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## Small business services

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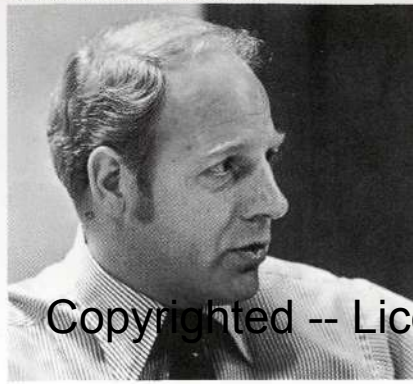
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EISENBERG, PHILADELPHIA

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**S**ome years from now the American people and American business may well look back on 1974 as a pivotal point in the development of the U.S. economy. Double-digit inflation, stagflation, recession and depression, the large-scale swing from the FIFO (first-in, first-out) to the LIFO (last-in, first-out) method of inventory valuation, the energy crisis that underlined most clearly the interdependence of all nations—all these factors exerted a profound effect on what had up to then been the “traditional” American way of life. The sharp reappraisal of what had been considered economic “truths” was only one manifestation of the dramatic shift in perspective triggered by the forces affecting this country.

For Haskins & Sells, which in 1974 was completing eighty years of expanding service to clients in the United States and abroad, the year marked an equally important reassessment of its role in the business community as well as its plans for future growth. The seminar held for the Firm's small business specialists in St. Louis last November signalled a new emphasis on this segment of our practice. The message was carried from Executive Office to St. Louis by Philip J. Sandmaier, Jr., partner in charge of Domestic Practice Office Operations, and partner Allan A. Gilman, who shortly before had been named EO coordinator for the Firm's small business practice.

In his talk before the more than ninety partners and managers attending the seminar, Mr. Sandmaier said that Small Business Services now ranked as one of the four major services offered by H&S

along with Audit, Tax and MAS. He said “no segment is of more significance” to Haskins & Sells. He said, “We need our best people in Small Business Services, too.” A talented speaker, Mr. Sandmaier told the assembly what it had been waiting to hear. And when he finished, he received a long, loud and enthusiastic standing ovation.

By the time the seminar was completed, two points had been made most clearly: ➤➤➤ Executive Office, through Allan Gilman, will be playing a stronger role in the direction and development of the Firm's small business practice. ➤➤➤ Small business most definitely offers a career path leading to partnership in the Firm for the competent, qualified accountant.

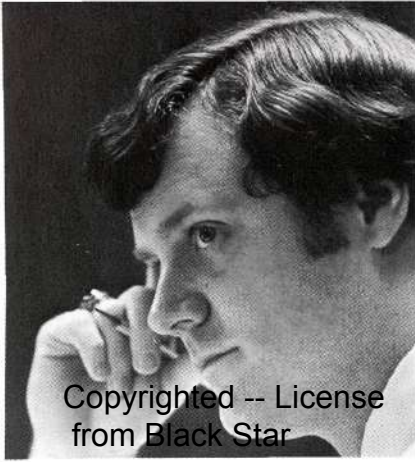
**S**ome explanation is necessary to put these developments in perspective. First, small business does not mean a business that is small. For H&S, small business is “any organization that does not have the full spectrum of required in-house financial and accounting expertise and must rely on professionals to supply such expertise.” Indeed, a large number of our small business clients are substantial organizations with quite respectable sales and income figures. Detroit partner Ralph J. Kliber, a member of the Firm's Small Business Advisory Committee, pointed out at the St. Louis seminar that there are some eight million small businesses in the United States at the present time, a figure representing some 95 percent of all domestic business organizations. Because of the possible confusion that the term “small business” may cause

in the minds of potential clients, however, a change in the name is one of the questions scheduled for study.

The second point is that the Firm's small business practice is most definitely big business. Actual figures are hard to come by and may even be misleading because the distinction between a small business and any other client is often blurred. However, several H&S partners long active in small business say almost any office can build its SBS practice to the point where it represents between 15 and 20 percent of total office dollar volume. While there may be disagreement over actual and potential percentages, there is unanimity on the fact that no matter what its size, no matter where it is located and despite the economic conditions that may prevail, any office can develop a most respectable small business practice.

Small business is by no means a new facet of the H&S operation. In his talk at the St. Louis meeting, Phil Sandmaier pointed out that an ad hoc long-range planning committee of which he was a member recommended in 1961 that increased emphasis be put on developing a small business practice. The same recommendation was made by a similar group headed by Michael N. Chetkovich in 1969-70. More recently, small business was on the agenda of the last four annual regional meetings of partners in charge of offices.

Historically, the record shows a particularly strong groundswell of interest in the expansion of our small business practice in the opening years of the present decade. Lawrence M. Walsh, now partner in charge in Miami and in 1971 head of



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our Philadelphia office, prepared a detailed memo in July of that year to partners and managers outlining what our small business practice could be and should become.

**S**mall business gathered a strong head of steam during the 1971-73 period when it was the responsibility of EO partner William K. Quinlan. Bill Quinlan, acknowledged to have been possibly the strongest driving force behind the H&S small business practice (at least at the higher levels of Firm management), is credited with laying the foundation for the new thrust planned by Allan Gilman.

Al Gilman, who joined H&S when it merged with the Rochester firm of Williams, Clapp and Company in 1956, has had a long-standing interest in small business. "Williams, Clapp and Company was basically a small-business-oriented public accounting firm, and my 'growing-up years' in accounting gave me a solid understanding of what can be accomplished with the right approach to serving small business," he said.

Under Al, who also is responsible for domestic practice office financial operations, Executive Office is expected to provide more coordinated direction to the Firm's small business effort. He already has made two key moves to implement this program:

➤→ A substantial expansion of the Small Business Services Advisory Committee; and

➤→ The appointment of a manager at EO to assist him full time in his small business functions.

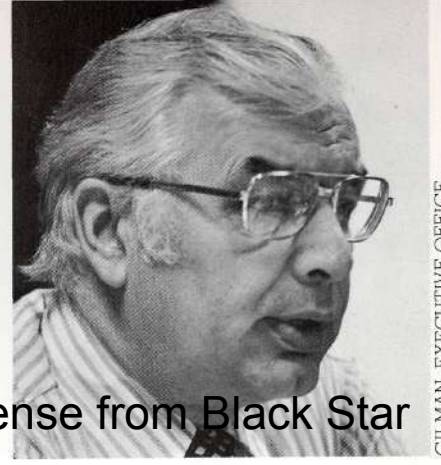
small

# BUSINESS SERVICES

*'...To help with  
the building'*

MICHAEL N. CHETKOVICH

*"Without any doubt,  
service with a Small Business Group  
offers a career opportunity  
with the Firm equal to any..."*



GILMAN, EXECUTIVE OFFICE

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Prior to these moves the 242 people serving in forty-six practice offices who are associated with small business were represented by a four-man committee comprised of Ralph J. Kliber, Detroit; Warren L. Eisenberg, Philadelphia; C. Frederick Falldine, Oklahoma City; and Keith W. Renken, Los Angeles.

The panel has been expanded to include the following partners: Charles E. Schwyn, San Francisco; Daniel J. Ciecko, Chicago; Douglas L. Newell, Cleveland; Bertram Frankenger, Jr., New Haven; Sherrill W. Hudson, Dayton; and Albert W. White, Jr., Buffalo. Mr. Falldine and Mr. White are partners in charge of their respective offices, while the other members of the committee are in charge of the small business groups. (Mr. Newell also heads the tax department in Cleveland.)

Al Gilman said he has expanded the committee to get a broader range of advice and counsel. "I expect Executive Office to lead, but we have to know what the practice offices need from EO," he said, noting that the makeup of the new Small Business Advisory Committee provides representation from the point of view of both geography and office size. In the past the committee had met two or three times a year, and no change is contemplated in that schedule at this time.

**T**he second move Al Gilman made early this year was the appointment of Dick E. Willden to work with him. Mr. Willden was a manager in the EO Continuing Education Department before taking on this new assignment. The official description of his duties gives a fair picture of the

areas on which Al Gilman expects to put initial emphasis:

"To provide detailed development of practice aids, work programs, administrative assistance, training materials, and proposed accounting, auditing, MAS and tax policies as they relate specifically to Small Business Services. To work in conjunction with Quality Control, Research, Tax, MAS, Continuing Education and other interested Executive Office Groups.

"To assemble from the practice offices and distribute thereto the tools and 'how to' knowledge which have been developed but until now never published in centralized fashion. To assist in coordination and development of Small Business Services."

While this may seem like a heavy burden for one man to bear, Al pointed out that Dick Willden will have help. "I anticipate that three or four members of the Small Business Advisory Committee will be able when necessary to provide Dick with 'project-type' assistance," he said. In addition, Dick will be able to draw on the services of people from different offices who may have the background or experience needed for a particular project.

One of the prime objectives of Al's program is to encourage ideas from various offices and individuals. "I expect that the advisory committee will act as both a gathering point and a sounding board for suggestions," he said. Some of our practice offices with small business groups have developed and are using SBS training programs. These include the standard training courses developed by EO's Continuing Education Department,

# Small BUSINESS SERVICES



NEWELL, CLEVELAND



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but are bolstered by special courses aimed specifically at our small business practice. "We hope to study the various programs being used by the practice offices, select the best elements of each, standardize the material into a unified program and, in conjunction with the Continuing Education Department, distribute them to the practice offices," Al said.

"I think we're also going to have to put some effort into developing even closer relations with our Tax and MAS departments. Our small business people have had excellent cooperation from both these departments in the past, but we intend to study methods that will provide even closer linkage between Tax, MAS and our small business groups."

**S**upport for this new emphasis on small business reaches all the way to the top. H&S managing partner Mike Chetkovich called SBS "an integral part of our practice" and emphasized that "without any doubt" it offers a career opportunity equal to any other segment of our practice for the qualified professional. Al Gilman's appointment, he said, "underscores the Firm's enthusiasm and commitment to small business."

Mr. Chetkovich noted that many of his own strongest memories of past associations with clients are those which involved small-business-type companies. "The ties that frequently develop between an accountant and the president or other officers of a small business client are forged in a close working relationship between individuals at a very personal level. They can last many years, even a lifetime," he said. "One of the more satis-

fying aspects of small business work is this close relationship. It lets the accountant identify with the client, gives him an in-depth understanding of the varied problems encountered by that client in the daily operation of his business, and allows the accountant to contribute to its success. I am sure that serving such clients is the kind of experience to which most, if not all, of our accountants would like to be exposed."

The small business concept meets all the requirements of practicality, Mike stated. "Most businesses start small and then grow," he said. "If we serve them effectively during their earliest period of growth, chances are strong they will remain clients in the years ahead."

Not unexpectedly, Al Gilman's attitude toward the small business practice combines satisfaction with what has been accomplished with a certain amount of impatience to push ahead. "Not every office is large enough to warrant a separate small business group," he said. "On the other hand, we do want to stress that a small business outlook or approach to clients is practical and desirable for any office. I think it's safe to say that an individual's attitude toward small business is more important than any actual mechanical or formal structuring."

Partners such as Bert Frankenberger, Sherrill Hudson and Doug Newell voiced strong agreement with Al's analysis. "As long as there are enough small businesses in a given area, you can develop a small business practice," Sherrill said. Bert, in fact, insists that a small business practice is possible anywhere there is sufficient business for H&S to have established a

practice office. Doug Newell put it most simply: "Small business is here to stay. All that matters is what we make of it."

**A**pproach is a word used constantly by those in small business. "The nature of many clients in small business is different," Al Gilman said. "As a result, it is not unusual to find a prospective client who doesn't even know what he really needs from a public accounting firm. Consequently, he must be approached on a different level than the more sophisticated client."

"The type of individual assigned to that engagement requires some care. Working with a small business client often involves a one-to-one relationship with the president of the company. This demands a mature individual. It requires the ability to take the time to study the client's overall operation, to learn how his various departments operate, to investigate his problems and find solutions to those problems. It means immersing yourself in that client's business world so that you can help him in a very real and practical sense."

"The successful individual in small business is versatile, with an appetite for problem solving that may put heavy demands on him but that offer much in the way of emotional and intellectual satisfaction."

"A good small business individual has self-confidence," Sherrill Hudson said. "He's done a lot of things before becoming an accountant. We find many of our best people come to us with sports backgrounds; they are competitive. This lets them identify more closely with the

PHILIP J. SANDMAIER, JR.

*"Small business  
is an area whose  
time has come..."*

The photos used to illustrate this article were taken at the first meeting of the expanded Advisory Committee on Small Business Services held earlier this year in Kansas City. Detroit partner Ralph J. Kliber, a member of the committee, was unable to attend the meeting and consequently is not shown in the photographs.

FALLDINE, OKLAHOMA CITY



WHITE, BUFFALO



average small businessman, who by nature also usually tends to be competitive." Bert Frankenberg put it another way: "I look for someone not afraid to act, someone who can assume responsibility quickly. These are often people who worked in a family business or held part-time jobs while in school or on vacations. We want people who can identify with the client."

But while Executive Office may map overall strategy, the battle is still fought at the practice office level. How do the "line troops" see the role of small business in relation to the accounting profession in general and H&S in particular?

"None of our people spend all of their time on small business," Warren Eisenberg said. "Our three SBS managers, for example, spend between 40 and 80 percent of their time on small business, the balance serving other clients. We feel it is important that all our small business people receive exposure to other phases of the Firm's practice. We believe that an individual with wide experience is more valuable to his small business clients."

The benefits of varied experience were underlined by Doug Newell: "Our practice requires a person who can hold his own in a business discussion with a client, a person who understands business concepts as well as accounting principles and concepts."

In our small business practice, the emphasis is on people. Continuity of personnel on a small business engagement is of paramount importance, particularly at the partner and manager levels. "The small business client can't tolerate frequent changes because of the close rela-

tionships that are usually established," Warren said. "Then, too, it would not be to our advantage to change assignments frequently, since it does require time for our staff to become familiar with the client's operations."

Keith Renken and Dick Gardner are convinced that the morale of the small business team is critical to a successful operation. "If you've got good people, you've got to put them on good assignments. The client must have potential for growth or you risk having our accountants and managers lose enthusiasm for that engagement—and for small business work," they said.

The people aspect is also important in the practice development sector of small business. "I spend about half my time on practice development activities," Warren said. "Too many small businesses that could benefit from our services don't know that we are available to serve them."

For Bert Frankenberg, referrals are the key to an expansion of our clientele. "Most small business clients are proud to be H&S clients. If they are satisfied, they'll boast about it to their business acquaintances and associates. From my point of view, there's nothing as effective as a successful, satisfied client for spreading the word about our services." Sherrill Hudson echoed Bert's views on referrals, adding that it was important to provide timely services for the small business client. "Proper scheduling is vital," he said. In Dayton, practice development training is provided to seniors and managers. "We find both seniors and managers are very effective in obtaining new clients."

**M**any of the practice offices with small business groups have established training programs utilizing courses generated by the EO Continuing Education Department and supplemented by material developed themselves. Los Angeles, for example, begins with what it calls "entry-level" courses, a basic series designed as an introduction to the policies and practices of the small business group, to assist new people in developing the skills necessary for SBS work and to increase awareness of the more common problems faced by clients.

Advanced courses are included for the more experienced members of the group. Essentially intended to broaden their perspective, these courses are presented by our own people as well as outside experts.

Philadelphia has developed eight courses, all geared to the small business practice, which generally run one to two days and frequently feature outside speakers from banks, insurance companies and the Small Business Administration. "We usually take our guest speakers out to lunch with our own people during these seminars," Warren noted. "This not only lets us express our appreciation for their giving us their time, but permits us to give them a better idea of what we can do for a small business client."

Special training is by no means confined to the larger offices, however. Dayton provides "on-the-job" training combined with courses from the American Institute of CPAs. New Haven gives its small business people two days of special training a year in addition to its regu-

ALLAN A. GILMAN

*"It is very difficult to expand services to a nonclient. Small Business Services provides an answer..."*

RENKEN, LOS ANGELES



CIECKO, CHICAGO



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lar staff training and also tries to put the emphasis earlier on courses of particular importance to small business. Cleveland also gives its small business group specialized course material.

Recognizing the importance of the "personal touch," most small business groups have developed forms and procedures to make sure the client or potential client gets the attention he expects. In Los Angeles, any call from a potential client must be answered immediately. If a proposal letter is requested, the procedure calls for the letter to be completed and delivered by hand to the client no later than forty-eight hours after the initial call is received.

"A strong show of interest in the client is vital in small business work," Keith and Dick insist. "This is feasible since in most cases a proposal letter tends to be fairly short and uncomplicated."

The rewards of small business work are even more evident at the manager and staff levels. Philadelphia small business manager Gerald A. Perloff speaks of the "psychic income" received from his small business activities. "The client says thank you...and really means it."

Gerry pointed to the increasing use of computers for small business clients. "We have in-house time-sharing programs which let us develop financial information for some of our clients on a monthly frequency. This was almost impossible for them to obtain previously and they really appreciate what the availability of this data means to them and their overall operations.

"We can give a client such things as monthly statements, year-to-date state-

ments and comparison-to-budget data, the kind of information he needs if he wants to obtain a loan from a bank. It's simply not the type of service available to the client in the past—a service he never even knew was available to someone his size—and his reaction is one of gratitude and appreciation."

Rewards, appreciation, satisfaction—these are all words that occur and reoccur in conversations with partners, managers and staff accountants engaged in small business. Most important, they describe clearly the feelings of the Firm's small business people—the feelings of satisfaction flowing from a close personal involvement with a client that you can help grow, from the inner rewards that come from knowing you've tackled a complicated problem and done a good job for an individual who knows and appreciates what you've accomplished.

In a real sense, the American economy could never have achieved its present state of development had it not been for the men who were willing to gamble, to put all they had, all they owned into starting a new business. Some failed, but many prospered and grew. And as some fell by the wayside, there were always others ready and willing to take the same chance on building an organization to produce a product or supply a service that would make life better or easier. These are the people who built this country, who will build it in the future. And the H&S small business group will be there to help with the building.

# BUSINESS SERVICES

# Sma