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## AICPA Insider, Volume 1, Number 2, April 1999

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# AICPA INSIDER

THE MONTHLY  
INFORMATION SOURCE  
FOR TEAM AICPA

Volume 1, Issue 2  
April 1999

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## NEWS HEADLINES — SEE PAGES 5 & 6 FOR DETAILS

- WebTrust becomes Internet's most comprehensive seal
- Institute weighs in on major international standards proposal
- AICPA Chair featured prominently in Barron's
- National accounting firms in merger talks
- "Accountant" ranks 7th in best jobs list

## MARYLAND MOVES TO ALIGN WITH VISION

The Maryland Association of CPAs is in the midst of reinventing itself — and it's the staff of the state society that is leading the way. With the CPA Vision as their guiding star, the MACPA is nearing the completion of a staff-directed process that began with seven strategic themes and the Change Wheel™ methodology. These are the same set of themes and the same tool that the AICPA and many societies are using in their vision alignment effort.

"The MACPA Vision Alignment Plan is a very bold and impressive move," according to Gideon Malherbe, the developer of the Change Wheel and a key consultant to the profession. "It is reflective of a very innovative and future-focused organization."

Tom Hood, Executive Director of MACPA, says that making changes involved a major staff effort. "You have to trust the process," according to Tom. "You can make small adjustments to accommodate your organization, but the steps in the Change Wheel are necessary to achieve success. Despite the pain and uncertainties of the process — the outcome is the true measure of its value."

The MACPA team began Change Wheel training in December. The first step is identifying value streams — what they deliver to members and others. "We kept our focus more on where we want to be than where we are today," says Hood. "It can be tricky and painful to work from the desired future backward. It's always easier to build incrementally from where you are. But the level of thinking and results from the 'future backward' approach are remarkable."

The next step was to look at the value streams and do a prioritization based on the value delivered and the associated cost. This required a somewhat dispassionate analysis by process owners at all levels of the staff and ultimately some hard choices by the leadership of the society. According to Tom Hood, "We don't have unlimited resources and we can't start doing some of the great things we see for our future without identifying things we can stop doing."

The society's organization structure was then completely realigned, with a new set of positions and responsibilities. To keep a fresh approach, and because their former positions no longer existed as originally written, the staff decided that they needed to reapply for the new positions.

The proposed new staff structure mirrors the strategic themes. For example, one team is responsible for "enabling members to deliver," another is charged with "mobilizing members behind the association," and yet another deals with "representing members." The amount of budget resources, including headcount and mix of employee skill sets, is based on an analysis of what will be needed to deliver on the core value streams associated with each strategic theme.

Hood sums it up by saying, "Our entire team is focused on adding value for our members. We truly believe that with this new organizational model, we can play a major role in transforming and repositioning our members for the future."

With the Vision for the profession in place, nearly all state CPA societies and the Institute are now marching down similar roads as the Maryland Association. Future issues of the *Insider* will keep you apprised of progress on all fronts so that you can better understand how you can make a contribution.

## KNOWLEDGE MANAGEMENT AND THE AICPA

During a November 1997 retreat attended by AICPA managers, directors and executive staff, a consensus was reached regarding the number one organizational issue — *information sharing and internal communication*. The group discussed solutions to the problem and recommended that a *knowledge management* initiative deserved the highest priority.

### What is Knowledge Management?

Knowledge Management (KM) is the art and science of identifying, creating, capturing, and leveraging an organization's intellectual capital (what we know collectively) to maximize its effectiveness and create a competitive advantage. Effective KM can enable the "sum" of the organizations "parts" to be "greater than the whole." Many companies are unaware of their own knowledge base and knowledge is often lost when specific employees leave the company. Any organization that can figure out how to give its people the organizational knowledge they need — *at the point and time needed* — can position itself to achieve its goals with maximum impact.

Effective KM is tangible evidence of a Learning Organization, which is one that can analyze, reflect, learn from, and change, based on its collective experiences. Learning Organizations are about achieving remarkable levels of performance, **but also about making organizational success rewarding and satisfying for the people involved.**

### Is KM another fad, or can it really help us?

The name, maybe — the substance, no. KM is an exploding marketplace opportunity. The best companies are concluding that to innovate effectively, they need to find ways for workers to share what they know to the benefit of the organization. It is estimated that by 1999 corporations will spend \$4.5 billion to better leverage their knowledge resources.

Organizations that are unable to harness their intellectual capital will find themselves at a competitive disadvantage. For the Institute this disadvantage may show up in redundancy or inefficiency where one team member is unaware of efforts being undertaken by another.

Here are some examples of inefficiencies that a strong KM system and culture can prevent:

- A team is halfway through a new research effort when a chance conversation reveals that very similar research was conducted by a different team just last year.
- The product development team receives the final report from an AICPA task force that details a new service opportunity or practice standard for members. The team acts quickly to develop an implementation guidebook but discovers that a competing publication is already being marketed.
- A technical team reorganizes its staff and committees. For the next six months, a series of unforeseen problems require extra effort to overcome. Finally, a committee member reports that a colleague told her that she had just experienced the same changes and resultant problems while serving on another Institute committee.

How are we going to make KM work at the Institute? How do we become a learning organization that attracts and retains the best people?

We need to create a culture of information exchange. We need to make it the norm that people at every level and in every diverse function at the AICPA readily share information about what they are working on, what intelligence they have gathered, and what new insight they have gleaned.

This will not be easy. Some employees may measure the significance or even the "indispensability" of their job by the information that they control. To make knowledge exchange second nature, we have to make it both *easy* and *rewarding to do*. This requires changes in our information systems (see the side-note about Livelink) and our performance management process, respectively. A number of initiatives are now underway under the leadership of our KM team to put these in place.

## COLLABORATIVE STRATEGIES MOVING AHEAD

We previously reported to you (in a Team AICPA Bulletin) about potential strategies for state society and AICPA collaboration developed at the National Vision to Strategy Conference in January. The National Vision Team is in the process of reviewing proposals put forth by the collaboration teams. They hope to present several potential initiatives to the Strategic Planning Committee in May. We'll keep you posted.

## HOW THE BEST ASSOCIATIONS DELIVER SERVICES — THEN & NOW

Reprinted from *Facing the Future — A Report on the Major Trends and Issues Affecting Associations*, © copyright 1999 by the Foundation of the American Society of Association Executives

### FROM

### TO

Reliance on meetings, print publications, and mail		Wide range of options for publishing, communication and interactivity
Static information and one-way communication		Dynamic information and interactivity
Education delivered primarily at meetings		Education anytime, anywhere via online, CD-ROM, etc.
Provider-driven education		Learner-driven education
Communication via mail		Communication via e-mail, listservs, and interactive Web sites
Member-to-member interaction limited to face-to-face venues		Interaction as an "anytime, anyplace experience" via Internet and videoconferencing
Networking organized around traditional membership categories		Networking driven by self-organizing, fluid, ad hoc groups
Meeting product "spin-offs" limited to print and audiocassettes		Meeting "experience" available to "non-attendees" and captured for later use
Traditional lobbying		Instant, more inclusive grassroots
Traditional, "time-challenged" publishing and high-cost Distribution		Instant publishing and low-cost distribution via digital, electronic, online publishing
Segmented products and services		Mass customization

## TRAVEL TIPS

by John Torillo, Meetings & Travel Team

**Springtime is savings time** — With spring officially underway, airlines are already looking ahead to summer. That means discounts for travelers seeking low fares for vacation season. This year, Northwest Airlines is the first carrier out of the gate, offering discounts of up to 65 percent off normal fares. A New York–Seattle roundtrip, for example, is just \$434 — a savings of \$125 off the regular rate. Other carriers will likely match these fares within a few days, so if the flight you want is sold out, check with other carriers

**Don't be late for the 'friendly skies'** — United Airlines recently announced a new 10,5,0 campaign designed to improve on-time performance on their departures. The skinny on your next United flight

- Be on board and seated 10 minutes before departure
- Doors to the airplane close 5 minutes before scheduled departure
- Plane is pushed back to prepare to taxi to the runway at "0" hour

For the complete stories (including all the caveats, restrictions and annoying legal details) go to the Meetings & Travel Bulletin Board, subject Travel Tips 4/6/99 and 4/9/99.

## TOP 10 LIST: WHAT'S IN AND WHAT'S OUT WITH MEMBERS

Source: *Association Management*, April 1999 — Authored by Annette E. Petrick — Petrick Outsourcing Unlimited

WHAT'S IN	WHAT'S OUT
<b>1</b> Frequent assessment of needs	<b>1</b> Electronic surveys that exclude members without e-mail
<b>2</b> Lengthy, rambling letters	<b>2</b> Training in transferable skills, such as career path development and time management
<b>3</b> Listservs: a gold mine of information and resources	<b>3</b> Multiyear commitments
<b>4</b> Early grooming of up-and-coming leaders	<b>4</b> Volunteering because "it's the thing to do"
<b>5</b> Best practices and benchmarking groups	<b>5</b> Traditional recognition plaques
<b>6</b> Recaps at the beginning and the end of meetings	<b>6</b> Treating associate members like cash cows
<b>7</b> Continuous learning experiences with the same group.	<b>7</b> Addressing the urgent to the detriment of the important
<b>8</b> Using members' preferred form of communication, whether phone, fax, e-mail, or voice mail	<b>8</b> Lack of diversity in volunteer groups
<b>9</b> Hard-hitting paid advertising and publicity that increase pride of membership	<b>9</b> Expectation of volunteer commitment without description of responsibilities, expected outcomes, and estimate of time and travel required
<b>10</b> Volunteer opportunities targeted to enhance individual skills, talents, and interests	<b>10</b> Failure to keep promises

### V-TEAM UPDATE

The members of the V-Team want to thank everyone who participated in the "Team Future Forums" for their cooperation and enthusiasm for the process. According to V-Team leader Mary Schantz, "We have collected some very thoughtful and proactive ideas for the future of the organization. Our focus for this first phase was on 'value streams' — what we can and should deliver that is valuable to members and others. The

information gathered in our interviews lays the foundation for building an organization that supports the profession as it moves toward its Vision."

The V-Teamers were also impressed with the degree to which teams have incorporated the CPA Vision as a part of the thinking and planning process. "Vision thinking is clearly part of the staff's thought process as they plan their activities," according to Mary. "Most of the teams we interviewed

seemed to understand that the future demands we continually reposition the profession and they are willing to do whatever it takes to ensure the profession succeeds."

A summary of your team's "Future Forum" interview will be distributed to your team leader. The V-Team is scheduled to make a presentation regarding values streams to the senior management group on April 28.

Send an e-mail to us by typing **Insider** in the address box in cc:Mail.

## A FRAMEWORK FOR TRANSFORMING ACCOUNTING EDUCATION

College and university educators will play a pivotal role in molding the next generation of professionals who will live the CPA Vision

Spurred by the Vision, college curricula and teaching practices are being reviewed and, in many cases, reformed to support development of a new set of competencies, critical to the effective delivery of both traditional and emerging CPA services.

### The PPC Framework

The pre-professional competency framework will be an invaluable guide for educators working to transform the curriculum for tomorrow's CPAs. The PPC Framework is being developed by a task force of the AICPA Accounting Education Executive Committee, which includes several members who had worked extensively on the development of professional competency models.

### Professionally-Based Competencies

The competency implications of the CPA Vision were a prime source in the development of the PPC Framework. The task force also studied the work of the CPA Exam Content Oversight Task Force. AICPA competency models (i.e., the New Finance) were also part of the equation. The desire was to make the transition from student to professional as seamless as possible.

The resulting PPC Framework identifies a common set of competencies that are broader than those needed to pass the CPA exam. These competencies underlie various accounting service areas at a very basic level.

### Key Features and Timetable

The PPC Framework is being built as an online resource that will:

- Define requisite competencies (in a skill-based, versus knowledge-based, format) for all students preparing to enter the newly envisioned profession. The purpose of this approach is to encourage academics to focus on core skill development to support a rapidly expanding body of knowledge. The competencies are universal — they apply no matter what career path is pursued by the student. This is Phase 1, which is expected to be completed by May 31, 1999.
- Link academics to examples of teaching/learning strategies that address the development of these competencies. This is Phase 2, which has just begun.

- Encourage institutions to use the framework to determine how well their curricula is equipped to develop the needed competencies. Possible strategies include the development of an interactive curriculum assessment software and promoting best practices of institution's experiences using the framework.

### Who Should Be Interested?

Who needs to learn more about pre-professional Framework and its relationship to their efforts?

- AICPA staff with any role in the development or promotion of competency models, measurement tools or education of CPAs.
- Staff involved in the development of program materials for the recruitment of students into the profession.
- Staff involved in the reform of the Uniform CPA Examination.

Members of Team AICPA interested in involving members of the academic community in their competency and program development projects should coordinate with the Academic and Career Development (ACD) team.

Coordination with ACD team members can help ensure that a consistent set of messages gets delivered to the educators regarding competency expectations for all students with an interest in the profession.

### INSTITUTE NEWS YOU CAN USE

Some recent public announcements from the AICPA, as found in the News Alerts bulletin board on cc:Mail

- The WebTrust Team announced that it has added a consumer complaint resolution mechanism to CPA WebTrust, making it the most comprehensive seal of assurance service on the Internet. The Institute selected the National Arbitration Forum as a third-party arbitrator to resolve complaints with online businesses that have CPA WebTrust seals.
- The Institute announced its advocacy of a series of transitional steps to achieve harmony in global accounting standards. We outlined our position in a letter to the Secretary General of the International Accounting Standards Committee in response to a request for comments on an IASC discussion paper. The complete text of our letter has been posted to [www.aicpa.org](http://www.aicpa.org). The IASC proposal can be found at [www.iasc.org.uk](http://www.iasc.org.uk)

## THE PROFESSION IN THE PRESS

In case you missed it, some of the biggest CPA firms were in the news for rumors of spin-offs, takeover and merger activity.

- According to London's Financial Times, "Arthur Andersen's attempt to poach the Canadian practice of rival 'Big Five' firm KPMG collapsed after partners were made a generous alternative offer including an injection of up to C\$300m (US\$200m) into the pension fund."
- Tax-preparation giant H&R Block Inc. is in talks to buy McGladrey & Pullen LLP, the country's seventh-largest accounting firm, in the latest sign of sweeping industry consolidation.

### *In other news:*

- AICPA Chair Olivia Kirtley was prominently featured in the March 29 issue of *Barron's*, one of the most influential business publications in the US.
- An Associated Press story noted that "accountant" is ranked seventh out of the 250 best jobs, according to the newest edition of the "Jobs Rated Almanac."
- *Forbes'* feature on Amazon.com's "intense, whip-smart CFO" Joy Covey notes that Ms. Covey achieved the second-highest score in the nation on the November, 1982 Uniform CPA Examination. (April 5, 1999)

- Blues legend B.B. King's effusive tribute to his accountant, Sid Seidenberg, in his 1996 autobiography, *Blues All Around Me*, termed his hiring of Seidenberg "the best business decision of my life." King credits Seidenberg with, among other things, having "vision," "impos[ing] fiscal discipline" on him, and expanding his market by "getting (his) music to people who (didn't) know about" him.
- From a *Miami Herald* article titled "Miami Accounting Targets Areas for Expansion," a two-time Super Bowl Champ touts the value of his CPA. According to the article, "Tony Argiz stands in his suit and tie, shoulder to shoulder on a football field with John Elway. 'This is my CPA, Tony,' says Elway, the Denver Broncos' star quarterback. 'He never drops the ball.'"

## FIRM MAKEOVER DRIVES SUCCESS

*From time to time Insider will provide some insight into members of the profession who are achieving success by "doing things differently" either in substance or in style.*

Scott & Baldwin, CPAs, located in Citrus Heights, CA (near Sacramento), is a great example of both types of change. At S & B CPAs, revenues have increased between 10 and 20 percent each of the past three years. This growth is attributable to the firm's unique management style and progressive business philosophy.

In this age where convincing highly skilled staff to stay on the firm's partnership track is a major challenge, S&B has added two new partners in the past two years—both under thirty-five years old.

### **How do they do it?**

**Substance:** Understand who their best small business clients are — and paying more attention to those businesses.

**Style:** No more suits and ties . . . company shirts instead.

**Substance:** Be a key player in the strategic planning meetings of clients.

**Style:** Innovative lobby which includes popcorn, hotdogs, jelly bellies, flavored coffee, videos, Ms. Pac-Man machine.

**Substance:** Provide a premier service package for their individual clients . . . no additional costs to the client for IRS audits, notices, telephone calls . . . clients have suggested these services be renamed as "the peace of mind package."

**Style & substance:** Employ a full-time marketing person (unusual for this size firm) . . . and . . . create a culture in which all employees promote the firm to the public.