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MAS group shapes its destiny

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Early last November, as the winter's first snow flurries descended on northern Illinois, planes converging on O'Hare Airport brought Haskins & Sells management advisory services talent from all parts of the country for a three-day stock taking of how far the Firm has come in MAS.

The meeting was appropriately staged at the Drake Oakbrook just west of Chicago, where in 1900 the Firm took an early systems engagement to prepare a report on "The Methods of Accountancy of the City of Chicago." That engagement was typical of much of our work in those days. In fact, with the great growth of audit and tax services yet to come, work of this kind was the backbone of the early practice of Haskins & Sells. The only thing new about MAS, as we call systems work today, is its scope, sophistication, and volume, and the special staff assembled for it.

Yet our present state of competence has not been reached by a direct and inevitable course. It was given a special push by a policy memorandum written
thirteen years ago with near prophetic foresight by Everett Shifflett, who retired last year from active practice in the Executive Office from where for many years he gave support and inspiration to our MAS practice. "Preference today," he wrote in 1953 concerning how the public chooses one accounting firm over another, "turns to a considerable extent upon such matters as personal factors, experience in the industry, and the capabilities of the firm in accounting services other than auditing. ... The tendency today is is to expect from the accounting firms more assistance in non-auditing services than formerly and this emphasis is likely to increase rather than diminish in the years ahead."

"Systems work," he wrote, "at least in many of its phases, is a specialty [demanding] two principal qualifications: business judgment, and knowledge of techniques. Good judgment in systems work is basically a matter of viewpoint, the viewpoint of management. Knowledge of techniques is wholly a matter of training and experience."

It was to sharpen both judgment and technique that the MAS specialists assembled in Chicago. They ranged from veterans of some of the biggest system installations in the country to men getting their training, as Jim Wall says, "like taking a drink out of a fire hydrant." Some were from DPH&S offices elsewhere in this hemisphere, particularly from Canada. Several from the audit staff were there to see if they would like to transfer to MAS or who had been accepted for transfer and were awaiting reassignment.

What they heard was new to some and old to others, but for all it was basic to their technology as it is pursued at H&S. And for all it was a chance to trade ideas and measure the quality of men from regional groups other than their own (for years they had held separate regional meetings).

The quality of these men is fundamental to the Haskins & Sells approach to MAS. Gordon L. Murray, the partner who coordinates our MAS practice from the Executive Office, expressed it thus at the opening session: "If you know anything at all about the philosophy of the Firm, you know that competence is the essential ingredient of whatever services we offer. What others do is of interest, but H&S shapes its own destiny in its own terms and according to its own standards. A quick or massive response to any matter is never substituted for a sound approach competently executed."

Mr. Murray showed that by setting high professional standards and avoiding a commercial approach, progress could be demonstrated in terms of size of staff, volume of work, number of clients served, quality of services, sophistication of work undertaken, and breadth of capability of persons engaged in MAS work.

"Please do not get the idea," he cautioned, "that profit is our sole or even a very important criterion of the success of MAS. But I believe you share with me the notion that it's not much fun to be a 'loss leader' for the Firm—and obviously we are not!"

"No doubt we could have gone farther, faster," he added, "but we have never lost a client by reason of our MAS services. ... The primary limitation to our rate of growth is available talent to expand the staff; we impose a limitation on ourselves when we refuse to dilute our standards of qualification merely for more volume."

Mr. Murray explained that competence is the chief determinant of our scope of services, not some prescribed list of services the Firm will or will not undertake. "We'll apply our tested skills to just about any problem a client has, if we think we can help him solve it," he said, "provided the situation meets our standards for successful work. Furthermore, the Firm accepts a professional obligation to point out the problem when we see it. We cannot stand
by passively till the client discovers it himself and calls us in. Yet there remain many areas, such as advertising, product development in an engineering sense, and others that are not expected to be within the competence of a firm of CPAs. We see no compelling need to enter a race to be all things to all people."

Mr. Murray went on to describe the Firm’s consulting approach to MAS practice. "We largely provide know-how rather than manpower, and we expect client personnel to participate fully in the work... In this way they become fully qualified to carry on once our participation is concluded. ... The consulting approach, in the degree that we apply it, is somewhat unique among consulting and accounting firms providing such services. It sets us somewhat apart and has been well received by clients. This approach is most consistent with our independence as auditors."

The Chicago sessions were designed in part as a step toward recodifying the Firm's standards for MAS work. "There are certain practices that cannot be tolerated," said Mr. Murray, "either because they are ineffective or they would leave the Firm without justification were the practices challenged... Beyond this threshold of standards there is a wide range of opportunity to experiment and innovate.... We do not intend to encroach in this latter area by providing packaged solutions, canned systems, and the like. We do intend to extend our codification of standards and keep them up-to-date."

As the sessions progressed, generalities were peeled away and the discussion got to the bone. Kennard Webster, who heads the regional group based in Philadelphia, talked specifically for an afternoon about conducting an engagement. (He explained matters such as how you survey a situation to see if it's one in which we can be helpful, how you train client people to carry forward new programs on their own, and how you tailor a report for the people who will receive it.)

Robert L. Niemeyer, in charge of the Chicago group, described actual cases to illustrate effective approaches to developing modern management control and information systems. His main point: keep the approach requirements-oriented, not methods-oriented ("Don't assume an EDP solution unless the problem calls for it"). He told of two large corporations proceeding the other way. One had installed elaborate computers for certain basic applications and then sent 20 people (assisted by 400 others) throughout the organization to ask "What do you need to know?" The other set up a chart room "like a military headquarters War Room," and then began asking "What shall we display?"

It wasn't all sitting and listening—there were questions. "How do you measure the system's economic impact," was one. "That can be hard to do," was the reply. "We've seen cases where development and installation will come to $2 million for a system that will just break even in operational savings. What the client is buying are better controls, better customer service, a better share of the market—in short a new way of life. We tell the client if he's not ready for that new way of life, he'd better not go."

Leonard Pace, who heads the New York group, summarized with the help of consultant Bob Thompson our experience in studying organization structures and planning incentives to achieve organizational goals. They described in full clinical detail cases of total organizational disorientation they have seen ("If my boss calls while I'm out, find out who he is").

The San Francisco group, led by Vincent Donnelly, described our newest techniques for reporting to clients— orally and in writing—including feasibility reports, systems installation schedules, status reports, new chart forms and other visual aids ("Think in terms of your report as you go about your work").

The final evening Mr. Murray devoted to answering questions. He had announced the day before that there would be a question box outside, and it was full by dinner time on Friday. Many of them had to do with training:

"We're all for training," was Mr. Murray's reply, "but training in classrooms has its limitations. There's a place for it, but there are certain things you can learn only by jumping in and swimming—actually performing in MAS work. When you're faced with a problem tomorrow and dig out the answer tonight, you'll remember it."

Question: "Why are we so insistent on initial audit experience for people coming straight from school?"

Answer: "An MAS man needs more than an academic background; he needs seasoning—needs to know how H&S runs, how we serve our clients, how different businesses function. He can learn these things on the audit staff—but (after a pause) we are always reviewing this policy. It depends a lot on the individual. We will never have an MAS staff with 100 per cent audit background, because we always need specialists. But we expect more will have it than do now."

Highspot of the final morning was a report on how MAS is conducted in DPH&S Canada—a report for which there was not time to satisfy all that the group wanted to know. It was presented by H. C. (Hank) Grant, whose credentials include a Stanford doctorate, membership on Royal Commissions, personnel direction for the Royal Canadian Army in World War II and later for the World Health Organization in Geneva. He was presented as "Mr. MAS in DPH&S Canada" by Ian
Macdonald, head of that firm's MAS. (For Mr. Macdonald's other presentation see page 24.) Mr. Grant explained that, as the Canadian requirements are not always the same as those in the USA, so their MAS approach differs somewhat from that in H&S, supporting our doctrine that approach must satisfy needs to be successful.

There followed a brief report by E. Frederick Halstead, head of the Miami group, on our program for cataloguing our MAS talent so it can be brought to bear with utmost efficiency and dispatch.

Finally, Mr. Murray in the closing session talked about how staff performance is evaluated and procedures and standards for recommending advancement. “The need for top people is acute,” he said, “and you would be surprised at the time and attention devoted to finding them by the top partners of the Firm.”

He talked of an individual's development as “a very personal thing” and suggested that each one evaluate his own performance on each engagement:

• “Where did you succeed or fail?
• “Did you mis-define the real problem?
• “Did you select the wrong technique?
• “Did you adapt practical techniques and plan, package, and program the change properly?
• “Or—did you do all these things well but fail because your antenna was not up—you were not tuned in to the people problems—your recommendations came as a surprise that client people were not ready for?

“There are very definite limits on what a firm can do for a man compared to what he can and must do for himself,” he concluded. (Some of his listeners later told him they thought the Firm had done quite a lot in bringing the group together.) “To develop ourselves we must stretch ourselves. The only way to learn is to reach a little more each time.”