

University of Mississippi

**eGrove**

---

Association Sections, Divisions, Boards, Teams

American Institute of Certified Public  
Accountants (AICPA) Historical Collection

---

10-23-2001

## **Annual Meeting, October 23, 2001, Miami Beach, Florida**

American Institute of Certified Public Accountants (AICPA)

Follow this and additional works at: [https://egrove.olemiss.edu/aicpa\\_assoc](https://egrove.olemiss.edu/aicpa_assoc)



Part of the [Accounting Commons](#)

---

CONFIDENTIAL

AMERICAN INSTITUTE  
of  
CERTIFIED PUBLIC ACCOUNTANTS

Annual Meeting

October 23, 2001  
Loews Miami Beach Hotel  
Miami Beach, Florida

# T A B L E        O F        C O N T E N T S

	<u>Page</u>
1        INTRODUCTORY REMARKS BY AICPA CHAIRMAN OF THE BOARD	
Kathy G. Eddy.....	3
2        REPORT ON FINANCIAL STATEMENTS	
William V. Strain	
Chair-Finance Committee	
Clarence A. Davis	
Chief Operating Officer.....	3
3        REPORT OF INDEPENDENT AUDITORS	
J. H. COHN AND COMPANY	
Steve Schenkel.....	21
4.       STUDENT RECRUITMENT	
John E. Hunnicutt	
Senior Vice President	
Public Affairs	
-and-	
Ann Freidman-Ryan	
Senior Vice President	
Group Account Director-Wunderman	
-and-	
Ben Itty	
Senior Vice President-Insights,	
Wunderman.....	26
5        OPEN FORUM.....	67

P R O C E E D I N G S

CHAIRPERSON EDDY: We are now going to move on to Item 17 (a), which is the Report from the Finance Committee.

I will ask Bill Strain, a member of the Board of Directors and Chair of the Finance Committee, and Clarence Davis, the AICPA Chief Operating Officer, to give us their report of the financial statements for the year ending July 31, 2001 and related financial matters.

Bill and Clarence.

MR. STRAIN: Good afternoon.

I'm Bill Strain. I'm a partner in a local small CPA firm in Lincoln, Nebraska.

For the past two years it has been my pleasure to serve as the Chairman of the AICPA Finance Committee, and today I'm delighted to report to you on the finances of the AICPA and the activities of the Finance Committee and of the AICPA's finance team.

Clarence Davis, who is the Institute's Chief Operating Officer, will join me in this presentation.

1  
2 Our goal is to review the  
3 AICPA's financial results for fiscal 2001 and to  
4 present, primarily for the benefit of new Members  
5 of Council, the operating and capital budgets for  
6 fiscal 2002.

7 Those budgets were both approved  
8 at the Spring Council meeting in May of this  
9 year.

10 If you any questions, we ask  
11 that you save them until the end of our  
12 presentation at which time we would be delighted  
13 to answer them.

14 During fiscal 2001, the  
15 Institute's resources were primarily focused on  
16 strengthening the quality of the audit process,  
17 modernizing the independence rules, protecting  
18 the public, showing leadership in technology,  
19 addressing the needs of members in business and  
20 industry, and developing new services for members  
21 in public practice.

22 CPA2Biz was launched on February  
23 1, 2001.

24 We both think that you will be  
25 pleased with the continued progress made by the

Institute staff in allocating resources and managing its operations, to maintain that focus and to benefit its members.

Our presentation will concentrate principally on the results of the AICPA as a stand-alone entity.

However, we will also discuss the results of the AICPA and its subsidiary, CPA2Biz, since the published annual report, which was provided to you at registration, reflects combined financial statements of the AICPA, CPA2Biz, the Division for CPA firms, the AICPA Foundation, the AICPA Benevolent Fund and the Accounting Research Association.

These financial results are combined in accordance with the reporting requirements set forth in Statement of Position 94-3, Reporting of Related Entities by Not-For-Profit Organizations.

Throughout the year the Finance Committee reviewed the interim results and periodic financial forecasts prepared by the Institute's finance team.

The budget for the year ended

July 31, 2001 reflected an excess of operating expenses over revenue of \$1.4 million before \$1.6 million of budgeted realized and unrealized gains on marketable securities.

Actual results for the AICPA only for the year ended July 31, 2001 were an excess of \$999,000 of revenue over expenses after accounting for the AICPA's equity in Shared Services, LLC and before inter-company eliminations.

The AICPA also had a loss of \$704,000 on marketable securities during the year due to volatile and unfavorable market conditions throughout most of the year.

I will now turn to Clarence to discuss variations from the original budget.

MR. CLARENCE DAVIS: Thank you, Bill.

Operating revenue on a gross basis was \$136.6 million in 2001, compared to a budget of \$153 million. This variance is due to outsourcing in marketing and distribution functions of AICPA products to CPA2Biz.

Operating expenses were \$121.7

1  
2 million versus a budget of \$132.8 million. This  
3 positive variance is due to the assumption of  
4 certain expenses by CPA2Biz relating to the  
5 marketing and distribution functions.

6 As shown on this slide, the  
7 actual operating revenue generated by AICPA  
8 revenue streams, adjusted to reflect gross sales  
9 of AICPA products made by CPA2Biz during the last  
10 six months, was \$150.5 million versus a budget of  
11 \$153.2 million.

12 Total revenue grew over a four-  
13 year period of approximately twelve percent.

14 The revenue areas with the most  
15 growth were professional development, dues,  
16 investment revenues and other revenues.

17 Professional development  
18 revenues include group study, infobytes,  
19 conferences and self-study, while the "other  
20 revenue" category includes Affinity programs,  
21 WebTrust and member programs.

22 Professional development  
23 products' sales were over budget by \$3.5 million  
24 due to strong sales of AICPA infobytes and  
25 conferences.



Publication of the magazines are below budget by \$2 million due to a later-than-planned launching of the electronic professional standards and EMAP Services and slow resales of magazines and looseleaf subscriptions offset by higher sales of paper-based professional standards.

Software revenue is below budget by \$1.2 million due to fewer software distribution agreements negotiated and budgeted and slower sales of performance views.

CPA Exam revenue was under budget by \$1.4 million due to fewer candidates sitting for the CPA Exam than budgeted.

And member dues were under budget by \$765,000.

At the end of this past July, the Institute had 353,856 members which includes 17,775 student affiliates and associates.

Members in industry continue to exceed the members in public practice.

Thirty percent of the membership is female and 21.9 percent of the membership is thirty-five years old or younger.

1  
2           The AICPA considers the under-  
3 35 group critical to its future and is addressing  
4 this membership issue through increased student  
5 and membership initiatives.

6           In the expense area, the AICPA  
7 experienced modest increases over the four-year  
8 period, from 1998 to 2001. For 2001 the AICPA  
9 originally budgeted \$132.8 million for expenses,  
10 but only incurred \$121.7 million due to the  
11 assumption of certain marketing and distribution  
12 related expenses by CPA2Biz. These expenses that  
13 were assumed are in the areas of salaries,  
14 postage and shipping, advertising and other  
15 expenses.

16           The AICPA also had lower than  
17 budget amortization and depreciation expenses due  
18 to slower purchasing of equipment and software  
19 and the accelerated amortization of certain  
20 software in fiscal 2000 due to the anticipated  
21 implementation of a new Enterprise Resource  
22 Planning System for AICPA, CPA2Biz and the Shared  
23 Services, LLC.

24           The new ERP System is currently  
25 being developed and will not be implemented until

1  
2 the needs of all three entities have been  
3 considered in a cost effective and efficient  
4 manner.

5 The \$1.5 million provision for  
6 unbudgeted projects is classified as "other  
7 expenses" in the budget. However, the actual use  
8 of these monies is classified in a manner with  
9 the ways in which those monies were used.

10 Because a sufficient capital  
11 base is a must to support any operation, the  
12 Board approved the policy setting a fund balance  
13 goal of twenty to twenty-five percent of annual  
14 revenues. This target was achieved as of July 31,  
15 1997 and remained in the established range in  
16 fiscal 2001 at 23.8 percent.

17 As the slide illustrates, the  
18 fund balance for the AICPA only at July 31, 2001  
19 was \$32.3 million.

20 I will now turn the podium back  
21 to Bill to discuss AICPA and subsidiary results.

22 MR. STRAIN: Thank you,  
23 Clarence.

24 As you know, the CPA2Biz began  
25 operations on February 1, 2001. As a company

1  
2 heavily dependent on technology, you will not be  
3 surprised to learn that a significant portion of  
4 its capital was expended to develop a state-of-  
5 the-art technology platform by which to grow in  
6 professional markets and business-to-business  
7 segments.

8 As a result, from its inception  
9 through July 31, 2001, CPA2Biz has realized a  
10 \$38.9 million loss. This loss was consistent with  
11 CPA2Biz's original projections which were  
12 communicated to its investors at the time of its  
13 formation.

14 Actual results for the AICPA and  
15 the CPA2Biz on a consolidated basis for the year  
16 ended July 31, 2001 were \$38.6 million of excess  
17 expenses over revenue.

18 It's very important for all of  
19 us to understand that the AICPA has no obligation  
20 as to the losses or any other liabilities of  
21 CPA2Biz.

22 For the benefit of the new  
23 Council Members, we will now turn to the AICPA  
24 Only budget for fiscal 2002 which was approved at  
25 the May 2001 Council Meeting.

1  
2           The AICPA Only budget for fiscal  
3 2002 reflects an excess of expenses over revenue  
4 of \$3 million. This is due mainly to the  
5 launching of a five-year \$25 million student  
6 recruiting and awareness program.

7           The budget 2001 comparison  
8 reflects the marketing and distribution agreement  
9 between the AICPA and CPA2Biz. The AICPA is made  
10 whole from a cost recovery and profit margin  
11 perspective based on historical sales trends.

12           This year's budget provides \$1.5  
13 million for unbudgeted projects. The Finance  
14 Committee and the Board believe this provision is  
15 essential to enable the AICPA to respond to the  
16 rapidly changing profession and any new  
17 initiatives that may require immediate funding.

18           The fiscal 2002 budget does not,  
19 I repeat, does not include a dues increase.

20           The major components included in  
21 the budget, other than the student recruitment  
22 and awareness campaign, are expanded advertising  
23 of the CPA brand, new student recruitment  
24 program, continued development of the  
25 computerized CPA Exam and implementation of a new

1  
2 member innovation center to speed delivery of  
3 services and products.

4 The fund balance at the end of  
5 the 2002 fiscal year is budgeted to be  
6 approximately \$29.3 million or twenty-five  
7 percent of total revenue, which is still within  
8 the goal established by the Board of Directors.

9 The \$8 million capital budget,  
10 which is approximately the same as last year's  
11 budget, was carefully reviewed to assure our  
12 continued advancement in the use of technology  
13 for meeting and member service needs.

14 In closing, I wish to emphasize  
15 that the AICPA and related organizations have a  
16 strong financial position with excellent  
17 liquidity.

18 The current liquidity along with  
19 the anticipated 2002 operating results should be  
20 sufficient to finance planned operations other  
21 than CPA2Biz activities.

22 CPA2Biz' business plans on a go-  
23 forward basis were discussed yesterday morning by  
24 Brett Prager.

25 Before we take questions, I

1  
2 would very much like to thank Clarence Davis and  
3 the finance team at the AICPA for making my role  
4 as Finance Chair a very pleasurable one. Thank  
5 you, Clarence.

6 And thank you for your  
7 attention.

8 At this time we would be happy  
9 to respond to any questions that you might have.

10 Questions?

11 A MEMBER: You indicated that  
12 there were substantial payroll that was  
13 transferred over to B2B. Yet the amount of  
14 payroll that is shown in the AICPA Only budget  
15 reflects about \$52 million versus a \$54 million  
16 budget.

17 What kind of dollar transfers,  
18 personnel transfers were made?

19 MR. STRAIN: Let me answer  
20 another question first and then I'll let Clarence  
21 go through the detail on that, the specific  
22 question.

23 The question was the payroll --  
24 certain amounts of payroll were transferred to  
25 CPA2Biz in connection with that transfer of the

1  
2 marketing and distribution of our products, and  
3 yet our payroll salary costs were higher than we  
4 had budgeted or were higher than we had amended  
5 our budget.

6 The fact that I wanted to give  
7 you is slightly different than that question but  
8 I think it's an important one.

9 I was looking at a ten-year  
10 graph of the number of employees that are  
11 employed on a full-time basis by the AICPA. And  
12 the number of employees has actually decreased by  
13 about twenty percent over the last ten years,  
14 just a good indication of what has happened in  
15 terms of management of our personnel level.

16 Now I will let Clarence answer  
17 the actual question.

18 MR. CLARENCE DAVIS: The  
19 response to the question is the fact that certain  
20 personnel from AICPA were transferred over and  
21 their salaries also. And then other employees  
22 that are integral to CPA2Biz's distribution and  
23 marketing are still on the AICPA payroll and we  
24 bill them every month for it.

25 So you have some that are



1  
2 directly over to CPA2Biz and there are some that  
3 are still on AICPA's payroll, in particular,  
4 MSAP, which we are still going through the  
5 process now of weeding out what should be on  
6 CPA2Biz and AICPA.

7 So you have approximately half  
8 and half in terms of the total payroll that went  
9 over, which is about \$4 million.

10 MR. STRAIN: Does that answer  
11 your question?

12 A MEMBER: Yes, it does. Thank  
13 you.

14 MR. STRAIN: Other questions?

15 MEMBER VICTOR RICH: I'm Victor  
16 Rich.

17 Can you tell me how much was  
18 spent last year on the XYZ Project, how much is  
19 budgeted for next year and how much has been  
20 spent to date approximately?

21 MR. CLARENCE DAVIS: The total  
22 spent to date is approximately \$4.7 million.  
23 Effectively from last Council to this Council, in  
24 terms of the education and possible mailing was  
25 budgeted for \$1.9 million. Somewhere in the

vicinity of \$1.3 million has been spent of that number.

Does that answer --

MR. STRAIN: I might --

MR. CLARENCE DAVIS: -- your question, Vic?

MR. STRAIN: I might just add again our total budget is in the range of \$150 million. So while the \$1.9 was budgeted this year and the \$4.3 million that has been spent to date is a significant money of money, it is a relatively normal percentage of our budget that is spent on new initiatives and ideas that are coming forth for future purposes.

So while it was a significant amount, it was not out-of-line with what we otherwise might spend on those types of initiatives.

PRESIDENT MELANCON: Bill, the \$4.7 is over a three-year period.

MR. STRAIN: The \$4.7 is over three years, the total amount that has been spent to date.

PRESIDENT MELANCON: It includes

1

2 the \$1.9.

3

MR. STRAIN: And it includes

4

the \$1.9.

5

I have a prompter down there.

6

Other questions?

7

A MEMBER: Yes. Thank you.

8

I noticed in the financial

9

report, the annual statement, that it indicates

10

that the agreement with CPA2Biz, that there is a

11

fixed minimum royalty to be received in the first

12

two years, and after those first two years the

13

amount of royalty is going to drop down about \$8

14

million.

15

Has the budget process gone

16

forward into that third year and beyond to make

17

sure that the Institute is not hurt by the

18

potential loss of that kind of revenue?

19

MR. STRAIN: Again, I'm going

20

to answer a slightly different question while

21

Clarence formulates the answer on that one.

22

The agreement between the AICPA

23

and CPA2Biz is an incredibly complicated

24

agreement. I actually served on a special

25

committee that looked at the agreement from the

1  
2 AICPA's side to make sure that we were being  
3 treated absolutely fairly in terms of making our  
4 position whole.

5 There was an outside party that  
6 was involved. There was somebody looking at it  
7 from CPA2Biz's side.

8 So it was really negotiated in a  
9 true sense of a contract of that nature. And yet  
10 it does have many, many complications on which  
11 I'm not sure I can answer that question. So I'll  
12 turn to Clarence on that.

13 MR. CLARENCE DAVIS: The answer  
14 to that question is yes.

15 (Laughter.)

16 MR. CLARENCE DAVIS: We are in  
17 the proces and continue to work through the  
18 process of not just a one-year budget but a  
19 rolling three years.

20 Effectively the reduction from  
21 the forty-three to the thirty-six that you see  
22 here is indicative of moving to electronic  
23 publications as opposed to the looseleaf that we  
24 are going through now in terms of print matter,  
25 for the most part.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

MR. STRAIN: Other questions?

(No response.)

MR. STRAIN: Seeing none, thank  
you very much.

(Applause.)

CHAIRPERSON EDDY: I was going  
to add my thanks to Bill Strain. You know, I've  
talked about my travels from Parkersburg. Bill  
travels from Lincoln, Nebraska to serve as a  
volunteer Member of the Board as well as the  
Chairman of the Finance Committee. And that's an  
incredible sacrifice.

And obviously by your questions  
and all that has gone on at the Institute, he has  
given a yeoman's job in terms of being Chair of  
the Finance Committee. And we thank you, Bill.

We certainly thank Clarence as  
well for his dedication to the Institute.

Let me now turn to Item 17 (b)  
which is the Report of the Independent Auditors.

I am pleased to introduce Steve  
Schenkel of J.H. Cohn, LLP, independent auditors  
of the AICPA, who will present the auditor's  
report.

1  
2 MR. STEVE SCHENKEL: Thank you,  
3 Kathy, and good afternoon.

4 Bill Strain and Clarence Davis  
5 just discussed the financial position and results  
6 of operations of the AICPA and its majority-owned  
7 subsidiary, CPA2Biz, INC., as of and for the year  
8 ended July 31, 2001.

9 We were engaged to audit the  
10 combined financial statements of the AICPA and  
11 subsidiary and related organizations for that  
12 time frame.

13 Additionally, we were also  
14 engaged to examine management's assertions  
15 included in the Statement of Management's  
16 Responsibilities for Financial Statements and  
17 Internal Control, that the AICPA and related  
18 organizations maintained effective internal  
19 control over financial reporting and over the  
20 safeguarding of assets against unauthorized  
21 acquisition, use or disposition as of July 31,  
22 2001, based on criteria established and an  
23 internal control integrated framework issued by  
24 the Committee on Sponsoring Organization of the  
25 Treadway Commission.

1  
2 Our engagements were performed  
3 in accordance with Generally Accepted Auditing  
4 and Attestation Standards.

5 In connection with the financial  
6 statements, we have issued an unqualified  
7 opinion.

8 In connection with the  
9 examination of management's assertions, our  
10 opinion is that the AICPA maintained in all  
11 material respects effective internal control over  
12 the aforementioned.

13 At this point I would like to  
14 discuss in general the oversight of the audit  
15 process. Specifically, I would like to discuss it  
16 from our perspective as auditors with involvement  
17 with the Audit Committee and management.

18 First, I would like to discuss  
19 it from the standpoint of the Audit Committee.

20 Operating through its charter,  
21 the audit process is monitored throughout the  
22 year. The process includes the following general  
23 continuous activities:

24 Meetings as required and at a  
25 minimum four meetings per year, which includes

1  
2 management and ourselves, including private  
3 executive sessions;

4 Confirmation of our independence  
5 as well as ensuring internal audit's objectivity;

6 Reviewing the coordination of  
7 audit efforts to ensure coverage, avoidance of  
8 redundancies and completeness;

9 Inquiries as to significant risk  
10 exposures and an assessment of management related  
11 actions;

12 Review of the internal controls  
13 and related finance;

14 Review with ourselves the  
15 required communications in accordance with  
16 Generally Accepted Auditing Standards; and

17 Lastly, report periodically to  
18 the Board its activities.

19 Continuing specific policies  
20 that the Audit Committee addresses are:

21 They, one, receive timely  
22 analysis of significant reporting issues and  
23 practices from both management and ourselves;

24 As well as receiving qualitative  
25 judgments about the appropriateness, not just



1  
2 acceptability of the accounting principles and  
3 practices and the financial statements' clarity  
4 including new transactions.

5                   Additionally, we have  
6 unrestricted access to the Audit Committee if  
7 ever a disagreement were to occur.

8                   From the standpoint of the  
9 involvement of management in the overall audit  
10 and accounting process, let me first tell you  
11 that it is a process again that occurs throughout  
12 the year.

13                   It is a process which is  
14 overseen by Barry Melancon and Clarence Davis, as  
15 Chief Executive Officer and Chief Operating  
16 Officer, through an effective system of internal  
17 control as well as financial reporting.

18                   This process includes  
19 unrestricted access to Mr. Davis and Mr. Melancon  
20 as potential matters may arise.

21                   In addition, this process is  
22 also overseen by the Finance Committee, which  
23 oversees the results periodically.

24                   I just briefly touched upon  
25 certain general aspects of the oversight process.

1  
2 It is far more encompassing than that which I  
3 discussed.

4 Finally, I would like to express  
5 my appreciation to Council, to the Board of  
6 Directors, the Audit and Finance Committee and  
7 the AICPA management team for the opportunity to  
8 serve as your auditors.

9 Thank you.

10 Are there any questions?

11 (No response.)

12 (Applause.)

13 CHAIRPERSON EDDY: Okay.

14 We are now ready to move on to  
15 Item 18, which is Student Recruitment.

16 At the Spring Council Meeting  
17 you heard an initial presentation on our new  
18 student recruitment campaign.

19 I would like to ask John  
20 Hunnicutt to come up and introduce to you some of  
21 the representatives of Wunderman, our direct  
22 marketing firm, that has been busy developing our  
23 student recruitment's campaign messaging concepts  
24 and communication framework.

25 John.

MR. HUNNICUTT: It's time for a report on what I would consider one of the most vital programs of the profession, the one that Jim Castellano mentioned at lunchtime and that we've talked about several times.

When we talked to you about this last spring, we pointed out to you that we are talking about a marketing program, not an advertising campaign.

We are focusing on Generation Y, which was described to you as the population that is our target and differs from Generation X, the movers and those that preceded it.

It's unique because for us it is an online web-based interactive program which truly will attempt to and we feel successfully involve us in a dialogue with our student target population.

It's a program that's flexible because it is designed to be modified along the way if necessary.

We are going to be able to measure our progress. We are going to build it on a database that will permit management of our

1  
2 messages and our target audiences.

3 It includes a business plan  
4 which sets the metrics in terms of the goals and  
5 numbers of students, when and how we shall reach  
6 them, what it will cost, so that we can determine  
7 what our return on investment is so-to-speak and  
8 what we are investing on a per student basis,  
9 particularly as we gauge our success on that  
10 student population.

11 And it contains messages - and  
12 this is important - which differ depending on the  
13 age of the target population and where they are  
14 in their maturation and where they are in their  
15 academic and career decisionmaking.

16 Now, in the past and up to now  
17 we and the State Societies have excellent  
18 programs underway. And we know that they are  
19 excellent because they have been well received,  
20 they are quite popular, they are utilized and we  
21 get a great response.

22 Regrettably, the numbers of  
23 young people sitting for the CPA Exam, those  
24 numbers are not trending in our favor.

25 One observation. This program

1  
2 will not be promoting CPAs at the outset. We  
3 first want kids to think about their business  
4 opportunities and how they fit in the business  
5 community and what those opportunities are.

6 And then get them to understand  
7 that accounting is a body of knowledge and a set  
8 of skills and competencies which is well suited  
9 to that idea.

10 And then get them to realize  
11 that the CPA certificate is "the" best ticket,  
12 the principal pathway, for a success for them in  
13 this world.

14 Now, Wunderman, formerly known  
15 as Impiric, which is how we introduced them last  
16 spring, is here to outline the strategy, tell you  
17 where they are in their work, show you some of  
18 the messages we've delivered and how, and what  
19 media will be used, and tell you what is testing  
20 well with the students and what, although we find  
21 it attractive, may not be testing well.

22 One final admonition as a  
23 reminder. The program is a departure for us. It  
24 covers new ground. It's not typical for this  
25 profession. It is, nevertheless, exciting. It

1

29

2 talks to our student population not in our domain  
3 but in their domain.

4 And we are quite confident that  
5 the students will respond.

6 And I'm pleased to introduce us  
7 to Ann Friedman-Ryan, Senior Vice President and  
8 Group Account Director for Wunderman.

9 Ann.

10 MS. ANN FRIEDMAN-RYAN: Thank  
11 you, John.

12 Ben Itty is here with me today.  
13 He is Senior Vice President of our Insights Group  
14 and has partnered with me on the development of  
15 this program.

16 We are very pleased to be here  
17 today to give you a progress report since last  
18 May's Council Meeting.

19 We are here today representing a  
20 large team that has taken our exploratory  
21 learning and has developed a communication  
22 strategy and a tactical plan.

23 Today we are pleased to share  
24 our progress with you.

25 Our objectives for year one are

three-fold:

To improve awareness and  
perceptions of the CPA profession;

To encourage enrollment in  
accounting courses; and

To increase the number of  
students considering CPA certification.

We will accomplish these goals  
by establishing an ongoing dialogue with high  
school and college students.

In determining our scope for  
year one, we focused on targeting Gen Y. Gen Y is  
a unique target, very different than Gen X, as  
Ben will talk to later in the presentation. But  
it's important - and this is something that I'll  
say over and over again during our presentation  
today - we need to go out and we need to talk to  
Gen Y in their own words, on their own ground.

It's very, very different than  
speaking to Gen X, speaking to the boomers,  
speaking to any other previous generation. They  
are unique unto themselves.

We sought out historically,  
responsive, cost-efficient channels while at the

1

31

2

same time looked to maintain a diverse audience.

3

4

5

6

Our team at Wunderman has  
credentials in marketing with a Gen Y audience  
having worked on such clients as Citibank, the  
U.S. Navy and the U.S. Army.

7

8

9

10

11

12

One thing that becomes critical  
when working with the Gen Y audience is the  
channel selection. The Internet is the channel of  
choice for the Gen Y target. So not surprisingly  
interactive really comprises the heart of our  
program.

13

14

15

16

17

18

19

20

As direct marketers, we like to  
measure everything that we do. We like to test  
and refine what's going on. So we have developed  
a marketing infrastructure to monitor the  
individual shifts, awareness, campaign  
performance, preferences and actual responses on  
an ongoing basis to be able to evolve the  
program.

21

22

23

24

The State Societies will receive  
a schedule of events and samples of the creative  
work will be posted online prior to the launch of  
the program.

25

We welcome the use of these



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

materials at the local level. However, given our focus and our passion as direct marketers for measurement, we anticipate the need to be able to assign methods of tracking for all local leads and activities so we can trace them.

What are our long-term goals?

We have set, as John alluded to, some quantifiable goals to both gauge our effectiveness and achieving our objectives. These projections were developed after examination and consultation with much of the data and professionals, both internally in the AICPA and from many external sources, such as the Census, for instance.

The blue line is representative of the current trend of decreasing accounting majors. As a result of our marketing program, we project that we will be able to reverse this trend.

The red line is indicative of this reverse trend that we project. On a cumulative basis over the five years of our program we anticipate a cumulative year-over-year increase of five percent per year.

This will also have a direct correlation on perhaps the most important metric of all, an increase in the percentage of CPA Exam takers by the conclusion of this initiative.

At this point I would like to turn it over to Ben who will talk to you about our messaging strategy and our communication strategy.

Ben.

MR. BEN ITTY: Thank you, Ann.

Many of you heard our colleagues in May present to you our overall approach to this Gen Y target.

Today we will show you how exactly it translates to specific programs, what is the messaging strategy, what's the actual communications plan and about the specific programs that we have for year one, the fun stuff.

As you will see, that we have been hard at work, and you see what we will be presenting, and that we really enjoy doing this.

In developing the program we have further divided the Gen Y target into

2 relative subgroups based on common mindsets and  
3 recognizing that they are at different stages  
4 related to their careers and jobs.

5 We will start with the high  
6 school juniors and seniors, all high school  
7 juniors and seniors. This is a group that is not  
8 yet sure what they should be doing, not sure  
9 what's right for them. We need to get onto their  
10 radar and get them to start considering a career  
11 in business and the ways to do it.

12 Our broad goal is one of  
13 awareness.

14 The next group is actually a  
15 subset of this group, which is high school  
16 juniors and seniors who are college bound. This  
17 is a group that is actually looking for more  
18 specific information, and we will be able to get  
19 to them, get the active consideration list.

20 The third group are the early  
21 college students. Once they get to college, we  
22 know that they have to decide on what major. If  
23 they are in early college, they are not  
24 completely sure of what major they should be  
25 taking or they have -- might change their mind as

2 to the majors they have already taken. And we  
3 want to be able to influence them to take  
4 business and accounting. And we need to get this  
5 group more involved and move them in the right  
6 direction.

7 The final group is made up of  
8 accounting and business majors, people who have  
9 already decided to major in math, likely to major  
10 in business soon. And to this group we want to  
11 become -- we want to be up there with all the  
12 choices they have and include the CPA as one of  
13 the options they should be thinking about and  
14 move them to action, into actually taking the  
15 Exam.

16 In year one we will be talking  
17 to all of these groups. We will be having  
18 different messaging happening at the same time  
19 through appropriate channels -- and we will talk  
20 about some -- that will reach all of these  
21 different groups.

22 Now, since this is going to be  
23 one integrated program, we also need an  
24 overarching theme that goes across everything. We  
25 will be talking different messages but we need to

1  
2 have a theme that goes across everything.

3 So in developing the theme we  
4 made sure that the CPA Vision was definitely a  
5 big part of it, making sure that the overall  
6 strategy is consistent with the future Vision of  
7 the profession, but at the same time making it  
8 relevant to our target.

9 So how we do this development of  
10 the message is by taking relative attributes and  
11 ladderling it up to a message that we think can go  
12 across everyone.

13 We start with high school  
14 students. These are kids who are already using  
15 many business skills without even realizing it,  
16 whether it's managing an allowance or working  
17 with others in their first job or becoming a part  
18 of their sports team, or playing the gridded  
19 games on the Internet or working with others in  
20 community activities. All of these are actually  
21 using business skills.

22 We want them to be able to  
23 recognize these skills and let this generation  
24 realize that business is something they can do  
25 and do well and that they can learn and develop

1  
2 actual skills as they prepare to become a CPA.  
3 It's not just for accounting, but that they can  
4 pick up business and they can get involved in  
5 business.

6 To the college student we want  
7 them to see that the recommended area for study  
8 and preparation in finance, to business, to  
9 technology, to communication, all the recommended  
10 study for preparing for a CPA, not just  
11 accounting, all can help in further developing  
12 business skills.

13 So what does this mean to have  
14 these skills?

15 To our Gen Y target it means  
16 that it actually prepares them for the real  
17 world. We are saying that these business skills  
18 will actually prepare you for the real world, for  
19 different kinds of jobs that require business  
20 savvy and, of course, it prepares you for a  
21 career in business and accounting as well.

22 We know that this is a message  
23 that will resonate with our target. So our  
24 overall platform ladder up these benefits and  
25 attributes that we've identified is that

2 preparing to become a CPA actually prepares them  
3 for many possibilities. When they reach that  
4 stage, all those skills that they pick up can  
5 help them no matter where they go, not just a  
6 career in accounting, but it can help them  
7 anywhere.

8 So you can see how we sort of  
9 come up with there are many different ways, which  
10 are ladderred up, starting with recognizing the  
11 skills that they already have and thinking  
12 themselves doing well in business, learning more  
13 skills as they prepare and preparing for any  
14 possibility.

15 Once we have an overall theme,  
16 that's a theme that goes across everything they  
17 do, we want to then translate it into individual  
18 messages for each of the targets that we talked  
19 about.

20 Among high school juniors and  
21 seniors we know what they are thinking of.  
22 They're not completely sure about what they want  
23 to do. They are considering many, many different  
24 options, not completely of one mind of any of  
25 them. At the same time they want to be prepared

1  
2 no matter what the eventuality.

3 So they are doing everything  
4 they can to prepare so that when the time comes,  
5 they can actually make the most of it.

6 Our message to them is that what  
7 you may be already good at can take you far in  
8 the business world; get them to realize that  
9 business is something they can be good at, that  
10 they have the analytical, communication,  
11 leadership, decisionmaking skills.

12 And how we plan to do this is to  
13 get them to go to an online simulation that Ann  
14 will talk about a little later, drive them to go  
15 and play the simulation and find out for  
16 themselves what different skills they have and  
17 how good they are and intrigue them to find out  
18 more.

19 The design entity as a result of  
20 the messaging is for prospects to think that they  
21 have the skills, I can do something with my  
22 skills, let me find out more.

23 For the early college student,  
24 we want to help them to choose. They have not  
25 fully decided on what they should be majoring in.



1  
2 Many of them may have chosen a major but are  
3 likely to change their mind again.

4 And our message to them is that  
5 you can be on your way to an interesting and  
6 rewarding career once you're on the CPA track.

7 And we support this by giving  
8 them examples of jobs and opportunities that the  
9 business CPA is actually doing, actual inspiring  
10 examples of which we have quite a few already.

11 They need to know that in order  
12 to get there they need to start preparing now and  
13 that business accounting related courses are a  
14 critical part of it.

15 We will get this message to them  
16 through various media sources, including an on-  
17 campus promotion, campus newspapers, and a lot of  
18 it will be e-mail and direct mail going out to  
19 them.

20 The desired result is for them  
21 to see that it can get them places, that actually  
22 getting on the CPA track can get them places and  
23 that they need to start preparing now if they  
24 really want to get there.

25 For the final group, the late

1  
2 college students, they are already in business  
3 and accounting already and they need to make  
4 crucial career decisions. There are many options  
5 that are there. At the top of these classes we  
6 are looking at an interesting option, including  
7 an MBA, and other successful options into a  
8 business career.

9 Our message to them is that the  
10 CPA certification and the tangible skills you  
11 acquire while you are preparing for CPA will give  
12 you a market advantage when you want to look for  
13 a job.

14 We will highlight these. And if  
15 they want actual information to support it, so we  
16 will inform them about the benefits of becoming a  
17 CPA, the demand for CPAs, the recognition of CPAs  
18 and the kind of jobs that CPAs actually get.

19 And you can see the message  
20 moves all the way from business to business and  
21 accounting courses to actually CPA for this  
22 group.

23 And the media we will use for  
24 this group will be much more direct. We will have  
25 actual names of people in business and accounting

2 courses and we will use e-mail and direct mail to  
3 these messages to them.

4 What we want them to think is  
5 that the CPA is the preferred entry into a  
6 business career. That is really what we are  
7 heading towards.

8 Now that we have the messaging,  
9 how do we get it across to our student prospect?

10 Now, in developing the  
11 communications plan, we have looked at it from a  
12 direct marketing perspective, which is a little  
13 different from the general awareness approach.

14 Here we start with a student  
15 perspective and using the channels that the  
16 students respond to.

17 We do have an awareness element  
18 of our promotion, of our activity, but everything  
19 is geared towards getting a response that we can  
20 actually quantify and measure and use and start a  
21 dialogue going.

22 Our objective is to increase  
23 awareness of the profession and influence  
24 perceptions and do it in a way where we can  
25 obtain responses, carry out a dialogue and

1  
2       measure our success.

3                       We will be capturing data and  
4       building a database for our effort over the  
5       entire five years. So all of that is integral to  
6       how we are approaching it.

7                       We know that the generation is  
8       web-centered. You've heard that many times from  
9       many different people. And we actually have  
10      numbers to prove that.

11                      And so on-line is going to be a  
12      big part of our strategy going forward.

13                      Year one maximizes the  
14      interactive channels. We have e-mail. We have  
15      student-centered website content, a compelling  
16      simulation game which we are developing. We will  
17      be using several other direct media as well in  
18      addition to this to reach our target.

19                      Print and promotion will also  
20      play a role. There will be promotional activities  
21      in schools and colleges to have a broader target  
22      and focus in building awareness. But even here we  
23      will have response mechanisms built in that allow  
24      for us to pursue and measure who is acting and  
25      where.

1  
2 In the year one there will be  
3 limited use of print media primarily because it's  
4 a very expensive media. So we want to test and  
5 learn what are the effective print channels we  
6 can use and we will be testing it in select  
7 universities and using the results to develop a  
8 bigger plan.

9 The promotional campaign's  
10 launch is in the fall of this year, the fourth  
11 quarter, and we should have the necessary details  
12 fairly soon.

13 And all of this actually happens  
14 along with the student is going to be influenced  
15 with other things happening there as well,  
16 including activities by other organizations like  
17 Beta Alpha Psi and the State Societies. All of  
18 this will relate back to what the student is  
19 going to be thinking and acting.

20 As we develop; the different  
21 elements of the program, we are also putting in  
22 place a mechanism to gather the data and build  
23 the database because we know that is very  
24 critical. So that is happening simultaneously.

25 The database is a key element in

1  
2 moving the target prospect from awareness to  
3 action. We said we want to move them from  
4 awareness to action and the database is a key  
5 part of that.

6 As a prospect participates in an  
7 event or registers for the simulation on the site  
8 they are already searching for more information.  
9 We obtain information that may be used to develop  
10 more targeted messaging to these different  
11 groups.

12 The database will also provide  
13 some more learning and feedback on what's working  
14 and what's not.

15 In the first year the data we  
16 gather will provide us feedback on what is the  
17 most effective media that we are using. If it's  
18 e-mail working better, we will use it. We will  
19 know which type of messages are working better.  
20 We will also know who is responding - the age,  
21 the gender, school year -- and you can see if the  
22 prospects we are getting are the kind of people  
23 that we really want to be able to attract.

24 You heard about the messaging,  
25 about the plan, and you all probably thinking,

1  
2 all right, we heard a lot, show us what it looks  
3 like.

4 And that's what we really want  
5 to do now.

6 Ann is going to take you through  
7 the interactive development and then the  
8 promotional activity, and finally we will take  
9 you through the creative ideas that we have  
10 developed as well.

11 Ann.

12 MS. ANN FRIEDMAN-RYAN: Thank  
13 you, Ben.

14 The interactive channel is core  
15 to our strategy of delivering life-stage,  
16 appropriate content and information to Gen Y in  
17 an environment that appeals to them.

18 It will affect their motivation  
19 and it will affect their behavior.

20 We will use the website, the  
21 student website, to grab their attention by  
22 developing a fun, thought-provoking business  
23 simulation, game or challenge, to ongoing e-mail  
24 communication where we establish a personalized  
25 dialogue and through the student website.

1  
2 All of these vehicles will  
3 provide Gen Y with information relevant to their  
4 stage of education.

5 We will serve them with career  
6 relevant information to assist and persuade them  
7 in their career choices and preparation, to be  
8 able to inform them of the CPA profession and  
9 Vision and to encourage sitting for the CPA Exam.

10 Let me spend a few minutes  
11 talking to you about the business simulation  
12 challenge or game as we call it.

13 This will be a multi-level game  
14 that simulates running a business. It will  
15 integrate the attributes that Gen Y currently  
16 possesses and uses in such online gaming activity  
17 such as Spin City, Hollywood Stock Exchange and  
18 Phantasy Sports.

19 A player advances through the  
20 simulation experience by solving business  
21 problems and industry specific obstacles. Through  
22 their play they will soon see that they possess  
23 many of the skills that are part of the CPA  
24 Vision.

25 They can return to the game and



1  
2 play it again and again.

3 Our research has told us that  
4 students are thrilled and motivated by this type  
5 of interactive play. They were very, very excited  
6 about it when we exposed it in focus groups.

7 Now I'm going to touch on the  
8 promotional accent of our program. Our promotion  
9 also has a strong web component. And what we have  
10 done in our promotions is to be able to go out  
11 and seek partners who are relevant with our  
12 target so through the association of this  
13 relevancy CPA takes on a cool connotation and  
14 making the target receptive to the CPA message  
15 and the Vision.

16 Again, it is very important --  
17 these promotions are very different than I think  
18 anything that you have done before -- to be able  
19 to recognize that we are targeting Gen Y in their  
20 own sandbox, with their own toys.

21 The high school promotional  
22 program is delivered via a classroom educational  
23 effort that enables students to recognize skills  
24 and aptitudes in the area of business, technology  
25 and the Internet.

We have partnered with MP3, the leading music provider, Two10Y, and Scholastic, a leader in youth publishing, to develop a promotion where students can become a record mogul by building their own record label.

By associating with MP3 and Scholastic we will use the equity of these brand names to provide credibility to our message and begin changing attitudes and perceptions of the CPA profession.

Elements of this program include in-class curriculum to be used in 6300 classrooms across the United States and a co-sponsored promotional website where students will make and design their labels, sign artists and market their record labels all within an assigned budget and timeline.

This exciting promotion is scheduled for launch in late November.

For the college promotional program, we have partnered with Burly Bear, which is the number one college cable television network in the United States.

The college promotional program

1  
2 is a fully integrated national program utilizing  
3 on-air, on-line and on the ground capabilities of  
4 Burly Bear.

5 By leveraging the Burly Bear  
6 network, again we are reaching out to Gen Y on  
7 their own turf, in the places where they usually  
8 look for information and look for entertainment.

9 This will provide credible  
10 representation of the CPA profession and their  
11 work to this audience.

12 The centerpiece of this  
13 promotion is the opportunity to win a \$10,000  
14 dream internship contest. This contest will be  
15 promoted via the Burly Bear TV network, about  
16 12,000,000 impressions in all by the large  
17 circulation, and on the ground at sixty-five  
18 select college campuses.

19 These promotions will allow us  
20 to generate buzz and excitement for the CPA  
21 profession, to be able to increase awareness, and  
22 most importantly, to begin the repositioning of  
23 the CPA hallmark among the Gen Y targeted  
24 audience.

25 Ben will now provide you with an

1  
2 overview of our research findings conducted to  
3 determine which were just the right messages for  
4 Gen Y, at what stage in their educational life  
5 cycle.

6 He will also share with you  
7 creative concepts being developed for our Gen Y  
8 activity.

9 Ben.

10 MR. BEN ITTY: Thank you.

11 This is really the fun part of  
12 our job, to actually develop the creative and see  
13 how the target responds, and then use the  
14 feedback to further finetune and actually move  
15 it.

16 So our process of doing it is to  
17 develop alternatives in order to determine what  
18 is the best way that we can talk to our target.

19 So at the outset let me state  
20 that the result of feedback has been extremely  
21 encouraging. It confirmed that we are absolutely  
22 in the right direction.

23 Several different approaches  
24 conveying the message were tried. We looked at  
25 more of a leadership approach and we should adopt

2 a more competitive tone. There was an approach  
3 that focused on inspiring them to succeed. There  
4 was also one which is what I call fun and  
5 humorous.

6 And we learned, which is really  
7 consistent with a lot of the things that we have  
8 been doing with this group, is that they want us  
9 to be as straightforward and direct as possible.  
10 They are saying don't try too hard, don't over  
11 promise, don't try to be too cool and don't try  
12 to be too aggressive.

13 We also came to understand how  
14 far we can take the messaging. And it further  
15 reinforced to us how different the target is,  
16 really is.

17 I'll give you an example.

18 One of the concepts we showed  
19 them had -- or showed them the tagline, "Don't  
20 work for the man, be the man."

21 Now everyone in the groups  
22 internally when we presented it to them - and I'm  
23 sure a lot of people in the audience, boomers and  
24 Gen Xers -- had concerns about how this might be  
25 misconstrued and seen as being not too favorable

1  
2 to women.

3 Not one person in our groups, in  
4 the Gen Y, had a problem. They loved this line.  
5 They liked -- they were a very inclusive group.  
6 They liked to be challenged and they loved the  
7 notion. This was loved by this group.

8 Another example is another  
9 concept that we showed them. We said: "A lot of  
10 students think business is boring. They'll be  
11 moving your lawn one day."

12 (Laughter.)

13 MR. BEN ITTY: We loved it,  
14 right? They did not like it.

15 (Laughter.)

16 MR. BEN ITTY: And the reason  
17 for that -- and the reason for that is they don't  
18 want to be trampling on their friends and peers  
19 in order to succeed. That is not a message that  
20 resonates with our Gen Y population. They want to  
21 be successful but not at the cost of their  
22 friends. Any disparaging thing related to their  
23 friends and their peers does not fly with this  
24 group.

25 So, again, instant learning for

2 us in developing messaging as we go forward.

3 We will show you now the  
4 approaches that work the best with the high  
5 school students and the college students and I'll  
6 tell you why.

7 Among high students the approach  
8 that worked the best conveying our desired  
9 message was the most direct one. We had a couple  
10 of other options, but this was the most direct  
11 one. "Right now business is a game; some day it  
12 will be your life."

13 And I'll just read the copy  
14 here. "Find out what it's like to run your own  
15 company, play the free on-line business  
16 simulation challenge at  
17 [www.startheregoplaces.com](http://www.startheregoplaces.com), startheregoplaces."  
18 And the headline says: "Take the challenge at  
19 [www.startheregoplaces.com](http://www.startheregoplaces.com)."

20 The visual was an attitude  
21 running meetings, what that represents, it  
22 suggested that anyone can really make it. And the  
23 overall look and feel of this approach was also  
24 well liked. They loved the graphics and the  
25 strong colors. You can actually see for yourself.

1  
2 We have them on easels outside. So that when you  
3 walk outside, you can actually see these guys  
4 close up.

5 These will appear as posters in  
6 schools and the text and imagery will also be  
7 used in e-mails, direct mail and the design of  
8 the website.

9 Another in this series was one  
10 which was: "Be the big boss, play the game, find  
11 out what it's like." Again, the copy is similar.

12 The visual shows a skateboard  
13 parking spot reserved for a CEO.

14 (Laughter.)

15 MR. BEN ITTY: It was able to  
16 get their attention and it suggested that even  
17 they could make it in the business world. So it  
18 was a very relevant visual and they liked the  
19 approach.

20 We also noticed -- there is a  
21 tagline which says "Start here, go places." And  
22 this was extremely well received. It suggested  
23 all the right imagery, It was seen as positive  
24 and motivating and suggested to them they could  
25 go anywhere as long as they prepared for it.



1  
2                   Among college students, again  
3 the approach that won out was the most realistic  
4 and the most direct one.

5                   Let me read this out to you  
6 because it was never intended to be read at a  
7 seat beyond the first row.

8                   It says: "As controller of a pro  
9 football team, you could fit forty-eight egos  
10 into a \$68 million salary cap, rent five hundred  
11 and eighty-five hotel rooms in nine cities over  
12 four months, ask for thirty seats three hundred  
13 feet from the field and get it. Start and go  
14 places. If you know business and accounting, you  
15 can work anywhere because the skills you learn in  
16 business - strategic, analytical thinking,  
17 communication, leadership - are always in demand  
18 in some of the coolest industries in the world  
19 even in pro football. Go to  
20 [www.starthereregoplaces.com](http://www.starthereregoplaces.com) to learn how business  
21 and accounting take you where you really want to  
22 go."

23                   Again, this approach -- this  
24 will actually appear in newspapers and the same  
25 text and visuals will be used in developing

1  
2 communication like direct mail and e-mail.

3 Again, people love this  
4 approach. Our target can see themselves in these  
5 situations and the industry features were  
6 interesting and the kinds that they would like to  
7 be in.

8 The numbers and the visual --  
9 the numbers approach and the visuals also convey  
10 a very favorable image of the CPA as being a key  
11 partner of business and involved in many areas  
12 besides just accounting.

13 They were able -- it was able to  
14 interest them and see -- and many of them  
15 actually in the focus group where we actually see  
16 an increase an interest by the end of the thing:  
17 I'm interested in finding out more.

18 Another concept in this  
19 direction featured the movie industry. Now let me  
20 just read the headline here: "As director of  
21 business development at a major movie studio you  
22 could okay a \$93 million budget, hire 7,500  
23 extras, rent two hundred and seventy-three palm  
24 trees and one big fan to make them sway. Start  
25 here and go places." And the copy is pretty much

1  
2 the same.

3 Again, the choice of industries  
4 and the way we actually use the numbers to convey  
5 in an interesting way the profession.

6 And these are actually real jobs  
7 that actual CPAs are doing. So it's not even like  
8 we made it up.

9 (Laughter.)

10 MR. BEN ITTY: The college  
11 target -- the college target had great favorable  
12 reaction to the tagline. The same tagline was  
13 applied to the college students as well: "Start  
14 here and go places."

15 And, again, very similar  
16 reactions as the high school group. They loved  
17 it.

18 The overall reactions from the  
19 groups were extremely encouraging and we have  
20 been able to use much of the learning. And some  
21 of the work that you can see on the easels  
22 outside, we have more examples of the work that  
23 I've shown you. We have developed them further  
24 and some of them are on the easels outside.

25 As you walk outside, you can

1  
2 take a look at it for yourself.

3 We will be -- these are actually  
4 -- they look like sort of posters, but we will  
5 using the same material for posters, newspaper  
6 ads, direct mail, e-mail, the site. We need to  
7 start creating all of that as well as our overall  
8 communication. You will be seeing more of that as  
9 we go along.

10 Ann.

11 MS. ANN FRIEDMAN-RYAN: Thank  
12 you, Ben.

13 Well, as you can see, we've made  
14 a lot of progress since our last report to you.  
15 We are well on our way for a launch in November,  
16 and we are extremely excited and proud of this  
17 program.

18 And I would just like to thank  
19 you for inviting us here to share this with you  
20 today.

21 Thank you.

22 CHAIRPERSON EDDY: Do you have  
23 any questions for Ben or Ann on the program?

24 Victor.

25 MEMBER VICTOR RICH: Have you

1  
2 looked into the executive compensation and what  
3 effect that has on these high school and college  
4 kids, the starting salaries and in terms of in,  
5 say, three and five years within the profession?

6 MR. BEN ITTY: It depends on  
7 the group that we meet.

8 At the high school level  
9 salaries are not the biggest thing. They are  
10 looking for opportunities. They are looking for  
11 the most interesting jobs.

12 As we move up the spectrum and  
13 move into the later groups, the early college and  
14 especially late college, then salaries I think  
15 become important and we need to be able to convey  
16 that message especially for late college  
17 students.

18 MEMBER VICTOR RICH: Thank you.

19 CHAIRPERSON EDDY: Stu.

20 MEMBER STUART KESSLER: The  
21 program sounds great and I love those posters. I  
22 think it will be terrific.

23 One other group -- this seems to  
24 be targeted toward the Gen Ys and college  
25 students. I just wonder if you thought of the

2 other two groups that have influence, that is,  
3 the parents, because in many cases the Gen Y will  
4 say this is great, I saw this thing on  
5 television, I got an e-mail, it's wonderful, but  
6 basically the parent will say, "no, no, you don't  
7 want to go into that profession because we know  
8 about all these dull, boring CPAs."

9 And the other group are the  
10 guidance counsellors from whom we've gotten a bad  
11 wrap over the years.

12 Have you thought about how to  
13 influence those two groups to help the students?

14 MS. ANN FRIEDMAN-RYAN: Yes, we  
15 have.

16 Let me answer. The guidance  
17 counsellors, we are working in conjunction with  
18 the academic group internally in the AICPA to  
19 make sure that this effort is a three hundred and  
20 sixty degree effort so that it is pulled through.  
21 We can push the students and we can get the  
22 students to express interest, but if there's no  
23 peer or counsellors or anybody to be able to pull  
24 them through, it makes this real difficult to  
25 take action and we realize that the program will

1  
2 fall short.

3 So we are very, very cognizant  
4 of that and incorporating that into everything we  
5 do.

6 In terms of parents, there are a  
7 couple of points. And I'll say a few things and  
8 then I'm sure that Ben has a few things to say  
9 about this.

10 One of the things that we've  
11 learned through our recruiting experience for the  
12 U.S. Army and the U.S. Navy is that, although  
13 parents are an important influence, they are  
14 quite low down on the list of influencers.

15 (Laughter.)

16 MS. ANN FRIEDMAN-RYAN: And we  
17 had done a lot of testing specifically within the  
18 Navy and the Army. And we found when we  
19 targeted -- we did test cells where we targeted  
20 parents through the mails as influencers to be  
21 able to see if we got a bump in recruiting  
22 efforts among that group. We did not.

23 So it is a concept that we have  
24 tested previously in other targets. Granted this  
25 one is a little different.

1  
2 But our program is evolutionary  
3 in nature and we will continue to refine it and  
4 test it. And that's one of the things that we can  
5 look at in the future.

6 MR. BEN ITTY: Actually, as a  
7 matter of fact, we thought about influencers, and  
8 we call them influencers - parents or other  
9 people, influencers.

10 And we have been thinking about  
11 this program the last few years. We want to set  
12 this program up and start it going and then do  
13 some research among the influencers and figure  
14 out what sort of message can work best for them.

15 PRESIDENT MELANCON: As a father  
16 of a seventeen-year old, I can confirm that the  
17 parents are, in fact, a low influencer.

18 (Laughter.)

19 A MEMBER: I think we have a  
20 unique opportunity handed to us by the economy.

21 Just two comments.

22 First of all, I've a daughter  
23 that graduated from college last May. And I can  
24 tell you the only people that are really getting  
25 jobs right now are the accounting majors. People



1  
2 who majored in finance and marketing are having a  
3 very difficult time finding jobs.

4 A lot of Wall Street firms have  
5 rescinded offers.

6 So college students right now  
7 view the accounting profession pretty positively  
8 in terms of job opportunities.

9 And this is a second example. I  
10 have a good friend who is a very successful stock  
11 broker. He is encouraging his son to go into the  
12 accounting profession because he feels as though  
13 the opportunities in accounting are much better  
14 over the next ten years than the opportunities on  
15 Wall Street.

16 So I think we have a great  
17 opportunity now to really capitalize. And so I  
18 urge us to move forward quickly.

19 MR. BEN ITTY: I think that is  
20 a valid point. And that's going to be part of our  
21 messaging for those late college students. Those  
22 are the people that we need to move to action and  
23 information like that is great to be used to  
24 drive them to action. Absolutely.

25 MS. ANN FRIEDMAN-RYAN: I think

2 one of the other decisions in this -- this is a  
3 conversation we had last night -- that, you know,  
4 very often when the student weighs what their  
5 options are in terms of credentials, one of the  
6 things that becomes very attractive, especially  
7 within the growing economy and the growing  
8 climate, that the CPA provides you with an  
9 instant credential that is immediately actionable  
10 upon graduation or upon certification, as opposed  
11 to some of the other programs that really require  
12 hands-on work experience to be able to delve into  
13 them and make them of value.

14 A MEMBER: I have a deep  
15 parochial interest in your campaign. I have been  
16 charged with making certain that we have more  
17 minority CPAs in this profession.

18 And the top agenda item was  
19 diversity, yet I did not see anything in drilling  
20 down to how do we affect, attract and speak to  
21 minorities. That's of great concern to me.

22 And I would love that my  
23 committee, the AICPA Foundation, to work on the  
24 side in developing the message that somehow  
25 percolates to that that is most greatly affected

1  
2 by what we do.

3 MS. ANN FRIEDMAN-RYAN: Although  
4 you didn't see it referenced as a pullout in our  
5 presentation, we did conduct research among all  
6 the groups and there is diverse representation in  
7 all of the media plans that we worked with.

8 We would welcome any input that  
9 you would like to provide to make sure because  
10 that is one of the key objectives of the AICPA,  
11 to encourage diversity and to grow the division  
12 of the CPA profession.

13 A MEMBER: Thank you.

14 CHAIRPERSON EDDY: Thank you  
15 very much.

16 (Applause.)

17 CHAIRPERSON EDDY: I'm just a  
18 little surprised there weren't any questions  
19 about Burly Bear. I guess you all understand  
20 that.

21 (Laughter.)

22 CHAIRPERSON EDDY: I believe we  
23 do have the ingredients for a highly successful  
24 campaign which will greatly benefit the  
25 profession's lifeline.

1  
2 And as I said this morning, this  
3 is an incredible amount of work on this project.  
4 And from our approval of the funds in May to  
5 actually turning that concept into deliverables  
6 is pretty exciting.

7 And so we are delighted with the  
8 progress and look forward to seeing some of the  
9 results as we move forward.

10 Let me now move to Item 19,  
11 which is the Open Forum.

12 You have the opportunity to  
13 raise any questions or items that are on your  
14 mind or that you believe would be of general  
15 interest to the group.

16 Are there any members who want  
17 to be recognized to raise issues?

18 (No response.)

19 CHAIRPERSON EDDY: Seeing none,  
20 let me say that I thank you very much for coming  
21 to this meeting in very challenging times.

22 Thank you for your commitment  
23 and for your leadership for this profession.

24 We now adjourn the AICPA Annual  
25 Meeting for the year 2001.

Our next meeting will be the  
Spring 2002 Council Meeting which will be held  
May 19th through the 21st at the Westin Savannah  
Harbor Resort in Savannah, Georgia.

Before you leave the meeting,  
please let us know on the evaluation form you  
received in your packet what you think of this  
meeting or for that matter Council meetings in  
general. We need your input.

We are continually investigating  
different meeting formats and want to learn how  
we can improve them.

Thanks again for attending and  
we look forward to seeing you in May in Georgia.

(Applause.)

(At 3:10 o'clock p.m. the  
proceedings were concluded.)

\* \* \*

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

STATE OF NEW YORK     )  
                                  )     SS.  
COUNTY OF NEW YORK    )

I, ROY A. SELENSKE, a Certified Shorthand  
(Stenotype) Reporter and Notary Public within  
and for the State of New York, do hereby certify  
that the foregoing pages 1 through 68 taken at  
the time and place aforesaid, is a true and  
correct transcription of my shorthand notes.

IN WITNESS WHEREOF, I have hereunto set my  
name this 9th day of November, 2001.

  
\_\_\_\_\_  
ROY A. SELENSKE, C.S.R.

\* \* \*