

University of Mississippi

eGrove

Newsletters

American Institute of Certified Public
Accountants (AICPA) Historical Collection

5-1995

Financial Manager's Report, May 1995

American Institute of Certified Public Accountants (AICPA)

Follow this and additional works at: https://egrove.olemiss.edu/aicpa_news



Part of the [Accounting Commons](#)



THE FINANCIAL MANAGER'S REPORT

A Periodic Update for CPAs in Business & Industry ■ May 1995

Senior Financial Executives — Save These Dates!

June 15 & June 22, 1995

The AICPA 2nd Annual Financial Management Symposia

June 15 — The Waldorf=Astoria Hotel, New York, NY

June 22 — Sheraton Palace Hotel, San Francisco, CA

The first Financial Management Symposium in 1994 received high marks, so we are offering it again this year! Please join your peers in a one-day symposium designed to address the specific challenges facing senior financial executives of large companies.

In keeping with the theme of this year's program, "Addressing the Challenges of the Future," we will feature prominent speakers in finance and accounting.

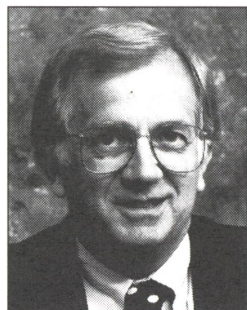
Dr. Rick Ross, coauthor of the *Fifth Discipline Field Book: Strategies and Tools for Creating a Learning Organization*, will conduct a workshop to help you build an organization that learns faster and better than it did in the past.

Dr. Robert Kaplan, of the Harvard Business School, will be on hand to show you how a properly structured "Balanced Scorecard" (BSC) is much more than an unrelated collection of financial and nonfinancial measures and how a BSC, if structured and used properly, can become the heart of a business unit's management and strategic learning processes.

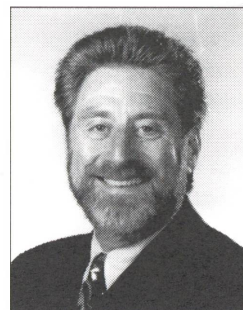
Financial Accounting Standards Board Vice Chairman James Leisenring (NY), or Board Member Neel Foster (SF) will team with top accounting officials from



Robert S. Kaplan



James J. Leisenring



Rick Ross

the Securities and Exchange Commission to discuss the challenges facing the FASB and SEC, and more. . . .

The accounting and finance function of today must take a quantum leap to reach its optimum performance level for the year 2000 and beyond. We believe The Financial Management Symposium will help provide you with the tools you need to guide your company into the future.

If you have not already received your conference brochure, write or call The AICPA Meetings and Travel Department, Harborside Financial Center, 201 Plaza

Three, Jersey City, NJ 07311-3881, 201-938-3232.

UPCOMING EVENT. . . MARK YOUR CALENDARS!

The AICPA 1995 Fall National Industry Conference

October 26-28, 1995, Colorado Springs, Colorado

Join us in Colorado Springs for this 2½-day (allowing for a maximum of 21 CPE credits) conference featuring a wide variety of subject areas relevant to your job as an industry CPA. Take advantage of the early registration conference fee of \$560 by registering *before September 26*.

If you would like to be added to the conference brochure mailing list, please call or write The AICPA Meetings & Travel Department, Harborside Financial Center, 201 Plaza Three, Jersey City, NJ 07311-3881, 201-938-3232.

AICPA Responds to Member Needs: Offers On-line Service

In the summer of 1995, the AICPA will launch a new on-line service through CompuServe, titled the "Accountant's Forum." The Forum will enable members to have electronic access to the Institute's professional literature, legislative alerts, exposure drafts, legal issues, newsletters such as *The CPA Letter* and *The Financial Manager's Report*, a catalog of AICPA and state society

publications and CPE course offerings (along with on-line registration and ordering), and easy gateways to federal government information on the Internet, among dozens of other information sources. In addition, members can communicate with each other on the Forum's topical bulletin boards, directly through e-mail, or in on-line conferences on specified issues.

Business Computer Basics Part Two: Monitors, Input Devices, Multimedia & Notebooks

by Brooks Hilliard

The January issue of FMR featured Brooks Hilliard's advice on central processors ("chips") and disk drives. This installment continues the discussion of the changes to computers by covering monitors, keyboards and mouses, multimedia devices and notebook computers. Mr. Hilliard is President of Business Automation Associates, a consulting firm in Phoenix, Arizona which focuses on the selection and use of computers for medium-sized and small businesses. Complimentary subscriptions to Business Automation Bulletin, from which this article is adapted, are available by calling BAA at 602-264-9263.

Monitors

Before the introduction of the PC, text-based monitors connected to multiuser computers were the most common video output devices. Text-oriented monitors are still widely used in that environment, but they're rapidly

being replaced by graphically-oriented PCs, even for common accounting applications. One reason for this is to improve employee efficiency. Poor quality video displays (like those on most text-only terminals) cause fatigue and eyestrain, both of which reduce productivity. That's why computer buyers should always get the best monitors they can, which would be VGA or better for IBM-type computers or almost any Mac-compatible display.

Most PCs include a standard 14-inch (diagonal) monitor, which is okay for most uses. But 15-inch monitors, which have nearly 15% more surface area, "feel" a lot bigger and only cost about \$100 more. From an eye care standpoint, that's \$100 well spent.

Many newer monitors have an Energy Star rating from the government, which means that they use much

Continued on page 4

Big Savings Extended to AICPA Members on Office & Computer Supplies

The AICPA has signed an agreement with Wallace Computer Services to provide members with measurable savings on business forms, including tax forms, and a full line of office/computer supplies and paper products. Members receive a discount of 20% on tax forms and 36% or more on office/computer supplies and paper

products ordered directly from the Wallace Catalog. A minimum order of \$25 is required. For more information or to place an order, members should call 1-800-782-4892 and indicate that they are entitled to a CPA discount (Contract No. CA 252).

Management Accounting News

Management Accounting Series

The *Management Accounting Series*, created by the Society of Management Accountants of Canada, is a comprehensive collection of publications providing clear guidance for implementing leading-edge management techniques and practices. The series combines all of the currently published Management Accounting Guidelines, Issues Papers, Industry Perspective Series, International Management Accounting Practices and International Standards. The publications are written to reflect North American management accounting issues, and many were written by U.S. authors.

Through a special arrangement with the Society of Management Accountants of Canada, the AICPA is pleased to make the *Management Accounting Series* available to its members.

The full series consists of 56 publications at a price of

\$295. Individual publications are also available for \$15 each. Orders will be taken through the AICPA Order Department at 1-800-262-4272 beginning June 1, 1995.

Benchmarking Update

In the last issue of *The Financial Manager's Report* we updated you with the latest insights from our benchmarking study with The Hackett Group. At press time, there are over 600 companies participating in the study, and over 350 companies already submitted their data. The remaining companies are at various stages of the data collection process. If you already have the data collection materials, get busy and submit your data — you stand to learn a lot about your finance and accounting department. If you are not yet participating, and your company has at least \$50 million in annual revenue, call John Morrow of the AICPA Management Accounting Division on 201-938-3011 for further information.

The Financial Manager's Report is a publication of the AICPA Members in Industry Executive Committee and is mailed four times per year to all AICPA members in industry as an insert to *The CPA Letter*. Opinions of the authors are their own and do not necessarily reflect policies of the Institute.

The Committee and Staff welcome your input on ways to make FMR more responsive to your needs. Please address comments in writing to AICPA, Industry Member Programs, 1211 Avenue of the Americas, New York, NY 10036-8775.

Members in Industry Executive Committee

Chairman, David A. Summers, Summers & Associates, Walnut Creek, CA
Communications Chair, Robert H. Brewer, Praxair, Danbury, CT

AICPA Staff: FMR and Industry Member Programs

Jay L. Rothberg, V.P. Member & State Relations (212) 596-6005
Thomas J. Lemmon, Director (212) 596-6122
Liz Belkin, Project Manager (212) 596-6194
Michele A. Rodin, Project Manager (212) 596-6126

Editorial Advisory Board

Douglas P. Burns, General Rubber Company, South Hackensack, NJ
Randolph E. Christianson, Beverage Wholesalers, Fargo, ND
Stephen Curran, Bay State Gas Company, Westborough, MA
Gayl W. Doster, East Greenwich, RI
Edward Dudley, Asea Brown Boveri, Inc., Windsor, CT
Raymond C. Hamill, The Trump Company, Waukesha, WI
Olivia F. Kirtley, Vermont American Corp., Louisville, KY
Paul K. Mendenhall, Price Development Co., Salt Lake City, UT
L. Eldon Miller, Consultant, Salado, TX
Florine N. Nath, Aspen Imaging, Louisville, CO

FASB Considers Changes to Segment Reporting

The following is reprinted as a service to FMR readers with permission from the FASB Status Report No. 262, published March 31, 1995 by the Financial Accounting Standards Board.

The staffs of the FASB and the Accounting Standards Board (AcSB) of the Canadian Institute of Chartered Accountants have prepared a summary of the Boards' tentative conclusions about segment disclosures. *The Summary of Tentative Conclusions* will be distributed to interest parties to solicit preliminary comments on those conclusions in a less extensive and formal process than is required in a Preliminary Views of an Exposure Draft. It does not represent the official position of the FASB or the AcSB. Neither group has taken a formal vote on this summary as would be required for an expression of their official positions.

The Boards have tentatively concluded that segment reporting should be based on what has been called the "management approach." The management approach would change the requirements for financial reporting for segments significantly. Some of the more important changes would be as follows:

- Enterprises would disclose information about operating segments, which would correspond with the internal organization structure, that is, they would be the divisions, departments, subsidiaries, or other internal units that the chief operating decision maker evaluates in reviewing the enterprise's performance.

- Neither industry nor geographic segment information would be specifically required. An enterprise managed by industry would report operating segments on an industry basis. An enterprise managed by geographic area would report operating segments based on geographic areas.

- For segments not based on products and services, disclosure of revenues by groups of related products or services would be required. For segments not based on geography, revenues by location of the customer and assets and capital expenditures by location of the assets would be required.

- The measure of segment income or loss would be the one used by the chief operating decision maker in reviewing performance. It would not necessarily be operating income as required by existing standards. Allocations of specific expenses, assets, or liabilities to segments would be the same for external reporting as for internal performance evaluation.

- Enterprises would be required to make certain disclosures not currently required, for example,

significant noncash items in segment income or loss, interest revenues and expense included in segment income or loss, and segment liabilities.

- Public companies would be required to disclose segment revenues and segment income or loss in interim financial reports.

One significant advantage of the management approach is that, because it involves information used by management, enterprises would be able to provide interim segment disclosures without incurring significant incremental costs or delaying the issuance of their interim financial reports. Information used by management is also likely to be more reliable than information prepared exclusively for purposes of complying with a disclosure requirement. Finally, segments based on a structure that exists within an enterprise are more likely to be objectively determinable and verifiable than segments based on subjective definitions of industries or businesses, and they are more likely to be consistent with management's discussion of the business in other parts of the annual report.

Statistics on enterprises' internal structures are unavailable, and consequently, the Boards cannot predict how companies would report segments under the management approach. However, it is virtually certain that few companies would disclose segment information based on both geographic difference and differences in products and services. Consequently, the Boards have tentatively decided to require conditional disclosures about products and services and geographic locations of revenues and assets. Enterprises would disclose, for operating segments that are not based on differences in products and services, revenues by groups of similar products and services, and for operating segments that are not based on differences in geography, revenues by location of customers and assets and related capital expenditures by location.

The Summary of Tentative Conclusions is being distributed to the Task Force on Consolidations and Related matters, the FASB-AcSB Advisory Group on Disaggregated Disclosures, and selected other groups. The Boards will consider comments from any interested parties. If you would like to receive a copy, please call Megan Callahan at the FASB, 203-847-0700, extension 333.

Double-Digit Dilemma: Managing Investment Expectations

Industry CPAs, do you . . .

- invest corporate assets, or manage those investments,
- invest employee-benefit plan assets (including 401-K plans),
- invest endowment fund assets,
- manage your personal investment portfolio?

If so, the 2nd Annual *AICPA Investment Planning Conference* is for you! For 1995 the conference will be held in Chicago, IL on June 12-13. Recommended CPE: 16 hours. Price: \$545. For a conference brochure, call AICPA Meetings & Travel Department at 201-938-3232.

less electricity than conventional monitors. This is well worth getting since monitors are one of the most power-hungry parts of the computer. "Screen-saver" software is sometimes touted as an energy saver too, but only software designed to work with Energy Star monitors actually has any benefit. That's because blanking the screen without cutting power to the monitor has no effect on power usage. Screen savers' other claimed benefit—prevention of monitor "burn"—is also questionable. Monitor burn-in problems were common in the '70s and early '80s, but newer technology eliminated this problem nearly ten years ago.

Keyboards, mouses, etc. . . .

Keyboards and mouses (the plural form I've always preferred for the non-rodent variety of "mouse") may be the computer's least dynamic components. New "ergonomic" keyboards and mouses have come out the last year, but I've seen no convincing evidence that they're significantly better than the old ones. These, like trackballs, touch pads, mini-joysticks, etc., will always be preference items for a small number of users.

Handwriting and voice recognition are the most innovative input options to come along. However, neither of these is practical or popular yet. In my opinion, handwriting recognition will never succeed. Even when the bugs are worked out, it'll still be slower and less efficient than keyboard input (which, by the way, isn't as hard to learn as most "non-typists" fear).

Voice recognition, on the other hand, would be quite efficient if it worked, but the technology still has major drawbacks. In order to work with minimally acceptable accuracy, most voice software has to be "trained" to understand each speaker's pronunciation and requires users to pause between each word. Even then, in order to have a large enough vocabulary to understand normal speech, most voice recognition software needs much more storage capacity than most computers have. As a result, voice recognition is practical today only for a few limited-vocabulary applications. Its use will grow, however, as the technology improves and the cost of the disk storage comes down.

Multimedia

Multimedia "kits" have become the most popular extras sold on computers for home use. These kits include a sound card, stereo speakers and a CD-ROM drive. Of these, only the CD-ROM has any serious business use (except in the entertainment and graphics industries). However, many of the newer Windows programs for business use sound in the tutorials and help functions. CD-ROM drives come in three basic speeds: double speed (or 2X), which read data twice as fast the original drives, triple speed (3X) and quad speed (4X). Most multimedia upgrade kits come with the 2X drives that are fine for most graphics and text applications available today. However, as graphically-oriented programs get more powerful in the future, the speed of a 4X drive will become more and more desirable. By the way, if you do need sound, an entry-level 16-bit sound card should be fine unless you're a stereophile who can't stand less than perfect sound reproduction.

Notebook Computers

Over the past few years, many PC buyers have come to prefer notebook (and "sub-notebook") computers over desktops because they're easy to carry and don't need a lot of desk space. However, notebooks have several disadvantages in comparison with desktop PCs:

- Their screens are smaller, making prolonged use harder on the eyes.
- They have smaller keyboards (i.e., with fewer keys), which makes some keys harder to find and use.
- They don't use standard circuit boards, making most add-on devices more costly, and often more difficult to use.
- Their non-standard design makes spare parts harder to find.
- They cost 15% to 30% more than identically configured and comparably equipped desktop PCs.

Many notebook systems offer extra-cost "docking stations" that are particularly useful for users who need to use the same computer both in and away from their offices. These units support a full-size monitor and keyboard, a high-capacity disk drive and slots for a network interface card and/or other device adapters. Most important, they allow you to "dock" and "undock" the notebook quickly when you come and go.

Another way of connecting external devices is to get a notebook with one or more "PCMCIA" slots. These slots allow special credit-card-size devices (such as modems, network adapter cards, CD-ROM interfaces, etc.) to plug into the notebook one at a time (per slot). PCMCIA cards are portable but they usually cost much more than equivalent items that fit into a docking station or desktop PC. Buyers have to be careful to make sure that any PCMCIA card they get will work properly with the slot in their notebook because PCMCIA interfaces aren't totally standardized.

Other factors to look for or consider in selecting a notebook are:

- The less expensive "passive matrix" screens are just as good as the more expensive "active matrix" ones, unless you need full-motion (i.e., TV-type) video capability for presentations. However, notebooks with monochrome screens, although not nearly as "cool," are much less expensive, and most will support an external color monitor as well.
- The lithium or NiMH batteries that come on some of the newer models are valuable because they run longer on a charge and don't have the "memory effect" problems that reduce the length of time that the older NiCad variety batteries can hold a charge.

Finally, those whose notebook is a second computer should consider a wireless file updating program. However, you must also ensure that your notebook and desktop machines can support wireless communications (or get the necessary add-on infrared transmitter and receiver). This software automatically synchronizes the files on the notebook with the files on the desktop computer whenever they're both turned on and running close to one another. This ensures that the user always has the most current versions of all important files on both PCs.

Self Study and Video Courses Perfect for Industry Members

SAVE 10% when you order any 3 courses!

Benchmarking Strategies in Accounting and Finance

Effective leaders in modern organizations identify and implement the best practices. Here is a course that can help you dramatically improve the performance of your accounting and financial department.

The course presents the benchmarking methodology. You'll discover efficient strategies for uncovering gaps in performance or cost effectiveness. You'll examine opportunities for improvement in managing systems, people and resources. And you will also explore case studies in which benchmarking was responsible for outstanding corporate achievement.

Course highlights include:

- Benchmarking overview and history.
- Managing the benchmarking study.
- Methodology.
- Evaluating results.
- Legal and ethical aspects.
- Comprehensive case study.
- Government programs and awards.

Author: Mark T. Czarnecki, CPA, MBA

Recommended CPE Credit: 8 hours

Format: Text (730320CLP) \$119.00

How U.S. Companies Can Profit in Foreign Markets

Learn how to evaluate a product for foreign distribution possibilities and what steps to follow to locate foreign distributors, agents and customers.

Many checklists and practice aids are included in the areas of:

- Foreign market assessment.
- Selection of export management and trading companies.
- Foreign distribution agreements.
- Forming a foreign sales company.

Author: James E. Denny, CPA

Recommended CPE Credit: 8 hours

Format: Text (731475CLP) \$119.00

New! Gaining Foreign Markets Videocourse

(Available 6/15/95)

World markets are opening and the number of potential customers for goods and services of U.S. companies has never been greater. In this 2½-hour video, experts show you how to get started in international business, drawing upon their knowledge and real life experiences.

To order: Call 1-800-862-4272 (dept. #1), fax to 1-800-362-5066, or write the AICPA Order Department, P.O. Box 2209, Jersey City, NJ 07303-2209. These courses are also available through your state society.

Course highlights include:

- The benefits of foreign markets.
- Finding customers.
- Obtaining assistance.
- Banking relationships and trade financing.
- Legal and tax issues.

Authors: Robert G. Atkins, CPA and

James E. Denny, CPA

Recommended CPE Credit: 8 hours group study and self study

Format: 1 VHS Tape/ Manual (182700CLP) \$129.00
Additional Manual (352700CLP) \$ 30.00

Today's Controller: The Total Manager

The controller's role was once strictly an accounting job. Today's controller must be prepared to take an active managerial role in addition to being a skilled accountant.

From running a department. . . to implementing management information systems. . . to providing effective financial reporting. . . today's controller must be an organizer, a policymaker, a financial analyst and a strategic planner — in short, a total manager. This course gives you the tools that will, together with your technical skills, qualify you for the controller's role.

Course highlights include:

- Making the transition from public to private.
- Structuring your job for maximum impact.
- Organizing your department: personnel, recruitment, job descriptions.
- Conducting effective training programs and performance reviews.
- Developing accounting policies and internal controls.
- Coordinating the internal audit process and establishing a relationship with your audit committee.
- Forecasting, budgeting and business planning.

Author: John S. Purtill, Jr., CPA

Recommended CPE Credit: 8 hours

Format: Text (731175CLP) \$119.00

Selected Readings for Financial Executives: Series 3

Covering everything from technical topics to management issues, you'll find nearly 50 articles, taken from cutting edge business and professional journals. This readings course will sharpen your insight, expand your outlook and add to your financial management skills.

Recommended CPE Credit: 8 hours

Format: Text (730538CLP) \$79.00

(This course is not eligible for quantity discounts.)

Becoming a Successful Global Manager

As more and more American companies realize the necessity to tap into foreign markets for future growth, the CPA financial manager will play a vital role in making those efforts successful. In their new book, *The Global Challenge — Building the New Worldwide Enterprise*, Robert T. Moran and John R. Riesenberger detail the twelve organizational and individual competencies necessary for success in the global marketplace.

The authors divide these attributes into four major categories: attitudes, leadership, interaction and culture. How do you and the other key members of your company's management team measure up to successful global managers? Moran and Riesenberger say that these managers:

ATTITUDES

1. Possess a global mindset
2. Work as an equal with persons of diverse backgrounds
3. Have a long-term orientation

LEADERSHIP

4. Facilitate organizational change
5. Create learning systems
6. Motivate employees to excellence

INTERACTION

7. Negotiate and approach conflicts in a collaborative mode
8. Manage skillfully the foreign deployment cycle
9. Lead and participate effectively in multi-cultural teams

CULTURE

10. Understand their own cultural values and assumptions
11. Accurately profile the organizational and national culture of others
12. Avoid culture mistakes and behave in an appropriate manner in other countries

Robert T. Moran, Ph.D. has been an organizational and management consultant for more than 20 years. His clients have included AT&T, Arthur Andersen, General Motors and numerous other major international organizations. He is currently director of the Program in Cross-Cultural Communications at The American Graduate School of International Management in Glendale, Arizona.

John R. Riesenberger is executive director of Worldwide Strategic Marketing Services for The Upjohn Company, the \$3 billion global pharmaceutical firm.

New Publication!! Mexico: A Business and Investment Guide

According to an article in the April issue of *CFO* magazine, the recent devaluation of the peso, while creating a dicey economic situation in Mexico in the short term, has not dissuaded a number of CFO's whose companies are in it for the long haul. If your company is considering expanding into a market which most analysts predict will remain on a long term upward trend, you may wish to obtain a copy of *Mexico: A Business and Investment Guide*. The first of a planned series of international business guides made available through the efforts of the AICPA Members in Industry Executive Committee.

Look for information about future publications in this series (focusing on Canada, China and other countries) in future issues of *FMR*.

To order, call the AICPA Order Department, toll free at 1-800-862-4272 and ask for publication number 090301CJ. The cost is just \$10 for AICPA members (Nonmembers \$11).

Watch for the next issue of FMR in September!