

December 17, 2008, No. 124

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Dear Members

"These are the times that try men's souls."

- Thomas Paine, *The Crisis*, December 23, 1776

This simple quote from the time of the American Revolution seems to describe our current uncertain times as well. And it seems to me that uncertainty requires us to sharpen our survival skills. I went to Wikipedia for a definition of these terms and here they are (slightly edited):

Uncertainty is a state of having limited knowledge where it is impossible to exactly describe the existing state or future outcome; more than one possible outcome. **Survival skills** are techniques a person may utilize for an indefinite duration in order to survive a dangerous situation. Generally speaking, these techniques are meant to provide the basic necessities for human life and address the need to **think straight**, to **signal for help**, to **navigate safely**.

As CPAs, you are well equipped with skills and values critical to help lead your organizations and your own career through the uncertainty and challenges of 2009 and beyond. Our mission here is to provide AICPA members in business with the resources, information, and leadership that will help you continue to develop in your career and to provide value in the highest professional manner to benefit the public as well as your employers. This issue of BusIndNews features a number of articles and resources targeted to help you "think straight", and "navigate safely" during these uncertain times to the benefit of yourselves and your companies, always with an eye to our professional responsibility for the public interest. We are also working to develop additional resources specifically targeted to help members in business as the events of this economic crisis continue to unfold.

- **Tomorrow** (December 18) we will be offering a **free infocast** - [Surviving the Economic Crisis: Credit and Operating Finance Issues and Solutions](#) addressing some of the more pressing operational credit and financing issues that companies are facing today.
- On **January 14** the AICPA will also be offering a **free webcast** dealing with an array of political and legislative issues related to the economy and the change in administrations.

We hope you find these resources to be valuable. If you have not done so, please remember to take a just a few minutes and click on this link to review and update your member profile information (www.aicpa.org/my+account). And please keep your thoughts, comments and

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questions coming to us via e-mail at cmckittrick@aicpa.org. Finally, on behalf of the Business, Industry & Government team and the AICPA, I wish everyone a safe, happy and healthy holiday season and all the best for 2009! Best regards,



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

Top Stories

AICPA Survey Shows Growing Acceptance of Change to IFRS

According to the AICPA [IFRS Preparedness Survey](#) conducted between Sep 22 and Oct 2, the U.S. accounting profession increasingly believes that international accounting standards will be implemented in the U.S. and is beginning to prepare for a change in standards.

A 55 percent majority of CPAs at firms and companies nationwide now say they are preparing in a variety of ways for adoption of IFRS, an increase of 14 percentage points from 41 percent who were preparing for change according to an AICPA survey in April. Detailed [survey results](#) show that 38% of the respondents to the survey were members in business and industry, including 41% who indicate they work in private companies.

In May, the AICPA began helping CPAs become informed and knowledgeable about IFRS with a new, dedicated website – www.ifrs.com. As part of that initiative, the AICPA will conduct this *IFRS Preparedness Survey* of its members on a periodic basis to gauge U.S. CPAs awareness and knowledge of IFRS.

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Private Company Committee Addresses Fin 48, IFRS and Other Issues

On November 13-14 the [Private Company Financial Reporting Committee](#) met in New Orleans. In our October issue of BusIndNews we reported that the FASB had extended an additional one-year deferral for implementation of FIN 48 for all private companies pending the development of additional guidance for pass-through entities.

One of the issues addressed at the November meeting was PCFRC efforts to detail issues for that guidance. Other highlights of the meeting, which can be accessed at their website linked above, included the FASB roundtable on FAS 140 and 146(R), the formation of a user group to provide responses to the FASB on accounting issues, and possible paths for IFRS for private companies.

It is anticipated that the PCFRC will facilitate a roundtable on IFRS for private companies in 2009 after the current IASB [IFRS for Private Entities Project](#) is finalized. The IFRS for Private Entities Project originally began as a set of proposed standards for small and medium-sized entities and was changed to IFRS for Private Entities in May 2008. The comment period for the [Exposure Draft](#) of the proposed [private company standards](#) ended November 30 and the standard is expected to be published in early 2009.

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IRS 2009 Mileage Rates and Cost of Living Adjustments

Courtesy of our colleagues in the [AICPA Tax Section](#):

In [Rev. Proc. 2008-72](#), the IRS announced the new standard mileage rates for 2009. They are slightly higher than the second half of 2008 at 55 cents per mile for business, 24 cents for medical and moving, and 14 cents for charitable mileage.

[Revenue Procedure 2008-66](#) gives the 2009 inflation-adjusted dollar amounts for a variety of tax benefits including the new tax bracket thresholds, personal and dependency exemptions, and standard deduction. [Notice 2008-102](#) lists the cost-of-living adjustments applicable to dollar limitations for pension plans and other items for tax year 2009.

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Leading Through Uncertainty

A recent [McKinsey Quarterly](#) article bearing this title provides some excellent advice for preparing for what appears to be a bumpy ride of uncertain duration. Using the analogy of the electrical grid to characterize the global capital markets, the authors recognize that turning the economy back on “isn’t just a matter of flicking a switch.” Citing the limited impact of central bank and government interventions to date, they argue that the electrical grid itself needs repair, and that effective repair is dependent upon global cooperation.

The article leads with some of the unfortunate realities of our current situation and near-term future. This litany includes:

- The role of government in industry to an extent few imagined previously
- Protectionism and nationalism likely playing a larger role in policy debates
- More expensive credit, impacting businesses whose models are premised on high leverage, consumer credit, large customer-financing operations or high levels of working capital.
- Difficulty in managing funding, especially for businesses with inflexible production cycles or long-term investment requirements.

One of the keys to success in leading an organization through the difficult times as the “repair

work” is being done is to anticipate a wider range of possible paths out of the current crisis. The authors offer a grid of four potential scenarios which could have any number of actual permutations. These four are dubbed “battered but resilient”, “long freeze”, “stalled globalization”, and “regenerated global momentum.” The factors entering into these varying scenarios are:

- The length of the recession
- Effectiveness of regulatory, fiscal and monetary policies
- Capital cost and leverage levels
- Trade and capital flows
- Globalization
- Strength of nationalistic attitudes

In addition to considering a wider range of potential scenarios when formulating strategies companies also need to abandon the idea that they can reliably deliver predictable earnings on a quarterly basis in favor of ensuring the long term survival of the business. Key to doing this is to:

- Develop several coherent long-term plans rather than just one,
- Be ready to pursue alternatives
- Develop options that can be exercised when trigger events occur, including offensive moves, possible acquisitions, or reacting to a competitor’s failure
- Maintain effective business intelligence networks to collect critical information about customers, suppliers and competitors
- Re-examine engrained structures and behaviors and redesign where appropriate

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PIPE Financing an Option for Raising Cash Quickly and Quietly

One way of creating a broader range of strategic options for your company if you are publicly held is to consider using a private investment in public equity (PIPE) transaction to raise additional capital. While previously considered a capital raising option of last resort for smaller public companies, PIPE transactions and “registered direct” deals are increasingly being looked to by both large and small public companies unsure of whether a public offering will attract sufficient interest in today’s capital markets. A recent [CFO.com article](#) provides some more details about recent deals and a table listing the largest transactions in 2008.

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People or Cash – Where Should you Focus?

Some months ago we featured a Deloitte Debate in BusIndNews that covered a wide range of performance management issues. A recent [Deloitte Debate](#) focuses more narrowly on the issue of talent management and engages the subject using a point-counterpoint format to discuss whether it is more important to focus on cash or talent in difficult times.

Of course there are no clear-cut answers to this dilemma but the article offers some specific views from the retail, insurance and life sciences industries in addition to the following general recommendations for talent management in a turbulent economy:

- **Avoid across-the-board cuts** - it almost certainly makes sense to cut more in some areas and less in others.
- **Make sure talent is laser focused on what really matters** - you need to deploy talent properly, and let people know exactly how their activities contribute to the success of the business.
- **Lead in the open** - In an economic downturn, people look for a different kind of leadership. They want to be engaged and want you to tell them what's going on, how they can contribute, that they're part of the team, and that there is hope for the future.
- **Take advantage of competitors' mistakes** - Companies making wholesale workforce reductions may inadvertently lose some of their most talented people.
- **Don't mortgage your future** - Talented people are hard to find. Shareholders understand this and expect you to protect their investment on both ends of the cycle.

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Career Corner

Anger Management

If you are among the many who find that the stresses and strains of the economic crisis are shortening your "fuse" read on. A recent [US Chamber SmartBrief](#) featured a number of pieces on business leadership. Among those was a link to a [HBS Discussion Leader Blog](#) posting by executive coach Marshall Goldsmith. The person who posed the question to Goldsmith made specific reference to how difficult they found it, "even more so now with the global economic meltdown," to keep their temper. Click on the link above to view the response and a number of other interesting comments on the blog.

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AICPA and Ad Council Launch New Public Service Announcements

The AICPA and the Advertising Council Launched a new series of print and broadcast public service announcements as part of the "[Feed the Pig](#)" campaign targeted to Americans age 25-34. A new [economic study](#) commissioned by the AICPA reveals that as a group, Americans 25 to 34 have spent years sliding deeper into debt and seeing their net worth decline. The new PSAs can be located on www.feedthepig.org.

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Tech Center

IT Managed Services Options Fueled by Recession and New Technologies

According to a Forrester Research Inc. Report, the market for IT managed services including software as a service options, is set to explode over the next 24-30 months. While many companies look to managed services to mitigate the risk of implementing new technology solutions, an increasing number are now considering it as a way of increasing flexibility and scalability in the face of the economic crisis.

For additional information on the Forrester Report click on the following link to the [SearchCIO.com](#) story carried by the AICPA Infotech Update, which is the new monthly newsletter of the AICPA's IT Section.

If you are interested in receiving more IT related information from the AICPA you can also register to receive the new [AICPA Infotech Update](#), available as a member benefit to all AICPA members along with the new CPA Letter Daily and the monthly IFRS Report.

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Learning Links

For those of you with December CPE deadlines we offer the following suggestions:

Professional Ethics for CPAs in Business and Industry

This ethics "specialty" course uses multimedia and interactive case studies to provide an overview of the ethics standards that apply under the AICPA Code of Professional Conduct to CPAs in business and industry. An interactive ethics decision model guides the learner through factors to consider when applying the standards to thought-provoking case studies. [Professional Ethics](#).

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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

FASB Announces Codification Target Date of July 1, 2009

On Dec 4 the FASB [announced](#) that on July 1, 2009, the *FASB Accounting Standards Codification*TM is expected to officially become the single source of authoritative nongovernmental U.S. generally accepted accounting principles (GAAP). The Codification will supersede existing FASB, AICPA, EITF, and related literature. After that date, only one level of authoritative GAAP will exist. All other literature will be considered non-authoritative.

The Codification reorganizes the thousands of U.S. GAAP pronouncements into roughly 90 accounting topics and displays all topics using a consistent structure. Also included is relevant Securities and Exchange Commission (SEC) guidance that will follow the same topical structure in separate sections in the Codification.

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December JoA Article Focuses on Codification

In case you missed it the December JoA featured an 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

Surviving the Economic Crisis: Credit and Operating Finance Issues and Solutions Free Infocast - Thursday December 18, Noon-1:15pm ET

The current economic crisis is straining businesses in ways that even the most senior financial executives have never experienced before. This live, interactive audio web presentation will use actual case examples to illustrate some of the more pressing operational finance issues that companies are facing today and offer potential solutions for mitigating the potential adverse impact of these challenges on your business. [Register today for this free infocast presentation](#).

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Free AICPA Quarterly IFRS Webcast Series Launched

On December 12 the AICPA launched a series of free quarterly webcasts on IFRS. If you missed the inaugural live event the program will be available as part of a “webcast on demand” portfolio at [IFRS Quarterly](#).

Future programs will include "deep dives" into areas like financial instruments, first time adoption of IFRS including the application of IFRS Standard No. 1, etc. Over the course of the quarterly series we will cover the IFRS standards in depth.

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Conference Spotlight

New AICPA National CFO Forum to Launch May 14-15, 2009

Mark your calendar now for the new AICPA National CFO Forum to launch May 14-15, 2009 at the Hilton La Jolla Torrey Pines. This conference event is targeted to CFOs and will feature thought leaders who will share their insights for leading through these challenging times.

The main conference agenda will include topics that are relevant and critical to your role as a key contributor to the ongoing success of your business including:

1. Resiliency and value creation
2. Managing capital needs in a post-credit crisis world
3. Business intelligence and benchmarking
4. Trends in compensation
5. Leveraging technology in your business
6. Corporate governance – working with audit committees

Two outstanding pre-conference workshops are scheduled for Wednesday May 13. Mark Beasley and his colleagues from the NC State Enterprise Risk Management Initiative will be conducting a full-day session ***Connecting Strategy & Enterprise Risk Management***. Alan Patterson, creator of the Controller to CFO session that has been a perennial favorite at Controllers Workshop will be leading a half-day session in the afternoon designed to develop your skills as ***The CFO as Business Partner & Strategist***.

[Register Today](#) to save your seat for this new CFO-level event.

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