

BUSINESS

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Robert H. Luke

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Southwest Missouri State University

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*To my children, Tiffany and Bobby, and my wife, Linda
You are the Joy in my life
And the Sun of my spirit*

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Preface

When you first begin looking for a job in the business world, it's natural to be a bit apprehensive. There is something in our human nature that makes us hesitate when we don't know what lies ahead. You may think you would like a certain career or position, but you really don't know what's involved. You wonder if you are qualified or whether you can compete successfully. You may not know where to find more information or whom to contact for professional advice.

This book has been developed to address these concerns. It is designed to give you a realistic overview of business careers and the requirements for specific job categories. The information is presented in a clear and straightforward format and the readings provide detailed and accurate descriptions of on-the-job experience.

The world of business has been divided into five broad areas or fields of functional expertise: accounting, computer science, finance, management, and marketing. The first five chapters of the book are devoted to these five business fields. They provide general information about each field, as well as basic facts about salaries, professional organizations, and opportunities for growth. Job descriptions of the positions most commonly found within each field are also included, giving information about the basic functions, primary responsibilities and duties, education and experience requirements, salary ranges, and unique aspects of the positions. The readings that follow these chapters cover a wide range of position.

Chapters 6 and 7 are devoted to two unique and relevant topics: entrepreneurship and international careers. More and more, people interested in business careers are venturing into the world of small business ownership. Chapter 6 discusses the benefits and burdens of this career choice and explores options such as franchising. Several interesting readings on entrepreneurship follow this chapter. Chapter 7 discusses the trend toward international business careers and gives practical advice for success.

The final chapter is designed as a general tool to help you assess and successfully pursue your own personal goals for a business career. It includes specific advice on how to assess your preferences for certain types of positions, develop search strategies, draft résumés and letters of application, prepare for the job interview, and dress for success.

Of course, all the information in the world will not guarantee a successful career. *You* must determine your values, interests, skills, strengths, and weaknesses. As with so many things in life, determining what you want to do is part of a growing process. You may make some mistakes, but remember that you can always learn from them. The more you know about any new situation, the easier it will be to make the right decision. I hope this book will help you make the right choices and prepare you for all the good things that lie ahead.

I wish you the very best in your search for success and happiness.

R.H.L.

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To my father, Bob Luke . . . never was there a more dedicated and respected professional.

To my mother, Patricia Luke, for her patience, understanding and love.

To "Susie Darlin'" . . . you know who you are.

About the Author

Robert H. Luke (Ph.D. University of Missouri, Columbia) is Professor of Marketing and Marketing Department Head in the College of Business Administration, Southwest Missouri State University, Springfield, Missouri. Dr. Luke's articles have appeared in numerous professional and academic journals. He has also presented his research at many national and regional Marketing conferences.

Dr. Luke has served as an academic administrator since 1975. He initiated his career as an academic "architect" by becoming the first Chairman of the Department of Marketing at Old Dominion University. His next challenge was to aid in developing and directing initial MBA and MPA programs for the College of the Virgin Islands. In 1984, Dr. Luke became the first department head of the new Marketing Department at Southwest Missouri State University.

Dr. Luke currently serves as National Vice President/Membership U.S.A. of the Academy of Marketing Science, and he is a member of the Editorial Review Board of the *Journal of the Academy of Marketing Science* and *Journal of Midwest Marketing*. He is also a member of the Advisory Group to the Midwest Marketing Association.

Dr. Luke has had an active and unusual entrepreneurial career. At the age of 16, as Robin Luke, he wrote and sang "Susie Darlin'," a song which sold over two million copies and became a number-one hit around the world. He has been the president of small corporations, and he actively consults in the areas of strategic corporate marketing and the marketing of educational and not-for-profit corporations and institutions.

Dr. Luke is also highly regarded for his expertise in racing sailboats, an avocation since the age of 13. He has won many international offshore sailing events and participated as a member of the USVI sailing team at the Pan-American games. He has also served as International Judge for the *International Yacht Racing Union* (London). His latest local victory was again winning his state's Governor's Cup—this time with his favorite crew . . . wife Linda, daughter Tiffany, and son Bobby.

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CHAPTER 1 ACCOUNTING

Introduction

When you go to the supermarket, do you always check the supermarket tape? Does your checking account balance always agree with your monthly statement? Do you like working with numbers? If your answers are “yes,” then accounting may be a field for you to explore.

Many people have the idea that accountants are drudges in green eyeshades who work in dimly lit offices and loathe the company of people, preferring endless columns of figures. Nothing could be further from the truth. Accountants are expected to be sociable and able to share their ideas with their clients, their subordinates, their coworkers, and their superiors. They are important members of the business community and make a vital contribution to the world of work.

As in most occupations, some individuals are better fitted to accounting than are others. Certain characteristics distinguish successful accountants from other businesspeople. Competence with mathematics and an eye for detail are the hallmarks of successful accountants. It goes without saying that a misplaced decimal place will throw account balances off and could destroy the finances of a company. There are fields where attention to detail is not critical, but accounting is not one of them.

Because accounting is responsible for supplying the information that executives need to make decisions, accountants approach their work with great seriousness. Accountants are serious people, and accounting is a serious profession. If you approach life with that frame of mind, then consider a career in accounting.

What Is Accounting?

Accounting has been called the language of business. The accounting process is the art of identifying, collecting, analyzing, recording, and summarizing business transactions and their effects on a firm.¹ Some people confuse bookkeeping

with accounting; however, the two are considerably different. Bookkeeping is the routine recording of business transactions. After the bookkeeper accumulates data, the accountant summarizes and interprets the records that the bookkeeper prepared.

Accounting is divided into two areas: public accounting and private accounting. Private accounting is further subdivided into the areas of financial and managerial accounting. Table 1-1 outlines the differences between the two areas of private accounting.

Private Accounting

Private Accounting is the term used when referring to accounting functions within an organization. *Financial accounting*, a subdivision of private accounting, provides a business with a continuous record of its economic resources and obligations and the economic activities that cause these resources and obligations to change. Users of accounting information who have a direct interest in a business include the owners, creditors and suppliers, potential owners, management, and taxing authorities. All are concerned with the financial statements issued by ac-

Table 1-1 COMPARISON OF FINANCIAL AND MANAGERIAL ACCOUNTING

Financial Accounting	Managerial Accounting
Usually focuses on the company as a whole	Usually focuses on subunits (e.g., divisions, departments) of the company
Reports prepared at regular intervals	Reports prepared at regular or irregular intervals
Reports highly formal	Informal reports; adapted to specific situations
Large number of unknown users with a presumed set of needs and an unknown set of uses	Small number of known users with specific known needs and uses
External orientation	Internal orientation
Emphasis on past and present	Emphasis on future
Uniformity	Flexibility
Mandatory	Not mandatory

Source: Adapted from Dale L. Flesher, Lawrence A. Kreiser, and Tonya K. Flesher, *Introduction to Financial Accounting* (Boston: Kent Publishing Co., 1987), p. 4. © by Wadsworth, Inc. Used by permission of PWS-KENT Publishing Company, a division of Wadsworth, Inc.

countants. These statements contain such items as net income, assets, liabilities, and equity in the company. Users who have indirect interests in a business also rely on the financial statements. These users include financial analysts, stock exchanges, government agencies, and labor unions. Individuals in each group of users base decisions on the information they obtain from a company's financial statements.

Managerial accounting is used within a company to analyze company operations. Managers use the reports from this area of accounting to forecast earnings, sales and expenses. Managerial accounting produces reports that allow various subunits in the organization to compare actual results with planned or expected results.

The duties and responsibilities of the managerial accounting team include day-to-day accounting activities, producing monthly financial reports for management, and coordinating the annual audit. Directors of financial planning spend a great deal of their workday managing the company's annual profit-planning efforts, producing departmental operating-income and expense budgets, and updating quarterly profit projections.

Managerial accountants need to understand what occurs on the shop floor as well as in the boardroom. For them, conversing with marketing executives and production managers is an everyday occurrence. Identifying duplication, spotting potential conflicts, and resolving demands for scarce resources are some of the challenges faced by managerial accountants.

Public Accounting

Public accounting is most often associated with the auditing of financial accounting information as compiled by private accountants in businesses. A public accountant provides accounting services to businesses and individuals for a fee. A certified public accountant (CPA) is a public accountant who is licensed by the state in which he or she resides. Many CPAs work for large public accounting firms. Although duties and responsibilities vary according to the size and location of the firm, firms tend to offer similar services: bookkeeping, accounting, auditing, and help with taxes. Table 1-2 presents the approximate percentage of time allocated to type of service.

Bookkeeping is the posting of transactions up to the preparation of the trial balance. *Accounting* includes the preparation of financial statements from the trial balance.

Auditing—the principal service offered by a public accountant—is determining whether a financial statement fairly represents the financial condition of the firm. Banks commonly require an audit of the financial statements of a company that is applying for a sizable loan. The audit is performed by a CPA who is not an employee of the firm being audited. Companies that offer securities to the public for sale are required to be audited periodically.

Table 1-2 HOW ACCOUNTANTS IN PUBLIC ACCOUNTING FIRMS SPEND THEIR TIME

Area of Practice	Approximate Time Allocation	
	Nat. CPA Firm	Local CPA Firm
Bookkeeping	2%	25%
Accounting.	3%	20%
Auditing	65%	15%
Tax advisement	7%	15%
Tax preparation	8%	15%
Management services	15%	10%

Source: Newton D. Becker, *Opportunities in the Field of Accounting* (Encino, Calif.: Becker CPA Review, 1986), p. 4.

Help with taxes comes in two forms. The public accountant prepares people's and businesses' taxes and provides advice about ways both can improve their tax positions.

Education and Certification

Because accounting is a profession, it requires specialized education and training. A recent National Association of Accountants statement on preferred management accounting education for careers in the profession recommends one or more classes in communications, behavioral science, mathematics, economics, computers, accounting, and other general education requirements.² Universities offer bachelor's, master's, and doctoral degrees in accounting. The profession provides opportunities for on-the-job experience and certifications.

As the accounting profession continues to specialize, colleges and universities have been asked to include additional courses in the undergraduate curriculum. As a result, many Bachelor's degree programs are approaching 150 credit hours (five years) to complete.

The most highly paid public accountants are certified public accountants, or CPAs. In order to become a CPA, you must pass a difficult 2 1/2 day examination. The examination has four parts: accounting theory, accounting practice, auditing, and business law.

There are private as well as public accountants. Private accountants are employees of the business whose financial statements they prepare and interpret.