

# Continuing Education at Smaller Companies

*Affordable educational programs will give your company the competitive advantage.*

BY ERIC OTTMAN, CMA, CPA

*Suppose the CFO of your small-to-medium sized company asks you to improve the continuing education efforts for the professionals in the accounting and finance functions. He wants you to help employees meet their certification requirements, make the training more applicable to their jobs, and, of course, cut unnecessary expenses from the training budget. Because you are an assistant controller, you will have only a limited time to devote to this task. What do you do?*

Recent audit failures associated with the savings and loan industry and an interest in strengthening the professional competence and stature of internal and external accountants have made continuing professional education (CPE) requirements a high priority. Unfortunately, the typical management accountant is on his or her own in dealing with the issues of training budgets, certification requirements, and professional development. Consequently, how can today's budget conscious companies support their accounting/finance staffs in fulfilling CPE requirements and achieve a level of competence needed in today's complex business world?

## STRATEGIC PLAN

Whatever size company you work for, it is important to create a formal continuing education plan for employees. A plan enables management to identify the types of programs that will improve employee performance and to understand what costs will be involved in providing

this valuable benefit.

An effective strategy involves first identifying the formal requirements for employees who hold certifications or memberships in professional organizations. Some organizations require or offer incentives to obtain certifications. If some accounting staff members are not certified or are not members of a professional organization, the company will need to consider their needs as well.

Second, companies need to look at how well the current skills and knowledge of the accounting and finance staff match the goals and objectives of the organization. Once the strengths and weaknesses are identified, the training plan can be developed to help eliminate the gap between the current level of skills and knowledge and the desired level.

The final and most difficult phase is to identify individual educational re-

quirements. The various CPE programs must be evaluated according to the individual's abilities and responsibilities. Some programs for individual employees can include company-developed courses, technical meetings sponsored by professional organizations, and other outside seminars.

The primary problem is how to identify a reasonable number of programs that are both suitable and cost effective. Many outside seminars are excellent but they are usually expensive, and travel expenses can affect the total cost significantly.

## COST EFFECTIVE PROGRAMS

The key to a successful continuing education plan is to control costs. By identifying cost effective programs, companies can direct their resources more effectively to serve the educational needs of all their



Author Eric Ottman (standing) leads a training session. With him are, clockwise, Danny Hui, Darren Jones, Michelle Terrie, Suzanne Bickham, and Pam Barrs.

employees.

My company has identified the following cost-effective CPE programs that have proven to be successful.

**"Brown Bag" Seminars.** Each month we hold one-hour "Brown Bag" seminars during lunch time. Employees bring lunch, and the company provides soft drinks and cookies. While employees make a commitment to their own lunch hour for CPE, the company provides the actual seminar. We average 20 employees at our "Brown Bags," and approximately 50% have certification requirements.

This format is ideal for showing videotapes on current topics followed by a group discussion. We use the Financial Management Network (FMN), sponsored by the Institute of Management Accountants (IMA) and the Financial Executives Institute (FEI). FMN produces a monthly videotape with four individual segments on accounting and business related topics. Each segment runs approximately 30 minutes and, when followed by a discussion, qualifies for one hour of CPE. Also, major accounting firms, bankers, and consultants will occasionally supply a speaker at no cost for these types of programs.

**Satellite Networks.** Many companies now have access to satellite networks, or they will have it soon. It provides cost-effective programming because the costs of many of these programs can be shared by other companies, and the need to travel is eliminated. Many of these programs use interactive communication capabilities. Participants have two-way communication with the speaker, thus enhancing the effectiveness of this format.

To control costs, my company participates with other area companies in a program sponsored by a local university. Our group meets quarterly to discuss our programming needs and previous program experiences. By being able to purchase programs as a group, we save money and are able to offer more programs.

**Company-Sponsored Miniseminars.** Companies in specialized industries or companies with unique accounting applications can produce their own miniseminars on specific topics. The cost to hire a college professor or consultant is very competitive when compared to the price of an outside seminar plus travel for only one employee. This option is highly effective because companies can tailor the course to their exact needs.

**Professional Organization Technical Meetings.** Technical meetings by organizations such as the IMA provide another good source for CPE hours.

Many companies already pay for these activities for many employees, and this type of training should be considered as part of the overall continuing education plan.

**Company-Sponsored Training Courses.** Most medium- to large-sized companies provide ongoing training from their information systems department and their human resources department. Many of these programs qualify for CPE credit and should be considered a part of the plan.

### BECOME A CE SPONSOR

Another opportunity companies may pursue is to become a registered continuing education sponsor with the applicable state board of public accountancy. Because CPAs are required to have registered sponsors for their CPE hours, it is often worthwhile to register your company as a CE sponsor. The primary expenses are the administrative costs of keeping records and registering courses. While many states don't charge registration fees, some do, and while it is not a significant amount, it could be a consideration.

Sponsorship is necessary if the programs are to be claimed as CPE credit for CPAs. Most other professional des-

ignations do not require this type of procedure. Individual companies must determine if there are enough CPAs on staff to justify this process.

Companies also may want to become a registered sponsor with the National Association of State Boards of Accountancy (NASBA), especially if the company is considering registration in several states. Often, registering with NASBA will make it unnecessary to register with the individual states. This is more of a consideration for organizations that exchange training materials among various sites in different states throughout the United States. A small company with just one site may need to register only with its local state board of accountancy.

### MORE SUGGESTIONS

Companies can enhance their continuing education plan by providing ranges of hours that an employee might expect to earn from each type of programming during a one-year period. For example, if one-hour "Brown Bag" seminars are to be offered on a monthly basis, the suggested annual hour range could be 8-12. By providing ranges, an employee and his or her supervisor can determine their individual plan to reach their required or desired number of hours. Table 1 provides an example of how the annual guidelines can work.

A new consideration for many

### TABLE 1/CONTINUING EDUCATION PLAN FOR PROFESSIONAL FINANCIAL STAFF

Management will support a comprehensive training and development program whereby certified financial staff will be provided an opportunity to meet the minimum CPE requirements for professional certifications. The following suggested hours are to be used as *guidelines* for the types of activities which the company supports for continuing education:

HOURS	
8-16	Professional organization technical meetings and short seminars (for example, the Institute of Management Accountants and the Institute of Internal Auditors).
8-12	Brown Bag seminars (videos, speakers, workshops).
4-24	Human Resources/Information Center courses.
4-8	Company-sponsored short seminars that can include speakers or video conferences.
4-24	Short seminars offered at off-site locations.
4-20	Self-study courses (outside courses or videos).
15-45	College or university courses (each semester credit hour equals 15 CPE hours).
3-6	Service as a speaker or discussion leader. (Up to two times recommended credit hours for preparation. One hour course plus two hours for preparation equals three CPE hours)



CPAs is the distinction between "technical" and "nontechnical" hours. Some states have initiated requirements for obtaining a minimum percentage of the required hours in "technical" hours, which basically means CPE hours for "technical" credit should be in the areas of accounting, auditing, or tax and be a benefit to their employer.

For companies choosing to meet a portion of this requirement through cost effective group courses, this can present a difficult challenge. Although it is determined ultimately by the individual CPA if courses qualify as "technical" hours, the distinction between technical vs. nontechnical courses should be considered when developing the annual continuing education plan.

Another component for a continuing education plan could be the inclusion of certification review programs. Different companies use myriad options for supporting employees who are taking these courses.

One cost-saving opportunity my company has used successfully is the purchase of a site license from MicroMash for both its CPA and CMA review courses. Once again, this is a shared benefit between the company and the employees. The company pays for the site license, and the employees pay for their own review packages at a substantial savings.

Based on our experience, I recommend that a senior member of the accounting/finance staff take charge of planning and implementing the program. A continuing education coordinator helps develop the continuing education plan and ensures company-

## *"The key to a successful continuing education plan is to control costs."*

sponsored activities are performed.

At our company, the coordinator is responsible for maintaining our company as a CE sponsor with the state board of public accountancy. Also, this position coordinates the monthly "Brown Bag" seminars and company-sponsored miniseminars.

If a company's size and/or interest level is great enough, a committee could perform this function. The active participation of several employees would definitely benefit a company's continuing education efforts.

### GOOD BUSINESS SENSE

**B**y its definition, management accounting is a broad field. Individuals working in management accounting can be involved in such diverse areas as information systems, auditing, finance, and general accounting. As a result, employers face an ever increasing challenge in hiring and retaining qualified individuals to perform these functions. How well a company provides effective training to its accounting staff does make a difference in how well these functions are performed.

A formal continuing education plan for the accounting staff is a positive

step for an employer for a number of reasons. First, it assists in allocating financial resources in this area and helps reduce unnecessary expenditures. Second, it helps both the employer and the employees direct their educational efforts in those areas that are most needed.

Finally, an effective continuing education plan gives the employer a competitive advantage for hiring and retaining its professional accounting and financial staff. The plan demonstrates the employer's long-term commitment in developing its people. Companies without such a plan could be spending more money for CPE yet have no means to communicate this support to their employees.

Putting this plan together requires a real commitment of time. Management must be willing to take a hard look at an area that some may think is of little importance and relatively inexpensive. A quick review of existing costs should prove how expensive such training is to most companies.

The trend for CPE requirements is to increase hourly requirements and to pay greater attention to program content. Costs for outside seminars and travel also are increasing. It makes good business sense for companies to plan for these needs and have a formal continuing education plan. Meeting the continuing education challenge is an excellent opportunity for employers to differentiate themselves from the market and become an employer of choice. ■

*Author's Note: Readers are invited to comment on the professional development programs within their organizations so that the information can be shared in a future article in MANAGEMENT ACCOUNTING®. Address all comments to Thomas E. Deacon, managing director of continuing education, Institute of Management Accountants, 10 Paragon Drive, Montvale, NJ 07645-1760.*

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Videos like the one above produced by the Financial Management Network (FMN) can be a valuable part of a company's CPE program.