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Dear Members

The roller coaster ride of 2008 continues. Who could have predicted the events of 2008 at this point in 2007? The campaigns and elections are now behind us and the hard work of addressing the many challenges our nation faces in the short term and long term is just beginning.

This issue of BusIndNews features the results of our Business and Industry Economic Outlook Survey. Clearly, the news is not good. Pessimism about the economy is at an all-time high and, perhaps most significantly, for the first time in our history of conducting the survey those of you who are pessimistic about the prospects for your own companies outnumber those who continue to have reason for optimism.

At our recent Controller's Workshop in Orlando, AICPA Chair Ernie Almonte made the presentation of our 2008 AICPA Business and Industry Hall of Fame awards and also shared with us his views of the profession and our role in the economy. Ernie is a dynamic leader for all CPAs. His belief that "The actions of the individual matter and CPAs collectively can make a difference" rings true regardless of where we work ... in government, business and industry, public practice, education, etc.

As CPAs, you are well equipped with skills and values critical to help lead your organizations through these challenging economic times. Unfortunately, challenging business conditions sometimes create challenging ethical situations for our members. Some years ago we developed an [Ethics Decision Tree for CPAs in Business and Industry](#). Our hope is that you never need to use this resource. However, if you do, we hope you find it helpful.

Please remember to take a just a few minutes and click on this link to review and update your profile information (www.aicpa.org/my+account). Your input will help us better plan and deliver programs, products and services that address your current and future needs. Thanks for doing this.

Please keep your thoughts, comments and questions coming to us via e-mail at cmckittrick@aicpa.org.

Best regards,

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Christopher T. McKittrick, CPA
Director of Members in Business, Industry & Government

Top Stories

Business and Industry Economic Outlook Survey

The results of the 4Q AICPA/UNC Kenan-Flagler Business and Industry Economic Outlook Survey are decidedly negative. Pessimism is at an all time high with pessimists outnumbering optimists by a ratio of 16 to 1. Respondents don't see any change in the near term as only 9% expect the economy to begin to improve before the 2nd half of 2009 and 49% expect that it will be 2010 or later before the economy improves. Despite this the majority (54%) of respondents do not think Congress should pass a second economic stimulus.

For the first time, the number of CPAs with pessimistic outlooks for their own organizations exceeded the number of CPAs with optimistic outlooks. Forty-one percent of respondents were pessimistic or very pessimistic about the outlook for their own organizations. This trend is mirrored in the expectations organizations have for expansion or contraction with 45% of respondents now expecting their firms to contract. In one small nugget of good news 31% of respondents still expect some expansion in the next twelve months. As with past surveys the CPAs surveyed are still more optimistic about the prospects for their own organizations than they are for the US economy.

While customer demand remained the top challenge for businesses, capital cost and availability and receivables collection moved up to take the #2 and #3 spots. When asked if the credit crisis was impacting their company directly, 66% indicated that their organizations were being impacted in some way. This is up from 55% that were experiencing issues in April. Twenty-eight percent are experiencing problems with collections, 25% are experiencing higher credit costs and/or stricter terms and 21% are finding that previously available sources of financing are no longer available.

This quarter we once again included a question concerning actions companies are taking in response to current economic conditions. After showing only small changes in the previously two quarters, this quarter showed significant change with many companies taking at least one action. Related to concerns about credit, capital spending cuts were the most frequently cited action followed by hiring freezes and travel restrictions.

Complete survey results are available on the [FMCenter](#).

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Credit and Collections - Best Practices for the Worst Times

Benchmarking experts the Hackett Group have released a Performance Study Analysis of the top performing credit and collections practices. Readily acknowledging that this is an area that does not often get much attention in strong economies, leading to bad habits developing over time, the article identifies a number of practices in three key sub-processes of the customer-to-cash (C2C) process that are critical in difficult times.

While targeted to larger companies, the [article](#) (registration required), provides a valuable summary of effective practice for any size company looking to make sure their credit, collections and dispute management functions are performing as they should be in this economic environment. A few of the key elements that characterize top performance include:

1. **Clear and concise credit policies** - that include credit reviews that are in line with corporate risk strategy and authorizations.
2. **Tactical tools** - such as risk-scoring models that provide decision support not only for the questions of, if and how, to conduct business with a potential new customer, but also produce early warning signals for existing customers that might be becoming a more significant credit risk.
3. **Collections strategies** –linked to the credit policy and risk assessment, including sales and shipping holds triggered from the signals generated by the risk scoring for a customer.

Finally, the technology solutions for the highest performing companies are integrated and enable an end-to-end solution in managing customer activity from order entry to payment posting.

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SEC Releases Proposed Roadmap for IFRS Transition

On November 14, the Securities and Exchange Commission released its long-awaited road map for U.S. public companies' transition to the use of International Financial Reporting Standards. The commission set a longer-than-expected 90-day comment period for the proposal, which puts forth milestones that, if met, could lead to the required use of IFRS by U.S. issuers in 2014.



The commission also is seeking comment on two alternative proposals under which U.S. issuers that elect to use IFRS would disclose U.S. GAAP information. AICPA Senior Vice President Arleen Thomas has recorded a two minute [report](#) on the proposed roadmap. A summary article is also available at

AICPA Leads Coalition for Relief from Pension Funding Rules

The AICPA and more than 300 other businesses and nonprofit organizations sent letters to four House and Senate committees warning that the "drop in the value of pension plan assets coupled with the current credit crunch has placed defined benefit plan sponsors in an untenable position." The letters recommended technical corrections to the Pension Protection Act of 2006 that would reflect congressional intent, permit full smoothing of unexpected losses and allow sufficient time to transition to the law's target of 100% funding for pension plans. [Read the letter](#) signed by the AICPA.

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AICPA Comments on SEC Fair Value Study

The AICPA submitted [comments](#) to the SEC about the study the Commission is doing on mark-to-market accounting for financial institutions, as mandated by Congress under the emergency Economic Stabilization Act of 2008. The AICPA emphasized the importance of transparency in accounting standards and in having the Financial Accounting Standards Board be the body to consider the study's recommendations. The comment letter encouraged the SEC and FASB to continue their efforts with the International Accounting Standards Board and international regulators to promote converged accounting standards related to fair value for public companies.

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Hall of Fame Awards Presented at Controllers Workshop

AICPA Chair Ernie Almonte presented the 2008 AICPA Business and Industry Hall of Fame awards at the Controller's Workshop East on November 14 at the Hilton - Walt Disney World® Resort in Lake Buena Vista, FL.

The 2008 inductees are CB (Mike) Harreld, Jr., executive vice president and chief financial officer, Southern Company Transmission, Atlanta; Gary Kabureck, corporate vice president and chief accounting officer, Xerox Corporation, Norwalk, Conn; and Paul J. MacDonald, vice president of Finance, Detroit Red Wings, Detroit.

Our congratulations to each of these accomplished CPAs for their induction into our [Hall of Fame](#).

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Tech Center

Top Technology Initiatives Survey Opens - All AICPA Members Invited

In celebration of the 20th anniversary of the AICPA Top Technology Initiatives survey, all AICPA members are invited for the first time to vote on the important and emerging technology initiatives. Prior survey respondents were limited to IT Section members, Certified Information Technology Professional credential holders and other external technology professional organizations. Each year, accounting professionals refer to the AICPA Top Technology Initiatives list to learn about the technology initiatives that CPAs, and other technology experts who work closely with CPAs, anticipate will have the greatest influence on IT strategy, investment and implementation in the next 12 to 18 months. Voting begins today and is open through Nov. 26. [Vote Now!](#)

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IT Vendor Management Webcast — Dec 8

Also brought to you by our colleagues in the IT Section, this 90 minute webcast on IT Vendor Management on December 8 will provide guidance on navigating the risks of IT outsourcing. In these tough economic times, pressure to use information technology vendors to realize significant cost savings in delivering services and developing products will only increase. [Register Today!](#)

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XBRL – Transforming Financial Reporting — Dec 16

On December 16th, join the live panel of key experts as they discuss the impacts of the SEC rules and how this technology will change the way companies communicate and disseminate information to stakeholders.

[Register Today!](#)

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Learning Links

Self-Study CPE for Cash and Working Capital Management

Managing the finance function in challenging times calls for paying attention to the details and getting the most out of your cash and working capital processes. These two best-selling self-study courses will help you make sure you are on top of your game in these critical areas:

[Cash Management: Collect it Faster, Keep it Longer, Spend it Slower](#) is a comprehensive course that covers the following ground:

- Design collection and disbursement management systems
- Develop cash flow planning models
- Improve rate negotiations
- Evaluate investment and financing options
- Build sophisticated cash management models
- Understand the effects of changes in technology

[Best Practices in Managing Working Capital: Current Assets and Liabilities](#) takes an in-depth look at finance and accounting functions and systems. The objectives of this course are to:

- Incorporate best practices in working capital management
- Analyze asset turnover and profitability
- Reengineer the finance and accounting function

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Free Test Drive for New AICPA CPEExpress

The AICPA's popular online learning library has a new name and enhanced functionality. A 30 day free trial of CPEExpress, formerly known as InfoBytes, is being offered to introduce the new features and appearance of the product. For more info click on [CPEExpress](#) and register for your free trial.

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Financial Training Decision-Makers:

For information on in-house training and tools to manage professional development, go to [AICPA Learning](#) or call 1-800-634-6780, Option 1.

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Codification Corner

December JoA Article Focuses on Codification

Shortly on the heels of this issue of BusIndNews hitting your screen, your December Journal of Accountancy should arrive featuring the article [Test-Driving the Codification](#). The authors of the article offer a short case study that provides an example of how to research an issue using the new codification and encourage readers to do their own test drive before the Jan 15 deadline for comments.

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New FASB Codification Resource Available

For those of you who may want a bit more guidance in the workings of the new FASB codification, a new Financial Reporting Alert (FRA) is also now available. *FASB Codification Developments — 2008: Strengthening Financial Management and Reporting* is intended to provide accountants practicing in business and industry with a better understanding of the Codification and provides case studies on how to navigate the Codification system and conduct accounting research. Click on the following link to order your copy of the [FASB Codification FRA](#).

As a service to our members in Business and Industry we have compiled resources about the Codification project on our [Financial Management Center](#). All of the AICPA resources are also located on the [AICPA Codification Website](#).

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Upcoming Webcasts

Quarterly CFO Roundtable –Year-End Accounting Round-up

Join your fellow professionals on Wednesday, December 3rd for this live interactive AICPA webcast titled **Year-end Accounting Roundup**. This program will give you a comprehensive review of timely accounting pronouncements impacting year-end 2008 and fiscal 2009 financial reporting. [Register Today](#) for this “can’t miss” update featuring the following three outstanding presenters:

Asad Chaudray, CPA - Senior Manager KPMG LLP

Diane Inzano, CPA - Practice Fellow Financial Accounting Standards Board

Cynthia Jamison, CPA - National Director of CFO Services Tatum LLC

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SEC Quarterly Update – Dec 18

The SEC Quarterly Update Webcast Series – brought to you each calendar quarter by the **AICPA** – lets the profession's leading experts give you what's "hot" at the SEC.

[Register Today](#) for the December 18 program or click on the following link to check out the AICPA member [series discount and dates](#) for 2009 updates.

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Conference Spotlight

[AICPA National Conference on SEC and PCAOB Developments –](#)

December 8-10

Don't miss the latest accounting and reporting issues that affect SEC reporting entities. The Conference will open with remarks by new AICPA Chairman of the Board Ernie Almonte, and also will feature keynote speakers SEC Chairman Christopher Cox and PCAOB Chairman Mark Olson, along with IASB Chairman Sir David Tweedie, FASB Chairman Robert Herz and other prominent regulators. You'll also benefit at the conference from interactive learning experiences and numerous networking opportunities.

Participants attending in [Washington DC](#) will have the opportunity to attend two optional pre-conference sessions:

1. The first pre-conference session will be a pair of panel discussions on IFRS. The first panel will provide a broad understanding of the guidance relating to first-time adoption of IFRS as well as key similarities and differences between IFRS and US GAAP. The second panel will provide an overview of key business issues associated with IFRS

implementation.

2. The second session will be a **complimentary** practical workshop that will focus on what you will need to understand in order to get ready to submit your XBRL Financial Statements.

In addition to the [Washington DC](#) main event at the Marriott Wardman Park, this year's conference will have video simulcast events at the following locations: [Houston, Tx](#), [Chicago, Il.](#), [La Jolla, Ca](#), and [New York](#). Click on the links to register for your desired location today.

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