

BusIndNews

E-NEWSLETTER FOR AICPA MEMBERS IN BUSINESS & INDUSTRY

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Dear Members

Mother's Day, proms, graduations, Memorial Day and Father's Day - it must be time for Spring to turn to Summer.

We hope you will all find some time for some R&R. We also hope that you will consider volunteering for one of the many AICPA volunteer positions. The deadline for applications for 2008-2009 volunteer positions is May 15. If you would like to give back to the profession in this way go to [Volunteer Central](#) on aicpa.org. The AICPA Tax Section has issued a particular appeal for members in Business and Industry, so if you are a tax professional in your company this would be an excellent way to contribute your expertise.

The deadline is also rapidly approaching for submitting nominations for our [2008 AICPA Business and Industry Hall of Fame](#), sponsored by Mergis. The award presentation will be made at the 2008 Controller's Workshop in Orlando FL, November 13-14, 2008. The nomination deadline has been extended to June 13. This is an excellent way to acknowledge someone you know who is one of our profession's many outstanding role models.

The results from our [Second Quarter 2008 Economic Outlook Survey](#) conducted in conjunction with UNC Kenan-Flagler School of Business is the lead story this month. While nearly 60% of you have become pessimistic about the economy as a whole, 45% continue to be optimistic about the prospects for your own company. We hope that optimism is warranted and that this current economic storm is soon behind us. Thanks to the more than 1400 of you who participated and shared your views.

We want to call your attention to learning opportunities for you in the next few weeks and months. On Thursday May 15, we will be offering the second presentation of our Spring 2008 Management Accounting Infocast Series - [Report Leadership: Online Corporate Reporting and Executive Compensation Reporting](#). Mark your calendars also for the last Spring Infocast on June 19 [Impacting Future Value: Maximizing Intellectual Capital](#). These are free infocasts sponsored by SAP and Robert Half. If you want to earn CPE for these events you can do so by singing up through CPA2Biz. Infocasts are offered in collaboration with CIMA and CMA Canada.

Best regards,



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

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Conference Spotlight

Q2 Economic Outlook Survey Results

Overview

While things are not getting any better neither are they getting any worse - that is the message of the 2Q 2008 AICPA/UNC Kenan-Flagler Economic Outlook Survey of CPA Financial Managers. Respondents to the survey continue to expect economic difficulties over the next 12 months but the amount of pessimism has not increased since the 1Q 2008 survey ending a year long erosion of confidence in the US economy. Responses to the 2Q survey were virtually unchanged from the 1Q survey with 57% percent of respondents indicated that they were pessimistic or very pessimistic in their outlook for the US economy and 12% saying they were optimistic or very optimistic versus the 59% pessimistic and 12% optimistic responses in the 1Q survey. As in previous surveys respondents continue to be much more optimistic in their outlooks for their own organizations than about the US economy with optimists outnumbering pessimists by a two to one margin. In 2Q 2008 45% of respondents indicated that they were optimistic or very optimistic about their organizations prospects while only 22% are pessimistic or very pessimistic. Expectations for expansion and contraction continue to support these more optimistic views with 51% indicating that they expected their business to expand this year.

Overall respondents may be anticipating slightly tougher economic conditions with expectations for revenue and profit growth drifting downward slightly but not significantly and expectations for input price increases heading upward without a corresponding expectation for increases in prices charged. Overall the responses on these questions are still positive with the majority of respondents expecting some revenue growth and 39% expecting revenue growth of at least 5%. Profit expectations show the impact of the higher costs with 49% expecting profit growth. But even here almost one third of respondents (32%) expect profit growth to exceed 5%. The good news for workers is that almost three quarters of respondents continue to expect to maintain or increase current employment with 35% expecting growth in the number of employees. Similarly over three quarters of respondents expect salary and benefit (not including healthcare) increases. Spending plans have also remained stable.

Impact of Credit Crisis

The impact of the credit crisis on member's businesses does not seem to be as widespread as may have been feared. While nearly 20% of companies are experiencing collection problems, 18% are facing more expensive or more restrictive credit, and 14% no longer have access to previously available sources of financing, 45% indicated that they were experiencing no direct impact of the credit crisis. Similarly, while approximately 20% of companies indicated they were implementing more restrictive credit and collection practices and nearly 20% were employing more aggressive inventory and working capital management, 50% of the respondents indicated that they have not changed strategies in response to the credit market crisis.

Response to Economic Conditions

We also asked specifically about plans to adopt specific measures in response to current economic conditions. Those responses are as follows:

- Capital spending cuts 22.8%
- Hiring freezes 22.6%
- Travel restrictions 21.4%
- Compensation freezes 17.1%
- Layoffs 16.3%
- Outsourcing 9.2%
- Facilities closings 7.5%
- Other 8.0%

Fair Value Accounting

[AICPA/USC Executive Education](#)

[AICPA Controllers Workshop West - July 17-18, 2008](#)

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Our second quarter "survey within the survey" focused on fair value. At the "top-line" level, when asked about fair value accounting in relation to the sub-prime mortgage crisis, 83% of the respondents indicated they did not think fair value accounting was a major cause of the crisis. On a related question, only 36% of the respondent's thought that fair value accounting facilitated the public's realization of banks' aggressive lending practices. When asked about the impact of fair value accounting on their own company financial statements, 76% indicated that they expected either very limited or no impact. You can read more and view detailed charts on the [AICPA Financial Management website](#).

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New Content and Skills for CPA Exam

The AICPA Board of Examiners (BOE) has issued an Exposure Draft, *Proposed Content and Skill Specifications for the Uniform CPA Examination*. The newly revised content and skill specifications are a product of a 2008 Practice Analysis. The new specifications include an increased emphasis on ethics and provide more in-depth descriptions of the skills necessary for entry-level CPAs. It proposes including International Financial Reporting Standards (IFRS) on the exam for the first time.

This Exposure Draft is an opportunity for you to express your views about the new specifications for consideration by the BOE. Click on the following links to access the [CPA Exam Exposure Draft](#) and [Exposure Draft Comment Form](#).

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FASB to Host IFRS Forum - June 16

On Monday June 16, the FASB will host a [forum](#) - *High-Quality Global Accounting Standards: Issues and Implications for U.S. Financial Reporting* to open a dialogue of whether and how to move forwards toward a single global standard. The meeting will be held at Baruch University in NYC and include a wide range of constituents including representatives from the AICPA.

Issues expected to be discussed include whether IFRS and U.S. GAAP should ultimately converge and, if so, how and when; how to prepare the U.S. for a possible shift to IFRS; issues of accounting education and professional certification; regulatory and tax issues; potential effects on reporting by private companies and not-for-profit entities; and the future role of the FASB. A complete list of proposed topics is available at www.fasb.org.

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Standard and Poor's to Apply ERM Analysis to Corporate Ratings

In our January issue of BusIndNews we called to your attention a proposal by Standard and Poor's to begin incorporating an analysis of enterprise risk management capabilities and

processes in their credit ratings for non-financial companies. After consideration of comments received in response to their proposal, S&P has announced that it will apply ERM analysis to its ratings. Their goal in doing so is to "enhance transparency by providing investors and issuers our views of a management team's ability to understand, articulate, and successfully manage risk."

According to the [S&P ERM Report](#) discussing this decision, ERM will be incorporated into their discussions with rated companies in the third quarter and be included in comments beginning in the fourth quarter. Their reviews will focus initially on risk management culture and strategic risk management, two universally applicable aspects of ERM. The report provides the "definition" for ERM, essentially their view of what ERM is, or can do, and what it is not, or cannot do. It also provides guidance on the effect that S&P expects this analysis to have on ratings.

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Climate Change Leaps up the Corporate Agenda

The latest issue of [CIMA Insight](#) reports on an Institute of Business Ethics Survey which included for the first time a question about how climate change is being addressed by companies' ethics/social responsibility programs. The responses indicate the speed with which climate change has become a significant business issue in a short period of time.

Referenced in the article summarizing the research report is a paper developed by CIMA carrying the title - "[Climate change calls for strategic change.](#)" Citing research on corporate failures that has shown one of the most important reasons that companies fail is that they miss "colossal external changes" the article takes the position that sustainability is a governance issue that has both "conformance and performance aspects."

The article offers the following list of 10 actions that companies should begin to take, split along these two dimensions of conformance and performance, as follows:

Conformance

- Ensure compliance with environmental legislation, regulations and standards.
- Calculate and track your carbon footprint with the aim of reducing the impact your organization has on the environment.
- Conduct a risk assessment in relation to the impact climate change could have on your organization.
- Prepare a stakeholder analysis focusing on climate change and tailor reporting to meet stakeholder needs.

Performance

- Identify opportunities arising from climate change and prepare a business case to develop the organization's strategy.
- Continuously look for areas that can provide long-term cost savings and efficiency improvements.
- Determine whether your organization can establish internal charges for energy costs.
- Consider the complete value chain and life-cycle costing when investing in new technologies and processes and exploiting new product opportunities.
- Introduce Key Performance Indicators linked to climate change to drive performance in this area.
- Identify the environmental management information needed to influence long term

decision making with regard to climate change.

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Career Corner

Hall of Fame Nomination Deadline Extended

Do you know a CPA in Business & Industry whose value cannot be measured by numbers alone? The nomination deadline has been extended to June 13 for the AICPA Business & Industry Hall of Fame, sponsored this year by Mergis. The award presentation will be made at the 2008 Controller's Workshop in Orlando FL, November 13-14, 2008.

For more information, and the nomination forms go to [AICPA Business and Industry Hall of Fame](#) on the AICPA FM Center.

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Financial Literacy Best Practice - Video Clip Featuring Vision Services Plan

It has been a while since we have promoted the 360 Degrees of Financial Literacy Campaign in BusIndNews. The Financial Literacy Campaign has been a tremendous success with countless "good news" stories about how CPAs around the country contribute by sharing their professional understanding of financial issues with others. One of those good news stories involves Patricia Cochran, CFO of Vision Services Plan, and your Business and Industry Executive Committee Chair. Patricia has implemented a Financial Literacy "Brown Bag Lunch" program in their company, which has been one of Fortune magazine's Top 100 companies to work for the past eight years and has been in the top 25 list for the past seven of those years.

This [video](#) highlights the workplace financial literacy program that VSP implemented to educate employees on important financial issues and to promote their overall health, wealth and happiness. Patricia and the company's other CPAs used the [turnkey resources](#) available from the AICPA's 360 Degrees of Financial Literacy site as the basis for the presentations for their program.

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CPA Marketplace Resources Updated

The [CPA Marketplace](#) resources on C2B have been updated along with the rest of the C2B website. If you are in the job market, seeking to hire a CPA, or looking for professional development guidance, click on the link above to access these member benefits.

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Learning Links

2008 Financial Reporting Alert Now Available

This **Financial Reporting Alert** was designed for members of an entity's financial management and audit committee to identify and understand current accounting and regulatory developments affecting the entity's financial reporting. This "Cliff's Notes" style alert provides a quick overview of recently issued accounting standards and other developments such as XBRL, private company financial reporting, and convergence with international standards. To order your copy today go to [2008 FRA](#).

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

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Codification Corner

Understanding the FASB Codification - May 15 - 1 Free CPE Credit

In January 2008, the Financial Accounting Standards Board announced the release of a draft "Accounting Standards Codification". The announcement also started a one-year "verification" period, at the end of which the codification will supersede all existing non-SEC standards.

To register for this free webcast and learn how you and your staff can "test drive" FASB's new online research system and prepare for this change go to [FASB Codification](#).

New Codification Website on AICPA.org

To help facilitate access to resources related to the codification, the AICPA has developed a [Codification Website](#) which features a number of links to other Codification web sites, the archived FASB webcast, a recent JofA article, and other documents.

We have also compiled resources on our [Financial Management Center](#) for Members in Business, Industry and Government about the Codification project, including a [GAAP Codification Q & A](#), an archive of the recent FASB Webcast- [Move to Codification of US GAAP](#), and the [FASB Project Pages](#).

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Upcoming Webcasts

2008 Strategic Management Infocast Series

There is still time to register for the first presentation of our Spring 2008 Strategic Management Infocast Series. Each of these live interactive presentations is available free to members, or you may purchase one optional CPE credit for \$29.95. Register today!

[Report Leadership: Online Corporate Reporting and Executive Compensation](#)

May 15, 2008; Noon to 1:15pm ET (5:00pm - 6:15pm GMT)

The Report Leadership Group, comprised of CIMA, PWC, communications consultancy Radley Yeldar and Tomkins plc, has undertaken the challenge of providing reporting information that is more relevant, informative and accessible within the current GAAP and IFRS models without inundating users with unnecessary detail.

This infocast will explore the innovative ideas incorporated by the Report Leadership Group in their example web-based corporate reporting presentation.

[Impacting Future Value: Maximizing Intellectual Capital](#)

Thursday June 19, 2008; Noon to 1:15pm ET (5:00pm - 6:15pm GMT)

Intellectual capital has moved from the periphery to the core of most businesses. This Infocast will provide a framework that will enable you to:

1. Identify which intellectual capital assets are most critical to value creation in your company.
2. Formulate key questions and performance indicators for managing and measuring intellectual capital initiatives.
3. Review and evaluate performance and the impact of intellectual capital management on delivering your strategic objectives.

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Fall 2008 Strategic Management Infocast Series - Save the Dates

The fall series will kick off on Sep 17 with a presentation by Robert Kaplan of Balanced Scorecard and ABC fame on Time-Based ABC. Programs based on upcoming strategic Management Accounting Guidelines on Supply Chain Management and Managing Financial Risk will follow on Oct 16 and Nov 20. Mark your calendars today for these free 75 minute programs at 12 noon EST.

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XBRL for SEC Reporting - Open Meeting Webcast May 19

The SEC has announced an open meeting to consider the use of interactive data in corporate financial statement filings with the Commission. Will this mean a mandate for the use of XBRL in company filings in the near future?

On May 19th, join the live panel of key experts from the SEC, XBRL and the SEC's Voluntary Filing Program as they discuss how this technology will change the way companies communicate and disseminate information to stakeholders. Go to [XBRL for SEC Reporting](#) to register for this infocast.

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SEC Quarterly Update Webcast Series

The SEC Quarterly Update Webcast Series showcases the profession's leading experts on what's "hot" at the SEC. The dates for this year's series have been set for June 18, Sept 17, Dec 10 and March, 2009. To register for this series, at the member price of \$249, click on [SEC Quarterly Update](#).

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Conference Spotlight

[AICPA/USC Executive Education](#)

July 9-11, 2008

Los Angeles, CA

Through the use of case studies, business models, experiential exercises and team projects, you will focus on strategic thinking and development, strategy execution and leadership skills. You will also have the opportunity to network and interact with your peers.

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[AICPA Controllers Workshop West](#)

July 17-18 2008

Las Vegas, NV

Mark your calendars now for this always popular conference designed by Business & Industry members for Business & Industry members. Whether you're a CFO, a Controller, a Financial Manager or Staffer you will find many informative and useful sessions. Increase the contributions you make to your company's strategic objectives by attending this interactive, hands-on conference. Learn from leading experts who will share their knowledge gained through personal experiences and walk away with the training needed to

develop your role as a key corporate decision-maker.

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