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New Definition of CPA



Noteworthy Printings

BITS AND BYTES

TRENDS AND INNOVATIONS FOR BUSINESS AND THE ACCOUNTING PROFESSION

Words to Set a Course for the Future

“The future belongs to those who believe in the beauty of their dreams.”
— Eleanor Roosevelt

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Use of Technology Aligns With CPA Vision Process

To no one's surprise, the recent release of the 1998 Top Technology Issues by AICPA's Information Technology subcommittees proves once again that applying technology to everyday tasks is paramount to the way CPAs practice accounting. Similarly, as more of us look to technology for simple, convenient solutions to complex problems, the CPA Vision Process is using technology as a capstone to illustrate what life will be like for the CPA, 10 to 15 years from today.

Knowledge of computer applications, systems and design remained an overriding focus during this past fall's Future Forums, when more than 4,000 CPAs across the United States participated in 170 Forums. In one of the visioning exercises, for example, the need for the CPA to remain "technologically adept" — to leverage and utilize technology in public practice, business and industry, government, and education — was discussed not as a mere attribute or skill, but an enduring and vital part of practicing accounting.

Various issues in the Top 10 list, such as increased communications and security issues, not only will be important now, but also in the future as more are forced to use technology within firms and companies in order to deal with clients or the public, according to Jeffrey Kaplan, an audit senior for the Chicago firm of Altschuler, Melvoin & Glasser.

Kaplan attended one of the Chicago Forums coordinated by the Illinois CPA Society, and was motivated to talk about and apply what he learned from the visioning process to client relations and firm operations. Changing opinions and encouraging others to do the same, he admits, is not always an easy task, especially with technology.

"In the Forum, we discussed technology and its increased use within firms and companies," says Kaplan. "I think reaching a comfort level in using technology has to do with age more than anything else. Many of the firm's older members look to the younger CPAs for ideas and innovations. Partners in their 30s and 40s are in one class and labeled as 'progressive.' Some of the more experienced partners have embraced technology, but rely on the younger group to implement."

Kaplan, a self-defined "twenty-something," has been with his firm since graduating from college five years ago, and places technology, including many of the ones in the Top 10 list, at the head of his own set of competencies and values integral to the CPA profession. Healthy, nonbiased discussion among CPAs in all disciplines was

valuable to him during the Forums, not only to examine where the profession is going, but to take an active role in positioning the profession for the future.

“The beauty of the Future Forum is that it took a proactive approach instead of waiting to see where the profession is taking us,” he says. “Technology is the same way; if you don’t get a handle on it now, it will race ahead and you’ll be left in the dark.”

Similarly, one of the goals of the CPA Vision Process is to prepare the CPA for the future, not only in technology, but in all areas of the profession. Kaplan strongly admits that consulting on information systems and other issues carries over into his own audit work, especially when clients turn to him for business consulting. “Many of our clients are looking to us for answers to nontraditional questions. They are leaning to us to give them more than just an audited financial statement. While reviewing their accounting, they often seek solutions to matters outside of a particular engagement.”

For more information on the impact of technology on the profession, peruse the CPA Vision Web site, and take a virtual tour of resources, articles and profiles. Your comments are welcome, too, by sending messages to mail@cpavision.org.

Top 10 Technology Issues for 1998

1. Internet, Intranets, Private Networks and Extranets
2. Year 2000 Issues
3. Security and Controls
4. Training & Technology Competency
5. Electronic Commerce
6. Communications Technologies — General
7. Telecommuting/Virtual Office
8. Mail Technology
9. Portable Technology (Notebooks, Palmtops)
10. Remote Connectivity

[Horizon Cover](#)

Pathfinder Profile

Sam Allred: Proactive Consultant



Sam Allred
—He

Sam Allred may very well be the last person you would expect to see at the corner of 6th and Last Chance Gulch in Helena, MT. While this address may sound like something out of Wyatt Earp meets the Lone Ranger, his approach to the CPA profession and computer consulting not only is proactive, but downright revolutionary.

Five Steps to Success

“You can’t sustain healthy profits in a reactionary consulting mode,” says Sam. “My best advice is to institutionalize or standardize your process so you can repeat your successes.”

Colors Inside the Lines With a Standardized Approach.

Following the same set of instructions has led to profits, and Sam strongly believes other CPAs will find the same if they, too, discover what makes something successful and continue to follow that approach. On any given day, Sam consults with companies on developing and improving computer systems and operations, and delivers advisory services that many may view as somewhat routine to the profession.

The difference rests with Sam’s philosophy in viewing the CPA as a *consultant* rather than a vendor. As an entrée to computer consulting, firms often represent accounting software vendors. However, he believes the software package represented by a CPA should be referred to as a tool to a consulting engagement rather than a one-time sales effort or simple transaction.

“What we have done is bring standards to consulting, just as the CPA profession has standards for accounting,” he says. “We have a method that is very complete and involves everything from meeting the prospect to evaluation.”

This methodology is step one of an extremely rigid five-phase approach to a consulting engagement. Although his bread and butter rests with client relations, he also teaches other CPAs how to develop and follow the approach through a three-day conference co-sponsored by Solomon Software.

“Each time a CPA who practices consulting and represents a ‘package’ goes to a prospect, the firm traditionally is viewed as a vendor, and in that vendor/customer relationship, the premise usually is that the customer is the only one making the decision,” he says. “What we preach is that you are not just vendor, but a consultant, and in order to

begin a client relationship, both parties should play a decision-making role. *We* make the determination whether we want to work for them.”

Sam refers to this process as “due diligence” and step one of his five-phase strategy in which the CPA should first determine if there is a win-win relationship before moving forward. Accompanying due diligence is a [list of 10 characteristics](#) organizations have that make them “A”-level clients. A typical engagement is three to five months in which steps two through five include, in order, Implementation Planning, Environment Preparation, Implementation and Training, and Ongoing Support. The training and implementation step takes the longest because Sam begins with an “entrance” meeting similar to an audit conference, then follows detailed, customized procedures for every installed module.

“Customization is the number one thing that helps us to be successful, because the minute we sit down to train, we develop buy-in or loyalty with the staff because we’re able to customize the procedure to include the names and responsibilities of everyone connected with the operation. We leave behind a binder so the company can modify procedures in Word.”

The Grass *Was* Greener

Sam moved to Helena in 1990 from Northern California and joined his firm, Anderson ZurMuelen and Co., P.C., after meeting with AZ for a week on how to build a consulting practice. He fell in love with the blue skies and clean air, and moved his family to the area — but Sam says a larger draw than the location was the opportunity to grow a multi-million dollar consulting practice in a very remote location.

Based on his experience and knowledge from working for Main Hurdman (a forerunner of KPMG Peat Marwick) and as an entrepreneur in starting his own CPA consulting practice, he is now a firm shareholder/partner and computer consulting practice manager, and has seen 100 percent growth in his practice every year for the last six years.

“I don’t think CPAs are hesitant to look at standards, but anything that is not chargeable and takes time to develop isn’t considered as important as a client activity,” says Sam. “That’s what stands in the way of the challenge.”

Other examples of his impact on both AZ and his clients include the recent opening of a satellite office in Denver, and various tools Sam refers to as “out-of-the-box” products that are unique, nontraditional and generate new streams of revenue. Throughout his work, he is just

following a tried and true way to reach an audience that seems to work, time after time.

“As you get down the road and continue to analyze what led to success, you constantly tweak and mold that methodology to continue realizing your potential.”

CPAs who want to discover Sam’s method may view the firm’s Web page (www.azworld.com), or sma@azworld.com.

Ten characteristics of A-Level organizations:

1. Attract and retain quality people
2. Teamwork and commitment
3. Strong upper management team
4. High commitment to technology
5. Believe in a thorough planning process for change
6. Recognize and pay for quality services
7. Reasonable expectations
8. Willing to take advice (teachable)
9. Investment vs. expense approach
10. Profitability and position in industry

This is another story about innovative techniques CPAs are using, either in their practice, or in business and industry. We are interested in receiving tips on future Pathfinder Profiles. E-mail suggested comments to pathfinder@cpavision.org.

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Horizon Perspectives **by E-mail**

Tired of shifting through paper piles? Receive *Horizon Perspectives* electronically next month by [providing us with your e-mail address](#).

[Back issues](#) of *Horizon Perspectives* are available on the Web site by following the links from the current issue. We welcome your [comments, suggestions and solutions](#).

The Vision Process Team is interested in hearing how Future Forum participants are beginning to use the visioning process and other tools within their companies, organizations, colleges and firms. [Send your thoughts and ideas](#).

Question of the Month February 1998

Of the [Top 10 Technology Issues](#) listed in the February *Horizon Perspectives'* [lead story](#), which do you believe will have the most impact on the CPA profession? Why?

Post your response in the interactive area called [Web Views](#), under the subject “Question of the Week” (which includes *Horizon Perspectives'* “Question of the Month”). There, you may also view other Questions and Responses.

BITS AND BYTES

TRENDS AND INNOVATIONS FOR BUSINESS AND THE ACCOUNTING PROFESSION

- At least 11 million Americans telecommute, a 30-percent increase in the last two years, and nearly 75 percent report feeling more satisfied with their personal and family life than before starting to work at home (source: AT&T);.
- The latest buzzword in Internet marketing and electronic commerce is the “Extranet,” in which external customers have access to a company’s Intranet. With Extranets and other sources, the worldwide e-commerce market is poised to more than quadruple to \$3.2 billion by the year 2001, an increase from \$1 billion in 1995 (source: InfoWorld Electric).
- One survey estimates that 30 percent of adult respondents 18 years of age and over have purchased a product from infomercials and similar forms of advertising—at least one in the past—up from 19 percent last year. The majority of buyers’ household income ranges from \$25,000 to \$50,000 annually (source: National Infomercial Marketing Association).



Noteworthy Printings

Spotlighting Publications Dealing With the Future

Net Gain: Expanding Markets Through Virtual Communities

by John Hagel and Arthur Armstrong, Harvard Business School Press, March 1997,
(available under “Recommended Readings” at the CPA Vision Website’s [online book store](#))

Where is the next level of value on the Internet? Authors Hagel and Armstrong lay out the first economic model quantifying the revenue potential and the investment required to build a successful virtual community.

Virtual communities are groups of people with common interests and needs who come together online. Although many are drawn by the opportunity to share a sense of community with like-minded strangers—regardless of where they live—virtual communities are more than just a social phenomena. What starts off being a group drawn together by common interests ends up being a group with a critical mass of purchasing power—based in part on the fact that communities and members can exchange information with each other on many levels, such as a product's price and quality.

From Hagel and Armstrong: “In our experience, the number one thing that keeps senior management of large companies from launching a virtual community is discomfort with the technology choices required to be successful. Yet, success in the virtual community business hinges not on technology-drive differentiation, but on strategies designed to accelerate member acquisition and to create deep understanding of the needs of those members.”

Editor's Note: we invite readers to submit reviews of their favorite future-focused books to horizon@cpavision.org.

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