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Answering Your Firm's Business Advice/MAS Practice Needs: A Summary Report on an MAS/CPE Survey

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Answering Your Firm's

Business Advice/MAS Practice Needs

A Summary Report

on an

MAS/CPE Survey

April 1978

Answering Your Firm's
Business Advice/MAS Practice Needs

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Answering Your Firm's
Business Advice/MAS Practice Needs

In February 1978 the MAS and CPE divisions launched a survey to determine the MAS CPE needs and preferences of local and regional firms. Questionnaires were mailed to 95 such firms that were represented at the 1977 National MAS Conference. (This undoubtedly biased the findings in favor of firms that had demonstrated a strong interest in MAS.)

Responses were received from 53 firms; 3 were excluded from the tabulations as strongly atypical. The 50 usable responses were grouped, for tabulation purposes, as follows:

<u>Group</u>	<u>Number of Professionals Per Firm</u>	<u>Number of Firms</u>
A	Up to 10	6
B	11 to 30	20
C	31 to 100	17
D	Over 100	<u>7</u>
		<u>50</u>

The CPE division tabulated the responses and the MAS division prepared this summary report.

A copy of the Questionnaire is included as Appendix A, and participants' comments are presented in Appendix B. The Exhibits and detailed worksheets will be available for reference during committee discussions of this report.

Services Provided

Participants were asked to indicate whether their firms provided each of 38 services as "Informal Business Advice" or as "Structured MAS Engagements." Nine of these services were provided frequently as "Informal" by 15 or more firms. Six (including 5 of these 9 plus Computer/Machine Procedures) were provided frequently as "Structured" by 10 or more firms. Here are the aggregate responses for these 10 top-rated services (F=Frequently; O=Occasionally; N=Never):

<u>Service*</u>	<u>Number of Firms Providing As</u>					
	<u>Informal</u>			<u>Structured</u>		
	<u>F</u>	<u>O</u>	<u>N</u>	<u>F</u>	<u>O</u>	<u>N</u>
Accounting Systems	31	12	2	29	17	2
Client Financing	29	18	1	16	21	6
Corporate Strategy	23	23	3	3	24	14
Financial Forecasts	23	18	4	23	19	4
Cash Management	22	22	2	8	32	5
Manual Systems	20	25	2	9	27	7
Operating Budgets	16	25	3	11	30	4
Property Ledger/Fixed Asset	15	25	5	5	26	15
Computer Systems-Small Business	15	24	5	22	19	7
Computer/Machine Procedures	12	26	6	19	20	9

Another 10 services, not listed above, were provided occasionally, in either an Informal or Structured mode, by 30 or more firms:

<u>Service*</u>	<u>Number of Firms Providing As</u>					
	<u>Informal</u>			<u>Structured</u>		
	<u>F</u>	<u>O</u>	<u>N</u>	<u>F</u>	<u>O</u>	<u>N</u>
Salesman Compensation	3	39	7	1	12	30
Forms Design and Control	5	38	5	7	24	12
Job Evaluation	6	36	5	4	28	12
Office Org., Records Mgt.	6	36	7	3	21	19
Office Autmtn., Word Proc.	2	35	12	-	21	23
Long-Range Planning	6	33	8	1	22	19
Recruiting, Interviewing	14	32	4	7	23	12
Pricing Policies	4	31	14	-	15	29
Cost Systems	10	31	5	7	28	11
Merger/Divestiture	14	29	3	5	32	9

Exhibit A analyzes the responses according to firm size (Groups A through D).

* See Appendix A, pp. 2-3, for complete descriptions.

Courses Wanted

Each firm was asked to designate up to 5 subjects on which courses are wanted or needed. The subjects included all 38 used for "Services Provided," plus another 4 categorized as "Fundamentals of Management Consulting." Exhibit D presents a detailed tabulation of the responses. Here are the 15 most wanted subjects:

<u>Subject*</u>	<u>Number of Firms By Size Group</u>				
	<u>Total</u> <u>(50 Firms)</u>	<u>A</u> <u>(6 Firms)</u>	<u>B</u> <u>(20 Firms)</u>	<u>C</u> <u>(17 Firms)</u>	<u>D</u> <u>(7 Firms)</u>
Computer Systems- Small Business	23	4	4	10	5
Improving Consulting Skills	22	2	9	7	4
Developing New Business	16	2	8	3	3
MAS Reports	16	2	9	4	1
Financial Forecasts	13	2	3	4	4
MAS Administration	11	3	5	2	1
Accounting Systems	10	2	4	2	2
Cost Systems	9	1	2	5	1
Computer/Machine Procedures	8	2	3	2	1
Client Financing	8	2	3	2	1
Merger/Divestiture	7	-	3	2	2
Production/Inventory	7	1	2	3	1
Operating Budgets	6	1	2	3	-
Long-Range Planning	6	1	1	3	1
Corporate Strategy	5	1	2	1	1

* See Appendix A, pp. 2-3, for complete descriptions.

Course Format and Duration

Participants were asked to select up to three combinations of format and duration. Most of the selections favored courses of from one to three days presented as a single subject or as a cluster of courses on the MAS subjects listed in the questionnaire. Exhibit C presents a detailed tabulation of the responses; here is a summary:

<u>Format*</u>	<u>Duration</u>			
	<u>Total</u>	<u>2-4 Hours</u>	<u>1-3 Days</u>	<u>5 Days+</u>
Single subject - AICPA/SS	44	2	41	1
MAS cluster - AICPA/SS	36	-	34	2
Diversified cluster - AICPA/SS	22	-	19	3
Single subject - self-study	17	10	6	1
Single subject - in office	<u>14</u>	<u>1</u>	<u>13</u>	<u>-</u>
	<u>133</u>	<u>13</u>	<u>113</u>	<u>7</u>

Course Location

Participants were asked to rank five possible sites. Cities were the most popular, and resorts the least. Exhibit C presents the details. Here is a summary:

<u>Location*</u>	<u>Choices</u>				
	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>	<u>Fifth</u>
Nearest major metropolitan area	16	18	5	1	1
Nearest city of 200,000+	13	10	10	5	2
My own office	9	3	7	10	11
Resort in my region	4	7	15	12	1
Resort anywhere in US	1	2	2	8	25

* See Appendix A, p. 5, for complete descriptions

Firm Profiles

Page 6 of Appendix A shows the full wording of the questions. Exhibit C details the responses. Here are some highlights:

	Firms by Size Groups				
	Total	A	B	C	D
	(50	(6	(20	(17	(7
	Firms)	Firms)	Firms)	Firms)	Firms)

PROFESSIONAL PERSONNEL

Average number providing any professional service	62.8	7.2	21.7	57.2	241.4
Professionals providing MAS including informal					
- Average	29.5	5.0	12.4	26.2	107.7
- Percent	47.0%	69.4%	57.1%	45.8%	44.6%
Full time MAS professionals					
- Average	2.7	1.0	1.2	2.8	8.0
- Percent	4.3%	13.9%	5.5%	4.9%	3.3%

PERCENT OF FIRMS

Consider MAS to be:					
- Separate department or function	74.0%	50.0%	55.0%	94.1%	100.0%
- Part of overall service	26.0%	50.0%	45.0%	5.9%	-
	100.0%	100.0%	100.0%	100.0%	100.0%

MAS (including informal) AS % OF BILLABLE HOURS					
- AVERAGE	16%	39%	14%	13%	10%

AVERAGE CPE HOURS FOR EACH PROFESSIONAL	43	55	36	47	46
---	----	----	----	----	----

PROJECTED AGGREGATE CPE HOURS IN LISTED SUBJECTS IF AVAILABLE-FIRM AVERAGES	528*	277*	157*	106*	3506*
---	------	------	------	------	-------

* These figures appear to be distorted by a few exceptionally high projections--see Exhibit A for details.

The tabulations on page 5 indicate, among other things, that:

- In smaller firms a larger percentage of professionals provide MAS (including informal).
- Smaller firms have a larger percentage of full time MAS personnel. (Possibly the more senior partners consider themselves primarily MAS.)
- The larger the firm the more likely it is to consider MAS a separate department or function.
- The smaller firms have a higher proportion of MAS billable hours.
- Professionals in the smallest firms attend the greatest number of CPE hours.

Related Services

Participants were asked about their firms' use of AICPA and other MAS technical services, and whether more of their firms' time and resources would be devoted to MAS in the near future. They responded as follows:

<u>Question*</u>	<u>Number of Responses by Size Groups</u>				
	<u>Total</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
Frequently refer to non-AICPA technical materials?					
- Yes	37	2	15	14	6
- No	12	4	5	3	-
Use AICPA's MAS publications?					
- Yes	44	6	16	15	7
- No	6	-	4	2	-
Would subscribe to an AICPA MAS newsletter?					
- Yes	48	5	19	17	7
- No	2	1	1	-	-
Aware of AICPA's annual MAS Conference?					
- Yes	50	6	20	17	7
- No	-	-	-	-	-
Will your firm devote more resources to MAS in the near future?					
- Yes	46	5	18	16	7
- No	3	1	1	1	-

* See Appendix A, p. 4, for complete wording.

Appendix A

(1)

Answering Your Firm's Business Advice/MAS Practice Needs

QUESTIONNAIRE

Note: In this survey, the term informal business advice refers to a CPA's advice to his client that requires neither extensive special research by the CPA, nor a special study of the client's operations. This is considered to be one kind of management advisory services (MAS). A structured MAS engagement involves a special study by the CPA as a basis for his recommendations or assistance.

I. ABOUT BUSINESS ADVICE/MAS SUBJECTS

On the next four pages are areas in which CPA firms offer MAS, including informal business advice.

1. For each specified subject area, please indicate in the appropriate column the frequency with which your firm provides informal business advice in the subject area.
2. For each specified subject area, please indicate in the appropriate column the frequency with which your firm conducts structured MAS engagements (special studies) in the subject area.
3. Assuming continuing professional education (CPE) courses were to be developed in the listed subjects, select the five which anyone in your firm would be most likely to want to attend.

(Please respond for every subject)
Does your firm provide services
in the form of:

SUBJECT AREAS	Informal Business Advice		Structured MAS Engagements		Check subjects (up to 5 from entire list) on which your firm most wants or needs courses		
	Freq.	Occas.	Never	Freq.		Occas.	Never
	EXECUTIVE PLANNING, IMPLEMENTATION AND CONTROL						
- Corporate Strategy and Policy Formation							
- Long-range Planning Systems							
- Merger, Acquisition and Divestiture Studies							
- Company-wide Organization							
FINANCE AND ACCOUNTING							
General:							
- Financial Forecasts							
- Capital Budgets							
- Operating Budgets							
- Cash Management							
- Client Financing Arrangements							
- Operational Audits of Client Accounting Departments							
- Compliance Reviews of Client Accounting Policies and Internal Controls							
Financial Accounting Systems:							
- Accounting Systems Design Concepts - Transaction Flow, Chart of Accounts, General Ledger, Statement Format							
- Property Ledger and Fixed Asset Control							
Cost systems							
- Cost Measurement, Recording, Estimation and Reporting Systems							
- Responsibility Accounting and Reporting							
ELECTRONIC DATA PROCESSING							
- The Computer in Small Business Systems: Time Sharing, Service Bureaus, Remote Job Entry, and Minicomputers - Cost/Benefit Techniques, Evaluation, and Selection							
- Methods and Procedures Development for Small Business Systems Using Accounting Machines or Computers							
CLERICAL OFFICE SYSTEMS AND PROCEDURES							
- Office Automation and Word Processing							
- Office Organization and Records Management							
- Office Layout, Work Simplification and Work Measurement							
- Forms Design and Control							
- Manual, Pegboard, and One-Write Systems							

<u>SUBJECT AREAS</u>	<u>(Please respond for every subject)</u> <u>Does your firm provide services</u> <u>in the form of:</u>						<u>Check subjects (up to 5 from</u> <u>entire list) on which your firm</u> <u>most wants or needs courses</u>
	<u>Informal</u> <u>Business</u> <u>Advice</u>			<u>Structured</u> <u>MAS</u> <u>Engagements</u>			
	<u>Freq.</u>	<u>Occas.</u>	<u>Never</u>	<u>Freq.</u>	<u>Occas.</u>	<u>Never</u>	
<u>OPERATIONS</u>							
- Direct Labor Work Measurement and Time Standards							_____
- Production Work Flow							_____
- Production Scheduling and Inventory							_____
<u>MARKETING INFORMATION SYSTEMS</u>							
- Marketing Research, Planning and Control							_____
- Pricing Policies							_____
- Marketing Channels and Analysis							_____
- Organizing for the Establishment and Administration of Marketing Policies							_____
- Advertising and Product Promotion Strategy and Tactics							_____
- Salesman Compensation							_____
- Evaluating and Sustaining the Effectiveness of Marketing Operations							_____
<u>HUMAN RESOURCES</u>							
- Recruiting, Interviewing, and Evaluating Client Personnel							_____
- Job Evaluation and Writing Job Descriptions							_____
- Performance Review Programs							_____
- Wage and Salary Administration Programs							_____
- Compliance Review of Legal Aspects of Human Resources Management							_____
- Planning Executive Compensation for Financial Motivation							_____
<u>FUNDAMENTALS OF MANAGEMENT CONSULTING</u>							
- Improving Consulting Skills							_____
- Promoting and Developing New Business							_____
- MAS Practice and Engagement Administration							_____
- Writing and Presenting MAS Reports							_____

II, ABOUT RELATED AICPA SERVICES

Circle

- | | | | |
|----|---|-----|----|
| 1. | Does <u>your firm's</u> practice frequently require reference to technical materials on any listed subject areas other than those available from the AICPA? | Yes | No |
| 2. | Does <u>your firm</u> have and use existing MAS guideline and technical studies publications? | Yes | No |
| 3. | Would <u>your firm</u> subscribe to an AICPA MAS newsletter on practice management, technical and news subjects of interest to MAS practitioners? | Yes | No |
| 4. | Is <u>your firm</u> aware that there is an annual AICPA MAS Conference? | Yes | No |
| 5. | If yes, and no one from your firm has attended, note any suggestions below that might change that situation. | | |
| | _____ | | |
| | _____ | | |
| | _____ | | |
| | _____ | | |
| | _____ | | |
| 6. | Is MAS an area of <u>your firm's</u> practice to which more time and resources will be devoted in the near future? | Yes | No |

COMMENTS QUESTIONS AND SUGGESTIONS RE: AICPA MAS DIVISION ACTIVITIES

III. ABOUT CPE COURSES IN THE LISTED SUBJECT AREAS

1. Put an X in up to three of the individual boxes which represent your firm's preferred combinations of course content and methodology and duration.

(Check up to Three of the Fifteen Boxes Below)

Course Content and Methodology	Duration		
	2 to 4 hours	1 to 3 days	5 days or more
Single subject self-study courses			
Single subject courses for firm presentation at own office			
Single subject course given by AICPA or state society			
Cluster of courses given by AICPA or state society all selected from listed subjects			
Cluster of courses given by AICPA or state society, including some on listed subjects, some on other subjects (e.g., tax, acctg., etc.)			

2. Please rank the following sites for courses, with 1 indicating most preferable, 5 least preferable; or check the box next to "makes no difference."

_____ In my own office

_____ In nearest city of 200,000 population or more

_____ In nearest major metropolitan area

_____ In a resort location in my firm's region

_____ In a resort location anywhere in the U.S.

makes no difference

IV. ABOUT YOUR FIRM

1. How many people are there in your firm (in all offices) who render professional services of any kind (audit, tax, accounting services and/or management advisory services)?

2. How many of these people provide clients with management advisory services, including informal business advice?

3. How many people are engaged in providing management advisory services on a substantially full-time basis?

4. Are management advisory services considered to be a separate function or formal department in your firm or are they incidental to and a part of your overall service?

Separate Department Function

Part of Overall Service

5. Approximately what percentage of your firm's total billable hours would you estimate is accounted for by management advisory services, including informal business advice?

6. Approximately what was the average number of hours of CPE courses attended by each professional in your firm last year?

7. Approximately how many total hours of CPE in the listed subject areas would members of your firm attend each year (bulk figure for firm) assuming appropriate courses were readily available?

Firm Name & Address

Name and Title of Individual Completing Questionnaire



OPTIONAL INFORMATION

Please return to:

Monroe S. Kuttner
Manager, MAS Division
American Institute of CPAs
1211 Avenue of the Americas
New York, New York 10036

Appendix B

Comments - Re: MAS Conference

Altered Annually.

Held in Chicago area.

We will not attend in 1978 because of the move to New York. We have attended all meetings in Chicago but because of added expense and hassle of New York vs. a Chicago Airport Hotel, we will be absent in 1978.

General Comments

The tax season is not the best time of the year to be performing surveys.

Set up program for attracting MAS professionals to submit input on MAS activities in the field. The "Management Adviser" emulated this to some extent. Examples of practical use of theory needed in this field. Maybe incentives to submit manuscripts would attract input for case studies and news letters.

It is difficult in many cases to differentiate between informal advice and structured engagements. Maybe it would be better to ask which subject area engagements are performed by professionals who are full time in a specialized MAS department and which by professionals who are generalists. Also, it seems there should be only one "never" column.

Structure committee for small firm problems.

Less formal written (legal) guidelines.

More how to do it--hands on conferences--1 topic--don't cover entire gamut have 2 or 3 conferences regionalized.

Provide practical instruction, courses, and leadership as soon as possible. This questionnaire is a good starting point. MAS offers more potential growth for CPA firms than either tax or auditing. We need to rally together and provide meaningful quality services in MAS.

Area or regional conferences.

Since most of the MAS personnel in the CPA environment are not CPAs, why are they excluded from Executive Committees? There needs to be an exception to allow non-CPAs to be members of the AICPA.

So much informal business advice is given by audit people, I wonder if any one person in the firm really could know the answers.

Some of the questions should be in the form of lay-terms.

Need for more reference material from AICPA.

Need AICPA developed courses and for AICPA review and evaluation of non-AICPA MAS courses (i.e., American Management Association (AMA), NAA, etc.)

Continue to assure aid to small and local firms. Most MAS at AICPA today seems to be weighted towards Big 8.

Suggestion--provide more interaction with the various state societies to help give them more direction in their activities.

A newsletter--MAS would be an excellent support document.

Appears to be very good.

It is difficult for me to know in what areas my 64 partners are rendering informal advice. There is no firm policy. Some of the subject areas used terms such as studies, audits and reviews which implied structured MAS engagements.

Our partners responsible for professional development might better be able to answer questions about which courses and which methodology are most needed by the non-MAS professionals in the firm.