of accounting and engineering are involved. The certified public accountant is a professional man and if he had been awake in the past to the opportunities that were his to take, he would have embraced all of the various schools of thought which are held by the other organizations just mentioned. He does embrace some of them, but he should possess all of them. They should be his and a part of him and his work. When the organizations of certified public accountants fail to provide these features for their members, they are not functioning as effectively as they should. It is not expected of any certified public accountant that he is going to be the best expert in all of those different avenues of action, but he should have a good working knowledge of all of them in order to direct the efforts of others who may be more skilled in the execution of the details.

The organization of industrial engineers has the following aims: "(1) To study how to reduce waste and how to increase efficiency, economy, and goodwill in industry and commerce; (2) to promote a more general understanding of the rights and interests of the public, investors, consumers, employees and executives; (3) to assist federal, state and local governments in securing efficiency and economy concerning public affairs and in improving governmental activities affecting the management of industry and commerce; (4) to further the effective coördination of the various functions of management; (5) to provide a medium through which engineers, accountants, managing executives, and others engaged in applying scientific methods to the solution of industrial problems can further the foregoing objects and promote their professional interests."

The society sponsors visits to industrial and financial plants in order that its members may have first-hand information about the actual problems of production, management and finance. Recently, some of its members in Philadelphia and vicinity, some of whom were certified public accountants, visited a plant manufacturing food products, one manufacturing luxuries and another turning out steel products.

Its meetings are divided into sections, the production management section, motion and time study section, office management section—usually one meeting a month under each section. At the meetings, topics pertinent to the section sponsoring the meeting are discussed.

At a recent meeting, the production management section used motion pictures, one on "Manufacturing of sheet steel by the continuous mill method" and one on "Latest processes for production of safety steel automobile bodies, and methods for testing the finished product in comparison with other types of construction." After the films were shown, the men discussed the subjects which were of interest to all.

The local chapter of the institute of certified public accountants could form similar sections and instead of meeting once a month, meet once a week and let those who are particularly interested in a given calling attend on the night when that subject is under debate and for their own advancement also attend the others.

The society of cost accountants goes into the technocracy of accounting: dictaphone, ditto, Ediphone, calculating machines, registers and other machinery used in accounting, and one of the

policies is to hear all sides of a question. In their meetings, for example, the members might discuss the construction of the balance-sheet. They will have present a practising accountant and also an industrial executive who does not practise accounting. In one of the recent meetings, they had a Socratic discussion of cost and among those present were a practising accountant in public work, a practising accountant in private work associated with a manufacturing company international in scope, the owner of another manufacturing company and a professor from the university of Pennsylvania. It was surprising to find that each man approached the subject from a different viewpoint and that in each case the conclusions were different.

At a meeting which took place some time ago, the speaker's topic was "The reaction of foreign trade on Philadelphia prosperity." We need topics like that.

An outstanding member of the organization is conducting a series of lectures covering costing methods in practical installations. A meeting is held once a month for those who care to attend and the subjects are approached from the points of view of control, distribution and analysis. This man is doing this for the cost accountants' association and is one of the progressive, practising certified public accountants.

All of these features should receive the consideration of the profession. In proof of this, attention is called to the fact that many practising public accountants do actually avail themselves of these benefits and study the trends and changes. These, however, form a small percentage of the total membership.

The group of office managers undertakes to make surveys of plants and then prepares from the information a sort of symposium, the benefit of which is given to its members.

In the discussions of the managements of office, among other things, stress is laid upon the saving of time, money, energy, the standardizing of the flow of work, standardizing correspondence, bookkeeping and accounting methods, standardizing forms, filing methods, physical office conditions, personnel and many other problems which are constantly presenting themselves in the experience of the various members of that association.

At one of the conferences, the idea was stressed that the ultimate aim of any industry is not to make profits but to render service to society and that, in choosing the methods which were to be followed, managers should look ahead to the purpose actu-

ally desired rather than to any orthodox methods of getting there.

We, as certified public accountants, must examine ourselves. Are we too orthodox? Do we look into the future to see where our paths are leading? Contrary to the tradition, we should get off the straight and narrow path and branch out into divergent fields. We must realize that the ultimate aim of the profession also is to render service to society.

All matters of this kind tend to broaden the vision of the accountant and therefore increase his usefulness and enable him to practise as a certified public accountant, with greater benefit to his clients and more satisfaction to himself.

One difficulty that organizations like a society of certified public accountants have to cope with is the fact that they are dealing with professional men, licensed by the state to practise, whereas only a small percentage of the office managers, the cost accountants and the industrial engineers have reached that distinction. One thought to be kept in mind when considering ways and means of broadening the scope of the accountant's work is that these other men might be invited to take part in the certified public accountants' meetings. They might even be allowed to join the society and there could be several ways of denominating the different classes of membership. Colleges have their freshmen, sophomores, juniors and seniors; social clubs have their ranks and degrees; accountants could have various associate memberships in their chapters and state societies which would not be allowed the voting and office-holding privileges of the certified public accountants.

The preliminary education of young men preparing to enter the profession of the certified public accountant should include, in addition to the other things already mentioned, a strong foundation in political economy. Most men do not take enough interest in governmental procedures and results. Accountants should take an outstanding part in local, state and federal business, because they are finally the ones best fitted to interpret the results. It is the duty of every citizen, not only to make money in the present, but so to aid in formulating plans for the future that he shall pass on an even greater heritage than he has received. If certified public accountants do not realize that a share of these burdens should rest on their shoulders, they are not true to their responsibilities.

There should be an accountant taking a major part in every governmental system, but unless he is also a manager and an economist, he will not be fitted for such a position. However, being an economist, he should be better able to point the way for the nation to avoid the extremes of speculation and the depths of depression.

There are numerous possibilities open to the certified public accountant to justify a continuance of his existence, which he must recognize if the profession is to continue to make the progress in the next quarter of a century that has been made in the one just passed. Many opportunities will present themselves where good results can be obtained which will bring credit and profit to the certified public accountant and benefit to the world at large. To accomplish this, there should be a national body, like the American Institute of Accountants, that would undertake to weld the public accountants, industrial engineers, cost accountants, office managers and the like into one body of which the certified public accountant would be, if not the dominating factor as suggested herein, an important one. Great good would come from the powerful influence which such a unity would possess and such resourcefulness would redound to the benefit of the practitioner in public work.

It is the earnest wish of the professional men who see where the path is leading that the rest of the profession, particularly the younger men, analyze their potentialities, possibilities, positions and careers and decide before it is too late just what kind of a future they are going to work out for themselves.