

University of Mississippi

eGrove

---

Newsletters

American Institute of Certified Public  
Accountants (AICPA) Historical Collection

---

Spring 1995

## CPA Management Consultant, Spring 1995

American Institute of Certified Public Accountants (AICPA)

Follow this and additional works at: [https://egrove.olemiss.edu/aicpa\\_news](https://egrove.olemiss.edu/aicpa_news)



Part of the [Accounting Commons](#)

---

## WHAT'S INSIDE

### **BUILDING RAINMAKERS**

There are four basic ways for CPA firms to hire and create the right kind of entrepreneurial partner and manager to help firms grow in the 1990s: They can provide mentors for them or acquire, hire, or develop them. *page 3*

### **ONE CONSULTANT'S EXPERIENCE: IMPLEMENTING ELECTRONIC DATA INTERCHANGE**

A consultant describes an engagement that resulted in the implementation of an electronic data interchange system that would improve business performance and reduce costs. *page 5*

### **DOING BUSINESS IN A NETWORKED WORLD**

Being networked will become as essential for conducting business as having a fax machine. This article describes the basic features that allow a company to take advantage of the networked world. *page 6*

### **SPEECHES TO HELP MARKET CONSULTING SERVICES**

Four new speeches have been developed by the AICPA to assist CPAs in marketing their services. *page 8*

### **AICPA PLANS ON-LINE SERVICE**

The Accountants Forum, provided through the CompuServe Information Network, will give AICPA members electronic access to a variety of professional literature, publications, and services. *page 8*

### **HELP IN REVIEWING EMPLOYEES' PERFORMANCE**

Software is available to help employers develop a formal approach to evaluating employees. *page 9*

## IMPROVING YOUR BOTTOM LINE

### *Using Psychological Testing to Avoid Costly Mistakes in Hiring*

**CARL P. HEINEMANN, CPA**

When CPA firms recruit consulting personnel, they usually seek people with a particular skill or technical background. However, most consultants also need to be adept in marketing and selling services. Since personnel costs still represent the largest single expense of an accounting firm, hiring employees without requisite skills can be costly. Consulting services must be "sold," so it is vital that the recruiter identify prospective employees with the needed skills.

Small firms are especially vulnerable to making costly mistakes in hiring. These firms do not have staff dedicated to evaluating prospective employees, using sophisticated screening methods. In selecting employees, small firms usually base initial hiring decisions on a review of resumes describing such background information as experience, education, and technical skills, followed by interviews and reference checks. This approach may fail to bring to light any alarming reasons for the job change and to assure that the candidate will fit into the corporate culture.

The result is the *Iceberg Theory of Hiring*: on the surface, employment candidates can shine at their very best, but troublesome characteristics may lurk below the surface. A candidate's disorganization or short temper, for example, may not surface in interviews.

Such characteristics probably will not be revealed in reference checks either. According to a recent poll by Robert Half International, executives tend to equivocate or respond ambiguously when asked for a reference. The main reason given for an equivocal or ambiguous reference is fear of lawsuits (80 percent), followed by bias due to friendships, a distant second (11 percent). In any case, reference checks are not as significant a factor in recruiting entry-level accountants as they are in recruiting seasoned professional or support staff.

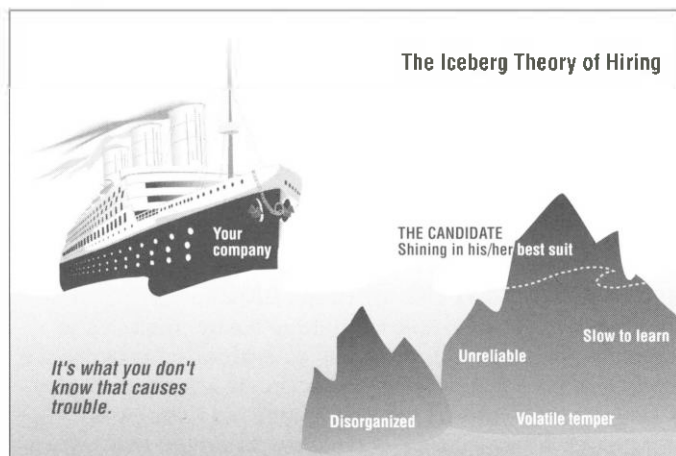
### **PREDICTING SUCCESS**

Firms can make better decisions about hiring personnel and reduce costly hiring errors through the use of the Profile Evaluation. The Profile Evaluation adds another evaluation factor—job-fit testing.

I decided to use the Profile Evaluation to avoid the problems that result from the Iceberg Theory of Hiring. The Profile Evaluation measures six mental aptitudes and ten personality dimensions. The mental aptitudes are mental alertness, business terms, memory recall, vocabulary, perception, and mechanical interest. The personality dimensions measured are nervous tension, character strength, work habits, socia-

bility, emotional maturity, dominance, competitiveness, stamina, naiveté, and work motivation. Knowing a prospective employee's scores in these areas, the employer can predict the likelihood of the candidate's success with the firm as well as assess his or her partnership potential. The Profile Evaluation uses two validity scales to enable the employer to determine if the information is reliable.

The Profile Evaluation has the unique capability of allowing the firm to determine which score patterns predict success for different positions. Staff will demonstrate differences in the characteristics appropriate for successfully providing audit, tax, or consulting services. Some positions within a firm involve working in teams whereas others involve working independently. Dealing with tax authorities requires different skills from interacting with staff. The employer can correlate subtle differences in the requirements of each position with the mental aptitudes



and personality dimensions measured in the profile. Management's awareness of these differences can prevent setting up a sharp graduate for failure by simply hiring the person for a position that is currently vacant rather than keeping the resume on file until the right position becomes available.

CPA firms could also consider giving the Profile Evaluation to current employees for better staff utilization, team building, and staff development. In addition, the scores of the most productive employees in certain practice areas could serve as benchmarks for recruiting purposes.

The Profile Evaluation cannot assess the technical skills needed for consulting services. Through interviews and reference and background checks, the employer can determine whether the candidate has a record of meeting expectations in technical performance areas. A candidate

## TESTING EMPLOYEE CANDIDATES

Practitioners need to be aware of any legal pitfalls that may be associated with employee testing. In some states, privacy laws prohibit employers from soliciting certain kinds of information for clues to a prospective employee's likely behavior.

In 1991, for example, a California appeals court ordered Dayton Hudson Corporation to stop using the *Psychscreen* personality test to gauge applicants' emotional stability. The court said some test questions violated the right to privacy guaranteed by the state's constitution.

The Science Directorate of the American Psychological Association advises users of employee tests to check with their state psychological association to determine whether a particular test can be used in that state. The publisher of the test should also know which states allow or do not allow the use of its test.

Consulting Services Practice Aid 92-2, *Developing and Improving Clients' Recruitment, Selection, and Orientation Programs* (New York: AICPA, 1992) advises:

*To avoid lawsuits, the client ensures that all tests are structured for the position available and uses them solely for employment-related purposes. The practitioner recommends that the client get legal advice about employment testing.*

recruited from within the firm may not have as much technical experience as a candidate from industry and therefore may require more extensive training. However, such a candidate has a track record at the CPA firm that can be judged by putting it in a consulting services context.

## SKILLS NEEDED BY CONSULTANTS

Consulting services professionals can play as many as five different roles depending on the size and scope of the firm's consulting practice. These roles require skills different from those normally required of audit and tax personnel. The Profile Evaluation can help employers to assess whether prospective candidates have the mental aptitudes and personality traits required for consulting services. The mental alertness score will indicate whether a candidate is bright and able to learn quickly. Scores in business terms and vocabulary will indicate a prospective candidate's language skills, which are important for interviewing client personnel and collecting data, directing and developing staff, and networking in the community to develop new clients and new service areas.

*CPA Management Consultant*, Spring 1995, Volume 9, Number 2. Published by the American Institute of Certified Public Accountants. Copyright © 1995, by the American Institute of Certified Public Accountants, Harborside Financial Center, 201 Plaza Three, Jersey City, NJ 07311-3881. Printed in the U.S.A.

### EDITORIAL ADVISERS

Carl M. Alongi  
Pulakos & Alongi, Ltd.  
Albuquerque, New Mexico

Melinda M. Harper  
Shenkin Kurtz Baker & Co.  
Englewood, Colorado

Jay H. Loevy  
Mass Mutual Insurance Co.  
Springfield, Massachusetts

Lawrence R. Lucas  
Lucas Company  
Moscow, Idaho

D.J. Muse  
Brockman, Coats, Gedelman  
& Co.  
Akron, Ohio

Joseph A. Puleo  
Puleo & Thompson, P.C.  
Hamden, Connecticut

Leonard M. Sommer  
Hancock & Dana, P.C.  
Omaha, Nebraska

**TECHNICAL EDITOR**  
Steven E. Sacks, CPA

**EDITOR**  
William Moran

Consulting services professionals need good administrative skills. Their scores in perception and work habits should be high enough to indicate attentiveness to detail and ability to organize and prioritize activities. Interpersonal skills can be measured through the personality dimensions of sociability, dominance, competitiveness, stamina, and emotional maturity.

The Profile Evaluation involves a timed assessment of approximately sixty minutes. A booklet and prerecorded cassette are provided. The recruiter can leave the room for an hour while the candidate is guided through the assessment by the cassette. The recruiter can either mail or fax the candidate's answers to the provider, and the accounting firm will receive a written report by mail or fax followed by an oral interpretation. The firm can also receive an interpretive manual and video training.

The Profile Evaluation is valuable to me for hiring and staff development. Given the limitations of resumes and reference checks, it provides me with a meaningful second opinion. I wouldn't have major surgery without a second opinion. Hiring decisions should be as carefully made in today's competitive environment. ♦

*Editor's note: Carl P. Heinemann, CPA, is an authorized dealer for the Profile Evaluation, which is published by Profile Technologies, Inc., Grand Prairie, Texas (214-988-3725). Mr. Heinemann's article is provided for information purposes only and should not be interpreted as an endorsement of the Profile Evaluation by the AICPA.*



The four basic personality types

THE FAR SIDE © FARWORKS, INC./Dist. by UNIVERSAL PRESS SYNDICATE. Reprinted with permission. All rights reserved.

## BUILDING RAINMAKERS

ALLAN S. BORESS, CPA

There are four basic ways for CPA firms to hire and create the right kind of entrepreneurial partner and manager to help firms grow in the 1990s: They can provide mentors for them or acquire, hire, or develop them.

### MENTORS

Firm rainmakers traditionally have been shown the ropes by a veteran marketer. The best training involves observing an experienced partner, being tutored in methods and approaches, and having initial efforts nurtured and encouraged. Of course, this approach requires rainmakers willing to take younger colleagues under their wings.

### ACQUIRING

Many firms have had success in merging or acquiring practices. To improve marketing efforts, firms might look to purchase practices in which savvy marketing partners are still actively involved. Bringing proactive partners into

ALAN S. BORESS, CPA, is president of Allan S. Boress and Associates, Ltd., Coral Springs, Florida. He is the author of three CPE self-study courses published by the AICPA: *The I-Hate-Marketing-My-Practice Course for CPAs* (with Mike Cummings), *The I-Hate-Selling: the Videocourse*, and *The I-Hate-Selling Course for CPAs: How to Make More Sales Systematically and Painlessly*.

a firm not only builds a practice, but also can provide a good example for existing partners and staff and inspire them to invest time in marketing.

### HIRING

Marketing problems can be avoided by choosing people right for the firm. It all starts in the recruiting phase with the kind of person you hire. Here are some ways to improve the chances of recruiting a future entrepreneur.

■ *Be direct with prospective employees.* Let candidates know the firm wants more than staff accountants. They should be told that every employee is responsible for building the firm's business. Inform them that becoming a partner depends on building a powerful referral network and bringing in a material amount of work.

Yes, this method will mean losing some attractive candidates, but these people would never have brought much business into the firm. The natural rainmakers, however, will be enticed by this farsighted approach to managing an accounting practice and by the emphasis on growth and opportunity. Also, being direct from the start helps avoid disappointments and unrealized expectations later and sets the firm apart from every other campus recruiter.

■ *Choose the right people.* To get entrepreneurial partners and managers, stop hiring people who lack social skills. Hire people who are likable immediately, because personalities are hard to alter. If someone has spent twenty-one

or more years of his or her life being introverted and shy, don't expect a rapid change.

Stop looking for only good future technicians and start seeking people with personalities. Those of above average intelligence can be trained to be good technicians. Recruiters should concentrate on outside activities and social pursuits as well as positions of leadership on or off campus. Search for people who will take action, not wait to be told what to do.

■ *Interview the real candidate.* To get to know what someone is really like, it's best to remove him or her from the formal interviewing process to observe interactions with others in casual social settings. Is the candidate gregarious? Friendly? Shy? How does he or she treat a spouse as well as potential colleagues or employees?

■ *Ask the right questions.* What is the candidate's idea of fun—reading a book or being involved with other people? Get a realistic idea of how he or she feels about being responsible for bringing in business.

Candidates' enthusiasm and ambition are important factors, too. Will they invest in their own personal skills in order to get ahead? Are they able and eager to meet clients and referral sources on their own time? How do they feel about using personal time in order to build a marketable new area of expertise?

What are their real ultimate career goals? Do they intend to stay with the firm for the long term? Do they want to be in business for themselves?

■ *Have firm rainmakers conduct the final interview.* It takes one to know one.

#### DEVELOPING

There are several ways firms can nurture marketing skills in existing staff.

■ *Train professionals to be more entrepreneurial.* The staff should understand and commit to their responsibilities for the client relationship, even if they are only seniors. Give staff the authority to meet and build relationships with their client counterparts on an audit or consulting project. Tell them that getting ahead means building their own book of business for the firm as if they were in business for themselves. Suggest that, in addition to reading industry journals, staff attend trade association meetings and CPE conferences on industry topics.

■ *Encourage business-building behavior.* From the very beginning of their careers, staff should identify and join powerful organizations that include their counterparts in other professions as well as prospective clients. Hold staff responsible for taking visible leadership roles and developing a marketable expertise.

■ *Hold people accountable for business development.* If you make a partner responsible for a piece of the total office business—an industry, for example—you'll be surprised how quickly they learn how to market.

Everyone in the firm—partners, managers, and staff—must be responsible for a particular market segment. There should be a sales management function and reporting system to oversee and control business development activities.

■ *Nurture human assets.* Regular training is important to marketing success. CPAs crave information; the more they know and understand about something, the more comfortable they are with it. Marketing acumen should be built in the same way the firm develops expertise in a new technical practice area.

■ *Provide the right support system for practice development.* Some firms give staff members expense accounts for business lunches with friends or acquaintance who could be future referral sources. The firm also publicizes staff efforts—even introductions that lead to new business—in memos demonstrating which efforts the firm values.

Marketing success is enhanced by making heroes out of those who make contacts. Their efforts should be supported through articles in internal newsletters and the local press. They should be called on in regular firm sales meetings and asked to mentor struggling prospective rainmakers.

Firms should acknowledge even the smallest effort and be realistic about the process. Most importantly, they

should allow for failure while aiming for early successes and small improvements. The focus should be on productive effort; an emphasis on major achievements will only discourage fledgling marketers.

Rainmakers should be given the support staff to address the detail work. Although

rainmakers should possess technical skills, they need to do what they do best. There should be no excuses for failure to market, even during busy season, and compensation should be tied to new business successes. This demonstrates commitment to proactive growth with tangible rewards.

#### LEAD THE WAY

Competent people act on their perception of what's important to the leadership. If the firm leaders are very visible in marketing, staff will make it part of their program too.

Staff people base their understanding of their responsibilities on partners' examples. If they don't see partners bringing in business, they're not going to think it's part of their job. They have to see partners out and about in the community, involved in organizations and bringing in business themselves.

There are several effective ways to infuse a firm with the energy and expertise necessary for marketing success. However, the most important steps are those taken by firm leaders. No partner can expect staff and managers—or even fellow partners—to make contacts and secure new business if he or she isn't doing the same.

*Editor's note: This article is adapted from an article that appeared in the newsletter of the International Group of Accounting Firms, Chester, New Jersey. ♦*

**Competent people act on their perception of what's important to the leadership. If the firm leaders are very visible in marketing, staff will make it part of their program too.**

# ONE CONSULTANT'S EXPERIENCE: IMPLEMENTING ELECTRONIC DATA INTERCHANGE

*A Tool to Improve Business Performance and Reduce Cost*

**MICHAEL H. HUGOS**

I recently worked with the Treasurer of a growing distribution company whose costs of doing business were rising as sales volume increased. We were looking for ways to cap expenses while continuing to support the company's growth. The purpose of the project was to document the current costs of the purchasing and accounts payable operations and find ways to reduce these costs and improve performance while coping with increasing volumes of work.

## LOOKING FOR THE BUSINESS LEVERAGE POINTS

Working with a team of supervisors and staff from accounts payable, we mapped out the sequence of activities that the department used to process an invoice and issue payment. For each activity, we looked at the volume and frequency of data being processed and we documented the cost of staff hours per month. By finding the most time-consuming activities, we could determine the leverage points. Improvements in those activities could reduce the staff time needed and increase the amount of work processed.

Two activities—invoice entry and resolution of not-payable invoices—accounted for more than half the time spent by staff. Invoice entry accounted for 28 percent of the total time spent each month and resolution of not-payable invoices accounted for 23 percent.

## WORKFLOW USUALLY CHANGES

Looking into the invoice entry activity, we found that a significant number of the invoices came from a small group of high volume suppliers. Clearly, there was an opportunity to change the handling of invoices from these major suppliers.

Investigation of the other major time-consuming activity—resolution of not-payable invoices—showed that much of this activity resulted from a lack of coordination between the purchasing and the accounts payable departments. Not-payable invoices occurred when an invoice could not be matched with a purchase order. Mismatches often happened because purchasing agents called up the supplier to make changes after they had already mailed the original purchase order. Because the company needed the product quickly, the suppliers could not delay shipping until the company printed out and mailed another purchase order. The purchasing agents were supposed to send updates to the original purchase orders to accounts payable, but the updates were often lost or overlooked in

the rush of daily activities. I worked with the Treasurer and the staff of purchasing and accounts payable to redesign the work flow. The redesigned process uses electronic data interchange (EDI) to speed up the flow of data and better coordinate actions between the two departments and the company's major suppliers.

## EDI ENABLES A NEW WORKFLOW

We designed a new set of procedures that we called *Closed Loop EDI*. We used EDI links to tie together the purchasing department, the accounts payable group, and the company's major vendors in a closed loop of data transmissions. The purchasing department would enter purchase orders into its computer, thereby immediately sending them to the designated supplier via EDI, and the supplier used EDI to immediately acknowledge the purchase order. Because of the speed of EDI, last minute changes to a purchase order could be entered into the company's computer and sent to the supplier without purchasing agents calling the supplier to change the purchase order. This eliminated many of the mismatches between purchase orders and invoices.

The supplier then shipped the product and entered an invoice into its computer. The supplier used EDI to send the invoice to the company where it was read directly into the company's accounts payable system and automatically matched with purchase orders. This eliminated the need to manually enter invoices. For invoices that matched with purchase orders, the company then sent a remittance advice via EDI back to the supplier.

## PILOT PROJECT TO PROVE THE NEW DESIGN

Before rolling out the new design for use with all suppliers, we tested it in a pilot project. We selected a supplier that had experience with EDI. We did not change the company's purchasing or payable systems, but we did add an interface program between those systems and an EDI software package. The interface program read the purchase order file and selected purchase orders destined for the pilot supplier. It took those purchase orders, reformatted them as required by the EDI software, and loaded them into the EDI package.

EDI between the company and pilot project supplier was carried out over a value-added network (VAN) operated by a national telecommunications company. The client company connected to the VAN through a local phone number and then transmitted its purchase orders to the supplier's mailbox on the VAN. Every hour the supplier's computer logged onto the VAN, downloaded the contents of its mailbox, and sent purchase order acknowledgments to the company's mailbox on the VAN. When the supplier shipped product, its computer then sent an invoice over the VAN to the company's mailbox.

The client company's computer regularly logged onto the VAN and downloaded the supplier purchase order acknowledgments and invoices from its mailbox. The interface program between the EDI package and the company's accounts payable system reformatted the EDI transmissions so that they could be loaded directly into

**MICHAEL M. HUGOS** is with the Business Technology Team of Checkers Simon & Rosner LLP, Chicago, Illinois.

the accounts payable system. When invoices and purchase orders matched, the company's system issued a remittance advice and the interface program uploaded it to the EDI package for transmission to the supplier mailbox on the VAN.

The pilot project documented substantial savings in the amount of staff time spent entering invoices and a signifi-

cant drop in the number of not-payable invoices. It showed that EDI provided a way to increase the speed of processing and the volume of purchase orders, invoices, and payments with fewer errors and less staff time. The closed loop EDI design is now being rolled out to include all of the company's major suppliers and the company is setting up similar EDI links with major customers. ♦

## DOING BUSINESS IN A NETWORKED WORLD

MICHAEL H. HUGOS

Being networked will become as essential to conducting business as having a fax machine. CPA consultants and their clients should therefore get used to the technology that will take them on to the information highway, according to the following article, which is reprinted with permission from the *Client Report* (Winter 1995) of Checkers Simon & Rosner, LLP, Chicago, Illinois.

Shrewd and imaginative use of new computer and communication technology allows a company to achieve competitive advantages that in the past only the largest corporations could dream of. Growing up around us are electronic networks that allow progressive businesses to exploit opportunities that simply did not exist before. There is a world-wide public network of interlinking computer and communication systems called the Internet. Conservative estimates place the current number of frequent Internet users at 3.5 million. This number is expected to continue growing at a rate of 80 percent per year as it has been for the last five years. There are also several other fast growing networks such as Prodigy, America Online, and CompuServe that have hundreds of thousands of frequent users.

Progressive companies are already making significant use of these existing networks. As the technology continues to improve and the number of people connected to networks increases, the time approaches when doing business via networks will be as common as business via telephone or fax.

There are three basic features that allow a company to take advantage of a networked world:

1. *Data links with customers and suppliers* that can handle voice, text, and pictures. Data links, such as EDI and e-mail, are already a requirement for companies who are suppliers to companies such as Sears, Walmart, Kmart, and the big three car companies. As we continue the shift from an economy driven by product availability to one driven by customer demand, the sales and marketing groups of a company will need to be easy to reach by customers. For instance, certain manufacturing companies are now dispensing pictures, drawings, and technical information on their entire product lines via the Internet.
2. *Customized marketing and distribution systems* that allow a company to track information about individual customers, not just an abstract "average customer." Through tracking buying patterns and preferences of customers, a company can customize existing products and introduce new ones that more precisely fit customers' needs. Some mail order companies are experimenting with systems that allow customers to dial in from their home PCs, view pictures of products, place orders, and specify delivery instructions.
3. *Distributed information systems* that use PCs and local area networks (LANs) within an office and wide area networks (WANs) to link branch offices together. These systems give employees the instant access to data they need to do their jobs well. Data will no longer be locked up in a central computer without easy ways to retrieve it and manipulate it as the need arises. For example, people in customer service must be ready to respond quickly to a wide range of customer requests or questions whenever a customer calls.

Just as fax machines were available for some years before they became widespread, once a certain threshold number of people using them was reached, it suddenly became mandatory for all businesses to have them. This same dynamic is occurring now with network technology. Companies that start now to put the features in place to do business in a networked world will be taking the necessary steps to get a head start in an economy where customer focus and fast response are critical to success.







# MANAGING THE FUTURE

AN EDITORIAL BY CARL M. ALONGI, CPA

**H**ave you ever wondered what happened to yesterday? You can find it in your company's financial statements, tax returns, and other corporate memorabilia—and in next year's budgets.

As a practicing CPA and business consultant, I used to find comfort in looking at prior years' performance to forecast the future. My approach was: if it can be measured, it can be managed. Is this acceptable anymore? Yes, in part. But there is more to the future than the past, and yesterday's solutions and paradigms, or models, are unreliable for planning and managing the future. So what is a business person to do?

Before considering solutions, let's examine the ever-accelerating paradigm shifts. In the 1950s and 1960s, the label *Made in Japan* was imprinted on cheap junk. Somewhere along the way, with the help of America's W. Edwards Deming, the Japanese changed the way they did things. They became a manufacturing giant and world-class leader in manufacturing expensive, reliable quality products. In changing their way of doing things—a paradigm shift—they changed their world image.

Let's also look at how failure to change affected the Swiss. Before the advent of quartz movements in watches and other timepieces, the Swiss enjoyed 80 percent of the world's timepiece market. A Swiss engineer invented the quartz movement, but the Swiss

---

**CARL M. ALONGI, CPA**, is managing shareholder and head of the Management Consulting Services Division of Pulakos & Alongi, Ltd., Albuquerque, New Mexico. He serves as chair of the AICPA MCS Business Valuations and Appraisals Subcommittee and as the national chair of Accounting Firms Associated, Inc., an international network of CPA firms.

watch industry dismissed it as inferior. However, the Japanese and Americans picked up the idea, while the Swiss, failing to recognize the need for a paradigm shift, kept making watches and clocks in the old fashioned way. In the process, they lost 60 percent of their market, enjoying only 20 percent of the world's timepiece market today.

How do the experiences of the Japanese and the Swiss relate to CPA consultants and their business? A strong bottom line resulting from maintaining a loyal customer base is the primary goal of your business. How you get it in the future is the issue.

It is safe to say that all of us need to be customer-driven if we expect to be operating during the next generation of our business. We have all heard of total quality management, quality control, employee empowerment, and other buzzwords signaling paradigm shifts. Do we actually use these concepts to challenge the way we think and do business?

The CPA profession enjoys a solid reputation. However, to retain that reputation as we approach the next millennium, we must be more than financial and tax historians for our clients. We must challenge our clients to challenge their processes. We must listen to their ideas and help in formulating their plans. We must participate in developing formal operating plans that are dynamic and can be updated constantly.

How to manage the future? Look to the past and challenge it. Seek different ways to do things. Re-engineer, or look for new product or service ideas. Rethink the way you market your company. Consider your rate of return. Think profit, and ask all employees to do the same, even if it means sharing some financial information. Manage your business as if you were going to sell it this year. The underlying reality is that you are buying your business every day. Make a good investment better by managing the future. ♦

## AICPA RECEIVES AWARD FOR CREATIVITY IN PUBLIC RELATIONS

### *Program to Assist Small Businesses Helps Promote Visibility of CPA Consultants*

A Creativity in Public Relations Award (CIPRA) was presented to the AICPA by *Inside PR* magazine at the CIPRA Awards banquet on May 16, 1995 at the Plaza Hotel in New York. The Institute shared the award, which was in the Business-to-Business category, with AT&T Capital Corporation and Spector & Associates of New York for their work on the Partners for Growth program, which was launched last year in Houston and Philadelphia (see *CPA Management Consultant*, Summer 1994).

The program draws on the business expertise of CPAs in the AICPA's Management Consulting Services (MCS) Division assisted by officials of AT&T Capital Corporation to award grants and provide business mentoring to start-up enterprises. The grant recipients were selected according to their potential success as evidenced in their business plans, as well as the expected benefits they would provide to the community.

The Partners for Growth Program is helping the MCS Division to realize one of the goals of its 1993-1994 Strategic Plan: the enhancement of the image of CPA consultants as the leading providers of advice and technical assistance to small businesses. The program promotes market awareness of the benefits of using CPA consulting services. About the award, Joseph Puleo, Chair of the MCS Executive Committee said, "I am especially proud that the collective efforts of CPA consultants combined with those of the AICPA staff in the MCS and Communications Divisions resulted in an award that reflects the value CPAs provide to small businesses."

## SPEECHES TO HELP MARKET CONSULTING SERVICES

Four new speeches have been developed by the AICPA to assist CPAs in demonstrating their professionalism and enhancing their reputation as an information source. The speeches can help CPAs to educate the business community about the services they provide. The four speeches are:

- *Business Loans: How to Get the Financing You Need (890679MCS)* focuses on how small business owners can prepare for applying for a bank loan. It addresses the important questions to ask before applying and describes ways to improve the chances of obtaining a loan.
- *Corporation: To Be or Not To Be? Choice of Entity Issues for Small Businesses (890680MCS)* discusses the three main ways to organize a business (e.g., as a sole proprietorship, a general or limited partnership, or a C or S corporation).
- *Financial Planning for Your Business (890678MCS)* provides tips to help business owners and managers run their businesses successfully and profitably.
- *Succession Planning for Small Business Owners (890677MCS)* examines the major problems encountered by family businesses, especially difficulties that affect the perpetuation of the business. An excerpt from this speech is presented in the sidebar.

The length of the speeches is between 20 and 30 minutes, and brochures corresponding to the topic are available for imprinting and distribution to prospective clients (see *CPA Management Consultant*, Winter 1995 for details about the brochures). The speeches and brochures can be obtained by calling the AICPA Order Department at 800-862-4272 (Department 1) and requesting the appropriate

product numbers. Speeches are \$5.50 each for AICPA members and \$5.75 each for nonmembers. ♦

### AN EXCERPT FROM "SUCCESSION PLANNING FOR SMALL BUSINESS OWNERS"

Because every business is different, it's hard to say just what a succession plan should be. However, at a minimum, a good succession plan should deal with the following:

1. Keeping death and transfer taxes to a minimum.
2. Finding a way to place control of the business in the hands of a person who has the inclination and ability to successfully run it.
3. In order to preserve family harmony, there must be a way to satisfy the heirs of the owner who do not receive part of the business. That is, they will need to share in some other asset.
4. The plan needs to address the needs of employees, creditors, customers, and vendors. . . . employees and customers can become especially vulnerable when the business leader exits the scene.
5. The plan should take into account the needs of the retiring owner. The owner should be prepared psychologically as well as financially for the transition. Therefore, to ease the owner's concerns, it should be demonstrated that there will be sufficient income to fund retirement and that the owner will be able to enjoy his post-business life. This might even include seeing that the owner has something to "retire to," such as a hobby or charitable work.
6. The plan should prescribe criteria for entrance into the business. For example, a prospective manager could be required to have a certain level of education or business experience. The plan should address the best way to select successors. Family members are a good choice, but only if they have the expertise and experience to be effective managers. Usually, the next best choices are trusted employees.

## AICPA PLANS ON-LINE SERVICE

The AICPA is in the process of launching the Accountants Forum, a national on-line service provided through the CompuServe Information Network. The forum will give Institute members access to AICPA professional literature, exposure drafts, publications, surveys, legislative alerts, CPE courses, and other information, products, and services that can be ordered on line.

Members will also have access to the Message Center on which they can post public messages, questions, and responses. This access will enable members to communicate with the AICPA, state societies, and other members through e-mail and on-line conferences.

The MCS Division will participate as one of the "rooms" in the Forum's library, which, for now, includes fifteen other technical and nontechnical areas of the Institute. The MCS Division will provide information on consulting research sources, surveys, practice aids, and special reports and allow for on-line registration for MCS Section membership. In time, additional research sources will be added in the consulting services area. *CPA Management Consultant* will keep members informed about developments in the Accountants Forum. ♦

## HELP IN REVIEWING EMPLOYEES' PERFORMANCE

Most large organizations have standardized processes and forms for reviewing employees' performances. The small business, however, often lacks a structured approach to evaluating employees and therefore either avoids doing so or does so ineffectively. A structured approach can help management to foster employee development and skill improvement, make better decisions about salary increases, if they are tied to performance, and protect the employer against charges of discrimination.

Software is available to help employers develop a formal approach to evaluating employees. The software packages listed in the sidebar provide structure not only for reviewing employees, but also for maintaining employee information. With each software package, the employer can develop a standardized approach to the review, thereby providing consistency, an important element when numerous employees need to be evaluated.

Most of the packages provide sample questions and suggest language that the reviewer can use in the evaluation. This feature helps the reviewer to avoid overlooking some important issues. The user needs to be careful, however, to think through the validity and accuracy of each suggestion. Except for *Employee Appraiser 2.0*, the packages have rating scales. The reviews can be formatted and printed out to provide a professional look. In addition to spell checks, most can check for quality and legality.

The price of each of the software packages listed is \$129, except for *WorkWise—Evaluation 2.0*, which costs

### EMPLOYEE EVALUATION SOFTWARE

*Employee Appraiser 2.0*  
Austin-Hayne  
3 Lagoon Drive, Suite 340  
Redwood City, CA 94065  
415-610-6800

*Performance Now! 1.01*  
KnowledgePoint  
1129 Industrial Avenue  
Petaluma, CA 94952  
707-762-0333

*Review Writer 1.0a*  
Avantos Performance Systems  
5900 Hollis Street  
Emeryville, CA 94608  
800-282-6867

*WorkWise—Evaluation 2.0*  
Paradigm Software Development  
2510 Western Avenue, #500  
Seattle, WA 98121  
206-728-2281

\$279. The *WorkWise* software is designed for employee management, as well as review.

Each of these packages is reviewed in more depth by Richard Oppenheim, CPA in *Accounting Technology* (March 1995).

*Editor's note: This article is provided for information purposes only and should not be interpreted as an endorsement of these products by the AICPA. ♦*

### NEW NEWSLETTER FOR CONSULTANTS LAUNCHED

#### *Focus Is on Business Valuation and Litigation Services*

In June, 1995, the AICPA MCS Division launched *CPA Expert*, a quarterly newsletter for practitioners of business valuation and litigation support services. The newsletter provides practical advice on technical, practice management, and marketing issues from CPAs experienced in providing business valuations and litigation support. It will also regularly report on court decisions and will feature practical tips for providing services.

*CPA Expert* is offered by subscription only at \$72 (\$36 for MCS Section members). MCS Section members will receive the 12-page premier issue soon, along with an order form. For more information, call the AICPA Order Department at 800-262-4272; fax 800-362-5066.

## CONFERENCES

### **AICPA National Healthcare Industry Conference**

July 24—25, 1995

J.W. Marriott, Washington, D.C.

Level of knowledge: Intermediate to advanced

Recommended CPE credit: Up to 16 hours

### **AICPA National Advanced Litigation Services Conference**

August 3—4, 1995

Sheraton Boston Hotel and Towers, Boston, Massachusetts

Level of knowledge: Intermediate to advanced

Recommended CPE Credit: Up to 17 hours

For information about AICPA conferences, call the AICPA CPE Division, 800-862-4272, Dept. 3. ♦

## NEW MCS PUBLICATIONS

### **Consulting Services Practice Aid 95-1, General Construction Contractors** (Product No. 055157MCS)

MCS Section members were recently sent Consulting Services Practice Aid 95-1. *General Construction Contractors*, part of the Industry Consulting Practice Aid series. This practice aid is designed to assist practitioners in providing consulting services to general commercial construction contractors (contractors involved in the construction or renovation of commercial buildings). The practice aid describes the general commercial construction industry, industry trends, and critical operating issues that the CPA practitioner may encounter during a consulting services engagement. It also provides information that will help practitioners to expand their services and identify the resources available to assist in providing services in this industry.

**Consulting Services Engagement Letters and Checklists.** Two 3.5 inch diskettes in *WordPerfect Version 5.1*. (Product No. 055011MCS) \$47.50 for AICPA members; \$52.50 for nonmembers

*Consulting Services Engagement Letters and Checklists* comprises engagement letters and checklists collected from the *AICPA Consulting Services Manual* and Consulting Services practice aids and special reports. The letters and checklists pertain to many types of consulting services engagements including business planning, financing, business valuation, cash management, computer selection and installation, and MCS practice management activities. The letters and forms can be used as they are or changed to fit the particular requirements of an engagement, client, or CPA firm. Users can add or delete items, change fonts, or adjust the format.

**Communicating Understandings in Litigation Services: Engagement Letters** (Product No. 055163MCS; available July, 1995)

Engagement letters are recommended for CPAs providing litigation services. Many CPAs who commonly deliver these services regularly use such letters. The purpose of Consulting Services Practice Aid 95-2, *Communicating Understandings in Litigation Services: Engagement Letters* is to provide guidance on the issues that the CPA must address in composing an engagement letter. It covers the discoverability dilemma faced by the CPA when writing an engagement letter about litigation support services. The practice aid also discusses the content of engagement letters in relation to services, professional issues, and administrative and fee matters. It provides sample letters that address these issues as well as such issues as conflicts of interest, liability, disputes about fees and services, and the overlapping of litigation services with attestation and accounting and review services. ♦

## BOOK REVIEWS

**American Speaker: Your Guide to Successful Speaking.** Aram Bakshian, Jr., Editor. Washington, DC: Georgetown Publishing House, Inc. 600 pages. (\$297 plus \$10 shipping and handling, including bimonthly updates).

Communications tops the list of subjects that CPA consultants would advise aspiring CPAs to study in college, according to a recent survey conducted by the AICPA MCS Division. The selection of communications by almost 61 percent of the respondents far outdistances the next most frequently selected subject, financial analysis at 41.2 percent. Communication skills were also rated as being vital to corporate achievement by 70 percent of 150 business leaders surveyed by the Australian Society of CPAs. (Technical skills were selected by only 10 percent.)

Those of us unable to go back to college will find extensive and comprehensive help in developing and delivering effective oral communications in *American Speaker: Your Guide to Successful Speaking*, edited by Aram Bakshian, Jr. The ability to communicate clearly and effectively is the biggest difference between success and failure, asserts Bakshian. The business world, he says, revolves around public speaking: "From the simplest retail spiels to the most sensitive boardroom presentation, speech keeps the wheels of commerce turning."

Bakshian drew on his experience as a speech writer for "the Great Communicator" Ronald Reagan, as well as other U.S. Presidents and several heads of major corporations to develop an encyclopedic guide for dealing with almost every situation or issue associated with public speaking. *American Speaker* not only provides guidance on speaking to shareholders, colleagues, clients, and employees, but also presents models for speaking in situations that are not strictly business—eulogies, charity speeches, acceptance speeches. Whatever the purpose of the speech, Bakshian annotates the models, pointing out the required elements, along with the reasons for their effectiveness.

*American Speaker* covers many subjects of interest to business speakers and also counsels speakers on overcoming nervousness, using appropriate body language, maintaining eye contact, and developing a powerful speaking voice. A calendar lists important events, the birthdays of famous people for each day, and other information about the month to help the speaker develop a timely lead into the speech. (For example, May is, among others, Barbecue Month, Better Sleep Month, Car Month, and Fitness Month.) A comedy section offers jokes and witticisms and is updated regularly. A recent update included several Newt Gingrich jokes. A section on humor advises when to use—and avoid using—such material in a speech.

The CPA consultant who speaks to small or large groups could benefit from most of *American Speaker*. However, two sections also provide practical assistance in the consultant's marketing efforts. A section on publicity discusses the ways to exploit a speech beyond the occasion of delivery by using press releases, providing advance texts, and spinning off discussions of the speech's subject on local radio and television shows. The importance of

good manners to marketing efforts is covered in "Oral Etiquette" (see sidebar), which offers advice on avoiding embarrassing mistakes in introducing colleagues, exchanging business cards, or making small talk.

Experts in particular areas contribute some sections. For example, there is a section on video-conferencing by Milo Frank, a former casting agent for CBS and writer-producer for MGM. Stephen C. Rafe, a communications consultant specializing in crisis management, contributes a lengthy discussion of handling questions and answers.

*American Speaker* comes in a three-ring binder and is organized alphabetically. Bimonthly supplements provide new as well as updated sections. Most material is presented with a how-to approach rather than an essay discussion. Frequent bold subheads provide a quick overview of what is in a section and make finding information easy.

In addition to bimonthly supplements, subscribers to *American Speaker* receive free consulting services. *American Speaker* is not available in bookstores. Copies are available only from Georgetown Publishing House, 1101 30th St., NW, Dept. SEG700, Washington, DC 20007 (800-915-0022; fax 202-337-1512). Copies can be returned within thirty days for a complete refund. ♦

### BAKSHIAN'S "SIX COMMANDMENTS" OF ORAL ETIQUETTE

1. **Thou shalt not debase the conversation** by peppering your talk with childish, ungrammatical slang, mindless clichés, or in-house jargon and cyber-babble.
2. **Thou shalt not be an "Oral Robber"** by monopolizing the conversation or by imposing your opinions on others. And, above all, *never* interrupt . . . unless fire breaks out.
3. **Thou shalt not use crude or marginal humor** that might hurt feelings or anger your companions, or cast aspersions on any person or group because of race, sex, handicap, or national origins.
4. **Thou shalt consider anything else**—within the bounds of decency, reason, and common sense—fair game when handled tastefully and with good humor rather than malice. You don't have to be dead, embalmed, and buried to practice proper oral etiquette!
5. **Thou shalt be a good listener**, not just by listening but by reacting with follow-up questions and observations that prove you are interested and paying attention.
6. **Thou shalt speak clearly**, with animation and with good eye contact and body language to back up your words.

From *American Speaker*, © 1995 by Georgetown Publishing House, Inc.

**Merging Medical Practices.** Keith M. Korenchuk, JD, MPH. Englewood, Colo.: Medical Group Management Association, 1994. \$60 (Item no. 4619). Review by William T. Cuppett, CPA, President, Doak, Cuppett & Poling, AC, Clarksburg, West Virginia

Although the Clinton initiative to reform health care has disappeared from media headlines, the health care industry is in fact reorganizing itself. Hospitals and medical groups are integrating to form delivery systems that are more cost effective. For the medical practice clients of many CPA consultants, professional and economic uncertainty looms as they face what may seem to be inevitable: merging with other providers.

In *Merging Medical Practices*, Keith Korenchuk offers guidance to physicians with little experience in such matters. CPA consultants will also find the book a helpful introduction to physician mergers. Korenchuk summarizes the circumstances that have led to the increasing number of mergers of physicians practices, and he describes various aspects of such mergers, as well as the methodologies for effecting them.

CPA consultants familiar or unfamiliar with the integration of medical practices will find the book's illustrative documents helpful in advising their physician clients involved in a merger transaction. The illustrative documents, which constitute the majority of the book, include merger agreements, asset purchase agreements, and physician employment agreements. Korenchuk provides extensive interpretation of and comments about the key components of these documents, as well as the circumstances that need to be considered in the development of the agreements. *Merging Medical Practices* can assist CPA consultants in guiding their clients through what is a critical event that will have a great impact on not only their professional lives, but also their practice operations. ♦

## AICPA LIBRARY SERVICES

---

The AICPA library provides information services to Institute members by lending books and journals, photocopying materials, preparing bibliographies on requested topics, answering quick research requests, searching databases, including CD-ROM databases, and providing quotes (stock prices, exchange rates, capital changes, CPI, and so forth). The library will send materials via fax or overnight mail. The library's hours are Monday through Friday, 9 a.m. to 5 p.m. Eastern Time. For a price schedule or more information, call 800-862-4272, menu no. 7; fax: 212-596-6287.

## AICPA 24-HOUR FAX HOTLINE

---

Members can retrieve documents instantly through the AICPA's Fax Hotline, which operates 24 hours a day, seven days a week. To retrieve documents, users must dial 201-938-3787 from a fax machine. They will be presented menu options beginning with an option for an explanation of how the hotline functions for those who have never used it before.

Through the hotline, users can request a catalog of the documents available on the hotline. The documents include publications and descriptions of CPE courses and conferences. For example, members interested in the Business Valuation Certificate of Educational Achievement can retrieve course descriptions, schedules, and a registration form through the hotline.

Up to three documents can be requested at a time, and they are transmitted immediately after users complete their order.