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CPA MAS

The CPA MANAGEMENT ADVISOR

NEWSLETTER OF THE AICPA DIVISION FOR MANAGEMENT ADVISORY SERVICES

BULLETIN BOARD

NEW STANDARDS

On September 30, 1986, two AICPA Statements on Standards became effective. They may directly affect certain MAS engagements.

A Statement on Standards for Attestation Engagements, *Attestation Standards*, applies to attest services performed as part of MAS engagements as well as other attest services.

The first Statement on Standards for Accountants' Services on Prospective Financial Information, *Financial Forecasts and Projections*, also relates to MAS. Helping prepare a financial forecast or projection is usually an MAS engagement when the results are intended for internal use by management. But when such assistance involves prospective financial statements or reports that are, or might reasonably be, used by another (third) party, the engagement is subject to this new statement and to the new guide associated with it.

Many gray areas exist where either MAS standards, other standards or both may apply depending on the circumstances. MAS practitioners should be alert to such situations.

MAS SPECIALIZATION

At its spring meeting, the AICPA Council adopted a proposal that will lead to accreditation of specialties by the Institute. A committee is now developing a program to implement this proposal. MAS specialties will undoubtedly be a prominent part of this new program.

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ASSOCIATE EDITOR: Libby F. Bruch

SENDING THE MAS MESSAGE

If you ask most people what a CPA does, odds are they won't say a CPA provides advice and assistance and serves as a general business consultant. Yet CPAs in practice, industry and government constitute the largest identifiable group of professionals providing advice to top management on key matters.

A survey by *Inc.* magazine a few years ago reported that 51 percent of the small business chief executives surveyed "regarded their public accountants as their chief outside advisers." In addition, other surveys indicate that CPA firms are numbered among the largest management consulting organizations.

CPAs have long been involved in providing advice to management on a broad range of business problems and opportunities. However, a recent survey at DePaul University of 65 small business CEOs found that while most small business executives view their CPAs as trusted advisors, they "are simply unaware of CPAs doing anything besides tax or accounting." Professor Gary Siegel and others involved in the survey have concluded, therefore, that "CPAs are in a unique position to expand their [consulting] services to small business clients."

Do you let your clients or employer know what your MAS capabilities are, or are you reluctant to communicate them? Your years of experience may have given you knowledge and skills that can help your clients or employer in areas such as finances, operations, EDP, personnel and organization. But very few people will know how you can help them unless you tell them.

Clients or employers may turn to others for assistance if you don't let them know you can help them. Moreover, they may *not* seek needed assistance, includ-

ing yours, because they either don't know they have a problem or don't know how to find someone to solve it.

Some members in practice spend more time trying to acquire new clients than they spend identifying, developing and offering needed new services to existing clients. This is hard to understand, particularly when providing MAS to clients often helps keep the clients prosperous—and keep the clients.

If you want to expand your MAS practice, invest some time in tailoring your services to meet the needs of specific current clients. Then let them know about it. Publish a newsletter. Submit an unsolicited proposal. Do a brief operations review as part of your audit and write a management letter. Invite clients to a seminar. But *communicate*.

If you are in industry or government, look beyond your accounting-related responsibilities and make suggestions to improve operations or profitability. Taking the initiative can help make others aware of your abilities.

CPAs play a vital role in the national economy by helping businesses survive and thrive. Most small businesses will not get the business advice and assistance they need if they don't get it from their CPAs. So don't hide your MAS light. Let it shine forth as a beacon.

MAS ON CAMPUS

CPAs' work is changing and broadening. "There's more to accounting than auditing and taxes. Consulting [management advisory services] offers financial rewards, ego rewards," according to Murray Klein, a practitioner with Laventhol and Horwath in Bridgeport, Ct., and chairman of the Institute's MAS Education and Information Subcommittee.

MAS is an increasingly important function for CPAs, but not enough people, especially students, know about it. You can help spread the word by visiting your local college or university to make an MAS presentation. You, your firm and the profession can benefit from it.

When you talk with students about MAS, you help in "building the profession and the firm's image with a critical

audience," advises John Tucker of Peat, Marwick Mitchell in Cleveland. You can also encourage potential recruits who will be better prepared when they enter the job market. And don't forget general business students who don't plan on joining CPA firms. Let them know that many CPAs serve as consultants and offer advice and assistance on a broad range of business and management

matters.

Klein points out that contacts with educators developed through presentations can lead to both employee and client referrals.

To help practitioners make campus presentations, the MAS Division provides a videotape or film entitled *The CPA and Management Consulting—An Introduction to MAS*. The 15-minute dramatization familiarizes students with management advisory services. Tucker describes it as "a wonderful foundation on which to do a talk," citing how "it lends itself to discussion."

The videotape/film explains what MAS is and how it is performed (including the difference between a consultation and an engagement), provides examples of services, covers the demands and rewards of the profession, and describes the skills and characteristics management consultants need. It presents this information by dramatizing a job interview in which three students talk with a practitioner about MAS in his firm.

You can conduct a presentation on MAS, using the dramatization as a centerpiece. Even for seasoned speakers, it "helps create audience participation," says Tucker, a 15-year veteran of presentations.

Use your own comments to help personalize the presentation. After you introduce and show the videotape/film, you can describe your organization and areas of expertise, explain how you got into consulting and talk about some of your engagements. You can then lead a question-and-answer period. The entire presentation averages about 50 minutes.

You may wish to make the presentation in conjunction with another practitioner from a different firm, to show students the variety in MAS work. If you do this, meet with the other practitioner before the presentation, and plan the allocation of segments so that the program will flow. Whether you make the presentation alone or with another consultant, review the videotape/film ahead of time. Faculty members and student organizations can also sponsor presentations.

COURSE AND CONFERENCE INFORMATION

AICPA/MAS

State CPA societies will present the following courses during November, December and January. Call (800) 242-7269 (toll free) for further information on dates and locations. In New York call (212) 575-5696.

- | | |
|---|--|
| <input type="checkbox"/> Establishing a Microcomputer Consulting Practice—A Proven Approach | <input type="checkbox"/> Financial Forecasting Concepts and Techniques |
| <input type="checkbox"/> Cash Management and Financing the Small Business | <input type="checkbox"/> Financial Statement Analysis: Basis for Management Advice |
| <input type="checkbox"/> Valuations of Businesses and Professional Practices With Revenues Under \$20 Million | <input type="checkbox"/> How to Evaluate and Select Computer Software |
| | <input type="checkbox"/> Litigation Support Services |

OTHERS

We publish this list for the convenience of members. We assume no responsibility for the content or quality of the courses, nor for their qualification for CPE credits.

| Course Title | Date(s) | Location | Sponsor | Phone Number |
|--|---------------------------------|---|-------------------------------------|----------------|
| Making It Happen: The Strategy/Operations Connection | 11/17-18 | Chicago | University of Chicago | (312) 962-1724 |
| Managing Systems Projects | 11/20-21 12/11-12 1/29-30 | Los Angeles New York City New York City | New York University | (212) 580-5200 |
| Fundamentals of Management Consulting | 2/2-4 | Seattle | Institute of Management Consultants | (212) 921-2885 |

Thomas Miller, the Massachusetts State Society chairman for MAS, intends to lead his committee's "hard chargers" in making presentations around the Boston area this fall. He says, simply, "It's good for business."

You can obtain the videotape/film from the MAS Division in three different formats: a 1/2-inch VHS videotape, a 3/4-inch U-Matic videotape or a 16mm film. If you use the videotape/film as part of a university presentation, you can rent it free of charge. If you wish to purchase *The CPA and Management Consulting—An Introduction to MAS*, you can buy either videotape for \$50 or the 16mm film for \$100. For more information, contact Loretta Szabo at (212) 575-6290.

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LETTER FROM THE EDITOR

For AICPA members with a special interest in management advisory services, a new era began on May 16, 1986, when the Council of the AICPA voted unanimously to create a membership division for MAS. The division became operational on August 1, 1986.

As a division member you will receive this newsletter as one of your benefits. Through columns and feature stories, it will keep you posted on relevant news developments, MAS activities and projects of the AICPA and state societies, upcoming MAS publications, CPE courses, conferences, and books of special interest. It will also provide practical suggestions and technical information useful in practice, industry and government.

The division aims to serve all AICPA members with an interest in MAS. We intend to survey division members during this first year to help us determine how we can best respond to your needs. Meanwhile, we welcome your comments and suggestions, and we particularly encourage you to submit articles and suggestions for articles. Please write or call (212) 575-6290, and tell us about any interesting ideas or experiences.

Monroe S. Kuttner

MAS COMMITTEE STRUCTURE

Management Advisory Services committees are an integral part of the AICPA. The MAS Executive Committee is one of six senior technical committees of the Institute. Formed in 1971, the committee promulgates binding standards and issues MAS-related publications and reports. At present, it also directs six standing subcommittees and several task forces, which are appointed to complete specific tasks and are then dissolved. All AICPA members may apply to serve on any of these groups. The selection process begins each January for appointments that will take effect immediately following the annual meeting, usually held in October. For information on submitting your nomination for committee service, call (212) 575-6449.

The committee and its Institute staff now have the added responsibility of directing and administering the newly formed Membership Division for Management Advisory Services.

Objectives guide the work of all the committees. The **MAS Executive Committee** develops and interprets standards for the conduct of management advisory services; communicates current technical developments and assists practitioners in carrying out management advisory services through, for example, practice aids and special reports; and considers developments that might affect MAS practices.

The **MAS Practice Standards and Administration Subcommittee** develops and interprets *Statements on Standards for Management Advisory Services* and develops material to be published as *MAS Practice Administration Aids*.

The **MAS Small Business Consulting Practices Subcommittee** develops material to be published as *MAS Small Business Consulting Practice Aids*; helps make practitioners aware of these aids and provides guidance in their use; and undertakes other projects that enhance a practitioner's ability to provide advice and assistance to small business clients.

The **MAS Education and Information Subcommittee** develops and oversees MAS Division Conference programs; increases the availability of MAS education and information materials to those within and outside the profession; participates in the development of MAS education and information mate-

rials by the Institute and other bodies; and visits colleges and universities to inform students and faculty members about MAS.

The **MAS Technical and Industry Consulting Practices Subcommittee** identifies subjects for proposed *MAS Technical and Industry Consulting Practice Aids*; encourages practitioners outside the MAS Division to author such practice aids when appropriate; and provides guidance to volunteer authors.

The **Computer Applications Subcommittee** develops material on computer-based application systems for publication as *MAS Technical Consulting Practice Aids* (client applications), *Computer Guidelines* (practice applications) or other appropriate Institute series or periodicals.

The **EDP Technology Research Subcommittee** studies and reports on how EDP technology affects CPA practice.

Thomas W. McRae, vice president-technical, is the AICPA executive staff member responsible for the MAS function. The MAS Division staff, which serves the MAS Executive Committee, its subcommittees and the membership division, consists of the director, Monroe S. Kuttner; a technical manager, Monte N. Kaplan; a senior technical advisor, Steven E. Sacks; and a coordinator/editor, Libby F. Bruch.

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SUGGESTIONS FROM THE CPA MANAGEMENT ADVISOR

Are you too busy to keep track of key magazine articles that report on what's new in the rapidly evolving areas of management and computers? Two monthly publications, *Management Contents* and *Computer Contents*, reproduce the tables of contents of magazines devoted to each field. You can quickly spot which magazines have published articles that interest you, and you can order copies of the articles from the publisher, FIND/SVP, at 500 Fifth Avenue, Suite 1130, New York, N.Y. 10110.

BULLETIN BOARD Continued from page 1

ANDERSON COMMITTEE PROPOSALS

In June all Institute members received copies of the Anderson committee report, *Restructuring Professional Standards to Achieve Professional Excellence in a Changing Environment*. It contains a proposed code of professional ethics, which, if adopted, will add to the standard-setting authority of the MAS Executive Committee. The proposed code also discusses CPAs' scope of services and provides guidance on it. Members may send their comments to Thomas McRae, vice president-technical, AICPA.

PUBLICATIONS REVIEW

This column focuses on publications of interest to management advisors. In this issue we have listed MAS publications currently sold by the AICPA. As a benefit of division membership, you will automatically receive *new* publications in the series as they become available. You may purchase AICPA publications by calling the Order Department at (212) 575-6426. Your comments on our publications and suggestions for others are requested.

Statements on Standards for Management Advisory Services

- No. 1 *Definitions and Standards for MAS Practice*
- No. 2 *MAS Engagements*
- No. 3 *MAS Consultations*

Small Business Consulting Practice Aids

- No. 1 *Assisting Small Business Clients in Obtaining Funds*
- No. 2 *Identifying Client Problems: A Diagnostic Review Technique*
- No. 3 *Assisting Clients in Maximizing Profits: A Diagnostic Approach*
- No. 4 *Effective Inventory Management for Small Manufacturing Clients*
- No. 5 *Assisting Clients in Determining Pricing for Manufactured Products*
- No. 6 *Business Planning*

Technical Consulting Practice Aids

- No. 1 *EDP Engagement: Systems Planning and General Design*

- No. 2 *Financial Model Preparation*
- No. 3 *Financial Ratio Analysis*
- No. 4 *EDP Engagement: Software Package Evaluation and Selection*
- No. 5 *EDP Engagement: Assisting Clients in Software Contract Negotiations*
- No. 6 *Assisting Clients in the Selection and Implementation of Dedicated Word Processing Systems*
- No. 7 *Litigation Services*

Practice Administration Aids

- No. 1 *Developing an MAS Engagement Control Program*
- No. 2 *Cooperative MAS Engagements and Referrals*

Special Reports

- Introduction to Microcomputer Processing Capabilities*
- Introduction to Local Area Network Concepts and Terminology*

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