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John W. Queenan

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Continuing Education: A Broad View

BY JOHN W. QUEENAN
Partner, Executive Office

Presented at the Annual Dinner meeting of the Philadelphia Chapter of the Pennsylvania Institute of Certified Public Accountants—May 1959

IT IS always a stimulating experience for me to meet and congratulate new certified public accountants, new members of our profession. Among the common bonds that unite us all, new CPAs and old, is the memory of the exhilaration each of us experienced when he first received word of his success. That memory, sharp and clear as it is for each of our new group, will not blur, I can assure you, as the years pass by. Each of the rest of us can without too much difficulty relive the scene—a high point in the life of each of us.

Occasionally I have heard the thought expressed that after an accountant passes the CPA examination he can, in effect, coast downhill. He has reached his goal, his education is complete. This is just not so — no more, as you recognize now, than it was when he obtained his high school diploma or his college degree. Each of these attainments, it is true, marked the end of a phase, but they also marked a beginning. A long time ago, before I had taken the examination myself, a good friend of mine received his CPA certificate. He had it framed, and was in the process of hanging it on the wall of our staff room one day when I walked in.

“That must give you a real feeling of accomplishment,” I remarked.

“Well,” he said, in a serious voice but with a twinkle in his eye, “at least no one can now say that I can’t add!”

Of course the certificate means more than that, but I have always remembered that incident because of its healthy message: the CPA certificate, without a doubt, denotes ability but even more clearly it marks a point from which the winner must move on.

DEVELOPMENT—THE INDIVIDUAL’S RESPONSIBILITY

Training and development of people today is a prominent theme in the thinking of those charged with administrative responsibility—those who manage the activities of others whether in business or in any other type of organization. Take baseball, for instance—take your own Phillies. Spring training has recently ended, and the sea-

son is just a few weeks old. A scouting group has been ranging far and wide over the hemisphere to bring potential major leaguers into the organization; planning facilities, complete with intricate files and periodic reports and coaching staffs undreamed of a few decades back, operate to develop the young men as quickly as possible to the point where they can perform in the approved manner. Joe Cronin—player, field manager, club official, and recently elected President of the American League—is a product of the system and in my opinion, a classic example of the system working at its optimum. But make no mistake about it: though the organization has a major interest in developing the individual, particularly in view of the time, money, and effort expended to bring him into the fold, the responsibility for the growth of personal faculties lies with the individual, whether he be a fledgling shortstop or a hard-working young staff accountant.

A commonly asked question one hears as he visits college campuses to meet prospective graduates and to discuss with them their careers and employment relates to this area. "Do you have a training program?" the young man asks, and "How does it operate?" These are excellent questions—ones the interviewer likes to hear. In the first place they indicate some forethought by the questioner in an area vital to understand, and secondly, they introduce a subject every organization should be glad to explain. To paraphrase the matter in manufacturing terms: the educational institution has converted the student from a raw material to an intermediate stage, and it is our job in the profession to see that the young man is given every opportunity to go on from there to become a finished product. But as I mentioned previously, and repeat for emphasis, the finishing process is definitely personal, that is, a *subjective* one. The young man who enters any business with the feeling that he is there "to be developed" by the firm which has been fortunate enough to get him is starting under false impressions. He will soon learn that. However in most environments he will find himself well oriented; he will find ample facilities and activities made available to him; but he will also find unmistakable evidence that he must *develop* himself.

The reason for this is quite simple and reasonable when one thinks about it. Stereotyped methods are not workable in a development process, for people differ greatly from one another in native talents and reactions. If you had had the opportunity to visit the Phillies' spring-training camp in Clearwater, Florida, and had watched closely, without too much difficulty you could no doubt have picked out

those recruits who were good fielders but poor hitters, and those whose talents lay in opposite directions. It seems quite natural to me that young accountants have inborn abilities—recognizable in such faculties as mathematical quickness or analytical judgment—which offer just as much contrast, when measured one against the other, as do those of the promising athletes. The accountant's abilities lie beneath the surface and are just not so apparent. On the other hand in dealing with a weakness, no one is apt to know where it lies better than the individual himself. Therefore the goal in a continuing education program should be to seek to present a wide range of development opportunities, not a plan to fit the average accountant. In my opinion it becomes necessary to include material that fits the strengths and needs of many different people, so that each one, choosing for himself, may have the opportunity to develop in the area most important to his progress. I believe it is a mistake for a young man to develop preconceived ideas of what makes for success, particularly if this results in his concentrating his development activity in a few specialized spheres to the practical exclusion and resulting detriment of other areas. My observation has been that it is the well-rounded man who, in the full sense of the word, succeeds. I know of no other place where this thought is more appropriate than here in Philadelphia, the home of that statesman, philosopher, and student, Benjamin Franklin, to whom we all owe a large debt.

INDIVIDUAL STUDY

Where do you start in this "rounding-out" process which is to continue throughout your professional life? Accounting literature is a logical place. I believe you will find such reading a pleasure, now that you can forget the cramming, the strain, the severity that accompany the short-term objective of passing the examination. You can tailor your study and activities to fit your particular strength or weakness, and because you have no strict timetable you can more thoroughly review the matters that most interest you. You can study those areas of accounting where your work is currently leading. This affords a great advantage over straight theoretical reading, for a person is much more likely to grasp and to retain theories and procedures if he can apply them to specific problems or situations shortly after studying them. There is available today a great quantity of accounting and tax literature. Every accountant should become familiar with this professional material as he progresses so that as he assumes more

responsibilities he acquires wide familiarity with the literature then current and applicable.

In my own firm, to help in this respect, we issue to each accountant a study and reference guide listing most of the current accounting and tax literature with which he should become familiar. The work assignments with which he will be concerned are reduced to their simplest components, and cross-reference is made to the accounting and tax matter applying to these components; reference is also made to certain textbook material. Through our office libraries such literature is made available for home-study. If the accountant forms the habit of reading the reference material whenever he receives a new assignment, in the course of a few years he will become familiar with the greater part of the available literature. At the same time he will retain more of what he has learned from his reading because it will have been coördinated in his mind with the actual work he has been doing. This knowledge of course enables him to do better work. I strongly urge each of you to include regular reading as part of your self-development program.

ON THE JOB

Although staff accountants receive valuable training from many sources, there is no doubt in my mind that the accountant's greatest progress in the practice of public accountancy comes from his daily work experiences. This continuous training process applies not only to new assistants but to accountants at all levels of responsibility, for part of the self-development of the more experienced accountant is derived from his activity in training others.

The responsibility for on-the-job training of assistant accountants rests primarily on their immediate supervisors, including particularly the accountants in charge of the engagements to which they are assigned. Such training, as I have just indicated, is an important part of the duties of accountants in supervisory capacities. To a considerable extent, the professional competence of any accounting staff depends on the measure to which these supervisors understand, accept, and adequately discharge such responsibilities. From all points of view we should be most interested, therefore, in assuring that each of our younger associates receives the maximum training benefits from his daily work.

STUDY WITH OTHERS

The value of discussing one's ideas and questions with others can-

not be overemphasized. Whether this process of inquiry occurs in group meetings among employees of an organization, in gatherings of professional organizations such as your own, or in courses organized by educational institutions, the vital purpose is accomplished by fostering an open exchange of ideas. This in turn enables each individual to firm up or amend his own thinking, until in a sure but usually unspectacular fashion the sum total of all thoughts so advanced are forged into a premise or observation that acceptably presents the conclusions of the majority.

This evolution of the thinking of our profession is a force so strong that its tide could not be restrained even if we wanted to do so. The ferment, the changes, the new techniques—all acting to increase this pressure—are before us for all to see. Far from restraining this type of activity, our profession, through its national and state organizations, has attempted to guide such efforts into the most productive channels.

May I at this point introduce a thought regarding education that I should not like to see omitted in any discussion of this broad subject. It is the urgent need for better public understanding of the certified public accountant—what he does, and why he is important to our society. It is not difficult to understand the first reaction of many CPAs that the public should be “educated” by means of a public relations campaign sponsored by their professional societies.

This is a responsibility these groups have met, and are meeting. We are all familiar with the expansion of this theme by means of pamphlets, trade-press articles, movies, radio, and television programs. This is the broad-coverage approach, the mass-artillery barrage.

This approach, if it is to culminate in an effective result, must be “zeroed in” by individual effort, and that is where you and I enter the scene. When we talk to clients in the terms of the client’s problems, and how accounting fits in, we are helping in this effort. We can do the same in conversation with friends about careers for their children, with neighbors about their tax problems, with bankers about credit problems, and with lawyers in a wide variety of fields. In the course of such talks it should be easy to indicate the technical and ethical standards of CPAs and the type of work they do. Many people associate the activities of a CPA with examining large sheafs of paper or with adding machines and arithmetic: we must point up the importance of such factors as analysis, independent evidence, observation, and the result of all of these, the exercise of professional judgment.

Each day each of us makes certain impressions on individual citizens—what we say, what we do, how we live, the fees we charge, how independent we seem, how well informed we are—all of these result in a sum total, the public image of the CPA. Meeting the challenge in this all-important area is a continuing responsibility for us all.

ORGANIZED ACTIVITY

The American Institute has developed materials for use by state societies or chapters in setting up programs to foster continuing education and self-development. Three courses available in the last year have covered report writing, tax-practice administration, and accountants' legal responsibility. The newest course is a study guide for beginning accountants. The Institute has urged that state and chapter officers put continuing education high on their lists of things to be done, and, as you have done here in Philadelphia, that they appoint their best members to these designated committees.

I was pleased to note that in the past your chapter has presented certain of these Institute courses here in Philadelphia. In addition, I note that last fall your Committee on Continuing Education offered a series of machine accounting seminars which were very well received by your membership. Your now well-known Accounting Forum, held annually at St. Joseph's College, shows a high degree of acceptance of the vital task of acquainting young people who are attending colleges and universities with the opportunities and challenges of our profession.

Your chapter is to be congratulated for the breadth and depth of its leadership in this vital quarter of training.

As you know, other professional groups, such as medicine, dentistry, and law, are very active in promoting continuing education, so, too, are business groups, such as insurance and banking. Perhaps you will be surprised, as I was, to learn that the American Management Association spent \$6 million in 1957 in its continuing-education program, and, incidentally, had a related income of \$6.5 million. It seems quite obvious that we accountants have just started our work in this sector.

However, we are moving ahead, and in some fields have been active for some time. The 1958 Michigan Accountants' Graduate Study Conference, held at the University of Michigan, marked the tenth annual renewal of this event. Its intensive three-day program is known to many of you, I am sure. Your Pennsylvania Institute,

with its twofold program, is a national leader in this area. I have held up to other state groups your fine program—a spring meeting with corresponding lawyer groups on the subject of taxation, and in the summer a second three-day meeting, your annual Accounting Study Conference, when accounting, auditing, and practice-management matters are considered. The cost to the participant in this latter meeting is very modest, the \$45 registration fee, as you know, covering the sessions, all meals, and a room in one of the dormitories of Pennsylvania State University, on whose campus the meetings are held. I have been told that the supplements to the morning and afternoon gatherings—the evening “bull sessions”—in particular are very lively affairs enjoyed uniformly by all. Again, congratulations on your being in the forefront!

Recently, Council of the American Institute appropriated \$50,000 to develop and test a continuing-education program; one of the first projects will be to provide additional courses in selected subjects for practicing CPAs and for staff-training purposes. This new group, which is being operated outside the regular staff and committee structure of the Institute, is expected to become self-sustaining eventually and to recover the capital invested in it. It will possibly operate as a separate education foundation, although subject to Institute control and responsible for submitting periodic progress reports to Council.

One of the first activities of this new division of professional development was in answer to an urgent demand for courses in the management of a practice. In the past few months twenty-four practitioners met in a pilot run in New York to discuss the recently issued Institute bulletin, “The Difficult Art of Setting Fees.” The moderator for the group, using the case-study approach, was Louis Matusiak, newly appointed by the Institute as director of the program. The present intention is to develop from these experiences material for similar seminars to be made available to State Societies, meant to be given on two consecutive days.

The future will be filled with interest. I believe the time is not too far away when we shall see periodic post-graduate courses at nationally recognized universities for practitioners with, say, over five years' experience, along with an extension of the graduate-accounting program being pioneered by Rutgers University, leading to an M.B.A. degree for nonaccounting college graduates. The program is bound to grow.

A little over a year ago a special committee on research program was appointed by the American Institute to consider a new approach to the means by which accounting research should be undertaken, accounting principles promulgated, and adherence to them obtained. This committee held three extended meetings at which the comments and opinions of a wide circle of interested parties were considered, and last October a report was submitted to Council. The report recommended creation of a new and larger Institute research staff, to function in cooperation with an Accounting Principles Board, which would be composed not only of representatives from public practice, but from the accounting educational and industrial world as well. This proposal was considered by the Executive Committee, which presented its affirmative views on the proposed program to Council two weeks ago, and, as you probably know, was gratified to have that body adopt the proposal in full. In years to come, I am certain we will look back to this event as one of the landmarks in the history of our professional development.

STIMULUS FOR DEVELOPMENT

But to get back to some of the basic matters which provide the stimulus for the whole concept of education of the individual: education, we firmly believe, is the forerunner of competence and the most certain road to advancement. Let us consider the motivating factors. Why does a person want to advance? I shall mention only some of the reasons, and I am sure my list will not be complete. From an economic viewpoint he wants to provide a comfortable living for himself and his family, and he hopes to provide for his children opportunities better or at least equivalent to what he himself received. This is an immediate factor which is imminent and real to a young man starting out in any field.

He will not have been working very long for an organization until he becomes aware that his employer is exerting considerable effort to his training. To most thinking men it is a pleasant thing to understand that advancing in an organization constitutes repayment of an obligation on their part for the training received. Whenever an accountant does an excellent job on a particular engagement, whenever his actions serve to weld the client closer to his firm, he is discharging a responsibility implicit in his original acceptance of employment.

This thought leads into a third area which is perhaps the most

satisfying of all—the pleasure, the pride a man takes in a job well done. All of us, I am sure, have a desire for the satisfaction that comes with the realization that we are attaining stature in our field and are contributing importantly to its accomplishments.

Many years ago I read a short illustration of this factor, concerning three masons who were asked what they were doing. The first said he was working for ten dollars a day. The second replied that he was cutting stone. The last of the three said simply that he was building a cathedral. This last answer can bring only admiration from us all, for it tells us of the individual who derives such a deep satisfaction from his work that it places him on a different level from his two fellow-workers. I believe that realization of the importance of this intangible grows with the years as we grasp more meaningfully the truth of the statement that he who loves his work is indeed a fortunate man.

Another incentive which impels a man to develop his capabilities to the maximum is his sense of obligation to repay the debt he owes to his profession. It is probably at a different stage in the progress of each of us that we become aware of the immense influence of the contributions of our predecessors in advancing the profession to its present high state, which provides the basis for our personal growth. When this realization does become clear, the mandate is very positive that each of us do our utmost in carrying on the traditions that have been handed down to us, in our own interest and in the interest of those who will follow.

CONCLUSION

But beyond these personal and professional factors I firmly believe that our responsibility extends into other spheres, and that what we do individually and collectively can have no less than national, and even a world-wide impact.

Each of us here tonight knows that a supreme struggle is in progress. The government of the Soviet Union is solemnly dedicated to overtake us, to surpass us, to defeat us. Here and in Russia have arisen bastions behind which are stored thermonuclear weapons of complete destruction. It becomes more and more understandable that so long as the weapons of one offset the weapons of the other they probably will not be used. Witness the absence of the use of poison gas and bacteriological warfare in the war against Germany and Japan.

But a war *is* already on—an economic war whose intensity and breadth will increase rapidly in the years immediately ahead. There are no flags waving or recruiting programs or training camps in this kind of war, but the very absence of these symbols of national purpose points up the danger. I do not believe we are mobilized to fight the economic war. The Soviets are, and have been; their slogan, their goal in their planned economy, is simple: “Beat the U. S.!” Their form of government, absolute dictatorship that it is, depends for its very existence on a continuation of a state of crisis. It is certainly apparent from their actions over the past decade that this “crisis philosophy” is one we are to be faced with for a long time to come.

These thoughts are not new to you, I know. They concern us all deeply. So let us get down to the crux—what can we do about it? I will tell you what I think each of us can do.

We can develop ourselves to the fullest extent. We are all gifted in various ways in varying degrees. Our responsibility, both personal and national, is to utilize our talents in the most effective way. Simply stated, as each year goes by, we must become better accountants. The countless ways in which better accounting can contribute to victory in a war of contrasting economies is so obvious to us that I shall spend no time on the details. The quality of the accounting and the caliber of the accountants are the matters that concern me. How intense are the efforts to achieve top quality? Certainly we need more and better research and more and better scientists, but do not forget for one moment that we also need in a parallel degree more and better accountants.

Now, lest the points I have been attempting to make may seem too far-fetched, let me say that I am not suggesting that fountain pens or lead pencils can take the place of bullets, or an accounting machine the place of a missile, in the military war of deterrents. But I do say that in the opposed social systems engaged in struggle today the accountant is an integral part of the system of the free world. Not much elaboration is needed for us to understand that today a major part of the business of the free world is conducted under the corporate form of business management, and is in reality the chief vehicle of trade and industry. The philosophy of this system is free enterprise, which is rooted in individual opportunity, intense but fair competition, incentive and rewards in the form of profit. It is also characterized in high degree by multiple absentee ownership. With these attributes the CPA has become identified by reason of the nature of his

services; accountancy is the language of free enterprise. Because free enterprise has grown, the science of accountancy has of necessity kept pace. Like the form of business it serves, accountancy has become more influential from the point of view of public policy and also more complicated. Our job is to see that no bottleneck occurs in classifying, summarizing, and interpreting the effects of the many difficult operations and transactions of business organizations, now or in the future.

Modern living is a good life. We must not let it become too easy. Most of us are attracted to recreation, vacation, and libation, but we recognize that they are virtues only if kept in the proper perspective. If these in themselves become our goals, our objectives—believe me, I do not make this point easily—our way of life will pass on. Each of us must accept the hard disciplines of continuing education, the rigors of creative thinking, and the responsibilities of professional activities, not only in our own personal interest but in the interest of our society as a whole.

I believe that as a Nation we will meet this challenge with an intense national effort. I know that the accounting profession is alive to the challenge, and that we as members of the profession, will carry our full load in the fight to achieve victory for our way of life.