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# Career Opportunities in Public Accounting

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CAREER opportunities in public accounting have grown continuously during the past fifty years and if this talk were limited to thirty seconds, I would say that opportunities are better today than ever before, with a yet brighter future ahead.

Since you have been kind enough to grant me a little more time, however, I hope to acquaint you with some of the aspects of public accounting that have fascinated me since I made my fortunate choice of a public accounting career years ago. The possibilities should be of interest to those about to embark on a career of their own.

Let us then spend a little time talking about —

- What is accounting?
- What are the opportunities?
- What does a CPA do?
- Would you make a good CPA?
- Opportunities for women in public accounting.
- Educational requirements for a career as a CPA.
- Progress and remuneration.
- Alternatives after receiving the CPA certificate.
- Public accounting career opportunities in the future.

## WHAT IS ACCOUNTING?

Just what is accounting?

Accounting may be described as the art of expressing in clear, understandable financial terms, the results of business transactions. It provides the basic information needed to determine where a business has been, where it is now, and—probably most important—where it is going. It replaces hunches with financial facts in making management decisions.

The accounting process is no mere matter of adding up columns of figures. The Babylonian rug weaver of 5,500 years ago could almost keep his accounts in his head and probably the only person who wanted to see them written out in full was his wife. But today even a small business faces many complex problems calling for the services of accountants.

Consider, for example, Joe Doakes who owns a grocery store and wants to find out at the end of the year how much profit he has made. His cash book will show how much money he has taken in and how much he has paid out. But what about the merchandise on his shelves and in his stockroom, which may no longer be worth what he paid for it? What about the money his customers owe him, some of which he may never collect? What about the three-year insurance policy he paid for in advance? What about unpaid taxes?

All of these are questions that have a direct bearing on the answer that Joe Doakes wants. Imagine how these problems are infinitely magnified when considered in the scope of a multi-million dollar corporation having various product lines, numerous operating divisions, and a world-wide market!

#### WHAT ARE THE OPPORTUNITIES?

In a few minutes, we will consider what a public accountant is and what he does. But before we talk about him, let's talk about you and your outlook for the future.

You are facing the prospect of leaving college to enter a business world offering unparalleled opportunities in a multitude of fields for making successful careers. In the past, many young men and young women had difficulty in finding work for which they were trained. Today, the combination of ability and education frequently enables the trained job-seeker to face a potential employer with a critical eye and ask, "What do *you* have to offer?"

This change has come about because, notwithstanding the recession you have been reading about in the newspapers, our economy is, in the long view, dynamic and ever-expanding. Industry, commerce, and the professions need more people. The accounting profession in particular needs more people. To illustrate the profession's growth in our own State of California, let me cite a few figures. In 1901, the first twenty CPA certificates were issued; the number of the last certificate issued in 1947 was 2480; in 1952, 4896; the last number to date in 1958, 7209. There are 844 CPA partnerships registered in this State. Approximately 1,650 candidates sat for the November 1957 CPA examination and the same number are expected to sit this month. An interesting comparison is obtained by citing the growth figures of a few other professions, on a national basis: between 1940 and 1950 the number of doctors in the United States increased 26.2 per cent, the number of dentists 25.5 per cent, the number of lawyers 11.1 per cent. The increase in CPAs during the same period was 88.9 per cent.

In looking at opportunities in public accounting, I should hasten to add, do not be alarmed by the technological progress being made in the field of data-processing equipment, notably electronic computers. Admittedly these computers can perform calculations at an incredible rate of speed. However, a machine installation that might cost one million dollars to buy is incapable of doing something very elementary that everyone of you can do—and that is—*think!* These machines may displace people in performing repetitious clerical operations but it does not appear that they will encroach on the opportunities for a professional career in accounting—particularly in public accounting.

As in other professions, there is an increasing tendency toward specialization, although there is, at the same time, continuing need for the general practitioner. Public accounting today embraces many fields such as auditing, tax work, systems installations, management advisory services, and investigations.

Until recently, most public accountants maintained their offices in the larger cities, but today they are establishing successful practices in communities of all sizes. Services to small businesses—such as that of our grocer, Joe Doakes—that can not afford to hire and do not require full-time accountants, offer one of the most rapidly expanding opportunities in public accounting today.

#### WHAT DOES A CPA DO?

Later we shall consider some of the alternatives you will be able to choose from after you have become a Certified Public Accountant.

First, however, let us see what a public accountant does and whether it is probable you would make a good public accountant.

Since the admission to the ranks of Public Accountants, as such, is no longer open in California, I shall refer specifically to Certified Public Accountants or CPAs in the remainder of this talk. A CPA makes his living doing interesting things. There is a world of difference between bookkeeping in the strictly clerical sense and the diverse types of work that might make up a working day in a CPA's practice.

Elbert Hubbard once wrote, "The typical auditor is a man past middle age, spare, wrinkled, intelligent, cold, passive, non-committal, with eyes like a codfish, polite in contact, but at the same time unresponsive, calm and damnably composed as a concrete post or a plaster of paris cast; a human petrification with a heart of feldspar and without charm of the friendly germ, minus bowels, passion, or

a sense of humor. Happily, they never reproduce and all of them finally go to Hell." Fortunately that is not so. The traditional nineteenth century picture of an accountant on the high stool, wearing a green eye shade, black cuff-protectors, and steel-rimmed spectacles has been relegated to the area of the caricature.

A CPA in the course of a day may:

- Prepare a work program for an audit, or review the working papers or report of a completed examination;
- Discuss with a client information about weaknesses in internal control or accounting procedure developed during the course of an audit;
- Take part in preparing financial statements for registering a stock issue with the Securities and Exchange Commission;
- Set up an accounting system for a client or revise an existing one;
- Assist a client in obtaining a bank loan;
- Attend a committee meeting of his professional society to discuss the proper solution of a new accounting problem;
- Appear at a directors' or stockholders' meeting to present an audit report and to answer questions about the client's financial position or results of their operations;
- Investigate a suspected fraud or embezzlement;
- Appear in court as an expert witness;
- Consult with a client and his attorneys on matters having a legal as well as accounting character;
- Prepare a client's tax return or review a return with an agent of the Internal Revenue Service.

These are some of the elements in a CPA's practice that may help you to decide whether you want to seriously consider the career opportunities offered by public accounting.

To be fair, let me add there is another side you must consider in looking at the full picture. You may find yourself miles from civilization, auditing the records of a construction company field office, observing an inventory for which workclothes are a "must," or working long hours, including week ends, during the calendar-year-audit and tax season. But after quite a few years of it, I do not hesitate to say that the balance is heavily weighted on the credit side and if I had the choice to make again, it would be the same. It appears to me that you will be a lot happier if you enjoy your life's work because you will be at it for a long time.

## WOULD YOU MAKE A GOOD CPA?

Now, let us consider the question, "Would you make a good CPA?" Someone has said a CPA needs an engineer's analytical ability, a lawyer's gift with words, and a doctor's dedication. One CPA writes somewhat facetiously that a public accountant has to be "an intellectual giant, adaptable, gifted with insight and imagination, the possessor of infinite knowledge, tact, diplomacy, courage, and a winning personality, an idealistic paragon of all the virtues, and a demon for work." I guess you can hope for success even if you lack any one of these attributes. Seriously speaking, CPAs generally have a preference for group activity, like to meet people and to work with them, prefer to seek out new situations rather than to restrict themselves to familiar ones, do not want to be aggressive but like to influence and direct others constructively.

One of our leading San Francisco Bay area CPAs, Mr. C. Warren Reed has been quoted as saying, "I like CPA work because we are dealing with people. In an accounting firm, as compared with being an accountant for a particular company, we are dealing with different people. Every client has his own problems. It is the challenge of assisting in the solution of these problems that provides the greatest measure of satisfaction."

Does this appeal to you? You do not have to be a mathematical genius but you should like working with figures. Time and again in this work you are called upon to think creatively in financial terms and to analyze financial data, exercising good judgment in distinguishing between the significant and the insignificant. There is a popular saying in our field that you "always expect the unexpected."

It is impossible to overemphasize the importance of moral character in the profession. You are called upon constantly to deal with information of a confidential character, often unavailable to all but a few individuals in the client's organization, and the lack of judgment in allowing unauthorized persons access to such information can cause irreparable harm to the individual as well as to the firm he represents.

## OPPORTUNITIES FOR WOMEN IN PUBLIC ACCOUNTING

One question frequently raised refers to the opportunities for women in our profession. Although the number of women CPAs is not much more than 2 per cent of the total, they are becoming more numerous and some have set an enviable record of accomplishment. As a result of prejudice by clients toward women accountants and of the desire of many women to limit travel to a minimum, there ap-

pears to be a trend among women accountants either to establish their own practice or to specialize in a field such as taxes. For example, one of the two very able representatives on the American Institute of Certified Public Accountants' Committee on Federal Taxation from California has been a woman accountant who formerly was a partner with a well-known local firm and more recently has been with one of the large national firms. Women now have their own national professional society, The American Woman's Society of Certified Public Accountants.

### EDUCATIONAL REQUIREMENTS

What about educational requirements for a career in public accounting?

Although most states still only require a high school education as a pre-requisite for taking the CPA examination, many employers are hiring only college graduates with a major in accounting. Among those who have studied the question of educational standards and in the profession at large there is a trend in thought toward making the college degree mandatory for admission to the profession.

Many colleges and universities in recent years have arranged for students in their junior and senior years to work with CPA firms on an internship basis, thereby enabling such students to obtain practical experience while still in school.

### PROGRESS AND REMUNERATION

Today, opportunities in accounting—both in public practice and in private business—are excellent. The "help-wanted" section of the New York Sunday Times recently contained almost a thousand advertisements for accountants, auditors, controllers, and others, whose work entails considerable knowledge of accounting. College graduates were being offered up to \$5,000 a year to become junior accountants in large corporations. Ads for men with some experience but still under 30 years of age mentioned salaries around \$6,000. Specialists in costs, budgets, and systems were being offered around \$9,000 or \$10,000. Controllers—they are usually top-level officials who help make corporation policy based on accounting data—were being offered salaries ranging to \$25,000. In many of the ads for men in financial management, salaries were not mentioned; probably most of these positions drew between \$10,000 and \$30,000. Many of these positions would be filled by men with some public accounting experience. We will look into such opportunities for CPAs presently.

It goes without saying that partnerships for CPAs in public practice are rarely mentioned in the "help-wanted" section of a newspaper. Experienced CPAs, traditionally, become partners after working their way up in the firm that has employed them as juniors. The annual income of CPAs in public practice varies a great deal. Like doctors and lawyers, CPAs work for fees, not salaries.

Although the monetary rewards for public accounting can be very generous, I would not recommend that anyone enter the profession solely with that end in view. The work is hard, advancement takes time, and the hours would be far too many, especially during periods of peak load, if the work were not challenging and satisfying.

It is my observation that there are two kinds of satisfaction in the work of established CPAs, depending in good measure on the kind of practice they have built. The CPA in the small city who, alone or in partnership, may have several hundred small businessmen as clients, acquires a very full knowledge of these men and their affairs. This kind of CPA may gain wide experience and therefore may come to have a clearer picture and a better understanding of the business economics of his community than anyone else. He generally comes to feel a sense of social responsibility for the prosperity of his community.

The CPA who works for a large accounting firm or who uses his knowledge as a stepping stone to an important position in private business has the satisfaction of being close to the economic heart of our national life. He may be near the top or at the top in big business or government. For example, the board chairman at Ford Motor and at American Cyanamid is in each instance a CPA; the Comptroller General, Commissioner of Internal Revenue, and Director of the Budget in the Federal government likewise are CPAs.

We have looked at some of the ultimate objectives attainable through a career in public accounting. How do you attain the level of proficiency that qualifies you for a position of higher responsibility that a top-level CPA enjoys? Let us trace the progress of John Q. Credit up the ladder of success.

John will enter the profession of public accounting as a junior accountant with a CPA firm after receiving his master's degree—a level of education attained by more and more men these days before entering the profession. He will be engaged in work for a well-diversified group of clients, under various senior accountants. They will explain what he is to do and will closely supervise his work until he gives evidence of being able to assume greater responsibility on his own. During these first few years, his superiors will periodically report on his progress and qualifications for advancement. Our firm—



as do many other firms, I am sure—in addition conducts staff-training programs in order to provide our men with the opportunity to continue their education and also provides a CPA review course for those staff members preparing for the CPA examination. After approximately two years, John might assume more responsibility by doing in-charge work on smaller engagements or on segments of a large audit; a year or two later he might qualify as an in-charge accountant. His rate of progress will depend upon personal ability and may be quite rapid if his work is outstanding. At this level, John will be in charge of the field work on large engagements and will perhaps have ten or more accountants working under his supervision. As he grows in stature during his years as an in-charge accountant he will become experienced in planning audits, writing work programs, and preparing reports; he will also take a more active part in local, state, and national professional societies. Some eight to ten years hence, John will likely be promoted to principal or manager, in which capacity he will supervise and review the work of numerous in-charge accountants and will divide his time among numerous clients concurrently. After this period of intellectual growth and development he may finally qualify for admission to partnership in the firm. When he does so, he will have earned his promotion, because a CPA firm can not afford to place key responsibility on anyone who has not merited that responsibility—the risks are far too great.

How is the remuneration at the upper levels?

You can go up quickly if you have the ability and willingness to work. Supervisors may make ten thousand dollars a year or more. A partner's income in a large firm is likely to be twenty-five thousand dollars a year. A CPA having his own firm in a medium-sized city is likely to clear from ten to twenty-five thousand a year or more once he has become established. Starting salaries in public accounting vary from one firm to another and are sometimes affected by geographical location, but junior accountants generally earn enough to live in modest comfort at a stage in their careers when men starting in other professions are still in school or working for little more than the experience. The trend of starting salaries in the San Francisco Bay area has shown a steady increase, average figures for 1957 being up approximately 60 per cent from those of five years ago.

#### ALTERNATIVES AFTER RECEIVING THE CPA CERTIFICATE

If you enter public accounting you should make the CPA certificate one of your first goals. Being a CPA does not by any means

imply that you are an expert in all fields of accounting, taxes, and systems. It does, however, attest to the fact that you have met certain standards of education, experience, and technical ability, which through the years have come to stand for a mark of professional recognition in this field.

You are particularly fortunate in selecting accounting as your field in that you enjoy a variety of career choices on reaching the "fork-in-the-road" which your CPA certificate represents.

#### WHAT ARE THESE CHOICES?

- Stay With Your Firm

If you have what it takes—and the requirements are high—you will probably want to stay with your firm and look forward to an eventual partnership in the public accounting firm with which you started.

- Start Your Own Practice

Many of the leading firms in large cities today were started less than a generation ago by young practitioners with little more than education, experience, and faith. The American Institute of Certified Public Accountants in a recent publication indicated that any progressive community having at least fifty businesses (counting even the smallest) can support a small accounting office. Large communities offer more opportunity and, of course, more competition. The predictions in an issue of the U. S. News & World Report a few weeks ago regarding the expected growth of California and the San Francisco Bay area in the next fifteen years indicate opportunities in the many towns and cities about us even greater than they have been in the past.

- Go Into Partnership With Others

Some of the difficulties encountered in starting your own practice include the broad experience required to take care of the needs of the wide range of small clients you would probably attract, as well as the capital to support your office and yourself and possibly your family until the practice gets beyond its initial growing pains. It is often better for a young man to associate himself in partnership with one or more other accountants—perhaps a practitioner contemplating retirement.

- Specialize in a Particular Field of Accounting

A CPA may, by graduate study or specific experience, specialize in some phase of accounting such as systems and procedures, taxation, or electronic data processing. In any one of these fields the CPA might work either as an independent practitioner or on the staff of a larger firm.

- Take A Position In Private Industry

Not infrequently a CPA goes from a public accounting firm to a client or other business or industrial company. Many CPAs are employed as controllers, auditors, treasurers, budget directors, or heads of tax departments in medium- and large-sized corporations. A CPA with considerable experience in public accounting can often make a move directly into the higher levels of financial management.

- Teach

There is a real need for accounting teachers, and this need will grow, particularly if plans presently being considered to create graduate schools of accountancy are brought to fruition. The CPA certificate, with a master's degree, is accepted by most colleges and universities as the equivalent of a Ph.D. in this field. I might add, many young CPAs supplement their experience with public accounting firms by teaching evenings in colleges. Teaching a subject is an excellent way to learn how much more there is to know about it.

- Go into Government Accounting

There is hardly a branch of government that does not offer opportunities for the accountant—whether it be local, state, or federal.

Many field agents of the Internal Revenue Service are CPAs, as are many FBI agents. The accounting staffs of the General Accounting Office and the audit staffs of the Postal Service and the military services have expanded greatly in recent years.

#### PUBLIC ACCOUNTING CAREER OPPORTUNITIES IN THE FUTURE

We can hardly weigh opportunities in public accounting without giving some thought to the future of the profession itself. It would be unreasonable to expect the powerful influences exerted in building of a great profession suddenly to fade away, for mankind is not about to retreat from pursuit of an ever-improving standard of living. It would be absurd, also, to expect ethical standards suddenly to attain such a level that man would no longer require accountability of others. We may say with assurance, then, that at least for our generation, and that of our children, in our increasingly complex social and economic system, accounting will be an essential element.

Professional accountancy will continue to grow in numbers, and in the range of services offered. The destiny of the profession will be determined by the vision and capacity of its practitioners, among whom will be those of you who choose to build your career on the opportunities in public accounting.