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Concerning Criticism

A WORD TO THE YOUNGER PUBLIC ACCOUNTANT

BY WALDRON H. RAND

How disliked a man the critic is. "What is your occupation?" asked one man of another. "I am a critic," was the reply. "What?" said the questioner, "A critic? And do you get paid for it?" "Certainly," was the response. "My! My! Paid for being a critic!"

There evidently was a difference in their views of what constituted a critic. I am referring to the critic who censures or finds fault. You all know him. Nothing you have and possess, nothing you like and admire, nothing you have any decided favorable opinion about escapes his unfavorable comment. It becomes a habit with him. You get no support from him; you expect none. You hate to meet him. Some one has said: "It seems to be man's province to make nature more efficient, and this is exemplified in the motor boat, the automobile, and the aeroplane; but what about the critic who finds fault with a man's legs in creation, when wheels would have been so much more efficient!"

The public accountant might be considered a finder of faults, but don't be a fault-finder. It is unnecessary.

Don't misunderstand me. There is a time for criticism. There is a time for almost everything. The thing we are to avoid is the uncalled-for criticism of existing methods—"uncalled-for" mind you. If called for the situation becomes changed.

If you are requested by the management or the proper person to criticise methods, and you are able to do so, by all means give the benefit of your knowledge and experience, and do it modestly and quietly, and be sure to give the reasons, and let any change which you may recommend find first an advocate in the person or persons most interested before attempting to put it on a working basis.

Suppose you recommend a change in the method of paying off the men in a factory. Let your first endeavor be thoroughly to convert the management, the payroll clerks, the foremen and the men, too, to a realizing sense of the advantages to be derived

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from the proposed change. Then, when introduced and properly watched for a while, everybody will be pleased to see how smoothly it will run.

What I object to is an attitude which finds uninvited expression in ways like this:—

A bookkeeper will be told his bound ledger is too old style; or that he never should journalize his cash; or that his three column cashbook or purchase journal is very objectionable; or that his filing system is about the worst ever seen; or that his pencil sharpener is good for nothing and his desks too high; his room too dark, his hours of work too long and his salary too small. Every one of such criticisms is generally unnecessary and makes only trouble and annoyance.

Perhaps the remarks about salary and hours of work might for the moment flatter the bookkeeper, but sooner or later even such comment will react against the unwise accountant. If the accountant cannot find anything to praise he must be a confirmed dyspeptic or else too one-sided for his calling.

There are certain stated principles of accounting which form a basis for all systems of accounts. Seldom, however, in practice, do we find two sets of accounts kept in exactly the same manner. Even though started alike, little changes will creep in—changes due to the difference of this particular business from all others, or the differences of this particular bookkeeper or particular proprietor from all others. So when you approach the books for an audit, consider the fundamentals and do not refer to the variations noted, especially the first time you see them. If your attention be invited to the changes made in the system as stated, and even though you note that they are wrong in principle, you may say that you will discuss them later and have them explained, and that you are always ready to be instructed and for the purposes of this business some change might be desirable.

All the while try to put yourself in the other man's place and try to find out what his thoughts are—try to understand him. These innocent looking changes may be made to cover a multitude of sins. They may be simply a wrong way of doing the right thing. Be non-committal until you know.

I remember starting an audit where the bookkeeper informed me he had effected an improvement in his method of journalizing certain distributions of labor and material from sundry depart-

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ments. He formerly had been accustomed to copy into his bound cross entry journal a lot of tabulations as a basis for the entry and we had recommended that he leave out the tabulations. This he did not want to do, and so in following our recommendations, unknown to us, he proceeded to use a subsidiary journal for this class of entries and to post direct therefrom. When next audited, errors were discovered resulting from this practice which, when his attention was drawn, enabled us to convince him without trouble that the counsel we had to give was the wise one to follow; and his "improvements" were discontinued. Again, the changes in the methods from your ideal plan may not be wrong in themselves, but may excite your opposition simply because they differ from your personal choice. Criticism which may occur to you to make may rest upon your lack of understanding of conditions.

It is not a difficult feat to distinguish between knowledge and understanding. We know the plant grows and the blossom expands, but we don't understand it. We know our feet and hands respond to our will power, but we cannot explain why. A woman's magazine has the following: "Willie," said the teacher, "how much is six and four?" "Eleven," said Willie promptly. "No. Try again." "Twelve." "No." "Thirteen." "No, no, you're guessing now. But why couldn't you have guessed ten?" "Because it doesn't make ten," said Willie, confidently. "Five and five make ten. I remember that." It is dangerous to assume you understand the reasons for accounting methods from the records presented. It is much safer, even necessary in most cases, to learn the whole story, and listen to a full explanation, before reaching your conclusion and giving expression to the invited criticism.

A retail merchant's practice was to prepare a neat copy of the bill for each delivery, and the accountant, who thought he saw a chance of criticising this practice on the score of economy, felt humiliated when he found the plan was for the driver to receipt the bill and collect the money. The merchant was doing a cash business and it was an important part of his business system to supply a neatly made bill with every delivery to every customer. The accountant should have waited until he understood all the conditions. How often do we hear the question: "Do you prefer

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loose-leaf records or bound books?" Conditions alter cases. Do not pass judgment from a superficial examination. Study to understand all the conditions precedent.

We frequently have to advise young men who are not so situated as to be able to attend school in person, but want to take a correspondence course, and we try to impress the foregoing truth upon them by suggesting that they confer with some public accountant near at hand and induce him to help them in their work, otherwise they will be prone to get filled with a lot of knowledge they do not understand.

The variations in the terminology of accountancy are awful and amazing. The American Association of Public Accountants had a standing committee at work on terminology for what appeared to be a long while, and I believe it never got beyond the letter "A" in its publication. How common it is to include proprietorship accounts among so-called liabilities in a balance-sheet. Ask a number of merchants to define turnover and you will get a variety of answers. Cost of goods sold is the turnover.

I remember well when I first saw a British balance-sheet with its liabilities on the left hand and its assets on the right, and how it bothered me until I learned the reason for it and understood. You know the British system is founded upon the theory that the balance-sheet represents the business account with the proprietor, while the American system is based upon the claim that the balance-sheet is not a journal entry with the proprietor, but a statement of balances from the ledger.