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Donald H. Cramer

Paul E. Hamman

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Moving Up

by Donald H. Cramer and Paul E. Hamman

A picture hangs on the wall in the Executive office which, in its mute but vivid way, tells a story of talent, ambition, training, and performance at Touche, Ross, Bailey & Smart. Taken in 1947, it is a group picture which includes the 32 partners who formed the present firm in that year. Robert Trueblood, present chairman of the Policy Group, though in the picture, was not yet a partner. Robert Beyer, now managing partner, had yet to join the firm. By that time both had had experience in accounting but their major contributions to the profession and its rewards to them were still to come. They were in the position comparable to that of any of the more ambitious young staff members at TRB&S today. Their starting capital consisted mostly of training and sound experience. With eyes on the heights, they worked their way up in the customary manner — to partner, then partners in charge of offices, and finally to the top positions in the firm. The present eminent position of each man and recognition throughout the profession is their current reward.

The principal asset of TRB&S is people — people with highly developed skills and an ability to work constructively with business management and with each other. Up and down the ranks of the people with our firm, from the new accounting recruit to the managing partner, the



Donald H. Cramer is our National Director of Personnel and a partner in the Executive office.



Paul E. Hamman, partner-in-charge of the Detroit office, serves on the Executive Committee and is a member of the firm's Policy Group.

professional challenge proves the same: to persuade our clients to manage their businesses more efficiently, more profitably within the existing framework of the U.S. economy. The professional man from Touche, Ross, Bailey & Smart fulfills multiple roles as constructive analyst, critic, and diplomat as well as the respected auditor, tax accountant, or management services consultant. In acting out these roles he contributes to the firm's prestige and profits and shares an increasing amount of personal re-



ward, satisfaction with his profession, and compensation. Traditionally the largest individual rewards from the firm go to the men who can accept the responsibility for motivating others to work with and for them toward a goal benefiting them and the firm.

These "most rewarded" men, the movers and persuaders, are the men in top management. A man eager to move up into this highly respected group at TRB&S fortunately has time and economic circumstance working for him. While new men move up to fill old positions, the growth and expansion of TRB&S has created, and is creating, many more management positions to fill.

In 1947 the firm had ten offices in the United States. Today, through internal growth and merger, it has 32 offices in the United States and the international firm has 135 offices in 36 countries. In the U.S. alone the number of employees has increased four-fold. The greater number of partners in the U.S., 32 in 1947 and 91 active partners today, reflects in a more personal way this expansion. In addition to the partners, well over 200 others in the management group have shouldered the larger and larger responsibilities which accompany rapid growth.

During this same period, business regulations and tax laws have grown more numerous and complex. Clients have requested more and more services and TRB&S, to

meet this need, has provided more services to more and more clients. Based on conservative estimates, growth should continue at an equal or even greater pace. Based on the record of past promotions, then, and on present conditions and policies, there is no reason why a young accountant, joining the firm today, cannot be "in the management picture" in very short order.

The Rewards for the Time and Talent Invested

Quite naturally, a young accountant might suspect that talk about a firm's growth and increasing opportunities serves as a come-on for greater effort. It is. TRB&S encourages effort and rewards it. As much as possible the firm has eliminated "pull" and "connections" from its practice of promotions. These factors have no place in the promotion policy of a professional firm founded on talent, training in technical skills, ambition, excellence in performance, service to present clients, and development of new business.

There are good reasons why practice closely matches the ideal of policy. One lies in the nature of a professional partnership. A business corporation will frequently employ an executive at an attractive salary for the special purpose of solving a problem or to handle a major customer or to market a new product. Should the particular

reason for the executive's presence fade, so, very often, does the executive. He may eventually find himself out of a job. Such a temporary relationship is not characteristic of a partnership of CPA's where the close association usually lasts a lifetime and where a substantial benefit program customarily covers possible incapacity, death, or retirement.

Also, at TRB&S no uncles look out for nephews; no fathers look out for sons. It has been a custom of our firm to avoid nepotism in both the strict and loose sense. Few, if any, cousins or in-laws are employees of the firm at the same time. Because TRB&S issues no stock and prevents nepotism, the families of the past or present partners do not have a continuing financial interest or executive power. It can therefore be said in complete candor that even the newest recruit of today who invests his time and talent and "covers" this investment with ambition and developing skills will inherit the firm. The next chairman of the Policy Group and managing partner are somewhere in the firm today as partners or managers or supervisors or perhaps even as juniors. **THE STAFF MEN OF TODAY WILL OWN THE FIRM TOMORROW.** When a man becomes a partner he achieves part ownership in the firm and assumes all the responsibilities and rewards of ownership. The possibility of moving up to this ultimate goal has a mutual benefit for the firm and for the partnership candidate. Seen as raw ambition and personal progress, it is the carrot which makes the mule in every man want to move forward. From the viewpoint of the firm's future and growing prestige, it is the magnet which brings out the full talents of a man and encourages him to contribute the best within him as he gradually wins the right to join the circle of partners.

The training program within TRB&S encourages this growth through its many seminars given by specialists in the firm as well as through outside seminars sponsored by management and accounting organizations. The firm also offers men eager to move ahead a fertile environment for personal growth and refinement of skills through competition with a wide variety of talented young associates. In such a hothouse atmosphere, the ambitious person can advance quickly into new depths and breadths of knowledge at his own rate of growth.

Under these circumstances, nothing can be gained by burying one's talent. It is our sincere hope that the rewards go to each man according to his demonstrated ability, not for what he could do if he wanted, not for what he did five years ago and on which he is still coasting, but on what he has done, is doing, **AND PROBABLY WILL CONTINUE TO DO.**

One of the frequent pleasures and continuous responsibilities of a partner is to spot and feed the "comers" of the firm. If it were appropriate to do so, the authors could name young men interviewed just a few years ago at the universities, who today are either partners in the firm or are knocking on the door of partnership. Singling out the "comers" is not an easy task, yet the very future of the firm depends on it. Men must move ahead into management in order to get the "feel" of being a manager. From these men, in turn, partners emerge. Those who select the future partners and managers know that so very much depends on the man, himself, as to whether or not he moves up and how fast. Sponsors need evidence of outstanding achievement. Lacking this evidence, mere potential, such as quality of mind and training plus years of experience, offers weak grounds indeed for promotion to a top position.

Because of the continuous need for new supervisors, managers, and partners, and because of the basic recruitment policies of TRB&S, the people joining the firm expect to advance each year in responsibility and the firm expects them to do so. Added responsibility goes hand in hand with increased compensation. It is rare, indeed, when a staff man, doing good work, does not receive a significant annual increase in total compensation.

The Age of Management

The present period in business has often been called the Age of Management. The owners of wealth today frequently do not manage it themselves. Stockholders, despite the publicity a few get at annual meetings, have relatively little effect on business policies. Within the management group itself lies the power and the responsibility for developing professional managers like themselves, men who know their own specialties thoroughly and who can manage other specialists. This requires an added dimension of skill; that of motivating others and using their talents.

In the battle for profits, the professional manager has become today's hero. How many companies doddered in the doldrums until some vigorous, brilliant new manager or management team took over and gave life again to an old and dying name? Accountants know this familiar story best for they have an early and most intimate knowledge of the sickness and witness the amazing recovery. Often they are the men responsible for the turn-around. With their management skills they can pick up a fumbled ball and run for their clients. In such an age, at such a time in the history of business, it is never too soon to prepare for a management position.

At TRB&S, after the relatively brief period as a staff accountant — really the beginning and the end of one's shake-down cruise with the firm — a man is ready to start moving up the ladder of management. The senior has a chance to take charge of an account. The man who moves ahead most rapidly takes this tryout seriously. He finds it worth while to think in terms of growth toward management from the very start. The manager or partner in charge of an office will think about a recruit in terms of his management potential from the first day he joins the firm.

How does one grow in management capabilities? The usual way is through experience and education. Forty-four per cent of those promoted to manager and supervisor in TRB&S last year had advanced academic degrees. Most men use the bachelor's or master's degree of the accounting major and the C.P.A. certificate as springboards into a lifetime of additional study in the field. Business expansion, government regulations, more complex taxation, spreading stock ownership, and such break-throughs in technology as the computer have revolutionized the practical value of accounting to a business. Faced with this revolution, accountants quickly recognize that they must continue their professional growth by every means.

Aware that more clients need and ask for general management counseling, TRB&S in recent years has encouraged and trained men to become "account executives" or "general services" representatives and eventually general services partners. The "account executive" serves as a link or liaison between the firm and the individual client. With his specialty broadened by a background of general experience in all services of the firm, he can recognize the additional needs of the client and can recommend special services or combinations of services available through other specialists. In this way he both fulfills a specific task for the client and he shapes the *total services performed* to meet the client's needs. Functioning in this manner, the "general services partner" finds himself with unusual opportunities to serve his clients.

This new program, emphasizing broad experience, moves men into ever-higher management responsibilities faster than they could move through specialization alone. The trend at TRB&S parallels a development in business management which now rates general management skills as one of the best preparations for top positions in business. Changes in concepts and services required by our clients make it imperative for men who seek the pinnacle positions in our firm to develop experience in at least two out of the three phases of the firm's activity: tax, audit,

and management services. The directive of January 1, 1962, covering inexperienced staff people subsequently employed, supported this goal. Training in two of the three classes of service is now an eligibility requirement for promotion to supervisor or senior consultant. A few exceptions to this policy may crop up, of course, in the case of specialists who come to the firm with unusual achievements in a particular field.

Typical Men Who Have Moved Up

In order to make the process of moving up in the firm more vivid, the following examples were taken from our personnel files. Although the offices, the universities and the years are fictionalized, the examples are real and typical of the actual promotions which took place.

Tom Smith — Moving Up to Senior

At TRB&S, junior and semi-senior are not precisely defined. However, the typical person is a junior for only one year and he expects and receives increased responsibility as a semi-senior. He is almost certain to have in-charge experience even though he may not be considered as a full blown senior until he has completed about three years with the firm, but there are no specific time requirements before this promotion can be made. If he can perform the duties and carry the billing rate, he can be promoted to senior at any time. The partner in charge of the office of the candidate controls this promotion but, as in all promotions, his judgment is influenced by others in the management group. A look at the career of Tom Smith suggests the accomplishments which helped his promotion.

Tom Smith joined TRB&S in 1953 just after he graduated from the University of Wisconsin as an accounting major. In college Tom thought he would enjoy public accounting and took the typical number of accounting courses. Soon after he joined the firm as a junior he was married and the Smiths, in due time, started their family. From the very start Tom showed more than average dedication to his work and an eagerness to carry out assignments. "I want to move ahead," Tom told the personnel manager in his office. Under the guidance of his seniors, Tom tackled a variety of audits in manufacturing, including multi-plant companies; a brokerage firm; a retail specialty chain; and also had time to work on several eleemosynary clients. Tom saw the benefits of outside activities and, with the help of his office, was invited to serve as one of the advisors for a Junior Achievement Company. Tom maintained his university contacts and, on several occasions, was invited to speak to the Accounting Club and to Beta Alpha Psi.

To assist in determining Tom's salary increases, the partner in charge reviewed the staff evaluation reports and discussed Tom's progress with others in the office. From all reports, Tom was off on the right foot, making a good, solid beginning and merited promotion. As soon as he became eligible, Tom sat for the CPA examination and passed all but auditing on his first attempt. On the assignments given him his outstanding characteristics had been energy and capable performance. Within three years he was senior on all of his assignments. Today, he is a manager in the firm.

Dick Campbell — Moving Up to Supervisor

Recommendations for promotion to supervisor are made by the partner in charge of an office and sent to the Executive office where they are reviewed by the Executive office partners, including the national directors, who in turn submit their recommendations to the managing partner for final approval. In the Executive office review, an attempt is made to compare the qualifications of all the staff men being recommended for promotion throughout the firm. At the same time, studies are also made of those not being recommended and the managing partner will frequently raise questions with the partners in charge regarding these people. Promotion announcements are made on September 1st of each year. No promotion to supervisor or senior consultant will be denied by the managing partner without further consultation with the partner in charge who made the original recommendation. The average *new* supervisor is about 30 years of age and has had five years of experience with the firm. Twenty-two percent of the supervisors in the firm are presently under 30 years of age.

Dick Campbell, who was promoted to supervisor September 1, 1962, majored in accounting at the University of Texas. He pledged Phi Gamma Delta and kept up his affiliation with that group after graduation. Dick joined a smaller office of TRB&S in 1956 and obtained his C.P.A. certificate from the State of Texas in 1959. As a senior, Dick was in charge of one of the largest manufacturing clients in his office, in addition to some smaller clients and most of the work referred from other offices. Shortly after coming with the firm, he joined the Jaycees and progressed through treasurer and vice president and became a director for three years.

Dick was business development minded and was in charge of the Business Development Program for his office. On the promotion recommendation form, the partner in charge stated:

He is the most client-conscious man in the office in

terms of business development. He and his wife spend their own time and money developing potential clients and entertaining existing clients. Dick has secured at least two clients for the office as a result of his own efforts during the past year. This new client development should be accelerated in future years. Dick is well-received by all staff people in the office. He has the rare ability to listen to other people, but yet not be a bump on a log. Since his association as an officer of the Jaycees, Dick's personality has developed to such an extent, it is difficult to remember the quiet person he had been in prior years. Dick has the potential to become a partner in the firm.

Dick is continuing his progress with the firm and recently transferred to a larger office. In the near future, Dick will undoubtedly be promoted to manager.

Bill Jones — Moving Up to Manager

For promotion to manager the recommendation procedure is similar to that of selecting a supervisor. The average new manager at TRB&S has had 8 years of experience and 70% of those promoted last year were under 35 years of age. Furthermore, 50% of all our managers are under 35 years of age.

Consider the case of Bill Jones, who was just under 31 when he was promoted to manager. Bill obtained his MBA degree from the University of California, Berkeley, after attending a liberal arts college for his undergraduate degree. At the time he joined the staff, he was not certain of the area in which he wanted to concentrate, so his initial assignments were on the audit staff. During this period, he developed an interest in MS and was given an opportunity to try out his wings in this department. He discovered this was the area of his primary interest and has remained in the MS department. With the help of an internship, he became a senior consultant shortly after four years with the firm.

He has worked on various phases of MS including Profitability Accounting, organizational studies, and management reporting. His success in MS has stemmed from his administrative ability and his understanding of top management people.

Needless to say, Bill is very ambitious and has been very successful in attracting new clients for the firm. On a recent promotion form, the partner in charge of Bill's office said "Bill has been personally responsible for bringing in seven new clients this year and eighteen new clients last year. He has also developed many continuous MS engagements." Bill has contributed to his own reputation by giving talks before industry associations and several of

these talks have been published in the trade magazines.

He has been recommended for partnership consideration and his office believes he has the potential to become a partner in charge of an office.

Bob Williams — Moving Up to Partner

Promotion to partnership, the ultimate move a man makes at Touche, Ross, Bailey & Smart, has begun, really, when a man rises to the level of supervisor or manager. One of the most important functions of the Policy Group is to admit the new partners. Under the procedures laid down by the Policy Group, candidates for partner must be under consideration for at least one year prior to admission to partnership. One purpose of these procedures adopted by the Policy Group is to provide an orderly plan to review and appraise candidates to be admitted to partnership. Another purpose of these procedures is to get potential partners from all offices of the firm on the list as distinguished from recognizing individual office needs only.

Partners in charge of offices give their opinions of candidates and frequently, as in the case of Bill Jones, cite a man as having partnership potential at an early stage of his career. The candidate for partnership will be recommended to the managing partner by the partner in charge of an office when the man is either a manager or even a supervisor so that the man can be observed over a period of time by many partners in the firm, including members of the Policy Group.

The record on each candidate will be transmitted to the Policy Group through the managing partner, who may or may not approve the recommendation. After a thorough discussion, the Policy Group will either turn down the recommendation or will place the candidate on an "on deck" list as one who should be admitted to partnership in one to three years. The partner in charge may resubmit a recommendation turned down in the past. We hope such a system of checks and balances gives each candidate ample time for additional achievement and provides the managing partner and the Policy Group with more than one opportunity to consider a man whose full potential may not have been recognized. The majority of new partners are between the ages of 35 and 40 and have had about 10 to 15 years of experience with the firm, usually their entire career in business after graduation from college. However, here again, there are no rules about minimum age or length of service. Several candidates have been admitted with less than 10 years service and under 35 and the youngest man was 29 when admitted to partnership.

For more details on what one young partner accomplished before election, take the case of Bob Williams who became a partner September 1, 1962 at the age of 33.

Bob Williams came to the firm from the University of Michigan with an advanced degree. Since our first conversations with Bob, we knew of his strong interest in taxation and, after about two years on audit, he was assigned to the tax staff. Before three years had lapsed, he was transferred to head up the tax department of another office. He immediately began to assist the partner in charge in building the tax practice of the office, paying particular attention to recruiting and training the staff.

Soon after his move to the other office, he became active in professional affairs and was appointed chairman of the Federal Taxation Committee of the State Society. He also found time to give talks and write for publication, including an article in the "Journal of Accountancy."

From the beginning, he concentrated on serving his clients and building his professional reputation as an outstanding tax man. At the time Bob was proposed for partnership, the partner in charge said, "Bob works so well with people that his greatest value to the firm will always be in a position where he works directly with clients. He fits into this office's situation perfectly because of the great number of small clients who have confidence in him." These characteristics are not unlike those of many other young people moving up in the firm.

The leadership characteristics which Bob displayed as he was going up through the ranks to partner are still evident in his work today. Meeting client deadlines, burning the midnight oil when required, and discussing problems with clients remain an important part of Bob's responsibilities.

Moving Up Within the Partner Ranks

Upon reaching the partnership ranks, continued growth and increased responsibility are possible. New horizons are opened. Opportunities exist to head up a department in an office and full responsibility for the professional reputation, the profits, and direction an office takes is open to that partner who can rise to partner in charge. Administering the affairs of the firm not only on a national basis, but on an individual office basis as well requires considerable talent. Partners demonstrating administrative talent can play a significant role in the growth of an individual office. Partners demonstrating outstanding ability in their individual areas are often chosen for larger roles as members of technical committees or as members of the Policy Group of the firm.

MOVING UP OR OUT

Touche, Ross, Bailey & Smart follows a policy which may be referred to somewhat crudely as "up or out." It rewards well those men who contribute most to the profession and to the firm's growth. A man making normal progress can expect a salary increase each year and increases in supplementary compensation. Exceptionally outstanding performance will earn exceptional recognition in increases in compensation. There are no personnel rules which limit the increase in compensation a person may receive.

As any business realist might expect, the firm does not reward "drifters" or downright incompetence. Competent drifters eventually find themselves on a plateau of salary and responsibility which only their initiative can exchange for a higher level. When this happens the firm has an obligation to tell the man about his future with the firm.

Yet, if someone with the experience for moving up to a senior, supervisor, manager, or partner does not make the grade — and feels he should — he might take the oversight as a cue and ask the partner in charge what seems to be the obstacle. Sometimes such a talk can iron out misconceptions about what is expected of him. He also may find that it is time for him to move . . . out.

The fast mover presents a different case. Some men just have more "on the ball" while others, with less, have greater determination to make the most of what they have and perfect their talents earlier than some men with greater natural gifts. As in a ball club, so much depends on the motivation of a man to get ahead. All players are competent or they wouldn't be on the team in the first place. Some emerge as "stars" through sheer natural ability; others become stars through application, training, and fine work game after game. Some become the Babe Ruths; others the Lou Gehrigs; still others strike out.

The Man with a Problem

A few men fail miserably to realize the potential they had — or we thought they had — when they came as recruits to TRB&S. Take the fictionalized case of Bill Peabody who flunked his C.P.A. exams, lacked motivation, and whose work, scrutinized carefully by an alert supervisor, became more and more unsatisfactory. As a final blow he could not work well with his associates or with client personnel. More than once the personnel manager had him in for warning talks. In good conscience the firm couldn't recommend him to anyone else

for a position. Finally the personnel manager fired Bill. Fortunately the shock of being fired from a firm whose personnel policy results in very few dismissals led Bill to take hold of himself. With changed habits he came back for an interview with his former personnel manager who was able to help him get a job as an assistant accountant for a large manufacturer. Bill is now the head accountant of the concern and earning a substantial salary.

Perhaps the case of Bill Peabody seems extreme. It is. Still, without becoming such a problem case, a man may start as an "average" accountant with only average potential and for some reason, perhaps only indirectly related to his ability as an accountant he becomes a "strong achiever." The reverse can happen as well: dazzling potential at the start may fall winded and puffing in the long stretch. Yet this unexpected behavior occurs in only a few men; most follow a pattern of continuous, conscientious growth and performance. This is the pattern in most professions. It gives to professional people their image of reliability.

Job Offers from the Outside

Any professional accountant worth his salt can expect job offers from the outside. Men from TRB&S get as many, if not more, than most. Sometimes the offer arrives with the real knock of opportunity. At other times a temporary advantage, usually in salary, comes cloaked as something less than the knock of opportunity. If accepted too hastily it may preclude a greater opportunity in the future. An example may clarify this point. Within recent history an accountant with TRB&S, call him Jim Tanner, was moving ahead at a greater than average rate. When a senior, with solid audit experience behind him, he had as a client a small manufacturing concern. It offered him a job as controller. The bid came at a time when Jim could use the money, a nice step-up in salary, to meet mortgage payments on a new house more easily and also to pay for various furnishings in the new house. Jim's potential growth as an accountant prepared him to carry a larger than average debt, but the large payments still hurt and the job offer looked like a quick solution. His partner in charge talked with Jim and convinced him to stay and get more depth to his experience. Jim passed up some offers along the way to a managership four years later. Salary increases for his good work each year gradually lightened the relative load of his debts. About that time Jim's abilities so impressed a major client that it offered to make him

treasurer at a substantially larger salary than he was getting, with stock options thrown in.

"This is my big chance," Jim told the partner in charge. And the partner in charge, though sorry to lose Jim and also willing to back Jim for partnership, finally agreed that it was a fine opportunity. "But I sure am glad I stuck to my training four years ago," Jim admitted. "I'm a much better accountant now that I was then and I am confident I can contribute that much more to the new job. It put me ahead any way you look at it." With each job offer Jim received, he felt free to discuss it with his partner in charge.

So it goes. Talent, ambition, training, and perform-

ance smooth the way for advancement in business management, the professions, and certainly at Touche, Ross, Bailey & Smart. Each man has the freedom to move ahead at his own speed and the firm stands ready to help him through rich, practical experiences and through training seminars within the firm as well as opportunities to develop his reputation outside the firm through speaking engagements and published articles.

In business, in any organization, each man's conduct and performance reflect on his firm and on his calling. It is only natural to expect that those who contribute most receive the greatest compensation, move ahead the fastest, and find the greatest personal satisfaction.

