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Dear Members

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As we hopefully move into spring, I would like to call your attention to a few things coming up.

Next week, on Thursday March 22, we will be offering the first presentation of our Spring 2007 Management Accounting Infocast Series – ***Strategy Mapping: One Picture Worth a Thousand Words***, by Howard Armitage and Cam Scholey, authors of a new MAG on Strategy Mapping. As with our pilot series last fall, these free infocasts are being sponsored by SAP and offered in collaboration with CIMA and CMA Canada. Also, at our Controllers Workshop in San Antonio this week I will be making an announcement that AICPA members will now be able to access all of our Management Accounting Guidelines free from our [FM Center](#), so be sure to take advantage of this terrific member benefit.

I would also like to call your attention to the rapidly approaching May 1 application deadline for AICPA volunteer appointments for 2007 – this is an important way to get involved in the profession as a volunteer and we welcome your applications. In addition, nominations for our 2007 AICPA Business and Industry Hall of Fame, sponsored by Ajilon, will be accepted through May 31. The Hall of Fame Awards will be presented at our Controllers Workshop in Las Vegas again this year on July 20. (See the related stories below for specific links.)

Our thanks to the 2001 of you who provided your perspective on the economy in our first quarterly Business and Industry Economic Outlook Survey - results are summarized below. We plan to be in the field on April 10 for Q2, and are curious to see what you all have to say about any reverberation from the recent turbulence in the financial markets. This year we are doing the survey quarterly and we really appreciate your continued support of it – if you get the invitation to participate, please take the few minutes needed, as we need your input. This helps us in our efforts to promote the CPA in executive positions.

Finally, you may also recall the announcements about our new program initiated in 2006 to support academic research in management

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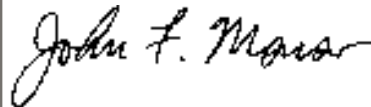
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accounting. We were fortunate to receive a number of outstanding proposals, and selected three to fund. One of the projects, research being conducted by Michal Matejka of the University of Michigan, involves a survey of AICPA members about controller compensation. This online survey will be released to the field via email on March 20, and will be followed with two reminders. We recognize that this is a busy time for all, but would greatly appreciate your taking the 15 minutes to complete this survey if you are included in the sample. Supporting academic research is a way to promote the CPA credential to students – and we hear from you that you need more CPAs in your organizations.

Best regards,



John F. Morrow, CPA
AICPA Vice President
Business, Industry & Government

Top Stories

January 2007 AICPA Business and Industry Economic Outlook Survey

The results of the first quarter AICPA Business and Industry Economic Outlook Survey showed increased optimism among CPA decision-makers. This reversed a trend of declining optimism in previous surveys. The survey, conducted in January showed more respondents (56%) who are optimistic or very optimistic and a drop in the number of pessimistic or neutral respondents. This optimism is reflected even more strongly in respondents' outlook for their own organizations, with over 67% of respondents indicating they were optimistic or very optimistic, and 68% indicating that they expected their business to expand over the next twelve months. Only 14% expect their business to contract in the coming year.

This optimism comes despite the fact that 41% of respondents felt that the November 2006 election had a negative impact on their outlook, versus only 17% who felt that it had a positive impact. Optimism was generally consistent across various types of enterprises (public, private, not-for-profit) and various sizes of organizations. There were some small differences across industries as construction, real estate and manufacturing organizations expressed slightly less optimism and technical, professional and scientific services organizations were slightly more optimistic.

The optimistic outlook was supported by expectations of increased

[Tech 2007 at the Mirage in Las Vegas – June 11-13](#)

[Book it Now – 2007 Controller's Workshop in Las Vegas](#)

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revenues, profits and employees this year. These expectations were tempered somewhat by the fact that more respondents expect increased revenues than expect increased profits. Pressure on profits appears to come from the combination of increased costs – input prices, salaries and benefits – and lower expectations of the ability to raise the prices charged. Optimism is also supported by plans for spending increases, particularly on IT, other capital expenditures and staff training and development.

When asked about the challenges faced by their organizations in the next 12 months, over 95% saw employee and benefit costs as a challenge with 21% seeing it as a major challenge. Staff related issues – costs, availability of needed skills and retention – account for 4 of the top 5 challenges faced by organizations. Regulatory challenges rounded out the top 5. Skills availability and regulatory challenges were of particular concern for the healthcare industry with over 40% of those organizations rating regulatory requirements as a major challenge. US trade policy and foreign competition were seen as challenging primarily by organizations in manufacturing and wholesale businesses.

This quarter's survey was answered by 2001 AICPA members, including 256 CEOs and COOs, 1074 CFOs and 389 Controllers. Respondents from US privately-owned entities comprised 62.5% of the total, with 17% coming from US public companies and the balance from foreign-owned entities, government, education and not-for-profit organizations. From a size perspective, a large number of businesses of all sizes– from those with 1 employee and less than 10 million in revenue to those with over 1000 employees and over 1 billion in revenue - were represented. For additional details go to [Q1 2007 AICPA Business and Industry Economic Outlook Survey](#).

AICPA Selected to Sponsor Financial Literacy Day

April is National Financial Literacy month. Underscoring the AICPA's commitment to financial literacy, the Institute has been selected to be one of six sponsors of Financial Literacy Day on Capitol Hill, scheduled for Apr. 24. As part of this sponsorship, the AICPA is featured in materials created for the day. This sponsorship also provides added exposure for the Institute's campaigns with legislators, regulators, the media and others.

By bringing attention to financial literacy in your organization or community, you can become part of this national effort. As a CPA, you can help your family, friends, co-workers and neighbors become more financially literate. Let them know about the free financial resources and information available at the CPA profession's 360 Degrees of Financial

Literacy Web site, www.360financialliteracy.org.

Feed the Pig, a vital addition to this financial literacy initiative, targets 25-34 year olds. The campaign site encourages these “career builders” to take small steps to take control of their finances and save. The Feed the Pig Web site, www.FeedthePig.org, offers free tools and information, including weekly savings tips and text messages to help this group get on the right financial path.

Take a minute to look at the free collateral materials available on the CPA Financial Literacy Resource Center (www.aicpa.org/financialliteracy) that you can distribute and share with colleagues, friends and family. Click on "[Feed the Pig](#)" for resources developed especially to help you to promote savings to 25-34 year olds. Financial illiteracy is a national crisis. By working together, CPAs can help everyone make positive changes that will ensure a brighter financial future.

Private Company Financial Reporting Committee Selected

The Private Company Financial Reporting Committee has announced its founding membership. The PCFRC is part of a broad initiative by the FASB and the AICPA to further improve the FASB's current standard-setting process to better meet the financial reporting needs of private companies and the users of their financial statements. The primary objective of the PCFRC will be to provide recommendations to the FASB that will help the board determine whether and where there should be specific differences in prospective and existing accounting standards for private companies.

In December, Judith O'Dell was appointed as chair of the PCFRC who assembled the initial committee which consists of four CPA practitioners, four users of private company financial statements and four financial statement preparers. The preparers are:

- Daryl Buck, vice president and CFO, Reasor's, Inc.
- H. Marco Kichler, controller, Putnam Precision Products, Inc.
- Jerry Murphy, CFO, Todd and Sargent, Inc.
- Judd Rabb, vice president and CFO, Coldwatt, Inc.

The PCFRC will hold its first meeting on May 10 and 11, in Chicago, with subsequent meetings to be announced. These meetings will be open to the public and the input of constituents is welcome. The full committee roster and further information about the private company financial reporting initiative may be found online at www.pcfr.org.

AICPA Call for Volunteers Deadline May 1

As a member organization, the AICPA is fueled by the dedication of over 2500 volunteers serving on Council, the Board of Directors and over 200 committees and task forces. If you have considered giving back to the profession in this capacity, the time to act is now! The deadline for volunteer appointments to be made in 2007 is May 1. For information about the AICPA Business and Industry Executive Committee and the current roster of BIEC members click on [BIEC](#). To begin reaping the rewards of volunteer service click on this link to [Volunteer Central](#) and register today.

Restatement Trend Supports Effectiveness of SOX 404

According to data from research firm Glass Lewis & Co the number of restatements of financial statements filed with the SEC rose to 1420 in 2006, up from 1255 in 2005. According to Glass Lewis, the 40% rise in restatements among smaller companies, compared with a 14% decline for larger companies, supports the contention that “the process is working” - that larger companies required to comply with section 404 in 2004 have corrected many of their problems, while many non-accelerated filers may still have work in front of them. From [SmartPros.com](#)

The Importance of Mastering the Basics

A recent Accenture article, the last in a series on [Finance Mastery](#), underscores the importance of achieving excellence within your basic accounting and administrative functions. Research conducted by Accenture identified five unique capabilities possessed by the finance functions of high-performance businesses:

1. Pervasiveness of a value-centered culture
2. Depth of enterprise performance management
3. Sophistication of capital stewardship
4. Effectiveness of enterprise risk management
5. Efficiency and value-generating capability of finance operations

The article makes the point that while a small number of companies have achieved high performance by focusing on one or more of the other capabilities, their findings suggest that it is difficult to do so without having the building blocks of strong finance operations which have the following competencies as the underpinnings:

- **Transaction processing** – efficiencies are increasingly being delivered through shared services or outsourcing strategies
- **Financial and regulatory reporting** – taking a transactional and systems perspective to meet all regulatory requirements

- **Internal controls** – the disciplined oversight which reduces risk exposure
- **Management reporting** – delivering data for management decision making

Rather than taking simply a faster, cheaper, better perspective, high performing organizations focus on end-to-end process capability. Having a continuous improvement culture allows them to provide high-impact decision support information that adds value to the business at the front end.

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Career Corner

AICPA Business and Industry Hall of Fame - Call for Nominations

The Ninth Annual AICPA Business and Industry Hall of Fame Awards induction ceremony will be held this year at the **2007 Controllers Workshop in Las Vegas on July 20**.

The Hall of Fame is made up of a very select group of people who have all, in their own way, made superior achievements and contributions over the course of their careers as financial professionals. Every year, we take a close look at each nominee and choose up to five individuals who we feel best represent the winning spirit of today's strategic CPA.

For more details on what constitutes a strategic CPA worthy of Hall of Fame status or to nominate someone you know who has these characteristics, go to [Hall of Fame](#) and submit a [nomination form](#) by the **May 15** deadline.

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Tech Center

Enterprises Face Challenges in Supporting Wireless Mobility

Research recently conducted by the Aberdeen Group reveals that the two most significant challenges that enterprises face in providing wireless mobility for their employees are: 1) escalating costs for services - 64% of survey respondents struggle with escalating costs for services, and 2) supporting devices - 57% of respondents rank supporting devices as a close second priority.

According to their research enterprises need to prepare for rapidly escalating costs. 80% of survey respondents are planning for increases in PDAs with wireless access and more complex devices with data applications and network connectivity. These new devices require management of the full life cycle from sourcing, procurement, connectivity assistance, applications support, security, data back up, device replacement, through retirement.

The survey also queried a list of potential responses to these challenges. Here is a ranking of the top responses to each major wireless mobility challenge:

- Rapidly escalating voice and data wireless expenses:
 - 69% - Assign clear ownership of wireless budget and device management
 - 68% - Secure executive support for wireless mobility management.
- High costs for supporting devices:
 - 53% - Develop and implement a formal, written policy on wireless mobility.

Aberdeen has developed a wireless mobility competitive framework, describing how laggards, industry average, and best in class approach process, organization, knowledge, and technology. Here is a description of best in class:

Process: Clear articulation of policy with devices, carriers, and service plans set based on job role and function.

Organization: Clear budget owner drives strategy and policy for wireless mobility management.

Knowledge: Extensive knowledge based on formal business case assessment to evaluate best ROI for technology, and wireless device inventory driven from policy.

Technology: a) Portal for procurement matches employee profiles with questionnaire and entitlement guidelines to

determine devices and service plans that fit the employee's job role and function; b) Expenses are tracked through automated bill processing, audit and optimization of service plans; c) Lost devices are reported to an administrator to disable data; d) If HR files show an employee is no longer with company, service plan is discontinued and request for return of device.

On average, companies spend ten times more to manage their wireline expenses compared to their wireless expenses. Best in Class enterprises reduce their operational expenses and their monthly wireless expenses by focusing on three areas:

1. Reducing the number of devices that employees can choose from
2. Reducing the number of carriers
3. Reducing the number of service plans with their carriers

Aberdeen's benchmark found operational efficiencies and volume discounts can be achieved by limiting the number of devices, service plans, and providers that employees can select. The report can be downloaded at: [AberdeenGroup Wireless Research Report](#)

You can also participate in their next iteration and provide your view of wireless mobility at www.aberdeen.com/survey/cfo-ttcm

Distinguish Your Technology Expertise

The AICPA Certified Information Technology Professional (CITP) distinguishes CPAs practicing in information technology from other non-CPA IT professionals. Combined with your business acumen as a CPA, obtaining the CITP demonstrates your blend of both business and IT skills and gives you an increased advantage and credibility over other non-CPA IT professionals.

If you are a CPA with a significant role in information technology, then consider obtaining the CITP credential! And, be sure to take advantage of the newly released AICPA [Top Technology Initiatives](#) for 2007 and find out which technologies are going to have the biggest impact on you, your employer and/or clients so you can plan accordingly. As a CITP, the AICPA will deliver technology insights from a CPA perspective!

To apply or find out more about the CITP, complete the 2-page CITP application at www.aicpa.org/citp. If you have further questions, email us at citp@aicpa.org.

Learning Links

[New! COSO Guidance for Smaller Public Companies Self-Study Video](#)

In July 2006, COSO issued *Guidance for Smaller Public Companies Reporting* on Internal Control Over Financial Reporting to provide guidance to smaller company board members, senior management, other company staff and external auditors in cost-effectively applying *Internal Control — Integrated Framework* for assessing and reporting on the effectiveness of internal controls. This course will complete your understanding of the new COSO document.

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.

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

Upcoming Webcasts

Free Infocast -Strategy Mapping: One Picture Worth a Thousand Words – Mar 22

Thursday March 22 marks the kick-off of the Spring 2007 MAG Infocast Series with the first of three presentations being offered in collaboration with CMA Canada, CIMA, the Chartered Institute of Management Accountants, and sponsored by SAP.

Following the model of the successful Fall 2006 Series these infocasts will be presented at 12pm ET by the authors of the underlying Management Accounting Guidelines and moderated by AICPA Vice President John Morrow. These infocasts are free with AICPA members having the option of purchasing one CPE credit for \$29.95. **Click on the links below and register for all three programs today!**

[Strategy Mapping: One Picture Worth a Thousand Words](#) will be presented by Howard M. Armitage, Ph.D, FCMA, Gordon H. Cowperthwaite Professor of Accounting and Director of the Centre for Business, Entrepreneurship and Technology at the Faculty of Engineering, University of Waterloo, and Cam Scholey, MBA, CMA..

[IT Investments: Capturing the Return](#) will be presented on **Thursday April 19** by Marc J. Epstein, Distinguished Research Professor of Management at Jones Graduate School of Management at Rice University in Houston Texas and based on the MAG *Evaluating Performance in Information Technology* published in 2005.

[Internet Marketing: Evaluating the Value Proposition](#), on **Thursday May 17** will provide an overview of the method for measuring the payoffs of internet marketing initiatives developed from the best practices from marketing, e-commerce, and information technology by Epstein and co-author Kristi Yuthas in the MAG *Evaluating the Effectiveness of Internet Marketing Initiatives*.

The Strategy Mapping MAG and IT Investment MAGs can be downloaded free by members from the [Management Accounting Guidelines](#) page on our FM Center. Internet Marketing will be available in May 2007.

All webcast information can be accessed at [AICPA Learning](#).

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Conference Spotlight

Save the Date: International Financial Executives Conference – Oct 3-5 Montreal

Senior financial executives who want to broaden their international perspective should plan to attend this conference. Sponsored by the AICPA, CMA Canada, and CIMA (the Chartered Institute of Management Accountants), this conference offers senior executives and their high-performing staff members an opportunity to expand networks and knowledge beyond local borders. Mark your calendar for Oct. 3 to 5 at the [Intercontinental Hotel](#) in Montreal, Canada. Look for more information in the next issue of BusIndNews.

AICPA/USC Executive Education: Financial Executive Program – July 11-13

The AICPA in collaboration with the USC Marshall School of Business will

once again be offering the executive education program designed last year for our members in business and industry. This is a terrific opportunity to have an intensive, interactive case-based learning experience with a limited number of your peers on the campus of one of the premier business schools in the country. *I participated in this program last year and it was outstanding!* Mark your calendars now – more info will be available soon at the [AICPA Conferences](#) website.

Balanced Scorecard Workshop III -Executing Strategy

Following on the success of last year's AICPA/Balanced Scorecard Forum, the AICPA is offering a series of 3 Balanced Scorecard workshops this year in the AICPA Boardroom.

Targeted for executive management and BSC practitioners who want to maximize the impact of the Balanced Scorecard the agenda of [Workshop III- Executing Strategy with the Balanced Scorecard](#), to be held on April 9-10, 2007, defines strategy management, leadership involvement in the change process, and sustaining the BSC process over time.. Also, learn how to streamline and accelerate the budgeting process, and find out how to make budget and strategy review meetings work together through a case study that shows how one company implemented rolling budgets and forecasts.

AICPA National Not-For-Profit Industry Conference June 19-21

The AICPA National Not-For-Profit Industry Conference is a comprehensive forum that deals with the challenges facing nonprofit practitioners and financial executives today. It's where you'll find out the latest information on the impact of tax, management, auditing and accounting issues pertaining to NPOs. You'll also receive training in operational strategies that are so crucial to the well-being of an NPO.

Highlights of this year's conference include keynote speaker: Steve Gunderson of the Council on Foundations, 16 value-added pre-conference workshops and special breakfast and lunch niche sessions. To register go to the [2007 NPO Conference](#) page.

Tech 2007 at the Mirage in Las Vegas – June 11-13

Created exclusively for CPA's, IT consultants, and anyone who implements or uses technology in their organization. Here is some of what's new for 2007:

- Keynote presentations, featuring strategists from Google and

Adobe

- TECH Update 2007 with Randy Johnson
- Tomorrow's Technologies with Rick Richardson

Register today at [Tech+](#).

Book it Now – 2007 Controller’s Workshop in Las Vegas

One of the AICPA’s most popular sell-out events, the [Controllers Workshop West](#), will be held this year at Caesar’s Palace in Las Vegas on July 19-20. Controllers Workshop is uniquely designed to help you increase the contributions you make to your company’s strategic objectives and will once again this year be the forum for presenting our 2007 Hall of Fame awards. Click on the link to secure your spot.

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