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Away from the primitive

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Recommended Citation

Haskins & Sells Bulletin, Vol. 05, no. 06 (1922 June 15), p. 41-42

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EXECUTIVE OFFICES
HASKINS & SELLS BUILDING
37 WEST 39TH ST., NEW YORK

Vol. V

NEW YORK, JUNE 15, 1922

No. 6

Away from the Primitive

THERE was a time in the dim distant past when secrecy was the keynote of business. Not so long since it was regarded as clever to disclose as little business information as possible to anyone outside of a select circle. In some instances business skill was measured by the extent to which the left hand was kept in ignorance of what the right hand was doing.

But modern business methods are different. The generation of today is more of a thinking body than its predecessor. Department heads have demanded data from which to make decisions, plan activities, and supervise operations, instead of following blindly prescribed routine. The government has demanded information, ever increasing in variety and detail, of respondents in the matter of taxes. And taxpayers, although sporadically, it must be admitted, have sought to be informed as to the financial operations of government in order to use intelligent judgment in the casting of votes. The contributing public has asked of agencies soliciting support how the agencies are using the funds. Stockholders in corporations and members in societies are beginning to show interest

in the financial activities of their respective organizations.

The old order has changed. The spirit of the past has undergone a marked transformation. The idea that secrecy should surround everything concerning business has been superseded. The new idea centers around the thought that the intelligent individual of today bases his actions on reason; that sound reasoning may only proceed from facts; that anyone attempting to reason about business must have the facts thereof.

The bank credit man is no exception to the rule in the matter of information. "Facts from which to decide" has become his motto. If he is to know whether or not a certain line of credit, or a certain loan, is justified from the point of view of sound banking judgment, he must be placed in possession of adequate knowledge concerning the business organization to which the money is to be loaned. Quite properly he regards the bank as a trustee for the funds of depositors. With equal seriousness the banker, when he loans to the business man, looks upon the relation in a way as a proprietary one in which the banker

plays the role of partner in the enterprise. There is little wonder that he should feel a keen desire for as much data as possible reflecting the condition, progress, and outlook of the business concern.

The progressive and wise business man who has or seeks credit relations with bankers looks the matter squarely in the face. His philosophy teaches him that full and frank statements promote confidence. He approaches the banker with the feeling that he has nothing to lose and everything to gain by supplying all that the banker or the bank credit man desires and requests. He is usually rewarded by all the consideration to which he is entitled.

The public accountant occupies a position which is unique and exacting. Possessed, after an examination of his client's books, of information such as the banker desires, and, from his technical familiarity

with the banker's needs, able to supply the data in the form desired, he is at the same time in a confidential relation with his client and under obligation not to disclose the information except by consent.

The broad-minded, far-seeing business man realizes the advantage to himself of putting the accountant in a position where he may satisfy the banker. Such procedure makes for better credit relations; for less trouble and annoyance to all concerned. It cannot help but facilitate the checking and granting of credit.

The tendency of borrowers who are progressive is to give every one who has occasion to think about the credit risk an opportunity to review all the facts relating to the business concerned. The ranks of business men who see the situation thus are growing rapidly. The signs of the times point sharply away from the primitive.

Judgment Guiding Financial Statements

THE executive of today is an individual of complex functions. He plans, directs, investigates, checks up, confers, and weighs opinions and information. He correlates the factors which comprise his organization; transforming and applying the motive power which they generate according to the requirements of the business. Alone, he is limited in his observation and output, and insignificant in his ability to accomplish. Aided by his organization, and with comprehensive information, his potential ability becomes enormously enlarged in scope and intensity.

The modern executive is essentially a desk worker. He is a presser of buttons and a user of automatic devices for purposes of communication. But thereby he conserves his time and energy. In this lies one of the secrets of his enlarged capacity; his opportunity for concentration and application.

Fancy the president of a large corporation having to visit his power plant in order to find out what kind, quality, and quantity of coal is being used in the generation of power. Consider what would happen if the sales manager were obliged to count up his stock before accepting a large order for immediate delivery. Think how business would be retarded if the treasurer of a company should have to call up the bank to determine the amount of his balance before drawing each check. Yet these are some of the absurdities which would be stern realities if modern business methods had not provided the individual with artificial means of overcoming the limitations of time, distance, and technical complexity.

Devices for providing the executive with information are many and varied. Forms galore have been drawn for the embodiment of data which will assist him. Reports,