



Leaders' Edge

The newsletter of The Michigan Association of Certified Public Accountants



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Stimulus Package: What it Means for Michigan

Two members of Congress share their views on the new economic stimulus package – American Recovery and Reinvestment Act of 2009 – and what it means for their Michigan constituents. Read what U.S. Representative Mike Rogers and U.S. Senator Debbie Stabenow have to say.

Risk Management Strategies for the Recession and Beyond

Few would argue with the fact that U.S. business currently faces the most troubled economic conditions in recent memory—possibly in history—and there is little doubt that rampant, unchecked risk-taking lies at or very near the heart of the crisis. Although large entities in need of a bailout may monopolize the headlines, companies of all sizes face possible impacts and heightened risks from the financial crisis. Follow these practical tips to help you tackle risks on a day-to-day basis.

Navigator of the Profession – David E. Duprey, CPA

After a long-tenured career in public accounting at one of the “big four” firms, Dave Duprey joined the business and industry arena in 2006 when he was appointed executive vice president and general auditor for Comerica. Dave has helped guide Comerica successfully through one of the most challenging periods in banking history.

From the Chair of the Board Weathering the Economic Storm

Few are immune to the effects of the economic crisis and turmoil, creating significant challenges and opportunities for accountants and auditors to make a difference. As CPAs, we play an important role in assisting our clients and employers. Our unique point of view and our emphasis on long term planning and accountability make us uniquely credible advisors during these tough times.

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Stimulus Package: What it Means for Michigan

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Rogers: More Borrowing Won't Solve Economic Woes

By U.S. Representative Mike Rogers, Michigan 8th District, Special to the MACPA

These are certainly challenging times for our state. With an unemployment rate that leads the nation and with our largest employers – the auto companies and auto suppliers – struggling to remain in business, there can be no question that Michigan's economy is in dire need of help. That is why I was so disappointed...[Read More](#).

Stabenow: Economic Recovery Will Create Over 100,000 Michigan Jobs

Excerpted from information provided by the Office of U.S. Senator Debbie Stabenow

Bottom line—this economic recovery package is about creating millions of good-paying jobs and putting money into the pockets of working families right away. The American Recovery and Reinvestment Act of 2009 will create up to 3.5 million American jobs by making sweeping investments in rebuilding our country, providing tax relief, and promoting...[Read More](#).

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These are certainly challenging times for our state. With an unemployment rate that leads the nation and with our largest employers – the auto companies and auto suppliers – struggling to remain in business, there can be no question that Michigan's economy is in dire need of help.

That is why I was so disappointed, with the "stimulus" and spending bills that have moved through Congress on largely party line votes. There is no question that our economy needs some help, but the fact of the matter is we need to focus on job creation, housing and the credit markets. Unfortunately, so far the Washington plan is to simply keep spending money we don't have.

Since last fall Congress has committed the American people to a generation's worth of spending, including: \$700 billion in the original Wall Street bailout; \$720 billion additional bailout money announced February 10; \$736 billion previously committed to AIG, Citigroup, Bank of America, Fannie Mae and Freddie Mac; and \$789 billion in the omnibus budget bill recently signed in to law by President Obama.

By now I'm sure you have all heard about some of the more outrageous projects found in some of these bills. From bonuses to AIG executives, to tattoo removal programs, to \$30 million to protect endangered mice in House Speaker Nancy Pelosi's district, there are plenty of specifics to be upset about. But the real outrage should be that we do not have the money to pay for this spending spree.

It will all have to be borrowed from foreign nations – mostly our competitors in the global economy. This means that as American taxpayers every one of us will have to reach our hands out to other nations and borrow – on the promise our children will pay it back – more money than we have spent on all wars the U.S. has ever fought in combined. Today, China and Japan are the largest holders of U.S. debt. Both have expressed reluctance to lend us more, with the Chinese Premier going so far as to question the credit worthiness of the United States shortly after Secretary of State Clinton traveled to China and essentially promised to look the other way on human rights violations, provided the Chinese continue to loan us money.

There are real consequences to putting ourselves in debt to the rest of the world. Inflation and rising interest rates are an inevitable side effect of this explosion in spending, making our savings worth less. Another very real outcome is further crowd-out in the credit markets for small businesses. As the federal government pays more to finance its larger debt, businesses large and small will face higher interest rates too, and in the case of some smaller businesses

and start ups the cost will be too high for them to pay.

Our nation, and especially our state because of its special circumstances, needs help. Washington cannot continue to be paralyzed by old fights over party and ideology. It is time to focus on new solutions to today's problems. That is why I support broad-based tax reform and relief that makes it easier for Americans to save their own money, reforms that would have created twice as many jobs as the "stimulus" but at half the cost.

Unfortunately, that plan was defeated in favor of the stimulus bill. But that does not mean Congress' work is done. Our economy is in dire need of help, and it is well past time that Democrats and Republicans come together on plans that will get America back to work without sentencing our children to debtor's prison.

Mike Rogers serves on the U.S. House of Representatives Energy and Commerce Committee and the Permanent Select Committee on Intelligence.

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Bottom line—this economic recovery package is about creating millions of good-paying jobs and putting money into the pockets of working families right away.

The American Recovery and Reinvestment Act of 2009 will create up to 3.5 million American jobs by making sweeping investments in rebuilding our country, providing tax relief, and promoting alternative energy and green manufacturing. The package provides critical support for families, businesses and communities during this economic crisis.

The recovery package is estimated to create over 100,000 Michigan jobs and put up to \$800 in the pockets of over 3.9 million Michigan workers and their families through the Making Work Pay tax credit.

Other important highlights for Michigan include:

- Creating jobs by rebuilding Michigan's roads, bridges, harbors, water systems and international borders. This bill provides Michigan with over \$847 million to maintain and improve state highways, as well as over \$134 million to invest in public transportation.
- Investing in Michigan's auto industry by providing incentives for advanced battery technologies. The package includes a new tax deduction so consumers can deduct state and local sales tax for the purchase of new autos, expansion of a \$7,500 consumer tax credit for hybrid vehicles, and the elimination of a \$7-\$10 billion tax liability for General Motors.
- Monetizing previous tax credits and creating new incentives to supply needed capital for manufacturers. The extension of the Stabenow AMT/R&D Tax Credits will help our manufacturers modernize their facilities. The creation of a new Advanced Energy Manufacturing tax credit will help manufacturers build new facilities to manufacture renewable energy products.
- Helping families affected by this economic crisis including a 33-week extension of unemployment benefits for an additional 162,000 laid-off Michigan workers, expansion of COBRA healthcare coverage for the unemployed, an \$8000 tax credit for first time homebuyers, and tax cuts for working families.
- Increasing job training resources to transition to the new economy and expanding Trade Adjustment Assistance to provide job training and benefits to more workers who lost their jobs due to unfair trade policies.

- Investing in health information technology systems modeled after the Stabenow-Snowe Health Information Technology legislation that cuts health care costs and improves the quality of health care to all families.

Debbie Stabenow serves on the following U.S. Senate committees: Committee on Finance, Committee on Energy and Natural Resources, Committee on Agriculture, Nutrition, and Forestry, Committee on the Budget, and the Democratic Steering and Outreach Committee.

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Risk Management Strategies for the Recession and Beyond

Few would argue with the fact that U.S. business currently faces the most troubled economic conditions in recent memory—possibly in history—and there is little doubt that rampant, unchecked risk-taking lies at or very near the heart of the crisis. In recent history, not a day has passed without a new story of crisis: the subprime meltdown, upheaval on Wall Street, a credit crisis of gargantuan proportions, entire industries on the brink of failure. Although large entities in need of a bailout may monopolize the headlines, companies of all sizes face possible impacts and heightened risks from the financial crisis.

There's stormy weather out there, and it seems unlikely the storm will blow over any time soon. Although business may not be able to ignore or wish away current conditions, there are many steps that can and should be taken now to minimize negative impacts and improve an organization's prospects for weathering the storm. Risk management is a difficult balance. Fear of risk leads to stagnation. Taking on too much risk, as we've been reminded lately, has dire consequences. A well-considered, carefully calibrated risk management strategy may be more important now than it has ever been before.

Your Business Plan Risk

Within your business model, three specific global risks reside:

Strategic risk. Strategic risk is defined as the inability to align with competitive pressures and customer sufficiency. Strategic planning is managing change and overcoming risks. It is a critical process in which risks can and need to be identified and dealt with in advance.

For your firm to manage your strategy risk, leaders must develop acceptable expectations for all products or services. A risk to your firm's ethical standards is involved here because there is intense pressure on the organization and the employees to meet a lofty goal, to achieve its business plan, and to satisfy creditors or investors. The more this pressure is applied, the more likely people will undertake unwarranted risk. If these wild, out-of-control leaps fail or do not meet the high expectations, people feel urged to cover them up, putting your integrity at risk.

Operational risk. Operational risk management looks at the business from the operation itself and is defined as the risk of direct or indirect loss resulting from inadequate internal control, processes, people, and systems to react to external events. Financial information is

As part of a larger Institute-wide initiative to help members navigate the global economic crisis, the AICPA brings you articles, blogs, podcasts and other resources at the new [AICPA Economic Crisis Resource Center](#).

As part of this initiative, we have excerpted this article from [Smart Risk Management: A Guide to Identifying and Reducing Everyday Business Risks](#), or from [Risk Management Strategies for a Turbulent Economy](#).

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not enough to gauge a company's overall business risk.

The value of managing operational risk is only slowly gaining recognition. One reason is that by the time financial impact for management's misjudgment affects the balance sheet or income statement, it is usually too late to do anything about it other than pick up the pieces. By tracking operational indicators and metrics, leaders can identify opportunities and threats before they affect the company's finances.

One approach to measuring operational risk requires firms to routinely review many nonfinancial factors such as the quality of corporate governance, employee morale, customer satisfaction, implementation of goals and their execution, application of technology, and deployment of those practices. Numerous tools already exist that enable you to easily measure operational risk, such as the balanced scorecard, activity-based costing, and driver-based forecasting.

Innovation risk. Companies undertake three sources of risks when they believe themselves to be innovative and desire a culture in which employees think for themselves. In a culture of innovation and creativity, the three sources of risk are as follows:

- Strategy risk, and avoiding this risk requires clear direction setting and involvement to help the entire organization know where it is going and have the ability to measure progress.
- Market risk, which is the risk that the company fails to be in touch with the customer's needs and demands.
- Capability risk, which is the risk that the company will not be able to execute carefully designed plans and use the innovation to generate revenues.

Practical Solutions for Managing Business Model Risk

The solution to making your firm less vulnerable is for your leaders to clearly define each of the firm's risks through your risk management program.

Strategic

It is particularly important to identify strategy risks early. This involves a matching of the role or purpose of your innovation with a specific strategic need for each new and existing initiative. Without such guidelines, new products, new ideas, and new services will misfire.

Market

For market risk, you need to prevent the risk that the innovation will not meet your market's needs. You need to ensure that you differentiate yourself from your competition or position yourself as separate from what everybody else is doing. Because market risk is harder than other risks to measure and monitor, companies usually end up paying less attention to this risk. The number one reason for new product failure today is the inability to compete in both the global marketplace and on Main Street.

Operations

To minimize the operational risk, such as insufficient internal capability to deliver what you promised or the inability to develop your new product within the desired time and budget,

requires foresight and honest self-assessments. Defining your innovation risk up front will allow you to take the critical first step toward successfully managing it.

Innovation

All too often, leaders' expectations for new products go largely unspoken. They are in someone's mind but frequently not communicated adequately to others. Most importantly of all, there is no way to measure innovation and creativity. To help manage this risk more effectively, you need to develop and explicitly publish agreed upon expectations for all of your innovations. This process involves coordination of three separate and related tactics that allow you to effectively gauge how much risk you can afford to take.

10½ Rules for Successful Business Risk Taking

Here are some things to think about as you face risk in your day-to-day business:

1. Focus on trouble, and you will get trouble. Focus on success, and you will get success.
 2. Trust that your people know what a risk is.
 3. Recognize that your people may not know how to recover from the negative effects of a risk.
 4. Know that no risk is worth undertaking when proper planning or analyzing cannot be completed beforehand.
 5. Know that no risk is worth undertaking when a "lessons learned" cannot be completed afterward.
 6. Recognize that every plan of action and strategy must have a feedback instrument built into it.
 7. Understand the costs of your risk tolerance and your risk avoidance.
 8. Know that no one is exempt from making errors in judgment.
 9. Tell the truth about the risk and its implications. Accept the truth about the risk and its implications.
 10. Be willing to live with the negative results of each risk undertaken.
- 10½. Want more rewards? Take more risks! Want more success? Reward risk taking!

Risk Requires a Proactive Plan

Global perils can come from any place within the business model, your strategy, or a new marketplace. Each one can deeply affect your firm's profits; creativity; continuity; brand or reputation; leaders' integrity; employees' ethics; internal capabilities; and goal execution. This is why the firm-wide plan for anticipating and dealing with these risks must become part

of your everyday managing and leading.

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Looking for more information?

- The AICPA has partnered with the Enterprise Risk Management Initiative (ERMI) faculty at North Carolina State University to offer a two-day workshop: [The Board and Audit Committee's Role in Risk Oversight: Taking a Strategic View of the Enterprise](#) to help board and audit committee members understand emerging expectations for greater risk oversight. The AICPA and the ERMI team up again at the [AICPA National CFO Conference](#) to discuss connecting strategy and enterprise risk management. Visit www.cpa2biz.com for more information regarding both of these informative events.
- The current economic downturn is posing new challenges to financial executives at all companies, making the need for effective risk management that much more important. This spring, the AICPA will host two infocasts, with an optional CPE credit that can help you create solid risk management strategies. To register for these informative sessions, click [here](#).
- CPAs are increasingly being called upon by employers and clients for guidance and reliable information to help weather these challenging times. To ensure you have the support you need, visit the new [AICPA Economic Crisis Resource Center](#).
- For more information about risk management, visit the AICPA [Financial Management Center](#).

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Navigator of the Profession – David E. Duprey, CPA



*David Duprey, CPA
2008-2009, MACPA
Board of Directors
and Vice President &
General Auditor,
Comerica
Incorporated*

After a long-tenured career in public accounting at one of the “big four” firms, Dave Duprey joined the business and industry arena in 2006 when he was appointed executive vice president and general auditor for Comerica. Dave has helped guide Comerica successfully through one of the most challenging periods in banking history. In addition to his position at Comerica, Dave currently serves on the MACPA Board of Directors. For nearly 30 years, he has been considered a trusted business advisor in both his professional and personal ventures.

1. What made you decide to enter the accounting profession?

Actually, my goal when I entered college was to obtain a business degree and then immediately proceed to law school. However, I found that I really liked my accounting and finance classes and was fortunate to find a part time job at a local accounting firm. I enjoyed the work, the people and while limited, the interaction with clients.

2. As a member in Business & Industry, what does the CPA designation mean to you?

The CPA designation allows me a certain level of recognition when I'm first introduced to new members of management or customers. Obviously, recognition of some level of expected accounting, finance and business acumen given by the CPA designation needs to be quickly supported with some meaningful actions.

3. What interests or activities are you involved in outside of work?

Being involved with three not-for-profit Boards, my local church's Administration Commission and fundraising for the Detroit Goodfellows absorbs a fair amount of my time outside of Comerica. I continue to stay active in the activities of our three children, including various fundraising programs in which they are involved.

4. What community service involvement(s) have been the most meaningful to you and why?

To me, the most rewarding community service involves activities that are focused on helping children learn, made to feel wanted or assisted where those basic essentials are not always available. I'm a firm believer that we need to do everything possible to protect, teach and reward our youth.

5. How has your financial institution responded in light of the economic challenges

facing business in Michigan?

Comerica remains focused on serving and expanding our Michigan customer base. We were founded in Detroit over 160 years ago and have successfully navigated numerous economic challenges that have confronted our state. While Comerica is not unaffected by these economic challenges, we are working every day with our existing customers to meet their needs and to expand our presence with new customers throughout our Michigan markets.

6. What advice do you have for those considering entering the CPA profession?

Despite having exited the public accounting profession several years ago after a 25-plus year career at a Big Four accounting firm, I would encourage any accounting student with the desire and interest to pursue the CPA profession. My role at Comerica, which I thoroughly enjoy, would not have been offered to me without my experience in public accounting.

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Message from the Chair of the Board

Weathering the Economic Storm



*Thomas H. Beard
2008-2009 MACPA
Chair of the Board*

Few are immune to the effects of the economic crisis and turmoil, creating significant challenges and opportunities for accountants and auditors to make a difference. As CPAs, we play an important role in assisting our clients and employers. Our unique point of view and our emphasis on long term planning and accountability make us uniquely credible advisors during these tough times.

The MACPA's leadership and staff are committed to helping members navigate through the rough waters of this recession. We are continuously weighing the value we bring to your membership and we are focusing on creating new solutions to better meet your needs and safeguard the long-term strength of our profession.

You should know that the MACPA leadership is vigilant in regard to our financial management responsibility to protect the long-term viability of the Association. The Finance Committee and Board review financial statements on a regular basis. The Finance Committee also meets with our investment advisor to monitor investment activities, and most currently is reviewing our policies and strategies.

An exciting new partnership with the Detroit Red Wings supports our home team and a Michigan company. Plus, it brings added value to your membership. Through our "Partners with Champions" program, members may purchase significantly discounted tickets for special MACPA nights at Detroit Red Wings games. Upcoming events are April 2 and April 9, with more opportunities to be announced in the future. Each game ticket will include an exciting members-only extra, like a special gift or a chance to sit in the penalty box for pre-game warm-up. The best part is, for each MACPA ticket sold, the Red Wings will donate \$5 to the Michigan Accountancy Foundation. Log on to the MACPA website and visit the "[Partners with Champions](#)" page for more details and to order tickets.

To help you take advantage of all your membership has to offer, in the coming weeks we'll launch a new web page to highlight the many MACPA resources available to you during these economically challenging times. This Economic Crisis web page will serve as a "central depository" of sorts, a place where you can quickly and easily find ways to save money, tips and resources for career planning, links to the latest economic news, and how-to articles for managing various business challenges. Watch for the launch of this site soon and monitor it frequently, as we work to keep you tuned in to valuable member services and news you can

use.

Finally, I'm excited about our expanded presence and ability to serve our members on the west side of the state. Working out of Rockford, Michigan, Tisha Wilson is the new MACPA West Michigan Field Representative. She will coordinate conferences and seminars, in addition to providing on-site help at events from Grand Rapids to Traverse City. She will also work on other projects including networking events and may be assigned additional duties in the future.

Through this recession, the MACPA is your partner, providing benefits you can take advantage of right now. I welcome your comments and suggestions.

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Of Interest

Lean Accounting

By John L. Daly & Dan Chenoweth, Executive Education, Inc.

A Lean Thinking

Lean thinking is not new. Business people have always known that efficient organizations can serve their customers better and make more money. However, the term "Lean" is just over 20 years old. In 1988, John Krafcik, a graduate student at MIT first coined the term in an article describing the Toyota Production System (TPS). While initial research into lean involved lean manufacturing, people studying these techniques quickly realized they could also apply lean thinking to all other business activities including running an accounting department.

The term **lean accounting** has two distinctly different uses. One is to utilize lean techniques to manage an accounting department. However, many people also have used the term "lean accounting" to describe accounting for lean operations. Like many lean practitioners, we chose to distinguish the two uses by referring to the second usage as **accounting for lean**. This article will concentrate on the process of financial statement preparation in a discussion of lean thinking as it applies to managing accounting department operations.

Lean thinking involves five concepts:

1. Defining Value.
2. Identifying the Value Stream.
3. Making the Value Stream Flow.
4. Implementing a Pull System.
5. Striving for Perfection.

Defining Value

How do financial statements provide value? To understand this question, financial professionals need to engage in dialog with statement users. Many company controllers have never done this. Sitting down and discussing financial statement content and format with department managers, company officers, your banker and board of directors is a useful exercise.

Issues for discussion should include:

- Are the statements at the right level of detail?
- Is data collection at the right level of detail?

Learn How to apply Lean Thinking to your organization with seminars hosted by John Daly:

[Lean Accounting: Applying Lean Thinking to Financial Management - Grand Rapids](#)

[Lean Accounting: Applying Lean Thinking to Financial Management - Troy](#)

- What additional information would be useful to financial statement users?
- What are users getting that they do not need?
- What non-financial measurements of business activity should accompany the financial information?
- What metrics, such as revenue/unit, cost/unit and gross margin/unit, would help users better understand the financial information?
- What non-financial metrics drive financial performance?
- How do non-financial metrics, such as investment in people, operating efficiency and quality, fit into a balanced understanding of financial performance?

Understanding value from the user's perspective will often tell you that accounting is going to considerable extra effort to prepare information at an unnecessary level of detail. Some innovative accounting departments create "service level agreements" with internal customers. These agreements describe the information the internal customer wants to receive, the level of detail the information will represent and when they will receive it. Quarterly follow-up meetings provide a vehicle for discussing the accounting department's performance against the original agreement and identify necessary changes going forward.

It is rarely a good thing when financial information is detailed and complex. There is a wonderful elegance in making financial information simple to understand.

Identify the Value Streams

The term *value stream* means the process that provides value to the customer. Once we know what financial statements users want, the next step is to analyze the process used to create the information. In this step, lean practitioners attempt to determine if activities provide value or do not provide value to the customer.

In diagramming a typical accounting process, a significant amount of effort involves verifying accuracy of information. For example, significant portions of most companies' month-end closing processes involve error detection and correction. How does reconciling your accounts receivable or payables aging to the general ledger add value to the financial statement user?

In looking at account reconciliations from this perspective, we realize that errors take value away from financial information. Reconciliations only put back value that errors took away. In the absence of errors, account reconciliations create no value at all! If we could eliminate the errors, we could eliminate the reconciliation.

Ten to 20 percent of company controllers attending Executive Education seminars report that their accounts receivables and payables reconciliations never or almost never have errors. Their "airtight" business processes prevent the transactions in these accounts from ever being different from the general ledger. Even though these companies still reconcile their AR and AP aging, the work takes only seconds because the balances always reconcile.

Identifying the value-added and non-value-added steps in an accounting process provides the opportunity for elimination or reduction of the non-value-added steps. This process is managed more easily in the context of continuous improvement than as a big project designed to solve all of the problems at once. Big projects can overwhelm your people

resources. However, the improvements from one small project can easily provide the time to do another small project.

Make the Value Stream Flow

A key objective of lean thinking is to make value flow quickly and freely. Few accounting departments attempt to make information available quickly and on demand. Most accounting departments process financial information in huge chunks representing a week's or a month's worth of data. Is the liability for the goods your company received yesterday already in your accounting system? Can your CEO see a financial statement this morning that is up-to-date through last night? In most companies, the answer is "Sorry! We don't operate that way."

Conversely, some organizations are able to produce a useful year-to-date financial statement at any time. These statements do not follow completely generally accepted accounting principles at mid-month. Every organization has certain expenses recognized once a month. However, the statements reflect everything that occurred almost up to the hour. This usually includes all sales, cost of sales and the value of goods received. These companies also have accurate balance sheet valuation of cash, accounts receivable, inventory, accounts payable and, potentially, most other accounts. While the information is not GAAP-perfect, it is highly useful because it is up to date.

There is an old saying in inventory management: *"If you want to see the rocks, lower the level of water in the river."*

This means if you want to see where the problems are in your systems, start removing the cushions you have built in. Perhaps you completed month-end financial statements in seven days last month. What is preventing you from doing it in six days, in five, or in four?

To be able to do things faster in your accounting department, you must find ways to do them better. Error elimination is a major cost-cutting opportunity in most accounting departments.

Implement a Pull System

Can the users of your financial statements access statements at any time? Can they access month-to-date information at any time? Unfortunately, this is not possible in many organizations. One core reason is that accountants often create financial statements in MS Excel rather than using the general ledger report-writer. When creating reports in Excel, someone must download general ledger information and manipulate it, preventing on-demand availability of the information.

Implementing a "pull" system for financial information is a major advance in sophistication for most organizations. Most accounting departments "push" financial information to users when accounting is ready to distribute it. Only well-tuned financial systems are capable of allowing users to pull financial information at any time.

Strive for Perfection

Does your accounting department make continuous improvement a normal part of its routine operations? Is everyone in the department working on projects to make the company better?

One effective tactic for continuous improvement is to meet with each person who works for you once a quarter to develop a plan for the next three months. Each person should consider the quarterly plan a commitment, not an aspiration. Thus, 80 percent of the time a person should have completed all of their projects by the end of the quarter. This meeting is very different from traditional performance reviews because the focus is on the future, not on the past. The meeting begins with the team member presenting a self-evaluation of their performance against the last quarter's plan. Writing this self-evaluation should be easy because each person should have completed every item on the plan. As they completed each point, they should have updated their boss and received a pat on the back.

Future planning should be the meeting's focus as each employee provides a draft plan to discuss with the supervisor. For managers, the plan may cover five projects to accomplish. Plans for clerical people often include three projects plus standard measures of the quality and quantity of their output.

How do you assure that the quarterly meetings will happen? Some companies tie the quarterly meetings to their bonus program. Thus, there is strong motivation for the quarterly meeting to occur.

Conclusion

You can apply lean thinking to every area of the organization. A great book on this subject is ***The Toyota Way*** by Jeffery K. Liker. Even though you may not be in manufacturing, reading about how Toyota uses lean techniques throughout their organization will help you shake up your thinking about how to manage everything from product development to processing accounts receivable. Open your mind to improvements you can make. Continuously getting better will keep you on the leading edge of our profession.

About the Authors

John L. Daly, MBA, CPA, CMA, CPIM, is a Chelsea, Michigan-based management consultant specializing in pricing, costing and business turnarounds. Earlier in his career, John was Chief Financial Officer for a medium-sized Tier 1 automotive parts supplier. He has also been CFO for a large restaurant chain and COO for a manufacturer of window treatments. He spent the first five years of his career working for the management consulting divisions of two large public accounting firms. John is the author of ***Pricing for Profitability*** published by Wiley & Sons and co-author of Executive Education's one-day ***Lean Accounting*** seminar. Forty North American associations present Executive Education's seminars.

Dan Chenoweth, MBA, helps clients take their strategy to the bottom line through rigorous project management and change management techniques, and by engaging and motivating their people. With over 25 years of experience, he has held executive level positions in general management and finance in a number of industries including telecommunications, printing and publishing, heavy equipment manufacturing, and apparel manufacturing. Dan lives in Loveland, Colorado.

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Leaders' Edge[PRINT](#)

Of Interest

Preparing for a CFO Role

By John L. Daly, MBA, CPA, CMA, CPIM

How does an accountant become a Chief Financial Officer (CFO)? While there is no single route to a "C-suite" job, taking certain steps may significantly increase your chances of making the leap to CFO.

Click [here](#) to view continuing education courses from Executive Education to help you become the CFO and leader you strive to become.

According to an October 2005 article in CFO magazine, majoring in accounting or becoming a CPA has not historically been the best route to becoming CFO. The article revealed that prior to the Sarbanes-Oxley Act, only 26 percent of all Fortune 1000 CFOs were CPAs. Most CFOs came from treasury, securities or banking backgrounds, not from accounting. Only after Sarbanes-Oxley has the percentage of CFOs who are CPAs risen to 45 percent. The same article also revealed that broad experience outside of accounting was a key common denominator among CFOs.

What can you do to increase your chances of rising to CFO? Passing the CPA exam is a great start. However, you should view the credential as the beginning of your journey, not a guaranteed ticket of success. The knowledge a CFO needs is much broader than what you learned in preparing for the CPA exam. Further education, formal and informal, is required to be an effective CFO.

More Credentials?

A good way to continue developing your skills is to enroll in an MBA program. The difference in the quality of available MBA programs is immense. Top programs focus on turning out top-level executives. Stretch yourself and try to attend the highest-rated program possible.

To get your CPA, you studied financial accounting, taxation and business law. You probably will not need more exposure to these topics in an MBA program. Instead, focus studies on banking, cost accounting, finance, human resources, information systems, organizational behavior and operations management instead. Sitting for the Certified Management Accountant (CMA) or Certificate in Financial Management (CFM) examinations will solidify and document your skills in many of these areas.

Your First CFO Job

Your chances of obtaining the top financial spot are obviously much higher if you start out working for a smaller organization rather than a Fortune 1000 company. A smaller company accountant will likely acquire a broader range of experiences than someone in a large organization. For example, if you are responsible for cash management for a Fortune 1000 company, you know your area very well but probably not much about other financial areas of the company. In contrast, a small company financial manager may gain experience in every

financial area.

My own resume, when I got my first "Only Financial Officer" (OFO) job, typifies the broad backgrounds of many CFOs. That resume showed a science undergrad degree, a year working in quality control, an MBA with an accounting major and finance minor, and five years experience at two major accounting firms consisting of a little auditing experience, a feasibility study for a public bond offering, and mostly IT consulting. I also passed the professional exams that allowed me to put CPA, CMA and CPIM after my name.

When I took that small company CFO job, I had never closed a set of books in the real world. However, my knowledge of corporate strategy allowed me to contribute to a major company change in direction in my first six months. This change led to a six-fold increase in the company's size over the next ten years and eventually I was a large company CFO, with other financial professionals working for me.

Lifelong Learning

What is your current level of learning toward CFO-level skills? There is a lot more to know to be an effective CFO than most accountants imagine. Anyone aspiring to a high-level job should embark on a personal mission of lifelong learning.

A statistic sometimes cited in Institute of Management Accountants (IMA) publications is that people who read seven non-fiction books a year earn more than twice as much money as people who read only one. Non-fiction includes biography, history, self-help or business books. If you ask accountants who they know who reads that much non-fiction, the answer will often be the CFO or the CEO. If you want to rise in the corporate world, you should be reading too.

I realize that it might be unrealistic to ask everyone who aspires to be CFO to read seven non-fiction books a year. Instead, I will ask you to set a personal goal of reading four good business books in the next year. It will help your career. I guarantee it.

About the Author

John L. Daly, MBA, CPA, CMA, CPIM, is president of Executive Education, Inc., a developer of continuing education seminars specifically designed for corporate financial executives. Forty accounting associations, including the MACPA, offer Executive Education's seminars. Before that, John spent 15 years as chief financial officer for a Tier 1 automotive supplier and a large restaurant chain. He also has been interim CFO for several companies. You can reach him at Daly@ExecutiveEducationInc.com.

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Of Interest

Cost-Cutting: Most Effective Strategy to Survive a Recession

Respondents to the First Quarter AICPA/UNC Kenan-Flagler Business and Industry Economic Outlook Survey expressed pessimism for the upcoming year. The survey of CPAs in business and industry, sponsored by the AICPA and the University of North Carolina's Kenan-Flagler Business School, also indicates steps businesses are taking to prevent layoffs and prepare staff for the continuing recession.

Forty-three percent of CPAs surveyed reported layoffs – a 12-point increase from last quarter – to help their businesses survive the extended period of recession. Across the board, organizations are looking to cut costs as revenue and profits fall. Many organizations have been implementing various HR strategies to budget for the upcoming year, maintain efficiency and avoid layoffs.

"Businesses in all industries are feeling the impact of the economic crisis in some form or fashion. It's likely to get worse before it improves," said Margaret Fontana, CPA. "Companies need to take the necessary precautions now to prevent unforeseen consequences in the future."

Survey respondents listed various cost-cutting strategies including: four-day work weeks, restricted overtime hours, early retirements, salary cuts or suspended raises for executives and reduced delivery frequencies. Below are the results from this quarter:

	Q4'08 Result	Q1'09 Result	Change from Q4'08
Layoffs	31%	43%	+12%
Facilities closings	10%	14%	+4%
Capital spending cuts	40%	50%	+10%
Travel restrictions	34%	44%	+10%
Outsourcing	8%	9%	+1%
Compensation freezes	31%	51%	+20%
Hiring freezes	36%	47%	+11%

"We're in the process of looking at salary reductions and possibly even suspending retirement plan contributions and discontinuing pension plans for new hires," said a CPA in Lititz, Pennsylvania who asked not to be named. Some businesses have been able to avoid layoffs altogether, "By freezing all new hiring and meticulously planning our budget for the next

fiscal year, we've been able to maintain our staff at 100 percent capacity," said Mark Odom, CPA, chief financial officer, PGA National Resort & Spa.

In addition to various cost-cutting strategies, some companies are employing educational tactics to assist their staff in managing finances and other issues.

"Our company holds quarterly property-wide meetings, where we offer staff free advice on how to manage personal finances. We also tie this in with the company's financial forecasting to inform and prepare them for any turbulent spots later that year, recommending that they save overtime dollars earned during busy periods," said Odom.

Of the 1,183 respondents, 32 percent expect the economy will improve by the end of 2009, 60 percent expect improvement in 2010, and eight percent do not expect recovery to begin until 2011.

With the increased pessimism over last quarter, CPAs in business and industry have been under pressure to accurately forecast their budgets. And while not all organizations are expecting a decrease in revenue and profits, cost-cutting strategies such as reduced hiring, 401k matching/cutting and travel restrictions are allowing even the most vulnerable companies to remain above water.

For more information and to view results of the First Quarter 2009 Economic Outlook Survey, visit <http://fmcenter.aicpa.org/> or <http://fmcenter.aicpa.org/Resources>.

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Of Interest

Forensic Accounting Credential Popular With CPAs



With 42 years of CPA experience, Grand Rapids CPA Dennis Echelbarger was a good match for the new forensic accounting credential.

Since the launch of the Certified in Financial Forensics (CFF) credential last fall, 81 CPAs from Michigan – and more than 2,900 nationwide – have attained the specialty credential.

“The response to the CFF credential is much higher than we anticipated,” reports Stephen Winters, CPA, CITP, director, Specialized Communities & Practice Management at the AICPA. “From our research, we anticipated that CPAs would find value in a credential focused on forensic accounting. But the interest has significantly surpassed our projections.”

Recognizing the value of the new credential early on, CPA Dennis Echelbarger, of Echelbarger Himebaugh Tamm & Co., PC, Grand Rapids, was among early applicants for the CFF credential.

“I had been doing work in related fields – business valuation, investigation and litigation support – for many years. Plus, I’d attended a lot of business valuation and fraud conferences over the years, so the CFF credential was a natural fit for me,” explained Echelbarger.

Another EHTC firm member, CPA Diane L. Friar, holds the CFF credential as well as the Accredited in Business Valuation (ABV) credential. “The CFF credential helps distinguish the unique qualifications we can bring to the table,” added Echelbarger. “Attorneys we work with often comment that the CFF adds credibility to our work.”

The CFF encompasses fundamental and specialized forensic accounting skills that CPA practitioners apply in a variety of service areas, including:

- bankruptcy and insolvency
- computer forensics
- economic damages
- family law
- fraud investigations
- litigation support
- stakeholder disputes
- valuations.

“Anytime we’re doing a job that requires digging for facts, such as attest, litigation support and consulting work, we bring into play the skills that are representative of the CFF,” said

Echelbarger. "Those skills include, but are not limited to, a heightened level skepticism. It's almost a 'burning' need to get to the bottom of whatever it is you're looking at."

"As an auditor, you must have skepticism during an audit, particularly in times like these when people are doing things they normally wouldn't do," he adds. "With CFF work, you have to go beyond that level of skepticism."

To qualify for the CFF credential, a CPA must be an AICPA member in good standing, have least five years' experience in practicing accounting, and meet minimum requirements in relevant business experience and continuing professional education. The application also takes into account CPE and education in forensic accounting as well as credential reciprocity in related fields.

To maintain the credential, CFF credential holders must meet a CPE recertification requirement by obtaining at least 60 hours of CPE over the preceding three-year period in forensic accounting subjects. Verification is accomplished by the CFF holder attesting to his or her compliance with this requirement.

For more information on the CFF credential and the application process, visit the AICPA Forensic & Valuation Services web site at <http://fvs.aicpa.org> and click on the Membership tab.

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Tax Tidbits

AICPA Revising Enforceable Tax Practice Standards – Looking for Input During Comment Period Ending May 15

The AICPA has released proposed revised Statements on Standards for Tax Services (SSTs) with a comment period that ends May 15, 2009. In the meantime, the current SSTs remain in effect until replaced by action of the Tax Executive Committee after the exposure period closes.

SSTs are enforceable tax practice standards for AICPA members. The statements apply to all members providing tax services regardless of the jurisdictions in which they practice. The statements are intended to complement other standards of tax practice, such as Treasury Department Circular No. 230, *Regulations Governing the Practice of Attorneys, Certified Public Accountants, Enrolled Agents, Enrolled Actuaries, Enrolled Retirement Plan Agents, and Appraisers before the Internal Revenue Service*; penalty provisions of the Internal Revenue Code; and state boards of accountancy rules.

Since tax practice standards were issued, CPAs have asked for clarification on certain matters and there are many new tax laws to take into account.

Specifically, practitioners have inquired about the duplication of the language in SSTs No. 6, *Knowledge of Error: Return Preparation*, and No. 7, *Knowledge of Error: Administrative Proceedings*. Also, various changes in federal and state tax laws have necessitated revising SSTs No. 1, *Tax Return Positions*, and No. 8, *Form and Content of Advice to Taxpayers*.

As a result, revisions to the original SSTs have been drafted, as reflected in the exposure draft. Corresponding revisions to current Interpretation No. 1-1, "Realistic Possibility Standard," and No. 1-2, "Tax Planning," of SSTs No. 1 (AICPA, Professional Standards, vol. 2, TS sec. 9100), will be made at a later date.

Revisions to SSTs No. 1 are proposed to clarify the need to satisfy both the AICPA standards and the standards of the applicable taxing authority.

Revisions to SSTs No. 8 are proposed to address new requirements that apply when providing certain types of tax opinions. In addition, the original SSTs Nos. 6 and 7 have been combined into the revised SSTs No. 6. The original SSTs No. 8 has been renumbered SSTs No. 7. Various revisions also have been made to the language of the original SSTs.

The proposed SSTs, as well as a copy of the current SSTs that has been marked to indicate the proposed revisions, can be found on the [AICPA's web site](#). Email comments to SSTScomments@aicpa.org or send them to Edward S. Karl, Director, AICPA Tax Division, File: SSTs Comments, 1455 Pennsylvania Avenue NW, Washington, DC 20004-1081.

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Legislative & Regulatory

MACPA Membership Terminations and Suspensions

Terminations

At a hearing of the AICPA's Joint Trial Board, conducted in accordance with the AICPA and MACPA Joint Ethics Enforcement Program, in regard to the conduct of **Roger L. Beukema**, CPA, the Joint Trial Board found Mr. Beukema in violation of Article X, Section 2 of the MACPA bylaws for failure to comply with the terms of a letter of required corrective action issued by the MACPA Professional Ethics Task Force. As a result, Mr. Beukema's membership within the MACPA is immediately terminated.

At a hearing of the AICPA's Joint Trial Board, conducted in accordance with the AICPA and MACPA Joint Ethics Enforcement Program, in regard to the conduct of **Nicholas D. Lahr**, CPA, the Joint Trial Board found Mr. Lahr in violation of Rule 501 - Acts Discreditable of the *AICPA/MACPA Code of Professional Conduct*, for failure to respond to investigative inquiries made by the MACPA Professional Ethics Task Force. As a result, Mr. Lahr's membership within the MACPA is immediately terminated.

Suspensions

Nicholas S. Difazio, CPA of the firm Deloitte & Touche LLP settled charges on January 19, 2009, and was suspended from membership with MACPA and AICPA for a period of two years as a result of his consent to the issuance of an Order Instituting Public Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules and Practice, Making Findings, and Imposing Remedial Sanctions in settlement of the Security and Exchange Commission's (SEC) charges that he engaged in improper professional conduct within the meaning of Rule 102(e)(1)(ii) of the Commission's Rules of Practice in connection with the audits of an SEC registrant. Mr. DiFazio neither admitted to nor denied these findings. As a result of his settlement, Mr. Difazio was also directed by the AICPA, that if he resumes audits, review, and/or compilation engagements within two years of the effective date of the settlement agreement, he must complete 85 hours of continuing professional education, be subject to pre-issuance and a review of a subsequent work product.

Duane K. Higgins, CPA of the firm Deloitte & Touche LLP, settled charges on February 23, 2009 was suspended from membership with MACPA and AICPA for a period of two years ending on February 26, 2010, concurrent with the period imposed by the Securities and Exchange Commission (SEC), as a result of his consent to the issuance of an Order Instituting Public Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules and Practice, Making Findings, and Imposing Remedial Sanctions dated February 26, 2008 in settlement of the SEC's charges that he engaged in improper professional conduct within the meaning of Rule 102(e)(1)(ii) of the Commission's Rules of Practice in connection with the

audits of an SEC registrant. Mr. Higgins was also directed by the AICPA, that if he resumes performing audits, reviews and/or compilation engagements within two years of the effective date of the settlement agreement, he must complete 66 hours of specified continuing professional education and be subject to a review of a subsequent work product. Without admitting or denying the findings, Mr. Higgins was denied the privilege of appearing or practicing before the SEC with the right to apply for reinstatement after two years.

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Ethics Q&A: Failure to Secure Form 8879 Is Risky

This column highlights issues and questions submitted to the MACPA Professional Ethics Task Force. Responses may not consider all of the unique circumstances that are part of an ethical inquiry.

Q: What are the implications if I E-File an income tax return prior to obtaining a completed IRS Form 8879?

A: When E-Filing an income tax return on behalf of a client, the IRS guidelines state that both individuals listed on a joint return must review the return and complete the [IRS Form 8879](#) when they are unable to personally enter their PIN upon transmission of the return. The PIN is instead written onto the Form 8879 and subsequently signed and dated by the couple. ***Do not transmit the completed return unless the Form 8879 has been signed and dated by both individuals. The IRS has indicated that the Form 8879 signature dates must be concurrent with or before the actual transmission date to validate the electronic signatures.*** Once complete, the Form 8879 is to be kept on file in the office of the electronic return originator (ERO) for a period of 3 years.

Failure to obtain the required approval of the return and signatures on the Form 8879 could result in loss of your e-filing privileges and is a clear violation of the *MACPA's Code of Professional Conduct*. If the IRS were to become aware that an income tax return was e-filed prior to proper completion of the Form 8879 and thus indicating insufficient review of the return by the taxpayer, the IRS may revoke your e-filing privileges. E-filing the return without a completed Form 8879 is also a violation of [Rule 201.01b](#), failure to exercise due professional care in the performance of professional services and [Rule 202](#), failure to comply with standards promulgated by bodies designated by Council in performing professional services, of the *Code of Professional Conduct*.

While it is difficult to determine if the client has given sufficient attention to the work you've completed on the return, if you e-file the return without authorization via the Form 8879, you are furthering the taxpayer's ability to contend later on down the road that they were never given the chance to review your work, whether or not that may have been the case.

Lastly, it is not necessary that you, as the CPA and ERO be present at the time the taxpayer reviews your work, nor is it necessary that you are present to witness the completion of the Form 8879. Many firms have procedures in place where administrative staff can both provide the final copy of the return to the taxpayer, as well as the blank Form 8879. The Form 8879, furthermore, does not need to be completed in your presence, nor the presence of the staffer. If one spouse is unavailable to sign the Form following joint review of the return, a copy of the completed Form 8879 may even be faxed to the office of the ERO prior to e-filing.

While it is understood that providing your clients with the expeditious attention they deserve, it is not worth risking your reputation and e-filing privileges to circumvent IRS guidelines in doing so. If your client cannot understand why it is important that they review their return and both taxpayers complete the Form 8879 prior to e-filing, perhaps their business isn't worth the risk.

Additional information regarding e-file is available here: <http://www.irs.gov/pub/irs-pdf/p1345.pdf>

Members with questions regarding interpretation of the Code of Professional Conduct should contact the MACPA Regulatory Affairs Department.

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CPAs Meet with Congressman in Traverse City



Traverse City-area CPAs enjoyed the opportunity to network with colleagues, as well as converse with the Congressman in an intimate lunch setting.

On January 16, 2009, Michigan CPAs from the 4th Congressional District enjoyed the opportunity to meet their U.S. Representative at the "CPAs for Congressman Dave Camp" lunch reception hosted at the Park Place Hotel in Traverse City. Congressman Camp, a loyal friend to the CPA profession over the years, has supported policies that have been endorsed by the AICPA. Most recently, Congressman Camp co-sponsored legislation in the U.S. House of Representatives seeking to equalize taxpayer and tax preparer reporting standards by reducing the tax preparer standard from "More Likely Than Not" back to a "Realistic Possibility of Success."

Traverse City-area CPAs also enjoyed the opportunity to network with colleagues, as well as converse with the Congressman in an intimate lunch setting. Congressman Camp indicated he was pleased to have the chance to show his appreciation to small business owners who drive the local economy of the 4th district, and the "financial experts desperately needed to help Michigan thrive again." He shared his hope that CPAs statewide understand how important their role will be over the coming months and years as the nation works through tough economic times.

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MACPA Claims Recent Success on Legislative Front

MBT Penalty Relief

On March 18, the Michigan House of Representatives unanimously passed [House Bill 4496](#), addressing the issue of penalty relief for underpayment of estimated Michigan Business Tax (MBT) liability. The bill prohibits the assessment of penalties for a tax year ending before December 1, 2009 if the taxpayer paid at least 75 percent of the tax due in the tax year. The measure now travels to the Senate Committee on Finance for consideration.

Prior to MACPA's support for and development of the amendment to this bill, the original threshold proposed was 85 percent and the measure did not extend to fiscal-year filers. MACPA Legislative Advisory Group and Business Tax Restructuring Task Force members worked with Department of Treasury officials, the bill's sponsor, and House Tax Policy Committee leadership to develop the version passed by the House.

MBT Surcharge Replacement?

Over the last several weeks, frequent talk in Lansing centered on proposals to repeal and replace the MBT surcharge levied in 2007. Senate Majority Leader Mike Bishop (R-Rochester Hills) recently floated the idea of using part of the \$5.69 billion being sent to Michigan as part of the federal economic stimulus package as replacement for lost tax revenue.

However, as recently as this week, Governor Jennifer Granholm floated an idea of her own regarding the repeal of the surcharge. The Governor has essentially struck down Sen. Bishop's proposal to use federal stimulus dollars to make up any difference in the revenue stream. Her suggestion: a graduated income tax increase to serve as the revenue replacement.

While Senate Republicans have already passed a bill this year that would gradually repeal the surcharge over time, such legislation is not expected to make it far in the House. Furthermore, Senate Republicans have not been forthcoming with any additional legislation that would serve to replace the \$600-\$700 million that the surcharge is expected to generate.

One thing that both sides of the aisle can agree on is that the MBT surcharge must be repealed. The debate on just how that will happen rages on. As proposals arise and debates move forward, MACPA will continue to keep members apprised of any important developments on this front.

License Mobility

To date, 38 states have passed CPA license mobility legislation, in one form or another. The most recent developments come out of Kansas, Montana and North Dakota where in the last few days, all three states have sent bills to their respective governors for signature. Several more states are working to pass legislation in the coming weeks and months. To stay informed on recent developments, please visit MACPA's online resource for the nationwide [CPA license mobility initiative](#).

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Marketing

The Great PR Opportunity: Tips and Truths about Public Relations for the Tax & Accounting Profession

By Kristy Short, Ed.D

One undeniable truth is that public relations and CPA firms make a good team. Unfortunately, PR doesn't always get the credit it deserves and can largely go ignored by tax and accounting professionals. The general perception is that PR doesn't benefit firms—at least in a measurable way (i.e., ROI). As such, it's labeled as a "Nice to have" rather than a "Need to have." In reality, a sound public relations program has the power to significantly boost client referrals, and that translates to higher revenue. So in this dollars-and-cents profession, it makes sense to integrate public relations into your business model. Bottom line, public relations, planned properly, can offer firms of any size enormous bang for the buck.

One of the biggest misconceptions of public relations is that it is limited to sending out press releases. This couldn't be further from the truth. In fact, a solid PR program is part art, part science. The artistic aspect is accomplished through creative initiatives. Beyond press releases, firms have the opportunity to implement innovative client communication programs that create a two-way flow of information and keep clients in close contact. For example, e-newsletters and customized e-mail campaigns that are chock full of helpful tips and information are excellent tools to keep clients informed.

The science of effective public relations is represented by the process itself—the structured plan of how to get the word out. That's where a sound PR program comes into play. When the right balance is created between the art and the science, the results can be very rewarding.

From increasing credibility and visibility via media coverage to cultivating enduring client loyalty using personalized communications, the Great PR Opportunity is up for grabs.

Even if you are not yet convinced, just consider a few more truths and tips about public relations for the tax and accounting professional and how they might apply to your firm.

1. Prime the Referral Gold Mine

The tax and accounting profession is largely referral-based, meaning that your existing clients represent a referral gold mine. It goes without saying that happy, satisfied clients are more likely to refer your services, and one of the best tactics for ensuring satisfaction is to make clients feel connected to you. Implementing scheduled client communication initiatives reinforces the relationship, because it consistently puts you in front of your clients. Communications that provide useful information, like tips on running a successful business or reminders of important deadlines, will further enhance the relationship and build loyalty among your client base. And loyal clients are your best source for referrals.

2. Get Techy – Your Clients will Love It

How you communicate with clients and the general public should not be limited to e-mails and printed pieces. Web 2.0 technologies offer an array of powerful tools to get the word out. Consider starting a web log (i.e., blog) on your website—providing clients with a variety of helpful information and links that they can access daily. Follow up high-level e-mails with invitations to view or listen to detailed podcasts, where you are the subject expert. Podcasts not only conveniently deliver information online, but also put your face (or voice) in front of your clients, creating intimacy and a deeper feeling of connection to you and your firm. These technologies are simple to develop, but will make you look tech-savvy to your clients.

3. Enhance Credibility, not Just Visibility – Get Your Story to the Media

While advertising increases name recognition, media relations increases credibility.

When people read a positive article about an organization in a newspaper or trade publication, they are much more likely to have a favorable opinion of that organization.

Unlike advertising that promotes presence, media coverage offers credibility. Even better, coverage in a leading publication has a much longer effect than almost any other marketing effort...and it's free!

4. Press Releases—Still the Foundation of Your PR Program

Because media coverage promotes credibility, never give up on trying to secure coverage. That means consistently developing and launching press releases and posting them on your website – effectively offering a history of your accomplishments.

In a constantly changing profession like tax and accounting, there's always a story to share. In fact, the possibilities for media-worthy releases are virtually endless. Here are just a few examples: announcing newly acquired clients, industry awards received, expansion of business/facilities, involvement in local events or charities, scholarships created and awarded, staff promotions, joint ventures, published white papers, and expert speaking engagements. Remember, to get the media's attention, you have to consistently put yourself in front of them. Press releases are a tried and true public relations tool.

5. Your Web Site is a Great PR Tool

Your web site provides the perfect home base for your clients and the media. The more frequently clients are directed to your web site, the stronger the connection. And media professionals will appreciate the shortcut to your information. So, when planning public relations activities, don't forget about your web site. Embed dynamic links in client communications and press releases that direct your audience back to your site – and to you.

There are numerous opportunities for tax and accounting firms to improve their visibility, enhance credibility, and attract new clients – all of which add up to solid growth and increased profitability. A dedicated public relations program can accomplish all of these things. The Great PR Opportunity is real, and the most successful tax and accounting firms are taking full advantage of it.

About the Author

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Continuing Education

Business and Industry Member Focus

2009-2010 CPE Course Schedule Available Online – Prepare Now for the End of the Reporting Period

With the CPE reporting period winding up on June 30, 2009, the MACPA wants to help you get the education you need, when you need it. With a host of new courses designed specifically for our Business and Industry members, along with the return of many of our most widely attended events, you'll find many quality programs to meet your educational needs as the reporting period comes to an end.

For CPAs in business and industry, with different needs from our member in public accounting, the MACPA offers a new course roster designed for you. Quick four-hour programs will help save you time while providing education on corporate ethics, International Financial Reporting Standards, forensic accounting, new FASB Codification, and more skills. To see the complete listing of courses for CPAs in business and industry visit this link on the MACPA [website](#).

Changes have been made in Washington that will affect CPAs all across the country. With the passing of the *American Recovery and Reinvestment Act of 2009* there will be substantial changes and relief to both businesses and individuals. To assist you in understanding the changes in business and individual tax breaks, energy tax incentives and other credits, the MACPA has developed multiple new programs between now and the end of the reporting period. View the complete listing of courses [here](#).

Along with new courses, you will see the return of our most popular conferences including the [Healthcare Conference](#) and Industry Professionals Conference. This year's Healthcare Conference will delve into changes affecting CPAs working in this market segment, given the dramatic reformation of the Healthcare system being driven by the new President. This is a great opportunity for all CPAs to prepare themselves and their clients for what lies ahead in the Healthcare industry.

The return of the [Industry Professionals Conference](#) will focus on effectively navigating Michigan's economic decline and improving the financial condition of your organization. Crain's Detroit Business 2008 CFO of the Year Award winner Andrew Gutman, CFO for the Farbman Group, will share how he saved millions of dollars for his firm's real estate clients, and how effective financial management is the key to success for every organization.

For more CPE opportunities, please visit the MACPA's online [CPE Catalog](#) or contact the MACPA CPE department at 248.267.3700. We look forward to seeing you at our continuing education events this spring.

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Technovision

Information Security Continues to Be Vital for CPAs in Public Accounting, Business and Industry

Consider the following: an employee within your organization receives an email from a co-worker and, since the sender is on the employee's "trusted list," she clicks on a link within the email. She assumes the link is secure, but instead, she accidentally releases a virus into the organization's server and compromises confidential data for the entire firm.

This example of the limits of anti-virus software and the unknowns of human behavior demonstrates the importance of information security as it continues to be a top concern for businesses around the world. As technologies in the business world continue to advance, threats from cyber hackers and thieves continue to evolve at an equal or greater rate, jeopardizing a corporation's ability to safeguard intellectual property and maintain data security.

According to the *AICPA's annual Top Technology Initiatives Survey*, Information Security Management is the most important initiative affecting IT strategy, investment and implementation in business organizations, and has been the top IT initiative for the last seven years. Additionally, rounding out the top three technology initiatives in the survey are Privacy Management and Secure File Storage Transmission and Exchange, which both are related to strategies that safeguard an organization's information assets.

With the increased pressure on companies to comply with security standards, most businesses try to maintain a competitive edge by keeping certain security initiatives at the forefront of their plans. First and foremost is the ability to send confidential files within a secure environment. Around the globe, millions of emails are sent every second. Employees may send emails with client or organization proprietary information without thinking twice, which can cause a potential threat to the client or organization.

Regardless of the size of the firm, or the types of files being sent through cyberspace, there remains a constant need to place locks, encryption and other security measures on these electronic files. Companies should consider investing in a secure file exchange network using hosted services. This gives the organization and its staff greater protection against data exploitation when files are sent internally and externally.

With the high-end awareness of data security in the marketplace, escalations in non-compliance are becoming more frequent. The ability for staff to mobilize, utilizing laptops and handheld devices when working away from the office, also contributes to the heightened need for security. Focusing on security reduces scrutiny on an organization's internal controls and allows its goodwill to remain in tact.

As companies are taking appropriate security measures at an increased rate, the processes

become evermore complicated by the human element that the use of mobile devices introduces. While businesses are excited to capitalize on mobility by giving their employees newfound flexibility and freedom, this also poses a serious security threat if any mobile devices are lost. Most people forget to erase files on their electronic devices when they trade them in for a newer version or leave the organization, providing a logical argument for employing data encryption.

Whether data resides on laptops, thumb drives, blackberries or any other electronic storage device, the most pressing question facing companies trying to protect their information is how to make the data unreadable if it falls into the wrong hands. A measure some companies have taken is to implement a software product which enables employees to secure and encrypt all of their sensitive data. When encrypted data gets in the hands of a thief, the information becomes scrambled, accessible only by a specific pass code. By utilizing data encryption software and policies surrounding its usage, companies can provide some degree of protection.

Fundamentally, a CPA must understand and be knowledgeable about the most pressing security initiatives affecting the profession, be aware of specific solutions to combat these threats and successfully implement best practices for deploying the necessary security measures that protect clients, firms and organizations in general.

CPAs can help with the implementation of these new technologies into a business by consulting with clients to determine critical business decisions such as creating internal controls and meeting industry standard regulations. Additionally, CPAs play a role in designing systems for managing sales, adjusting manufacturing and administrative procedures, and establishing timetables for technology upgrades — all of which play a vital role in protecting a corporation's financial, fixed and intangible assets.

Additionally, when CPAs continue to enhance their education in technology initiatives, they become a more valuable asset to their organization and open the door for career growth and opportunities in today's world of emerging technology.

When it comes to the employee, or the end-user, knowledge is power *and* security. The need for training and competency in today's age of technology is matched only by an organization's responsibility to protect its confidential information. The more knowledgeable employees are about their computers, the better prepared they will be when a threat does come along.

"Training is the single best way to capitalize on assets and gain the most value from already existing resources", said David Cieslak, former chair of the AICPA Information Technology Executive Committee (ITEC), and current principal of Arxis Technology, Inc.

Training addresses one of the most vital elements to keeping information secure: the human element. No matter how many security measures are put into place, human errors play a crucial role in deciding how well an organization can protect its assets.

Safeguarding intellectual property and maintaining data security requires technological expertise and the ability to adapt to the ever-changing electronic communications of the

business world. Utilizing protective measures such as securing confidential files, data encryption, and other basic initiatives such as employee training and even locking equipment with sensitive information, can all play a role in safeguarding an organization's data. CPAs play an essential role in synergizing business initiatives with the information security needs of an organization.

"CPAs have a unique vantage point. They understand the sensitivity of the information and can play a fundamental role in identifying and deploying the appropriate procedures to protect sensitive information," said Cieslak.

As businesses continue to grow with emerging technologies, and the threats from cyber thieves remain ever vigilant, CPAs will always be on the front lines to protect the assets of organizations everywhere.

For more information about the AICPA's annual *Top Technology Initiatives Survey* and the other technologies on the list, visit <http://www.aicpa.org/toptech>.

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Association Briefs

Members Advisory Symposium: Spring Brings a Fresh Perspective on the Profession

New additions to MACPA's Spring Members Advisory Symposium bring a fresh perspective on the profession. Given the country's current economic situation, the MACPA offers members the chance to hear from Jeff Thredgold, one of the country's most articulate economists.

President of Thredgold Economic Associates, Jeff runs economic consulting and professional speaking company based in Salt Lake City, Utah. You may have seen him on CNBC and CNN or read his economic forecast surveys in USA TODAY. He has spoken more than 1,000 times during the past 20 years, helping people in various industries understand the often confusing maze of the economy and financial markets.

As a certified professional speaker, Jeff entertains while enlightening his audiences about the economy. Join Jeff as he takes you on an up-to-the-minute tour of the financial markets, education and government. Find out what's going on today and what he sees on the horizon for tomorrow.

MACPA President and CEO Peggy Dzierzawski will also touch on the economy and how the Association is coping with the current environment. From developing new partnerships to giving back to the community, Peggy will explain why MACPA is a bright light in the midst of a gloomy situation in Michigan.

The MACPA's Spring Members Advisory Symposium is on May 7, 2009 at the Lansing Center in Lansing. Save the date because this is one event you won't want to miss.

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Association Briefs

2009 MACPA Tax Assistance Program – Members Giving Back to the Community



MACPA members ranging from a freshman in college to CPAs with decades of experience generously volunteered their Saturdays to prepare taxes, at no charge, for low-income families and individuals at the 2009 Tax Assistance Program (TAP). TAP is a key initiative of the MACPA Communications Task Force in partnership with the Accounting Aid Society (AAS). This year, the program was held on January 31, February 7 and February 14 at Focus: HOPE in Detroit. Volunteers prepared taxes for 130 under-privileged citizens, garnering a total of approximately \$150,000 in returns.

Volunteers walked away with the knowledge that they helped those who truly needed assistance and appreciated the service. In fact, one client expressed her gratitude by commenting, "My husband and I are so grateful for the Tax Assistance Program. We have come for the past few years and everyone is always so friendly and knowledgeable with answers to our questions. Thank you for such high level of service and kindness."

In addition to partnering with the AAS, MACPA also teamed with the Karmanos Cancer Institute to educate clients about the Michigan Department of Health's [Breast and Cervical Cancer Control Program](#). Representatives from the Karmanos Cancer Institute were on site at Focus: HOPE all three days to register clients for screening. Through this program, low-income women now have access to life-saving cancer screening services and follow-up care, including cancer treatment if necessary.

Dates for the 2010 Tax Assistance Program will be available in the fall. If you are interested in volunteering, please contact us at 248.267.3700 or wsalmmons@michcpa.org.

Thank you to our 2009 Tax Assistance Program volunteers:

Lorena Bencsik
John Douglas
Diane Edwards
Jaime Finfrock
Hawanya Garrett
Milbia Hernandez
Eric Lynn

Stella Moulton
Anne Mount
Therese Nottingham
Julie Oldham
Verne Paxton
Joe Petrella
Joe Robach
Beverly Roberts
Mark Rottermond
Sophia Shen
Ganell Smith-Mack
Julie Styrna
Paul Taros
Steve Zimmer

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Association Briefs

High School Educators and the MACPA – Preparing Students for Accounting Careers



Generating excitement for a future in the accounting profession is a top priority for the MACPA. However, with a wide horizon of opportunities open to high school students, it is a challenging task to dispel long-standing misperceptions about the CPA profession. The MACPA's High School Leaders Conferences are proving to make a significant positive impression on students.



These conferences offer students a chance to look beyond the stereotypical responsibilities of a CPA. Students witness the excitement and a wide-range of opportunities with a future in the accounting profession. CPAs from all facets of the profession speak to students and inspire them to pursue a CPA career.



Paul MacDonald, CFO of Detroit Red Wings, made a huge impression on one student who attended the 2009 High School Leaders Conference at Wayne State University. This high school junior was contemplating a future as a CPA, but after hearing about MacDonald's experience as a CPA and CFO for the Stanley Cup Champions, he made up his mind; he wants to follow in MacDonald's footsteps and pursue his CPA license.

Another student said she was not completely sold on the accounting profession prior to attending the Conference. After listening to the CPA presenters, she decided that she wanted to become a CPA and work in forensics.

The responses of these two students typify the result the MACPA is aiming for each year with these conferences. With presentations from CPAs in the entertainment industry, forensic accounting and major accounting firms, students are introduced to a world that is far more engaging than they may have thought.

So far, the MACPA has conducted High School Leaders Conferences at Michigan State University, Oakland University, Aquinas College and Wayne State University, reaching more than 500 students and teachers. Upcoming events are slated for University of Michigan-Flint and Walsh College in Troy. For more information about the MACPA's High School Leaders Conferences please visit the [website](#), view the [video](#) or contact [David Johnson](#) at 248.267.3700.

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Association Briefs

New Feature on MACPA Website Gives You Option to Save Money and Get to Know Colleagues

The Association understands that everyone is looking for ways to cut spending, so we've created a new option that may help you save some money and network with colleagues at the same time. A new feature on the MACPA website will allow Continuing Professional Education registrants to access a list of other program participants, providing the opportunity to arrange a carpool or simply to see who else is attending. Utilize this networking tool to connect with fellow professionals before, during and after the meeting to enhance your experience.

On the MACPA website, click on [Manage My CPE](#) under the Continuing Education tab. Select My Current Registrations to see a list of courses you are attending. Simply click on a course title and a list of MACPA members who are also attending will appear. Select an individual's name to access contact information.

Not only can you save money by carpooling, as an added bonus you will be helping to save the planet's natural resources and extending your professional network. If you have any questions, please contact the MACPA at 248.267.3700.

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In Memoriam

Clarence J. Alandt

February 11, 2009

Waterford, MI

Joined MACPA: January 17, 1949

Certified: June 13, 1946

James F. Attaway

December 28, 2008

Ann Arbor, MI

Joined MACPA: April 30, 1956

Certified: February 02, 1956

Lary M. Franks

January, 2009

Plymouth, MN

Joined MACPA: March 31, 1976

Certified: September 29, 1975

Stephen Fritsch

February 10, 2009

Grand Rapids, MI

Joined MACPA: October 31, 1973

Certified: September 13, 1973

Ralph Kliber

February 15, 2009

Grosse Pointe Woods, MI

Joined MACPA: February 04, 1943

Certified: December 31, 1942

Andrew J. Murany

November 4, 2008

Farmington Hills, MI

Joined MACPA: December 31, 1972

Certified: October 19, 1972

William Rohn

November 24, 2008

Ellicott City, MD

Joined MACPA: March 31, 1972

Certified: January 27, 1972

William R. Zimmer

October 16, 2008

Ann Arbor, MI

Joined MACPA: October 31, 1960

Certified: February 06, 1959