

Book Reviews

HOW TO USE LIFE INSURANCE IN BUSINESS AND ESTATE PLANNING

Edited by George C. White, CLU,
THE MACMILLAN COMPANY, 1969.
Pages: 225 + index; \$19.95.

This looseleaf-bound guide emphasizes the "how to do it" approach in life insurance in four major categories of financial planning:

- Family Financial Planning
- Personal and Charitable Gifts
- Business Interests
- Employee Benefits

The twenty-two contributing authors comprise top executive talent in the insurance field and include many with CPA and/or legal backgrounds.

Citations to the Internal Revenue Code, Regulations, Revenue Rulings and cases are grouped after most topics.

This is an in-depth study of the uses of life insurance and will prove to be valuable as a preliminary research source when a problem involving life insurance is encountered. Perhaps more important, is the practical presentation of the subject matter not found in most of the standard estate-planning texts which should give the CPA a new insight into the varied and beneficial uses of life insurance.

For example, the subject of Settlement Options is well treated as are the topics on Variable Annuities and How to "Shop" for Life Insurance When There are Medical Problems.

The highly successful professional and practical backgrounds of the contributing authors are reflected in the manner of their presentations and will enable the CPA to discuss life insurance problems with some expertise

with the (usually well more informed) C.L.U. professionals.

It should be noted that this guide is published by special arrangement with Panel Publishers, a division of COAP Systems Inc. an organization which currently offers computerized estate plans to the CPA and legal professions.

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COMPUTER-BASED INFORMATION SYSTEMS FOR MANAGEMENT: A SURVEY

By Neil C. Churchill, John H. Kempster and Myron Uretsky, NATIONAL ASSOCIATION OF ACCOUNTANTS, New York, 1969. Pages: 170; \$4.50 for members, \$7.50 for non-members.

This research study is the first of an NAA series in management planning and control. The series will deal with the means by which information from both inside and outside a firm is organized for internal use by management. This initial study explores the "state of the art" of computer based management information systems. It is an examination of how the computer is being used today, its influence on various aspects of management's activities as it changes the work managers perform and presents a new activity requiring managerial attention.

The report emphasizes what is presently being done with the computer and to a lesser extent considers what is being developed. Some emerging trends are discussed as well as some topics for managerial consideration and research.

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Twelve companies were selected to obtain a cross section of computer use; however, they are not presented as representing the entire spectrum of computer applications. Each of the companies studied had more than five years experience with computers, some are reputed leaders in one or more phases of computer applications while others were considered cautious. The computer effort had paid for itself at the basic level but not without periods of difficulty and concern. Although all were now using third generation equipment, it was usually running with systems designed for second generation equipment. Most were involved in a conversion to third generation equipment and were encountering problems, two were postponing, all but the most critical new applications because of problems encountered.

The systems studied were oriented around functional activities focusing on the task to be accomplished rather than the resources to be managed and so the presentation of the observed applications is under four broad functional categories: operations, marketing, product and process development and general administration. The applicability of the computer to each of these functions is discussed, and several systems are described within each function. No totally integrated management information systems were found nor were serious plans being made for such systems in the near fu-

ture. Little attempt was being made to apply broadly applicable managerial knowledge and techniques to the computer operations and generally applicable measures of computer effectiveness was found to be non-existent.

The increasing importance of computer based operating and control systems was found to have caused major changes in accounting methods and increased the scope of the accounting function. However, the authors feel that the use of the computer for financial purposes has just scratched the surface, the primary benefits being better information for cash management and budget modeling.

The authors found that the use of the computer for true managerial planning and decision value in addition to clerical activity is just now getting underway. They outline three key points they found to be essential for the transition from low or medium to high level computer utility: 1. A good information system on which to build a data base must be established. 2. The systems staff must have an understanding of the management aspects of the problem and the involved company leadership must have a knowledge of the computer approach. 3. The project must have top level executive support to cross organizational boundaries, restructure activities where needed and overcome natural resistance to change.

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