

1998

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Recommended Citation

Beresford, Dennis R. (1998) "FASB's accomplishments to date: One participant's views," *Accounting Historians Journal*: Vol. 25 : Iss. 2 , Article 13.

Available at: https://egrove.olemiss.edu/aah_journal/vol25/iss2/13

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THE FASB'S ACCOMPLISHMENTS TO DATE: ONE PARTICIPANT'S VIEWS

PROLOGUE

When the editor of this journal wrote me in mid-1997, he invited me, as the Financial Accounting Standards Board's (FASB) most recent former chairman, to write a retrospective of the Board's activities to date. The 25th anniversary of the FASB in 1998 just happens to coincide with the 25th anniversary of The Academy of Accounting Historians so it seemed logical to publish an overview of the FASB's history at the same time that The Academy itself was celebrating. I told the editor that such an effort was probably beyond my capabilities (I am not an historian!) and available time. So I agreed to take on a more modest project of reviewing the FASB's activities during "only" my ten and one-half years as chairman (January 1987-June 1997).

Surely that would not be too hard a job. All I had to do was organize the few boxes of materials I had moved from my FASB office to The University of Georgia. I am not a compulsive saver by nature, but I had tried to keep some of the "good stuff" from my FASB experiences. Because I had a vague plan to organize that material in order to help recall my experiences many years hence, the chance to write the article was a good excuse to get organized earlier. I assumed that the article would virtually write itself through merely assembling bits and pieces of various documents from my files. I now have a much greater appreciation for the work of historians as my good intentions failed miserably. I have only just begun getting organized after a year away from the FASB. The demands of teaching, speaking, other writing, professional committee work, and an occasional (too rare) golf game have made it clear that organizing my personal archives will not be done soon.

Acknowledgments: The editor thanks now Professor Beresford for undertaking this retrospective for the benefit of *AHJ* and The Academy.

Hence, Plan C. I was asked to participate in a conference in June 1998 at New York University that recognized the FASB's anniversary. My assigned topic was "The Board's Accomplishments." This was a lot more doable than the earlier two ideas, and, in fact, I did it! This paper, thus, began with my outline for that conference and it develops the points I made there in more detail. It is *not* a history of the FASB or even of the 40% or so of its life that I spent there. But it is a start upon which others and I can build in years to come.

I greatly appreciate the editor's patience with me and I hope that readers will consider this modest effort to be useful. I would be very interested in having discussions with accounting historians who can suggest ways on which this beginning can be built.

INTRODUCTION

Before getting into specifics, I want to cite two relatively recent comments by influential parties about the current state of accounting standards. First, Deputy Secretary of the Treasury Lawrence Summers had the following to say in an op-ed piece published in the *Financial Times* (London) on March 11, 1998:

If one were writing a history of the American capital market, it is a fair bet that the single most important innovation shaping that market was the idea of generally accepted accounting principles.

That statement expresses very broad support for the accounting requirements developed in the United States over many years. But Securities and Exchange Commission Chairman Arthur Levitt was more specifically supportive of the FASB's efforts to establish and improve generally accepted accounting principles (GAAP) when he said in a speech to the Conference Board on October 8, 1997:

The Financial Accounting Standards Board has filled the role of impartial standard-setter admirably for a quarter century. As you know so well, these same years have witnessed an astonishing evolution and expansion in the techniques of raising capital in our markets. In a climate where change has become a constant, the FASB has consistently sought to ensure the accuracy of financial information, protecting the basic rights of the investor and strengthening public confidence in our markets.

It is comforting to have such distinguished individuals acknowledge the overall success of accounting standard setting in the United States. However, the purpose of this paper is to review the FASB's *specific* accomplishments, so let me move now to my own evaluation of the FASB's work to date.

WHAT WAS EXPECTED

In trying to judge accomplishments, I thought I should first consider what were the expectations for the FASB. So I decided to do just a little research to see what others seemed to have expected when the Board was established. In particular, I was interested in seeing what were some of the major concerns about the new system. There are many possible sources, but I limited myself to rereading the 1972 American Institute of Certified Public Accountants' (AICPA) *Report of the Study on Establishment of Accounting Principles* (Wheat Committee report), some speeches by Leonard Savoie, then executive director of the AICPA, and a presentation that helped kickoff the FASB by Reginald Jones, chairman of the board of General Electric Company.

What I found was a good deal of cautious optimism about the new Board. The major criticism of the new structure seemed to have been the one expressed by Savoie who observed that the structure involved what he called "responsibility without authority." He was particularly concerned about whether the FASB could actually be independent of the SEC or would become explicitly subservient to it. He also was worried about whether other interested parties would truly be supportive. For example, he noted in one 1973 speech, "By their actions and attitudes, businessmen and professional accountants seem to be saying: 'We want accounting rules to be set in the private sector, only if we agree with the rules.'"¹

Jones had some of the same concerns about whether the business community would support the FASB, but he argued that it would be in its best interests to do so. One of the most famous quotes in the world of GAAP is the following statement by Jones: "We must recognize that with its *first* decision the new Board is going to gore somebody's ox — and *that* will be

¹Donald E. Tidrick (ed.) (1995), *Leonard M. Savoie: Words from the Past, Thoughts for Today* (New York: Garland Publishing, Inc.): 192.

the time for us to pull together — not to splinter apart” (emphasis in original).²

In its report the Wheat Committee talked about each of the above matters although it believed the new FASB would meet those challenges. The Wheat Committee added its expectation that the FASB’s work would be research-based in most cases, and it had some mild words of encouragement for a conceptual framework.

ACCOMPLISHMENTS

Given those concerns and expectations that I have just reviewed, I am tempted to say that the Board’s singular accomplishment is that it has *survived* for a quarter century, longer than either of its predecessors. Rather than leaving it at that, however, let me now list what I believe to be the more important specific accomplishments in the 25 years to date. Please note that I will cover only what I will call overall institutional matters. I will leave it to others to comment on the general quality of the Board’s technical output to date or what they believe are the “best” individual standards.

In summary, my personal list of major accomplishments is as follows, not necessarily in order of importance:

1. The Board has been able to achieve reasonable independence and has *not* become subservient to the SEC, the business community, or the accounting profession.

2. The Board has dealt with most of the major accounting issues that were identified as such when it began, and it has not shied away from controversy.

3. A conceptual framework has been developed that has actually been used in setting standards.

4. An exhaustive set of due-process operating procedures has been established and continues to evolve as needs arise.

5. The Board communicates well so that all interested parties are informed and are encouraged to participate.

6. Great strides have been made to internationalize financial reporting in general and the Board’s activities in particular.

7. The Board exercises its leadership role with restraint by relying on the AICPA’s Accounting Standards Executive Committee (AcSEC) and the FASB’s Emerging Issues Task Force (EITF) when appropriate.

²Reginald H. Jones, “The Challenge of Capital Attraction,” speech to the

Financial Accounting Foundation, New York, New York, March 28, 1973.

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8. The FASB's financial position is sound.

I am sure that other commentators would disagree with me on some of these points but might add others. Nevertheless, this is my list, so let me say something more about each of these points now.

Independence: As I mentioned, Savoie, in particular, expressed concern about "responsibility without authority," which may well be seen as a fundamental weakness of the current system. But it is also a strength because the Board can succeed *only* if others allow it to, and that forbearance must depend on perceived satisfactory performance.

Thus, there is a sort of market test of the Board's activities constantly being performed rather than a mandate that it *must* succeed. In a way, the Board must create its *own* independence and the crucial point here, I believe, is striking the right balance. In particular, if either the SEC or the AICPA lost confidence in the Board, vital support would evaporate. But if the Board is seen as merely doing the bidding of the SEC or even the AICPA, then other important support would be lost, most notably that of the business community.

While the FASB has no direct legal or other authority, actions taken early in its life by the AICPA and SEC provided considerable support. In spring 1973, just as the FASB was beginning to operate, the AICPA adopted Rule 203 of its Rules of Conduct that requires auditors expressing opinions on financial statements in conformity with GAAP to ensure that those statements comply with all applicable FASB pronouncements. And in December 1973, the SEC issued Accounting Series Release 150 that said it would look to the FASB to take the leadership role in establishing and improving accounting principles and that FASB pronouncements would be considered by the SEC to have "substantial authoritative support."

These endorsements from the AICPA and SEC were important in establishing initial credibility for the Board. But the trustees of the Financial Accounting Foundation (FAF), the FASB's parent organization, and the FASB itself made early, important decisions to design a structure that would make the FASB clearly independent from its sponsors and other interested parties. For example, the decision to establish and build a professional staff was particularly important. It showed that the new organization would do its own research and other initial thinking on new standards rather than rely solely on task forces

of practitioners and others as had been the usual approach until then.

Striking the right balance has often been described as getting everybody mad at you in approximately equal proportions. For the FASB, that is inevitable to a large degree because the interests of the various constituencies (e.g., companies, auditors, users, regulators) are so diverse. The SEC is the key player, and it is remarkable that there have been only a couple of instances where the Commission allowed itself to be so influenced by the political process that it used its own influence on the Board. The original FAF trustees were very wise in establishing the structure that they did, and I believe that this structure is fundamental to achieving the necessary degree of independence that is the true lifeblood of the FASB.

Major Issues: As a result of that independence, the Board has been able to take on and find reasonable solutions to most of the major accounting controversies that existed in the early 1970s, as well as those that have arisen since then. This included projects on the original FASB agenda such as segment reporting, contingent losses, research and development, leases, and foreign currency translation. It also included later topics such as pensions, financial instruments, stock compensation, other post-employment benefits, and income taxes. To the best of my knowledge, the Board has never avoided an issue because it was too controversial or was too much of a political hot potato.

Some observers have said that the Board used poor judgment in deciding to address certain topics (most notably oil and gas accounting and stock compensation) where it seemed obvious that political considerations would be so intense. While there may have been a certain amount of political naiveté involved in those and a few other projects, I doubt that many can argue that the Board has shirked its responsibilities.

Of course, some believe that certain answers did not go far enough, were too much of a compromise, or otherwise represented a noncourageous outcome. In that regard, I have noted that there now seem to be many more supporters of recording expense for stock options than was evident at the time the FASB was working on that controversial project. With their 20:20 hindsight, these Monday morning quarterbacks are criticizing the FASB for backing down.

Some parties have even said recently that much of the political activity on the derivatives project is the Board's own

fault. They say that the Board weakened itself and invited more government inroads when it compromised its beliefs on the stock options project. Those who say that conveniently forget that if the Board had not reached what I continue to believe was a very appropriate compromise on stock options, the FASB probably would not be in existence today. Furthermore, many of those same parties were among the ones urging the Board to seek a compromise solution on stock options when the battle was being waged.

I still have the front page from an issue of *Accounting Today* that pictured me as General Custer with many arrows in my back. That depiction aptly illustrates the point that, while courageous leadership is necessary, you cannot get too far in front of your "followership."

Conceptual Framework: Two questions that I was asked frequently while chairman, particularly when speaking to academic audiences, were:

- Are the Concepts Statements actually used when establishing standards for specific accounting issues?
- Does the Board plan to revisit the Concepts Statements at some point in order to improve their usefulness in resolving issues?

The present Concepts Statements were completed before I became chairman in 1987 (Concepts Statement No. 6, the most recent one, was issued in December 1985). So, all credit for them goes to earlier Board and staff members, and I do believe that considerable credit is deserved. Some parties may be disappointed that the various Statements did not go far enough, that they did not prescribe answers for basic accounting questions such as when to recognize income and whether assets and liabilities should be measured at historical cost or fair value. But I believe the conceptual framework did accomplish what the Board intended, and that it has been a significant step in advancing the thinking on financial accounting matters. As stated in the preface to Concepts Statement No. 1:

Statements of Financial Accounting Concepts are intended to establish the objectives and concepts that the FASB will use in developing standards of financial accounting and reporting. The Board itself is likely to be the major user and thus the most direct beneficiary of the guidance provided by the new series. However, knowledge of the objectives and concepts the Board uses should enable all who are affected by or interested

in financial accounting standards to better understand the content and limitations of information provided by financial accounting and reporting, thereby furthering their ability to use that information effectively and enhancing confidence in financial accounting and reporting.

In fact, the Board now uses the Concepts Statements in virtually every project. How they are used was described well in a 1985 speech by then FASB Chairman Donald J. Kirk to a forum on the harmonization of accounting standards sponsored by the Organization for Economic Cooperation and Development. Don said, "The framework serves as a common language and a common starting point for solving problems — not as a black box for quick answers." I agree with that approach. One thing I did was to make sure that we had continuing programs to educate new Board members and staff in the framework's background so that it would be a "living document."

Will the framework be revisited? I can safely say "yes" as a Concepts Statement on "Using Cash Flow Information in Accounting Measurements" (providing guidance on the use of present value) is scheduled for completion in late 1998 or 1999. Other active projects that seem to have a conceptual thrust include the use of fair value for measuring financial instruments and a possible framework for financial statement footnotes. However, those and other possible refinements are designed to build on the concepts already established, not to change them dramatically.

Don Kirk had another interesting comment on the framework in a speech he gave shortly after leaving the Board. He said, "I would discourage the FASB from readdressing the conceptual issues in the near future and suggest they await further insights from their current laboratory test — the project on disclosing and accounting for financial instruments."³ That "laboratory test" is still in process as the Board continues to work on the financial instruments project. I would similarly urge the Board to continue to experiment with using the framework rather than consider wholesale changes.

While the framework has benefited primarily the FASB itself, as was its intent, I believe many of its fundamentals now

³Donald J. Kirk, "The Education of A Standard Setter," a speech to the American Accounting Association annual meeting, August 17, 1987.

are well-accepted by most constituents. In particular, the basic objective of financial reporting (“... to provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit, and similar decisions”⁴) is a solid part of our reporting system as few would challenge. Even FASB critics routinely use the Concepts Statements to support their own point of view in comment letters in response to exposure drafts.

I also am pleased that the Board generally has chosen to keep practical considerations in mind rather than to try to apply “pure theory” from the framework blindly. I was particularly pleased during my tenure to see our framework adopted with little modification by certain other countries and the International Accounting Standards Committee (IASC).

Operating Procedures: The development of strong operating procedures has been another key accomplishment. The openness of the process, in particular, contributes greatly to both credibility and communications. While the open Board meetings sometimes created more heat than light, we never hid anything. It truly was always upfront and in public. It was and is a classic example of “what you see is what you get.” Even when CNN cameras showed up unannounced at a public meeting when we were discussing the accounting for stock options, it was business as usual for the Board.

Of course, due process takes time. It seemed to be a common strategy of some corporate executives and public accountants to suggest more and more process as a way of delaying or preventing certain rule changes. However, while I cannot prove this with hard evidence, I have always felt that the main reason it took so long to complete many projects was *not* the extensive due process. Rather, it was simply the inability of Board members to reach agreement. While that can be frustrating to both FASB insiders and some constituents, perhaps it is the inevitable consequence of dealing with controversial issues where there usually was no clear-cut solution.

What I think is particularly great about the due process is that the Board has been quite open-minded about reasonable recommendations to improve its operations. Suggestions have

⁴Financial Accounting Standards Board (1978), “Objectives of Financial Reporting by Business Enterprises,” Statement of Financial Accounting Concepts No. 1: 2.

been actively solicited, and FAF oversight reviews and outside initiatives have resulted in a steady stream of ideas. Of course, some suggestions were judged to be inappropriate for one reason or another, including more than a few that would have emasculated the Board's independence.

Many of the suggestions were good ideas that actually contributed to the best possible standards. For example, field testing of proposals has been useful in many cases, and even the simple step of sending a draft of a final statement to task force members for a "fatal flaw" review has helped as well.

Before leaving the topic of operating procedures I want to comment on voting requirements. Frankly, I am not uncomfortable with the super majority requirement (at least five of seven Board members must be in favor for a Statement to be issued). However, the most recent adoption of this requirement by the FAF trustees in 1991 was done for the wrong reason. A super majority requirement does not cause the work of the Board to be perceived as more acceptable as the trustees asserted. It just makes it more difficult to reach agreement, thus assuring that new standards are issued at a somewhat slower rate, as many in the corporate community had desired. How much slower is impossible to prove.

I think this issue will have to be revisited in the relatively near future, but not because the present FASB requirement is necessarily wrong. It is because I think there is no justification for the FAF to have conflicting requirements for the FASB and its sister organization, the Governmental Accounting Standards Board, which issues pronouncements based on a simple majority requirement.

Communications: The FASB's very open process helps those who are most interested in staying informed to do so. Strong communications are necessary to reach the many parties who may be affected by new accounting standards but are not directly connected to the regular process. This is a never-ending battle. Every chief financial officer or corporate controller who is new to his or her position needs to become informed about the Board's process and projects. The same is true for new independent auditors, financial analysts, SEC commissioners, members of Congress, and so on.

Every reasonable effort has been made to get the word out early and often. For example, just a few of the numerous communications tools developed by the Board over the years are as follows:

1. Periodic newsletters (*Status Report*) give the status of technical projects and other developments at the Board, including a detailed description of all major projects once each quarter.
2. Notes from the Chairman, included in the regular issues of *Status Report*, provide more informal information about the people and the process involved in setting standards.
3. *Action Alert* lists the agenda for each weekly public meeting and reports on decisions at the last meeting (available by mail or telephone).
4. A web site repeats some of the information noted above and includes other valuable data, such as the text of recent exposure drafts.
5. Three hundred or so speeches are made each year to a wide variety of audiences throughout the country.
6. Board meetings are available to the public by telephone so that interested parties can listen in without having to incur the cost of travel to Connecticut.

In short, the development of new techniques to communicate as effectively as possible is limited only by the imaginations of the Board and staff members. The FASB has truly taken to heart the adage, "you can never communicate too much."

Internationalization: Almost all of the accomplishments I have already mentioned have occurred throughout the 25 years of the Board's existence. But one of the most important activities is a comparative newcomer to the list of accomplishments. That is the effort to play a leading role in the internationalization of accounting, formally recognized as one of the Board's objectives through a 1991 amendment to the Mission Statement. Part of the Mission Statement now reads, "Promote the international comparability of accounting standards concurrent with improving the quality of financial reporting." The period since 1991 has seen an incredible increase in international activity, most notably in the form of FASB Statements on earnings per share (No. 128) and segment disclosures (No. 131), which were joint projects with bodies in other countries.

In addition to those joint standards, nearly everything the Board does now has an international component. In the past, other countries often looked to the FASB to take a leadership role by dealing first with contentious issues. While many countries continue to follow the Board's lead, it is now much more

common for the Board to learn from the experience of others. On projects such as comprehensive income, business combinations, and financial instruments, information is shared regularly between FASB staff members and their peers in other countries.

The Board also has formed an alliance with standard setters in Australia, Canada, and the United Kingdom (along with the IASC) to consider topics of common interest. This "G4+1" organization is not a standard setter per se, but it has developed research papers on several topics that may lead to new or updated standards in the individual countries. A somewhat broader alliance has been formed recently in order to arrive at a uniform, comprehensive approach to the vexing financial instruments project.

Other international initiatives include staff exchanges with other countries' standard setters, foreign representatives on FASB technical project task forces, much more travel to overseas locations for speeches or other exchanges of information, and ongoing monitoring of financial reporting developments in many other countries. Of course, not all countries share the FASB's objective of financial reporting — to serve primarily investors and creditors who do not otherwise have direct access to company information. However, more and more countries *do* share that "user focus" as financial markets are increasingly globalized. This is a subject that is sure to become even more important in the near future.

The IASC is working hard to finish a set of global standards that could be acceptable when any company in any country sells its securities to the general public. If this IASC activity is successful (and that remains a big *if* at this point), it could have profound effects on the FASB and financial reporting in the United States in general. FAF trustees and FASB members currently are carefully considering the appropriate role for the Board in these future global activities. While almost anything is possible, I believe that the FASB will continue to be *the* world leader in accounting standard setting for the foreseeable future.

AcSEC and EITF: While the proper relationship with the IASC is still to be determined, I am pleased that the FASB has excellent working relationships with both the AcSEC and the EITF. I referred to this earlier as the Board exercising its leadership with restraint. By that I meant that, while the FASB needs to act clearly as the primary authority on GAAP, there is room to accommodate some assistance on certain issues through the

AcSEC and the EITF. To put this another way, the Board can leverage its limited resources by relying on those other groups to develop guidance for some issues, while retaining an oversight responsibility. In particular, specialized industry accounting issues (e.g., insurance, construction contracting) and narrow topics that apply only to a limited number of companies are the types of issues with which these other groups can assist.

The FASB's relationships with these other groups have been rocky from time to time, particularly with respect to the AcSEC. In the early years the Board felt compelled to go through a process of "extracting" guidance from certain AICPA Statements of Position (SOPs) and Industry Guides. That was viewed by many, including me as an outsider at that time, as the Board's way of defending its turf in order to be seen as the *sole* authority on GAAP. At least some FASB insiders had similar turf reservations when the EITF was set up in the mid-1980's.

Around 1990, it appeared that the AICPA was seeking to reestablish its position in standard setting when it threatened to issue SOPs without the FASB's review and approval. But reason prevailed and for most of the past decade there has been excellent cooperation between the Board and the AcSEC.

The same certainly has been true for the EITF. Board members do not always agree with EITF consensus positions, but, by and large, it has played an invaluable role in dealing with narrower issues that need relatively prompt solutions. When the EITF completed ten years of service in 1994, I appointed a special task force to review its work and suggest improvements. In general, the conclusion of the task force was that the EITF was working extremely well and only minor improvements were suggested (and made). As a further validation of the EITF's effectiveness, similar groups have been formed in the last several years in Australia, Canada, and the United Kingdom. The IASC recently established its own equivalent committee.

Financial Position: The last accomplishment I listed is the Board's solid financial position. It is essential to have reasonable financial resources to achieve the Board's mission, and FAF trustees had the foresight to build up a reserve fund in some of the earlier years. That foresight came in handy when the Board incurred operating losses for several years at the end of the 1980s in connection with the move to new offices and certain other matters. The excess of expenses over revenues

amounted to a cumulative total of over \$4 million for the years 1988-1990, but by 1991 revenues and expenses were back in balance.

In more recent years much of the reserve fund has been invested in equity securities, which has allowed the Board to increase the fund even though contributions from the corporate community have been slowly declining for several years. For 1997, revenues for the FASB were about \$3 million in excess of expenses for the year. All of that excess was due to very favorable investment gains from the surging stock market. The net assets for the FASB at year-end 1997 were approximately \$23 million.

While the Board has been very prudent in its expenditures, I am delighted that there has been sufficient financial support from the outside, particularly the major accounting firms. Standard-setting activities have not had to be curtailed because of economic considerations.

Of course, dollars tell only one part of the story. A closely related success story has been the Board's ability to receive and utilize the contributed services of hundreds, if not thousands, of talented individuals. Highly capable people serve on the Financial Accounting Standards Advisory Council, the EITF, technical project task forces, and in many other capacities. An even larger number of people contribute to the process by writing comment letters, testifying at public hearings, field testing certain proposals, and in other ways. The value of the time spent by these people to improve financial reporting is a significant multiple of the actual dollars recorded in the FASB's financial statements.

AREAS FOR IMPROVEMENT

The accomplishments I have just reviewed add up to an impressive track record to date, and I am proud that at least some of these achievements occurred during my time as chairman. Of course, there continue to be opportunities to improve. In fact, further improvements are *essential* for the Board to continue its success.

In that regard, when new people joined the organization, I always gave them one key bit of advice. I said that it was critical they remember that there is no mandate that the FASB *must* survive and succeed. Rather, every employee must work hard each day with the objective of continuing to earn the support that is needed.

So I now would like to mention briefly two areas where I feel improvements are needed for the Board to achieve continuing success. Again, these are my personal choices, and I am sure that others would have additional suggestions.

Building Trust: First, I believe that greater trust must be built between the FASB and all of its constituents, particularly the corporate community and the accounting firms. In a speech late last year, William Allen, the chairman of the new Independence Standards Board (ISB), expressed concerns about trust as it related to the ISB. With respect to auditor independence issues, he said, "... there seems to be a measure of suspicion and mistrust between the profession and the SEC." Unfortunately, that suspicion and mistrust pervades the accounting standards-setting arena as well. And, to again use Mr. Allen's words, "... suspicion exists on all sides..."⁵

I used to say to FASB Board and staff members that we should always exercise appropriate professional skepticism. On occasion that may have deteriorated into cynicism about the activities or motives of outsiders. I am sure that many of those outsiders were and are cynical about the FASB as well. I do not have an easy answer to this problem, but I truly believe that this is an issue that deserves special consideration by all interested parties.

Strategic Planning: My other prerequisite for continuing success relates to the Board's strategic planning. In 1992, the Board developed the first notion of a strategic plan when it decided to address many of the concerns of constituents through a new program called "The Three S's." The Three S's were Selectivity, Simplicity, and Speed. Selectivity meant dealing with the highest-potential issues first; simplicity involved keeping accounting standards simpler and shorter; and speed referred to dealing with issues more quickly. Unfortunately, while Board members all agreed on those goals, they did not change their day-to-day behavior very much.

The first formal strategic plan was completed in 1996, and it included some of the same goals from the Three S program along with many other good ideas. That strategic plan was up-

⁵William T. Allen, "Auditor Independence and the Promotion of the Public Interest," Second Annual Seymour Jones Distinguished Lecture, Ross Institute of Accounting, New York University, November 24, 1997.

dated in early 1998, and it is an excellent set of objectives. But while the FASB has often criticized the resistance to change by many of its constituents, the Board itself has been slow to embrace the important changes inherent in the strategic plan. The sincerity of the Board's commitment to improve could be challenged if progress continues to be at a snail's pace. I know that many other organizations have had similar problems in operationalizing their strategic plans, but I hope that the FASB gives this the very high priority that it deserves.

CONCLUSION

In wrapping up, I believe that the Board has accomplished a great deal, perhaps even more than might have been reasonably expected 25 years ago. It is an excellent system already, clearly the best in the world. And with the adoption of a strategic plan to prepare for the new century, there appears to be a commitment to get better.

In the final analysis, while the FASB has accomplished much in its life to date, I sincerely believe that the best is yet to come.