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Pathfinder Profile

Sam Allred: Proactive Consultant



Sam Allred may very well be the last person you would expect to see at the corner of 6th and Last Chance Gulch in Helena, MT. While this address may sound like something out of Wyatt Earp meets the Lone Ranger, his approach to the CPA profession and computer consulting not only is proactive, but downright revolutionary.

Sam Allred
—He
Colors Inside the
Lines With a
Standardized
Approach.

Five Steps to Success

“You can’t sustain healthy profits in a reactionary consulting mode,” says Sam. “My best advice is to institutionalize or standardize your process so you can repeat your successes.”

Following the same set of instructions has led to profits, and Sam strongly believes other CPAs will find the same if they, too, discover what makes something successful and continue to follow that approach. On any given day, Sam consults with companies on developing and improving computer systems and operations, and delivers advisory services that many may view as somewhat routine to the profession.

The difference rests with Sam’s philosophy in viewing the CPA as a *consultant* rather than a vendor. As an entrée to computer consulting, firms often represent accounting software vendors. However, he believes the software package represented by a CPA should be referred to as a tool to a consulting engagement rather than a one-time sales effort or simple transaction.

“What we have done is bring standards to consulting, just as the CPA profession has standards for accounting,” he says. “We have a method that is very complete and involves everything from meeting the prospect to evaluation.”

This methodology is step one of an extremely rigid five-phase approach to a consulting engagement. Although his bread and butter rests with client relations, he also teaches other CPAs how to develop and follow the approach through a three-day conference co-sponsored by Solomon Software.

“Each time a CPA who practices consulting and represents a ‘package’ goes to a prospect, the firm traditionally is viewed as a vendor, and in that vendor/customer relationship, the premise usually is that the customer is the only one making the decision,” he says. “What we preach is that you are not just vendor, but a consultant, and in order to

begin a client relationship, both parties should play a decision-making role. *We* make the determination whether we want to work for them.”

Sam refers to this process as “due diligence” and step one of his five-phase strategy in which the CPA should first determine if there is a win-win relationship before moving forward. Accompanying due diligence is a [list of 10 characteristics](#) organizations have that make them “A”-level clients. A typical engagement is three to five months in which steps two through five include, in order, Implementation Planning, Environment Preparation, Implementation and Training, and Ongoing Support. The training and implementation step takes the longest because Sam begins with an “entrance” meeting similar to an audit conference, then follows detailed, customized procedures for every installed module.

“Customization is the number one thing that helps us to be successful, because the minute we sit down to train, we develop buy-in or loyalty with the staff because we’re able to customize the procedure to include the names and responsibilities of everyone connected with the operation. We leave behind a binder so the company can modify procedures in Word.”

The Grass *Was* Greener

Sam moved to Helena in 1990 from Northern California and joined his firm, Anderson ZurMuelen and Co., P.C., after meeting with AZ for a week on how to build a consulting practice. He fell in love with the blue skies and clean air, and moved his family to the area — but Sam says a larger draw than the location was the opportunity to grow a multi-million dollar consulting practice in a very remote location.

Based on his experience and knowledge from working for Main Hurdman (a forerunner of KPMG Peat Marwick) and as an entrepreneur in starting his own CPA consulting practice, he is now a firm shareholder/partner and computer consulting practice manager, and has seen 100 percent growth in his practice every year for the last six years.

“I don’t think CPAs are hesitant to look at standards, but anything that is not chargeable and takes time to develop isn’t considered as important as a client activity,” says Sam. “That’s what stands in the way of the challenge.”

Other examples of his impact on both AZ and his clients include the recent opening of a satellite office in Denver, and various tools Sam refers to as “out-of-the-box” products that are unique, nontraditional and generate new streams of revenue. Throughout his work, he is just following a tried and true way to reach an audience that seems to work, time after time.

“As you get down the road and continue to analyze what led to success, you constantly tweak and mold that methodology to continue realizing your potential.”

CPAs who want to discover Sam’s method may view the firm’s Web page (www.azworld.com), or sma@azworld.com.

Ten characteristics of A-Level organizations:

1. Attract and retain quality people
2. Teamwork and commitment
3. Strong upper management team
4. High commitment to technology
5. Believe in a thorough planning process for change
6. Recognize and pay for quality services
7. Reasonable expectations
8. Willing to take advice (teachable)
9. Investment vs. expense approach
10. Profitability and position in industry

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Pathfinder Profile

Tom Antoske: An Explorer With a Heart



Tom Antoske—He’s an advocate for small business and a true believer in the global marketplace.

Ask Tom Antoske about the CPA’s role in business and you’re likely to get a bit of home-spun advice mixed with a maverick’s attitude for expansion.

This Rhode Island CPA worked in internal auditing, along with other operational areas for 18 years in several Fortune 100 and 500 companies, such as Textron, Inc. and Hammermill Paper Company. His background and experience in manufacturing led him to start his own practice eight years ago by taking a solid look at how his own skills mingled with small business to enable growth and prosperity—not only in the United States, but worldwide in countries like Japan, Canada and Portugal.

Core Values are Key

Tom strongly believes that CPA core values and the necessity to look

into the future are what is going to keep the profession ahead of its competitors.

“With competition from software companies and major corporations providing services similar to ours, the core values that will keep us ahead are integrity, objectivity and a commitment to the future,” he says. “People trust us, and that matters in the long run. However, we must continue to search for new visions for our profession.”

In addition to a traditional tax and accounting practice, this self-proclaimed “global matchmaker” spends most of his time locating contacts in foreign countries to assist his state’s manufacturing-based companies export their products. He has developed a database of global partners and finds a good fit based on need and location.

While providing advice and coordinating relationships to enable exporting may seem unusual to many CPAs in public practice, Tom sees it as a value-added component for his profession.

“With a company’s income statement, my concentration is not always just on reducing expenses, but on increasing revenue,” he says. “If I can show a company, for example, how to increase their revenues through arenas like exporting, then I’m providing a much-needed service for them.”

Tom also uses his skills to help seniors through the maze of elder care. He knows that as the population ages, baby boomers, too, are getting older.

“Elder people do not know where to turn in this area. Because of our core values on integrity, trust and respect, these people naturally will come to us for help,” says Tom. “And, helping them just feels good.”

Small Business Rainmaker

Tom was named the 1995 Rhode Island Accountant Advocate of the Year by the U.S. Small Business Administration for the state of Rhode Island for his work in developing a Workforce 2000 grant, and since then, has gone on to find grants for five companies at \$25,000 each to train employees in the latest technology. He is active in his community of Smithfield, RI, and regularly volunteers for the Rhode Island Society of CPAs, along with local chambers of commerce. One accomplishment he is particularly proud of is establishing a scholarship program to help area business students attend college.

“I’m finding that now, I have to find other avenues of business because of technology and visions of the future” says Tom. “I don’t think we’re going to see the accounting profession the way it is now, five years into

the future. Because of technology and the changing market, consumers are going to demand more from a CPA than just numbers; they'll want us to manage their business at a different level."

Others interested in his approach to small business and global venues can contact Tom through [e-mail](#).

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Pathfinder Profile

Joel Bedor : CPA and Businessman



Joel Bedor — I certainly never envisioned when I was 25 years old that I would be an owner and manager of a grand hotel.

"I certainly never envisioned when I was 25 years old that I would be an owner and manager of a grand hotel," says Joel Bedor, CEO and general partner of the Mount Washington Hotel in Breton Woods, New Hampshire. But, by the same token, he adds, "without my CPA background, I doubt that I would have made that transition."

Early on, Bedor began to focus his career on serving the needs of business clients. Frequently called upon by clients striving to grow their businesses, Bedor began to zero in on business planning as a special area of expertise and commitment. What enticed him was the focus on the future and playing a role in making that future happen for his clients.

Originally a mathematics major at the University of New Hampshire, Bedor moved into accounting because of the profession's reputation, along with his facility with numbers, obtaining a graduate degree from Northeastern University. After graduation, he practiced public accounting in the Boston office of Arthur Anderson & Co. When he and his wife decided to return to their hometown of Littleton, New Hampshire, Bedor worked for a regional firm, Smith, Bachelder, and Rugg, and later set up his own accounting firm, Bedor and Associates.

In his own practice, Bedor began to offer services beyond those offered by his competitors. He quickly realized that he enjoyed the forward-looking perspective inherent in serving the business community. That perspective, in turn, led him to make the move into business himself.

"I view myself as both a CPA and a businessman," says Bedor. In his first venture in 1983, a partnership in the Mount Washington Cog Railway, he realized that his accounting background served him well in managing the investment needed to make a sorely neglected railway a

successful enterprise. In 1991, he brought the same kind of expertise to an effort to draw investment to restore the Mount Washington Hotel. Realizing that hands-on management was an equal partner with capital in the formula for success, he began to guide the effort in a financially sound fashion that has resulted in a thriving business and a beautifully restored grand hotel – serving guests, the community and the state of New Hampshire. He now serves as co-managing director as well as the chief financial officer.

Putting his career path in a larger perspective, Bedor reflects that "when you really help someone – looking to the future, assisting with problems, growing their businesses, rather than reporting on the historical numbers – that's where the future is, and I think it's that perspective that has allowed me to be successful, not only with my own accounting firm, but in developing my own businesses." He adds that "over the past 20 years the CPA profession, I think, has shifted from being a reporter of historical numbers to being a business adviser – and I think the successful CPA, and probably the happy CPA, needs to feel ever more comfortable with that role."

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Pathfinder Profile

Linda J. Blessing: Public Servant *and* CPA



The revolving door at the Arizona Department of Economic Security contributed to poor accountability and performance. In a span of 10 years, nine directors did their best to lead the agency, with only limited results.

Perhaps they just hadn't found the right person for the job. Perhaps they needed a CPA.

**Linda J. Blessing —
This CPA applies
good, tough
management skills
while effecting
change for Arizona
citizens.**

Overhauling the System

For the past six years, Dr. Linda J. Blessing has taken the largest state agency in Arizona and made it one of the most successful human service agencies in the nation. The Department has delivered \$2.5 billion in resources to more than one million citizens through public assistance with a food stamp program, child protective services activities and child support enforcement. Based in Phoenix, she manages a staff of 9,500 and has 150 offices in the state.

"You don't find many CPAs who are directors of human service agencies," says Linda. "The key to success is caring about the needs of the people we serve while maintaining good fiscal accountability for our other customers--the taxpayers. You don't always find that kind of attitude with people who manage agencies."

Linda's progression to director and passion for humanity began during her 20-year tenure in governmental performance auditing in California and Arizona, including her service as a deputy auditor general. She served as a volunteer in human services while gaining experience as a CPA, and was asked in 1992 by the Arizona governor to take a temporary six-month position as director of the agency until a permanent replacement could be found. Based on her background as a CPA and love of social service, she decided to stay indefinitely, and was re-appointed by another governor for a new term.

The improvements she made have been remarkable--and most of them happened because of her analytical background to realize and effect change. Three years ago, she created a 24-hour central hotline for child abuse and neglect to ensure that incoming calls were screened by knowledgeable people who could respond quickly to ensure children were safe. Taking the control away from local government and centralizing calls from across the state was an undertaking for which she was both criticized and praised.

"Some of our hardest work is done trying to make sure we are following best practices, just as a CPA would for a client or employer," she says. "Child protection is our highest priority and yet, is a no-win situation. You have people on both sides of the continuum, with one segment telling you not to interfere with families and the other side thinking we don't do enough."

Demonstrating Need by Example

Shortly after she started, Linda applied continuous improvement and reengineering techniques to the state's child support collection function, eliminating no value and low value activities, automating systems and creating a customer service unit. Previously, Arizona ranked 54th in the nation, behind the territories, with collections totaling \$40 to \$50 million annually. Based on her techniques, Arizona quickly surpassed other states with collections of \$150 million. The goal for 1998 is \$167 million.

"One of our basic principles is to manage by fact, because this not only demonstrates we have data and performance measures, but also improves the outcomes for our clients," she says. "People often make emotional appeals to the legislature for funding. I knew we had to factually

demonstrate the need for more money and additional support if we were going to make changes."

As national chair of Women Executives in State Government, Linda assists in developing women leaders in government positions. She is active on the Board of Directors of the American Public Human Services Association and maintains her involvement in the accounting and auditing world by serving on national committees and as the immediate past president of the Arizona Society of CPAs. In addition, she serves on the Federal Accounting Standards Board.

"I think of myself first and foremost as a public administrator, and credit my CPA background as helping me achieve this realization."

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CPAs who wish to ask Linda questions on her improvement measurements or experiences within government can contact her at volb2989@de.state.az.us.

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Pathfinder Profile

Don Blythe: Watchdog of Web sites



Don Blythe — He parlays his auditing knowledge to test the reliability and security of the Internet.

Up until two years ago, Don Blythe played the traditional CPA role, but felt a void in his life. While he owned a successful sole proprietorship with a concentration in audit and tax, he felt as if he were missing the boat on what would make his practice more distinctive in a time when new assurance services and specialization were becoming more the trend than the norm.

At the same time, if you had suggested to him that several years later he would operate a virtual accounting practice and test other sites for their security, he would have confessed that he didn't know enough about computers. It took the time and patience of a family friend to demonstrate to this Kansas City CPA that he had the smarts not only to learn technology, code and programming languages, but to use that knowledge to deliver accounting services in untraditional formats.

Ensuring a Site is Secure

Today, Don divides his time between consulting engagements and his own practice. He currently is involved in an engagement for a division of International Paper (IP). IP initially approached IBM to use the computer

giant's Ariba product line to set up an interactive Web site in which assembly-line workers could order supplies on a four-hour shipping timeframe. IBM liked the concept so much that they wanted other vendors associated with the product line to put their own databases on the same Web site.

“It was a question of both security and exposure, which are two of the main tenets of the auditing world,” says Don. “They needed a CPA to audit the security of the database and the Web site, and found me through my primary marketing tool—my own Web site. My focus marries two of my core competencies I developed over the last 25 years, the traditional CPA assurance component along with audit.”

Don performs his audit in two directions. To ensure the site is secure from outside, unwanted hacker “break ins,” he runs a number of network programs that analyze the system and scan for weaknesses. Once this is complete, he tries to gain “superuser” access, a term developed by UNIX to denote a kind of user who can do any task, illegal or legitimate. Don works to find the database and extract passwords and other sensitive information.

“Typically, what happens in this environment is that the developers create backdoors for programming and debugging prior to shipping a product, but then forget to take these away upon implementation,” he says. Or, programmers are rushed to complete application programs and shortcut by using “poor” programming techniques relating to buffer overflows, for example. “It’s my job to make reasonably sure that most doors are closed so that malicious parties cannot retrieve sensitive information without a high cost and inordinate effort. There is no such thing as complete inter-network security — just like there is no such thing as a completely secure physical facility. Traditional concepts like materiality and reasonableness play a large part.”

If all of this sounds too technical for most CPAs, it probably is, says Don, although he is providing something very close to what the traditional auditor provides—just in a different format. This assurance specialty encompasses the [CPA WebTrust](#) concept but extends beyond into agreed-upon procedures that may include very high levels of inter-network security not envisioned by WebTrust.

Blythecpa.com Moves Forward

A visit to Don's site (www.blythecpa.com: CPA WebTrust and E-commerce Consultant) is an interactive experience with his “E-Desk,” an online resource for electronic commerce development. Don has spent the last year developing this venue into what he believes will be one of the premier arenas on the Internet to run an accounting practice.

In addition to the E-Desk, he is adding an intranet in which staff or affiliated CPAs can post their audit work programs interactively, along with a client area and password access. In addition, he will operate totally in the virtual environment without an office or support staff, and wants to market the intranet concept to other firms sometime in the next two years. Lastly, he wants to create an e-commerce Internet community so that visitors who come to the site can stay abreast of e-commerce developments and communicate with one another.

“The medium of communication is irrelevant to the practice, but most CPAs think they need face-to-face communications,” says Don. “I still do assurance and tax work, just over a different means.”

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CPA who wish to contact Don may visit his site or send a note to dblythe@www.blythecpa.com.

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Pathfinder Profile

Jeff Bolton: CPA - Business Strategist



Jeff Bolton's life is filled with new discoveries and great expectations. A 34-year-old Florida CPA, Jeff manages one of the state's fastest-growing accounting firms by constantly learning and staying in step with the nation's technology-oriented "new economy."

Already, Jeff has done more in his 12-year professional career than most CPAs dream about in a lifetime. Jeff and his partners have spent the last seven years growing Daszkal Bolton Manela Devlin & Co. (DBMD), a 50-person Boca Raton firm, into one of the most dynamic and progressive accounting and consulting organizations in the nation.

Jeff Bolton — His "New Economy" firm takes an energetic, entrepreneurial approach to providing a complete package of professional services. Jeff's secret? He and his partners believe in teamwork, sharing client service relationships, skill sets, financial and technical resources, vision, and management. Simply put, the partners take advantage of each individual's skills and knowledge for the good of each client. Unlike most CPA firms, DBMD considers itself a "business" whose product is professional services rather than simply dispensing technical advice. They are entrepreneurs first and CPAs second - to the benefit of their clients.

Humble Beginnings

This New Jersey native obtained his degree from American University in Washington, D.C., and stayed in the Capitol area working for Laventhal & Horwath as part of its Entrepreneurial Services Group. Jeff transferred

to Florida to work for L&H's tax department and to take advantage of family support, pleasant weather *and* the state's uncharted business climate ripe for growth.

"Michael Daszkal and I saw the South Florida market offered a great opportunity for our entrepreneurial approach," Jeff says. "We set out to create a professional service firm with old fashioned values of integrity, stability, community involvement plus a high energy, 'new economy' focus."

From the start, the firm focused on providing something extra with every compliance engagement: a unique "quarterbacking" service. To DBMD, quarterbacking means taking a broad view of each client, assisting in areas such as finance, business, law, tax, accounting, technology, marketing, profit enhancement, expense reduction, and management, with selected outside advisors from other specialties adding their contributions. This quarterbacking approach has provided DBMD with natural opportunities to expand the firm with long-time "client service partners," and offer more services in house. This "new economy" orientation has been standard for DBMD long well before the trend began to emerge in the profession.

"Most CPAs are still trying to understand today's changing environment," says Jeff. "They use traditional models and have no vested interest in changing that mindset. In fact, most practitioners find our entrepreneurial orientation counter-intuitive. This discomfort often results in the lack of change or a move toward new services that are profit-motivated instead of client service-motivated. The inflexible traditional structure has driven many younger practitioners to careers outside public accounting. In addition, the partners at many traditional firms are using consolidators as exit strategies, further alienating young entrepreneurial associates. We see the 'new economy' as an opportunity rather than a burden. Looking to the world of technology and finance, we see no limits on our ability to continue growing and achieve our goals."

Taking the Lead for the Profession

DBMD's approach to client service has been extremely well received right from the start, as demonstrated by a high retention rate of clients and staff, and the firm's tremendous ongoing growth. "We want our clients to walk out the door knowing that they cannot do better anywhere else," says Jeff. "Instead of focusing on our own profitability, we focus on what is best for the client. This orientation is appreciated by the clients, and we are often rewarded subsequently with aspects of the client's business that further expand our relationship."

Jeff and his partners also feel strongly that the bottom line isn't everything in life. "Part of my focus is to lead a balanced life, and if you're focused, you can do that," he says. "I love the business and I work very hard, but not at the expense of my family, health or social life."

Jeff feels that younger CPAs who don't think the business of accounting is exciting are missing the boat. "We're meeting very few young leaders in the profession," he says. "That disappoints me. Our firm is always on the look out for first-generation leaders who have similar characteristics to our current members. Many of the best and brightest have left the profession or chosen different directions while in school."

He adds, "We've found very few business people in our generation who are experiencing the level of prosperity and potential for growth that the partners at DBMD are experiencing in this profession. Based on this fact and our pride in the profession, we are urging young business people to choose the profession for all the right reasons. Why keep our current prosperity and future profit potential a secret?"

So, where does Jeff think he'll be by the time he's 50? He and his partners hope to lead the profession in developing new business processes for the professional services firm through the use of today's technology.

"In order for increasingly scarce talent to be used effectively in a national model, there must be a highly defined decision tree that ensures the same depth of service for each client," he says. "This process will provide the consistent ability to identify client issues and direct them to the right source of intellectual capital within a firm as a means of effectively delivering a broad range of services to each client within a multi-disciplinary practice environment. Providing the client with a strong professional services curriculum will also allow management to focus on delivering consistent, high-quality service that meets the long-term needs of clients, as well as the firm and its associates."

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Jeff welcomes questions and comments to jbolton@dbmdcpa.com

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Pathfinder Profile

Gila J. Bronner: The Accent is on the CPA



**Gila J. Bronner —
The CPA designation
has more than one
meaning for this
provider of
consulting services.**

For Gila Bronner, the term "capital asset" holds a double meaning. Aside from the usual financial terminology, capital asset could also very well imply the private-sector sensibility she brings to state and local government.

"Government is looking for problem solvers. At The Bronner Group, we help federal agencies and state and local government run more efficiently and produce results," she explains.

Often this means identifying how government can do more with less. While not an easy task, Bronner's combination of accounting acumen, business savvy and entrepreneurial spirit enables her to make the most of shrinking resources. Business process re-engineering, operations management, internal controls, elimination of fraud, strategic planning, maximizing products and services—all these ingredients go into the successful formula, while serving the public interest remains uppermost.

What sets Bronner's firm apart from the myriad consulting firms claiming similar capabilities? When Bronner knocks on the door at City Hall, she finds it's the CPA designation that often provides an entree.

"Being a CPA gives us that added level of integrity and objectivity that traditional consulting firms don't have," Bronner says. "Our designation establishes a level of competence that I believe sets us apart from our competition."

When Bronner left one of the national accounting firms 10 years ago to start The Bronner Group, she had no idea she was creating a business model for the new millennium. What she did foresee was an opportunity for talented women possessing the CPA designation to contribute to the public sector while holding another important designation—Mom. Bronner recognized the wave of the future.

"Many individuals, and CPAs in particular, find that it is a credential and a skill that they would like to continue to use as they progress in their lives, but perhaps not working at it full time. Companies such as The Bronner Group afford that opportunity, particularly to female CPAs," Bronner explains.

In addition to retaining talented women, Bronner stresses the importance of reaching out to the next generation of accounting professionals. "I think one of the greatest challenges facing our profession right now is making sure we continue to attract the best and the brightest," Bronner explains. "We need to be able to translate our vision successfully to the

academic curriculum at universities. We must reach out into the high schools to ensure that those students recognize the accounting profession, and being a CPA, as something that they want to pursue because it is valuable and meaningful."

Certainly combining private-sector thinking and public service is a worthwhile endeavor. And, inspiring youth to embrace its importance is truly a capital idea.

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Pathfinder Profile

Helen Brown: Shaking Up the Process



Helen Brown—A dose of auditing and a dash of charisma bring fresh changes to productivity.

Seemingly mild-mannered Helen Brown doesn't sit in an office behind the scenes. This industry CPA, with the auditing background, not only likes to rock the boat, but swims upstream as she's bailing out the water.

Helen is senior manager of Business Process Reengineering for Bristol-Myers Squibb in New York City, and works in the Global Strategic Sourcing Group. No, this isn't just high-toned vernacular for the '90s. It's a way of conducting business in BMS' increasingly competitive \$16 billion world with 40,000 employees.

An Auditor's Approach

Helen applies her auditing skills in this pharmaceutical environment to analyze a situation, develop an approach, make recommendations and follow through with practical solutions. One of the primary goals of the group is to determine how the company can be run more efficiently, both in terms of dollars and functions.

Hired out of college in 1990 as an internal auditor, she strongly believes her training and knowledge as a CPA not only applies to her position within her group, but in strengthening--and focusing--her day-to-day interface with the human side of the business.

"This is a wonderful area for CPAs who want to move beyond the traditional approach to doing business," says Helen. "As an auditor, you go in, talk to people, take a step back, look at the business from a broad view and quickly assess the situation. What you're doing here is really taking things, shaking them up and coming up with something better."

One of her current projects is the Preferred Vendor program in which she capitalizes on the company's buying power to negotiate better rates with hotels, airlines and other vendors. BMS employs a large number of personnel that travel during the work week. Saving money in hotel business centers, transportation and even hotel workout facilities is a primary goal to doing business efficiently, and Helen sees to it that BMS negotiates for the best savings.

"When we started this initiative almost three years ago, what helped me move into this function were my audit skills," says Helen. "We were looking to redesign our internal control structure, but we did not want to take the traditional functions, chop them up and just put in new procedures. We were more interested in understanding how the process worked."

Challenging the Norm

While the objective is saving the company money, the bigger challenge is to remove job functions without sacrificing productivity. Helen finds that she constantly faces the mindset of people who do not want to change, but later realize that change enabled them to face up to what makes a business stronger for the long term.

Although Helen's group is part of the company's productivity initiative, she quickly points out that the reengineering title should not be mistaken for downsizing tactics.

"Clearly with this process, you'll reduce headcount," she says. "Too many companies go into downsizing blindly because they did nothing to change the process. With business process reengineering, people can do more with less because you change the way people approach the business."

Helen would like to hear from other CPAs in similar positions, or from others who want to find out more about her company's initiatives.

Contact her at hbrown@usccmail.bms.com, or visit the CPA Vision Project Website at www.cpavision.org for more information on her reengineering initiatives.

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Pathfinder Profile
Janet Caswell: Living on the Edge



"Any Process that doesn't look to the future is going to lose its value very fast."

The New Accounting Firm

The walls have crumbled in favor of a new, virtual office. Janet Caswell is a living, breathing example of taking risk while offering solutions. She has closed up shop and created a new kind of practice for the late '90s. Her former firm, Janet G. Caswell, CPA, PC, located in Bloomfield Hills, MI, offered traditional accounting services and probably had a door, reception area and parking spaces.

Janet now prefers to be reached by e-mail at her new company, @BusinessAdvisor.com, LLC. She no longer accepts any compliance work, not only because she is restricted by uniform state board laws, but because she believes there is no future in compliance. Instead, Janet has designed a new business model based on her experience as a CPA and financial professional, and offers only consulting services over the Internet. She has administrative support, but there are no water coolers or weekly company lunches. Janet practices in what most of us refer to as the "paperless office," and prefers computer file folder icons to steel filing cabinets.

A Strategic Alliance

Her innovative dive into the virtual world isn't a solo effort. Janet has spent the last two to three months aligning herself with others--called "advisors"--who provide services in this new, virtual world. Her initial target market focuses on "subscribers," or financial professionals in business, such as industry CPAs and CFOs working in companies with sales of at least \$1 million.

"Our goal is simple," she says, without hesitation. "We want to take away all the consulting from traditional CPA firms. Specialization is just in its infancy, and we intend to exploit it."

Janet makes it clear that www.BusinessAdvisor.com will be unlike any other information resource currently on the Internet because of its construction and the way "subscribers" locate information. "Seventy-five percent of the time we spend answering the same, basic questions, such as 'should I lease or buy my car?,' and 25 percent of the time we spend doing the more challenging, lucrative and fun work," she says. "Wouldn't it make more sense to spend most of your time doing what you really like and less time in routine consulting?"

As a result, subscribers pay a monthly fee between \$100 to \$1,500 a month depending on the range of services needed. They can obtain answers to specific questions, as well as access a library of information with direction for engagements, in-depth analysis of topics and even tax research. The best part, according to Janet, is the ability to view other subscribers' Q&As to learn about related matters.

Janet's relationships with her advisors enable her to offer advice for any industry. For example, she may engage a CPA that specializes in providing accounting solutions for the manufacturing industry. As specialists in their fields, advisors provide current, comprehensive knowledge, giving the subscribers the best resources possible.

Along with the knowledge that comes from specialization, other core skill-set requirements for advisors are the ability to communicate in writing and remain technically competent. "I'm not going to show them how to use e-mail or how to cut and paste attachments," says Caswell. "Instead, they'll provide timely advice and exist within the virtual environment."

Finding Customers and Surviving

How, then, does Janet find her subscriber base? Again, relationships and networking make the most sense because her advisors will have a firm foot in the door of any industry. In addition, she will publicize the firm through segmented industry publications and direct marketing.

To those who say this kind of online business could not exist, Janet offers succinct advice. "CPAs living on the old business model will survive, but only in the next five to 10 years. If they think they are going to retire on the value of their practice at that time, good luck; it's not going to happen."

Janet welcomes comments from those considering a virtual existence and advice from CPAs who think she won't survive past the turn of the on the range of services needed. They can obtain answers to specific questions, as well as access a library of information with direction for engagements, in-depth analysis of topics and even tax research. The best part, according to Janet, is the ability to view other subscribers' Q&As to learn about related matters.

Janet can be reached through jcaswell@BusinessAdvisor.com.

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Pathfinder Profile

Joy Covey: A Real Amazon

Step Aside, Bill Gates. While Microsoft withers in court, the most **Joy Covey straddles** talked-about, energized company in the digital arena today is

the gap between Amazon.com. Its value of \$21 billion is much less than Microsoft's, but **stock market hype** its 300% sales growth is much better. Amazon has no profits-margins, in **and business reality** fact, are moving in the wrong direction-and definitely no monopoly. **at Amazon.com** Barnes & Noble, Bertelsmann and Borders are targeting its turf.

Amazon.com has everything to prove and just as much to lose. Jeffrey Bezos is founder and chairman, but the real hot seat is held by Amazon's chief financial officer, an intense, whip-smart 35-year-old named Joy Covey.

To her, Amazon's customers include not just the book buyers but a cultlike collection of investors and option-rich employees. Her job is to bridge the gap between a soaring stock price and the need to plow billions into building the business. Amazon ran a net loss of \$75 million last year, and another \$200 million could go out the door this year.

"We've always said we would sacrifice short-term profits to generate long-term value for our customers," Covey says. "I think investors will punish us if we stray from that. Right now, they see us making decisions consistent with what we've said."

Covey, as financial alchemist, decides what to do with Amazon's highly aerated shares. The obvious thing to do is convert shares into harder assets. Amazon could do this by floating new stock, depositing the proceeds in the bank; or by using stock to acquire a business with real earnings-say, a book wholesaler. Amazon has done neither.

If Amazon were to sell more shares-or even to use them as currency in buying a conventional business-it just might spook investors and crash the stock. In the special religion that deifies Internet stocks, it is considered acceptable to buy another Internet company but sacrilegious to merge with something mundane. Look at how Wall Street punished Lycos for agreeing to combine with USA Networks Inc.

But Covey's employer needs cash, gobs of it. Late last year she oversaw a \$326 million junk bond issue-the first by an Internet company- on terms that let Amazon go five years without having to make any payments. Yield to maturity: 10%. In January she did a convertible-bond offering first pegged at \$500 million; at her behest, it ballooned to \$1.25 billion later the same day. "I was always pushing for bigger." Each \$1,000 bond pays 4.34% in annual interest and can be converted into Amazon common stock at \$156 a share; lately Amazon trades around \$130.

Why would anyone in his right mind lend money to a company that is losing it? "We knew there were investors who had not gotten into

Internet stocks before but didn't want to take all the risk of buying at today's high prices," Covey says. "This instrument gives them downside protection, and they still get the upside."

Is Covey selling any of her personal Amazon holdings? Not much-less than 20%. She is a true believer in Amazon and in its power to change the world. These days she is so busy she forgets simple things. At least once she has left her Isuzu Trooper in the parking lot, keys locked inside, engine idling. One morning she flew to an early analyst meeting and realized too late that she had left her dress shoes on the plane. So she eyed women in the baggage claim area, spotted a suitable pair worn by one of them-and approached with a \$120 cash offer for the emergency footwear. The stranger said no but offered a second pair from her suitcase. Done.

Growth stock?

The new mantra says sales growth counts more than profits. Amazon sales are up 9-fold in a year-but the stock price is up 43-fold. So far, costs have followed apace, but investors are betting they will flatline . . . soon.

The stories are classic Covey — intense, resourceful, brainy to distraction. "Joy completely internalizes the business," says her former boss, Paul Legos, who was chief operating officer of Digidesign, a software firm where Covey worked before joining Amazon.com. "She would never work there if she didn't believe in it passionately."

A doctor's daughter, she grew up in San Mateo, Calif., quit high school at 16, earned an equivalency degree and went to Fresno State University. She graduated at 19 and earned the second-highest score in the nation on the accounting exam. A few years at Arthur Young followed, then joint degrees in business and law at Harvard, then eight months at investment bank Wasserstein Perella.

She landed at Digidesign in 1991, took it public and then helped sell it to Avid Technology Corp. in 1995, moving to Boston to work for Avid. She fell out of love with the job and fell in love with a local doctor. She quit Avid and persuaded him to move back to Silicon Valley with her. She hoped to land a job as chief executive but attracted B-list companies. Frustrated, she agreed to go see Amazon.

The meeting should have flopped. Covey wasn't up for leaving the Valley for Seattle, where Amazon is based. She went home and called the Amazon chief the next morning with a pitch: What if I commuted to Seattle instead of moving there? Bezos instantly agreed.

Covey joined in December 1996, when Amazon had 150 employees and just \$16 million in sales. She took a salary of less than \$100,000 in favor of a far richer stock-option package. She imposed tougher financial controls, eventually putting in a million-dollar Oracle accounting system, and took the company public earlier than anyone had anticipated.

Five months after she arrived, Amazon raised \$55 million in one of the hottest new issues ever. Her options at the time were worth about \$5 million. From the offering price Amazon shares have climbed 38-fold; now, on paper, Covey's package is worth \$190 million once it vests.

Amazon's bank account has some nice things going for it, too. Instead of paying suppliers first and waiting to get paid by customers, Amazon gets paid by customers first and keeps book publishers waiting. That lets Amazon have free use of customers' money for 36 days—a \$130 million float at the company's current billion-dollar-a-year sales rate. Covey invests it in short-term securities.

So how is this industry of the future going to pay off for investors? Brushing aside the question of just when Amazon's profit margin will turn positive, Covey says investors miss the point if they focus on that future profit margin. "The mistake people make is to get concerned about what percentage we get on sales," Covey says. "We could have a very low return on sales and still have a huge return on invested capital because our model is so scalable."

This is how Covey sees her company growing into its market cap. How do you grow sales if you're a traditional retailer? You have to build more stores. Not so for Amazon. Wal-Mart is valued at \$211 billion and has \$140 billion in revenue. Amazon's value is at \$21 billion with \$1 billion a year in sales. Both retailers have gross margins of about 20%. Wal-Mart's operating margins have consistently been around 6%. Amazon fully believes it can have operating margins of 6% or better.

So if Amazon can sell \$10 billion in goods, maintain a gross margin near 20% and hold costs to \$1 billion a year, it would have \$1 billion in operating income (net before depreciation, interest and taxes). And you can run an on-line store with precious little debt and equity capital. The problem is, even a high return on invested capital may not represent such a high return on Amazon's present market value.

Is there any hope for today's investors? Some. It's conceivable that Amazon will become the Wal-Mart of cyberspace, hitting sales of \$100 billion, in all manner of dry goods.

Covey works hard to ensure that this dream does not go away. She travels an awful lot and complains about having too little time to windsurf, get back in shape or see her new husband (the doctor, who prefers to go unnamed). Her assistant, Kellie LaRue, slots her time in monthly themes. February was investor month. "If it doesn't absolutely have to be done this month and it isn't on theme, we push it back for later," LaRue says.

Covey and husband ping-pong among their three homes — the house they bought in Seattle (where they spend most nights now), a town house in Belmont, Calif. and a spartan ski house in Park City, Utah, where the guest room has only a mattress on the floor.

They got married in November. "Joy wanted to postpone it," says LaRue, until hearing she didn't have another open date for seven months. So LaRue handled the arrangements. "All Joy had to do was show up."

And so, on a crisp Saturday morning, two dozen guests rode snowmobiles up to a clearing in the Wasatch Mountains where Covey, in black jeans, sweater and veil, took the vows. Afterwards, they retreated to a ski lodge for lunch.

She was back in the office four days later.

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Pathfinder Profile

Dan Deines: CPA and Academic Visionary



Dan Deines —

Teaching accounting today is a whole new ballgame.

"Teaching accounting today is a whole new ballgame – the groundrules are new, the equipment is different and even the players have changed," muses Dan Deines, Associate Professor of Accounting at the College of Business of Kansas State University. "We're preparing students for a new future with new knowledge, skills and approaches to help them hit the ground running. In fact, the profession of the CPA Vision is all that they'll ever know."

Dr. Deines has been a professor of accounting at Kansas State since 1982. His theory of education takes a practical bent, seeking to meet the real-world needs of students, the profession and the public. That means

moving away from training students to become proceduralists and toward preparing them to become thinkers, away from rote memorization of rules and toward applying knowledge thoughtfully and analytically to real-life business problems, while at the same time harnessing the immense power of technology. After all, these are the things that the new marketplace – the marketplace of the CPA Vision – is demanding.

Kansas State, in fact, was one of the first five schools to throw out its entire traditional accounting curriculum. Professor Deines served as co-coordinator for the school's accounting curriculum revision, sponsored by the Accounting Education Change Commission, a special group funded by several large accounting firms to promote curriculum reform across the country. Starting from square one, it redefined the discipline with a whole new philosophy geared to addressing the profession's demands. Whereas accounting students traditionally never wrote an essay or worked in groups, for example, today solving unstructured problems, writing reports and developing presentations are key to the learning process. Feedback from firms hiring the resulting new breed of student has been extremely positive. And students have said that they find themselves at a distinct advantage vis-à-vis their colleagues who have gone through the traditional curriculum..

At Kansas State, Professor Deines has been recognized with the College of Business's Outstanding Educator Award and holds the Ralph Crouch, KPMG Peat Marwick Chair. He has taught accounting there for seventeen years. Outside the classroom, Dr. Deines has spoken on the subject of curriculum restructuring as presenter, panelist or reviewer before numerous professional groups. He also chaired the AICPA's Accounting Career Subcommittee as well as served on its Accounting Education Executive Committee, has chaired the Kansas Society of CPAs' Accounting Recruitment and Members in Education Committee and holds certificates in both Kansas and Nebraska. He also is co-author of the seminal textbook *Introduction to Accounting: an Integrated Approach*.

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Pathfinder Profile
Jim DiGabriele: New Roads to Conquer



**Jim DiGabriele —
Life Outside the IRS
Led to a Niche in
Forensic
Investigations for
Insurance
Companies**

In 1990, Jim DiGabriele left his solid position as an IRS agent in Bloomfield, NJ to pursue the dream of owning his own CPA firm. Little did he know he would soon carry a reputation as the “Fast Eddie” of accounting — as well as finding a niche in an area of practice he knew virtually nothing about.

A mix of serendipity, risk and genuine sweat led Jim to realizing his dream, and in 1995, along with another former agent, Jim McNulty, he opened DiGabriele, McNulty Co., LLC, in West Orange, NJ, employing three other professionals and three paraprofessionals. The practice has grown from initial billings in 1995 of \$200,000 to this year’s projected revenues of \$500,000. Characterizing his firm as a successful practice, indeed, only begins to describe his departure from the tried and true roads most CPAs pursue.

A Complete 180 Leads to Specialization

Nearly a decade ago, if residents of greater New York City tuned into their local cable television stations expecting to see home-grown programming — the kind most people expect and want to find only on Cable Access — they were most likely watching Jim’s commercials advertising his CPA practice. At the time, Jim seemed to be all over the area with newspaper advertising, direct mail and telemarketing. Even today, when he finds networking, acquisitions and referrals to be the most reliable marketing sources, he claims not to have made a complete departure from his former efforts when he says his business card reads like a billboard ad.

“When I started in my practice in 1990, I was the first person in this area to go on cable TV,” says Jim. “I wrestled with the fact that people frowned upon this kind of advertising, but it was one of the best marketing decisions I ever made. Now everyone is doing it.”

After spending four years as a Revenue agent, he was motivated to go out on his own because he felt in his heart that what he was learning as an agent would be highly marketable. He began as a sole practitioner with no clients, but quickly looked for a way to spread the word that he was a CPA in need to work. He would soon find that his foray into commercials touting himself as a former IRS agent would be a “magnet” in picking up business from clients who had IRS problems, and from attorneys who had their own clients needing assistance with the IRS.

“I would get calls from divorce attorneys who told me they could use me on matrimonial cases involving division of assets or valuing a spouse’s business,” he says. “I didn’t even know what they were talking about.”

He soon discovered that his experience in knowing the ins and outs of the IRS would prove worthwhile to his client base, and even something as simple as a public record search enabled him to find hidden assets among a spouse's real net worth rather than the amount he or she claimed to have in order to settle a divorce case to an advantage. As a result of solutions in seemingly complex cases, Jim received not only notoriety among others who could pass work to him, but found an interest by specializing in forensic accounting.

The Right Arm of Insurance Settlements

In a practice based on forensic accounting, tax representation and traditional write-up, Jim often is hired by insurance companies who investigate business interruptions claims, such as a business that sustains a fire or other disaster and files a claim for loss revenues.

“This is an area mostly unfamiliar to small firms, but our backgrounds in forensic help us immensely to find solutions based on a company's historical growth, prior year returns and perhaps one hidden wrinkle in operations that enables an insurance company to provide a fair settlement.”

Recently, for example, during restoration in a company that sustained a fire, Jim says a claim was filed for 100 percent of loss profits. Based on the policy's parameters, the business interruption claim was to be settled based on a projection of historical data. Jim soon found that the company's claim with zero operations was false. A public record search on the Internet disclosed a second location, enabling the claim to be reduced by 50 percent.

“An adjuster would need an accounting background to determine loss profits, so insurance companies hire CPAs to investigate because of the experience involved,” he says. “It often comes down to one aberration that enables us to provide these kind of solutions that would otherwise go undiscovered.”

Supplementing his knowledge and referral sources through networking, Jim and his partner plan to grow even larger through the soon-to-be acquisition of several other small practices and his recently opened Web site, www.execusite.com/dmcpa. Still, most of the time, he returns to his roots and the factors that motivate him to succeed.

“I found forensic work engrossing because it's intriguing to try and find some of these trails,” says Jim. “If I were independently wealthy, I would do this kind of work for nothing.”

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CPAs with questions on forensic accounting and other matters may contact Jim by writing to jimdmd@idt.net.

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Pathfinder Profile

Theresa Drew: The Value-Added Audit



**Theresa Drew —
She's taken the
concept of Assurance
Services to new
levels of
understanding.**

Theresa Drew doesn't use a crystal ball, but she can envision the future. And for CPAs, that future is rapidly transforming, bringing with it new and exciting opportunities for those ready to embrace change. With Drew's 20 years of accounting experience, it's a good bet her forecasting is on target.

As partner-in-charge of the Assurance and Advisory Services practice for Deloitte & Touche in Arizona, Drew continues to reinvent and expand what it means to be a CPA. Take, for example, the traditional audit. Even this time-tested practice has taken on a new and improved look.

"How we approach the audit is really an ongoing evolution. It's not as though we woke up one morning and decided we needed to do something different. We responded to the changing business climate," Drew explains. And that climate helped create the demand for a new level of service; thus, the value-added audit was born.

"At Deloitte & Touche, the value-added audit is designed to make sure we deliver quantifiable benefits to our clients. Instead of just the traditional audit, where we opine on their financial statements, we provide more," she says. Drew points to hundreds of ways that CPAs help companies improve performance; for example, when clients can see the impact to the bottom line in reducing their days receivables' outstanding. "When clients can actually quantify results, they're going to know they've received value," she adds.

Not only do the audits provide additional value, but they're also often done without the traditional reams of paper. "Deloitte & Touche utilizes what we call Audit System/2, which is a completely paperless audit. We don't print out any of the work papers. Everything is done on the computer, all the way up through the partner-level review of that work." Paperless audits, a product of the melding of technology, accounting savvy and vision, is a benefit that all CPAs can appreciate.

The Umbrella Expands

But the role of the CPA has gone well beyond even value-added and paperless audits. "Business has become much more complex and our clients are looking to CPAs to be business advisors, not just auditors," Drew says. "Assurance services continue to encompass the traditional audit services that CPAs have provided for many years. But the umbrella has really gotten bigger to include much more consultative services."

More and more, companies are expecting CPAs to be experts in a variety of subjects, from something as simple as how to cut expenses to a situation as complex as integrating acquisitions. For Drew, this means accounting professionals must be able not only to quantify information, but also to make it useful and understandable for clients through the interpretation of data. "Providing consultative services means you're using your business and analytical skills and forward-thinking ideas to provide operational advice to companies," she explains.

When evaluating acquisitions, Drew says, "For example, we might review a target company's financial statements and then be able to interpret those numbers for our clients. We must be prepared to help our client successfully negotiate the transaction, if, after evaluating the pitfalls, the acquisition remains in the best interest of our client."

Drew believes staying current on business trends is absolutely critical, and that utilizing cutting-edge technology is essential for survival. "The uses for technology are incredible today. Our people utilize laptop computers on-site. The computers enable them to access resource materials, databases, competitive information about different industries, and comparative data for benchmarking purposes, all while they're in the field. This information enables accounting professionals to respond immediately to the market and help clients make decisions quickly.

Integrity Remains the Cornerstone

Despite all the changes, Drew stresses that some core components of the accounting profession must remain the same. "Integrity forms the cornerstone of our profession. Being independent, having integrity, providing objective viewpoints – that's really what our profession has always been based on. CPAs are already trusted financial advisors. Now we have to go beyond that and become true business advisors," she says.

To be able to perform the value-added audits Drew champions, CPAs must first add value to themselves. "It's time for us to take that educational background and business sense and grow ourselves professionally. We must continue to enhance our technology skills, our communication skills, our analytical skills, and continue to be of service to our clients in enhanced measures," she explains.

No crystal ball; just plenty of forward-thinking and an eye on the horizon.

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Pathfinder Profile

Bob Dubow: Striking a Fair Transaction



Bob Dubow

—A “Truth in Pricing” Philosophy for Equipment Leasing Brings a New Facet to CPA Consulting.

What’s a CPA from Chicago doing in the business of equipment leasing? Plenty--if you are Bob Dubow, a former auditor of leasing companies with expertise on the leasing industry and its intricacies. Because of his industry experience in the day-in, day-out rigors of leasing transactions, he helps CPA firms help their clients structure leasing solutions, but more importantly, provides value by using his knowledge to anticipate obstacles along the way.

Scaling His Services to Fit the Environment

After more than 15 years working for a Big 6 firm and two leasing companies in the Chicago area, Bob started Andrew-Bradley Leasing Inc. two years ago with his brother, Dan. Since that time, the company (named after his son and his brother’s son because he didn’t like the ring of “Dubow and Dubow”) has formed alliances with more than 800 CPA firms, and contracts totaling over \$12 million in equipment leases that were the result of referrals from about 150 of those 800 firms.

When Bob noticed the AICPA national advertising campaign and tagline, “The CPA. Never Underestimate the Value,” a seed was planted. “I learned that Big 6 firms had corporate finance departments to help clients obtain different sources of funds,” he says. “I wondered if CPA firms that were not large enough to support that function in-house would like to offer a similar type of financial service via a fellow CPA.”

Since Andrew-Bradley does not have a sales force to pay, overhead is low, and as a result, the client gets a very good lease rate. Moreover, the company provides much more than a competitive leasing solution by meeting the CPA’s criteria for client service without any surprises, fine print or double-talking proposals, commonly found, says Bob, in the leasing industry. This self-styled “Truth in Pricing” philosophy, obviously modeled after Truth in Lending, strengthens the CPA’s client relationship and meets Andrew-Bradley’s marketing goal of establishing a long-term relationship with the CPA firm.

Bob does not charge the firm or client for his services, since the quoted interest rate already has the investor's fee built into the contract, and unless the transaction is complete, Andrew-Bradley doesn't collect any fees from the investor. However, he welcomes competing proposals so that the CPA can demonstrate how Andrew-Bradley's proposal compares on an apple-to-apple basis even without the CPA referral. The key is that the client would never have known about Andrew-Bradley without their CPA's referral.

Integrity Builds Loyalty

"Public opinion polls I've seen say the CPA is the most trusted advisor compared to other professionals," says Bob. "As a profession, if we lose integrity, we have lost our 'value-added,' and it doesn't matter what we know or how well we do it! That's really what our company is founded on with regard to Truth in Pricing. We don't tell the client one thing and then do another."

Bob says he works on a slim margin to keep pricing low, because he wants the clients to tell their CPAs not only how well they were treated, but that they received a good financial deal. Since Andrew-Bradley does not solicit business directly, subsequent referrals are a necessity to survival.

"Getting business exclusively from referrals is tough, especially at the beginning, but we've now had multiple leases with the same client, referrals from the same CPA firms and even had a CPA's clients refer us to other business owners they know."

"I feel I'm using my financial background and integrity to help people, while getting a fair dollar for the value I'm adding. Much of our initial marketing success comes from the fact that I am a CPA. CPAs are naturally very protective of their clients, but they are willing to work with me because they know I will provide value beyond a traditional lease transaction while keeping costs low and using my integrity to structure the best arrangement."

Bob welcomes others to ask him about his services and the value-added consulting function he provides. Send him an e-mail at ablease@aimhi.com, or visit his Web site, www.naperville.net/ablease.

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Pathfinder Profile

Robert K. Elliott: New Assurance Services and the Vision Project



**Robert K. Elliott —
Connecting With
Member Needs**

Over the last century, the accounting profession has marked many milestones that changed the way CPAs delivered services to clients or enhanced an association with their employers. Just in the last several years, the AICPA has established an ongoing process to generate new assurance services.

The Special Committee on Assurance Services, chaired by Bob Elliott, designed and helped implement a new set of programs to identify the assurance needs of customers and develop services that meet those needs. The process was entirely consistent with what the AICPA's Vision Project calls for, and both are oriented toward the marketplace and toward the future. And both consider the capabilities of CPAs and how they can be more productively and profitably applied.

Connecting With Member Needs

Potential revenues for the US profession are estimated to be at least \$1 billion for each of the six assurance services developed by Elliott's committee, which include Risk Assessment, Business Performance Measurement, Information Systems Reliability, Electronic Commerce, Health Care Performance Measurement, and CPA ElderCare. To identify these services the committee studied the needs of customers and potential customers and evaluated the effect of long-term trends on those needs. This was followed by detailed business plans and recommendations on how CPAs can meld these services into their own practices. The committee also designed and supplied content to the AICPA Web site and the pages on assurance services, located at <http://www.aicpa.org/assurance/index.htm>.

The Assurance Services Executive Committee is dedicated to continuing the work of service identification Elliott's special committee began. And while assurance services are primarily for members in practice, the industry sector's Center for Excellence in Financial Management enhances its members' focus in providing services to an employer. "These two categories cover the vast majority of our members, and each segment is receiving a business-oriented response to their needs," says Elliott.

Elliott, a partner with KPMG in New York City and 1998-99 vice chair of AICPA's Board of Directors, believes the time devoted to this project was well-spent, not only because of the opportunities for new revenues,

but because it helped establish a renewed customer focus among the membership and a refreshed relationship between the AICPA and its members.

"The process we established puts the AICPA in the role of generating revenue opportunities for members. That's quite different from the role not so long ago of setting limits on what members can do. The Institute still sets limits, and they're important. We have an ethics code that is at the heart of our professionalism. But we're also helping members to adapt to the marketplace more directly than at any time I can remember, and the Vision Project should ensure that the process is enlarged and permanent," he says.

A Precursor to the Vision

The Vision Project has a life of its own, Elliott makes clear. But he also believes the work done by the assurance services special committee foreshadowed the Vision Project's efforts to turn the attention of thousands of CPAs toward the marketplace and the future.

"The Vision Project was able to piggy-back on top of the work done in assurance services, and although the new assurance services don't cover the entire waterfront of what our members do, you can see in the general methods we used to reach our conclusions similar methods applied in the Vision Project."

Elliott explains that the committee did quite a bit of outreach work with speeches, videos, articles and seminars around the country, and as a result, the committee's messages began to be understood by members across the country.

"When we came together with the Vision Project, the ground already was fertilized," says Elliott. "The Vision was able to get much further and go much faster than it would have if it had started from scratch."

What's next for the new services? The committee identified many more than the six for which it developed business plans. They may be taken up by the Assurance Services Executive Committee, which will identify still more as it continues its work.

"We also are seeing a great deal of interest and cooperation from professionals in other countries, such as the Canadian Institute of Chartered Accountants. Working with these other groups will only enhance our members' own initiatives and that too will contribute to fulfilling the Vision," Elliott says.

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Pathfinder Profile

John L. Evanich Jr.: Finding a Niche Fit



John Evanich — He has taken a part-time, traditional role and made it a full-time (plus) business.

John Evanich is a very busy man. When he's not immersed as the CEO of four companies under an umbrella organization called The Professional Tax Group, he's working as a part-time tax advisor for Connecticut CPA firms through one of his companies, Part-Time Tax Partner.

As he walks out the door of an office he shares with his office manager and wife, Barbara, you can almost hear the echo of a mantra that follows him everywhere: "Remember -- We don't want your clients! We want to be your Part-Time Tax Partner!"

Returning to Competencies

One key aspect of the CPA Vision Project is the ability for the CPA profession to rely on competencies, or a blend of knowledge and skills that enable the profession to stand apart from its competitors. In this context, John is using his 25 years of experience as a tax advisor--not to gain his own client base--but in serving as a tax practitioner to CPA firms and law practices who are too small to adequately address the ins and outs of today's tax environment.

"CPAs have the ability to analyze a problem and find alternative solutions or approaches to solve that problem," he says. "With so many CPAs diversifying themselves in consulting and other arrangements, there definitely is a need to outsource certain functions like tax, for firms who don't have the staff to address some of the more complicated issues."

John focuses on CPA firms who have a tendency to have more sophisticated, full-blown tax problems on an ongoing basis. The average client (again, a CPA firm, not the CPA firm's client) is a local firm with two to four partners and usually 10 to 12 professionals, no tax department and many people in the office who do routine day-to-day tax work.

"I was gradually convinced over the last 8 to 10 years that there was more and more of a need for this kind of practice in light of specialization, spin-off of small firms and firms that need more tax expertise," says John.

Another factor that motivated him to make a change involved a service through the Connecticut Society of CPAs called CHAT, or "Consulting, Helping and Assisting in Technical Matters," a consultation service in which state society members can call one another for technical assistance. "The average member got about six calls a year; I was getting 10 calls a week."

In June of 1997, John left his well-paying, tenured position as tax partner for a West Hartford firm and ventured out on his own. At the age of 44, he knew the transition was going to be tough, but was confident that his "part-time" concept would take hold based on his knowledge of the market in that there were only one to two businesses that do pieces of what he does.

Today, after almost a year in business, he works with 50 firms on a regular basis, and writes an open-ended engagement letter allowing for the last-minute "IRS" crisis call, traditional tax work or perhaps a lengthier stint. John bills by the hour, and his rates range from \$150 to \$220 depending on the scope of the work.

"The Taxpayer Relief Act of 1997 didn't hurt either," he says. "But you can't measure success based on revenues alone. I'm more interested in a satisfied CPA firm who will call me back to do additional work. This is a brand new concept and an educational process. Our marketing is designed to educate CPAs who may have a need, while reassuring them that I'm not going to take away their clients."

High-Tech is High-Touch

The three other companies associated with The Professional Tax Group also keep John on his toes. Professional Tax Consultants offers the same services as Part-Time Tax Partner, but directs its efforts to closely held businesses that have a CPA, or assists businesses in selecting a firm. John speaks regularly for state society sponsored courses from popular vendors like AICPA, PDI and PPC, develops his own seminars through Professional Tax Training Concepts, and will write and produce firm newsletters through Professional Tax Publications.

Combining technology with consulting are the two, key integral parts that make the difference, says John. When he works with a firm, he packs a laptop, portable printer, a 13 CD-ROM tax library and a phone line for connecting to the Internet. This portable office enables him to address any problem encountered while at a firm.

"I can be at an office for an hour, solve the problem right there, review a return, write the memo, print it out, give them a final product and leave," he says. "They're not paying for my time commuting back to my office

or a lag in receiving the information. This just would not have been possible two to three years ago."

With a continuous success rate, 70 percent of referrals come from networking, and 30 percent from seminars and advertising, John is firmly entrenched in all areas of The Professional Tax Group, and has his sights set on adding additional staff in 1998 if engagements continue to grow.

CPAs who wish to contact John may e-mail him at proftaxgrp@aol.com.

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Pathfinder Profile

Alan Friedman: Name That Tune



**Alan Friedman —
He Records his own
Gold Record With a
Practice Devoted to
the Music Industry**

How many can say they are living their dream? Alan Friedman is a real-life example of how a working professional can successfully integrate a hobby with his or her work ... without ever skipping a beat.

Alan is the self-titled "Music Industry Partner" of Friedman, Kannenberg & Company, P.C., a Hartford, CT-firm delivering accounting, tax and consulting services. At first glance, this firm with four professionals and two administrative staff seems very similar to every other firm working in basic accounting with one, very large exception. The majority of Alan's clients are in the music industry, and include music store retailers, musicians, independent record labels and recording studios.

That's music to his ears ... and a tune that keeps on playing for this CPA who holds a guitar in one hand and an income statement in the other. After all, where else could you find a CPA and an all-CPA rock 'n' roll band called "The Accounting Crows?"

Playing to His Audience

Alan's roots are deep in the accounting profession with a father who recently retired from a practice in New York. Even though Alan always knew he wanted to pursue public accounting, he took a detour after college and worked for United Technologies because he wanted to continue developing the computer and programming skills he learned in college.

Serving as a liaison between the accounting and information systems departments, Alan found a way to leverage accounting with technology when he was soon recruited into the consulting department at Ernst & Whinney, working with the firm's large banking and health care client base. Alan worked on special projects, and changed jobs once more to work for a year in industry for Continental Investor Services Corporation as its treasurer/controller.

A burgeoning accounting and tax client base on the side from his friends convinced him he should go into business for himself, and hung out a shingle in 1985 with his associate, Don Kannenberg, with only an estimated \$5,000 in annual billings.

Major growth in staff (five partners) and revenues (\$300,000 in 1986 to over \$1.2 million in 1989) ensued for the firm, but tough lessons were learned along the way. For the five years leading up to the recession, Friedman and his four partners cashed in on the growing Hartford real estate, banking and retail landscape-with no safety net in place. In the early 90s, the Hartford economy took a tremendous nosedive.

"The business literally came walking through the door through referrals by lawyers, bankers and other clients," he says. "We took care of our clients, and did nothing more than that, because we didn't have to. We beefed up with three more partners and even more staff, but there wasn't a firm in Connecticut who had the foresight to plan for what happened. Everyone got hurt, as evidenced by 41 bank closings in 1990 and 1991-the largest number of per capita closings of banks in the nation."

Times changed, and so did the makeup of the firm. Friedman was back to square one with his original partner, Don Kannenberg, and the two have made music ever since. They realized that making a "go" of a successful firm meant more than just counting on referrals. Hard work, determination and a specialty niche brought the firm back to life, which now generates about \$800,000 in annual billings with more than 1,000 active clients.

Strumming Along to Success

Alan and Don concentrated on what they could accomplish in light of a potentially swinging economy and decided to choose a market in which the two had a niche (music), as well as eliminate the geographic boundaries of Hartford to which they had become accustomed.

"My clients appreciate the fact that we are intimately familiar with the product they sell, the suppliers they deal with and the ever-changing condition of the music retailing marketplace," says Alan. "Overall, we have a definitive expertise in the issues specific to the music industry."

Alan advises others who want to develop vertical markets to seek work in areas where a client base isn't likely to find similar services elsewhere. He explains that there are about 9,000 music retailers across the nation, and although most of them already have an accountant, that one "store" probably is the only client that accountant may have in the music business.

"Unless you're willing to spend the time to get the education and the experience to understand all the accounting quirks and unique tax issues, it's very difficult to have an expertise in the music retailing industry if you only have one client," says Alan. "In the accounting profession, it's become nearly impossible to be an expert on everything, so when clients come to you expecting best practices in a certain industry, you can bring value to them by delivering services designed just for their market."

To capitalize on his marketing efforts, Alan now spends much of his time speaking at National Association of Music Merchants trade shows, a good source of knowledge and networking for his firm, and has created a firm Web site, www.fkco.com, to reflect his personality. In addition to pages on accounting, tax and computer consulting services, he has an area exclusively devoted to services for music retailers, as well as an extensive list of questions/answers musicians and others may ask for their specific industries.

There even is a page devoted to guitar trivia, to which Alan remarks, "where else can I marry my personal interest in music with my livelihood?"

Anyone with questions on Alan's firm may contact him at alan@fkco.com.

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Pathfinder Profile

Frances Garcia: Watchdog of the Watchdog



**Frances Garcia —
Bringing the
Government Into the
Next Century is All
in a Day's Work for
the Inspector
General of the GAO**

In the diplomatic halls of the nation's capital, power is everything. As inspector general of the General Accounting Office, Frances Garcia is the top official who presides over agency assets, policies and procedures.

The power hasn't gone to her head. Instead, Frances uses her influence to make the GAO more productive and contribute to the well-being of the accounting profession. Although this native Texan sits at the top, her manner is unassuming, extremely competent, no-nonsense and amusingly candid.

Traits to Success

Times have changed for the government sector, and Frances is in the middle of a maelstrom. From technology to new regulations, the way business is done and the impact of the CPA on the environment is rich with possibilities.

"All of a sudden, the government sector is probably the fastest growing market in the CPA profession because we're going to have consolidated financial statements and every office is going to be audited," she says. "The CPA who works in government will have to have organization, timeliness, an eye on the bottom line and product productivity to survive."

Frances has a staff of nine, and also concentrates her efforts on internal controls and financial records. She reports to the controller general, and is in charge of investigating wrongdoing by employees of the GAO.

Her background is rich in both public accounting and government, and has been with the GAO for 12 years. She worked with both the Dallas and Austin offices of Arthur Andersen, then was tapped by President Carter in 1977 to join his administration as chairman of the Copyright Royalty Tribunal. For the first time in 69 years, she and her group pioneered new legislation on royal rights in the cable, recording, non-commercial broadcasting and even the jukebox industry.

Following the appointment, her involvement and networking with the American Association of Hispanic CPAs enabled a return to public accounting with the Los Angeles firm of Quezada, Navarro & Company, where she became partner-in-charge of the Washington, DC office. After a promotion and transfer to Los Angeles, she returned to Washington and has been with the GAO in various positions ever since, including a new recruitment program that "operated like the Big 8 programs" and the top position with the Office of Internal Audit.

Frances sums up her experience in one, definitive statement, "I couldn't pay a million dollars for the training I got at Arthur Andersen," but is

somewhat concerned that public accounting will now take away qualified government CPAs because of new legislation requirements. As Vice President Gore's influence in running the government through privatization gathers steam, she calmly admits, "The big firms are hiring our staff with larger salaries because public accounting is experiencing more work than ever before in the government sector."

Advancements Equal Efficiency

Frances is excited about the marvelous innovations made by technology within the governmental environment, not because of the systems themselves, but because government finally is recognizing the need to become technologically driven.

"While other professions already have had many upgrades to networking, software and entire systems, the government only now is making great strides in this area, and the way we access information makes our job not only easier, but much more efficient.," she says. "Something as simple as networks and integration of databases from our office to, for example, Seattle, provides us the ability to work on documents simultaneously instead of back and forth."

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Frances welcomes input from CPAs who have government clients and wants to chat about future opportunities. She can be reached at garciaf.pers@gao.gov.

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Pathfinder Profile

Lawrence D. Handler: Committed to Continuous Learning



Lawrence D.

Handler — The mind is ever-expanding for this corporate president and CPA

For Larry Handler, the role of CPA adds up to a lot more than just numbers; it also equates to successfully communicating with colleagues and customers. And, as president of the Retail Division of Remington, the shaving and personal care company, Handler is responsible for a nationwide business unit in which customer satisfaction is uppermost. To do his job well, he relies heavily on getting feedback from his people everyday.

"It's important to find out what's happening, and that translates into working with merchandising to find out what products are selling and how to keep our customers happy," Handler says.

Of course, adding to the company's performance also includes some of the more traditional accounting functions such as inventory, distribution and profitability. But, Handler explains, these things don't have as great an impact if you're not in touch with your customers' needs.

Handler takes pleasure in the process. He approaches each day as a learning opportunity and encourages other CPAs to do the same. "I get a lot of enjoyment out of getting into operational roles and advising them and learning more about our customers and how to make our business more successful.

With an MBA and more than 15 years in corporate finance, including a CFO position and experience with Arthur Andersen, LLP, one might think Handler had all the training he would ever need, but he strongly disagrees. That's because Handler believes, "business is a continual learning process, and ongoing education includes interacting with one's peers, both on-the-job and outside of one's organization. It also means availing oneself of the best training available."

The Value of Training

The ongoing learning process is not just an option to Handler. "Training is essential to stay employable, to stay viable, and to increase your ability to grow in whatever organization you're in," he explains. When seeking training, Handler stresses the importance of vision and leadership. "Look for training that has the vision of where you think you want to be five or 10 years down the road, and remember that to really succeed in business, a CPA has to lead.

Without question, the CPA credential opens doors. But, he says, long-term advancement is entirely up to each person and his or her own leadership ability. "How far you go up the ladder in a business will be determined by how you lead both other people, and the organization as a whole," he says.

Handler believes that achievement depends on the ability both to see the big picture and to identify a niche within the profession. "One of the keys to success in the practice of public accounting is specializing in a narrow area so you can give your client an advantage over the competition. All the while, a CPA must also develop horizontal learning skills. CPAs must be able to service the broad organization and have the talents required to help the entire company. You can't succeed as a business person in finance with just a narrow numbers viewpoint. You have to be able to lead the business.

Handler takes pride in the CPA's role within organizations and stresses the advantage that designation offers over others in today's competitive business environment. "People are looking to CPAs for critical

leadership and advice. Accounting is the language of business. CPAs who are acquainted with 'The New Finance' are people who can take operational areas such as distribution and merchandising, convert information and numbers into knowledge, and then successfully communicate to management how the business is performing."

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Pathfinder Profile

Wayne Harding: Constantly Pushing Technology



Wayne Harding sums up his sentiments straight away—"I'm a technology zealot!"

"Technology is not a solution, but a vital enabler," Wayne says. "No one—large or small—will be able to stay competitive without employing technology and keeping up with its advances." For some, that may seem obvious, but Wayne, a CPA and technology consultant for Great Plains Software, speaks on technology three or four times a month. He still finds he has to preach the benefits and urge accounting professionals forward. The benefits are easy to establish, and Wayne hits hard on two issues.

Work-flow Payoff

Examine your business model and your interaction with vendors and clients. Technology can streamline that work flow for immediate payoff.

Wayne cites several examples. Administrative costs average five percent of revenue. A Gartner Group study shows that technology can immediately shrink those expenses to two percent. With revenues of \$1 million, the typical \$50,000 in administrative costs are reduced to \$20,000.

The May 4, 1997 edition of *Investor's Business Daily* shows an ROI of 1,000 percent on intranets, and an almost immediate return on the investment. At Great Plains, paper and fax are avoided. The group even submits expense reports electronically, with invoices sent in separately.

Service and Product Delivery

The Internet is transforming our basic foundation of service and product delivery. Ignore this, and you will be left behind.

Take the following statistics to heart, says Wayne. Travel agents, coasting on \$50 commission rates, watched in dismay as their income dropped by five to eight percent with Internet bookings. In the product

arena, Dell Computer now sells more than 1,000 computers a day over the Internet. A small gardening nursery discovered its Internet presence unearthed higher-volume sales, with an average electronic order of \$100 versus \$60 onsite.

What does this have to do the average CPA? In a recent *CPA Computer Report*, several practitioners admitted to having lost potential clients simply because they didn't have an e-mail address. But a more pressing issue is the increasingly sophisticated—and useable—software that will supplant traditional services, such as tax preparation. To stay competitive, CPAs must move into more consultative roles, gravitating their services and client contact to the electronic arena.

Get Going

As a profession, only a growing handful of CPAs use technology to full advantage, estimates Wayne. For those who haven't taken the first tech-step, it's imperative they do so now. "Sign on to an online service and send an e-mail. If you're more technologically saavy, take one work flow process, see where there's input twice - and cut! Then keep moving. Get really smart, and put together a technology plan."

In addition, CPAs with strong project management skills and an aptitude for technology face unlimited career opportunity, says Harding. He speaks from experience. "I had a CPA practice for eight and a half years, doing litigation support work, taxes, technology consulting and implementing financial systems. But I decided to do something I love, and sold the practice and went to work for Great Plains where I could devote 100 percent of my time to technology, especially as it applied to software."

Great Plains provides accounting software solutions to clients worldwide, primarily servicing businesses from \$1 to \$5 million in revenue. "My line of work is to carefully listen to clients, and tackle problems using technology as the heart of the solution."

Those who don't forge a career out of technology must at least understand its key role in their future. Sums up Wayne, "If you're truly market driven, you're already maximizing technology." If not, you better get moving!

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For questions or comments on his high-tech philosophy, contact Wayne at wharding@gps.com.

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Pathfinder Profile

Michael W. Harnish: Watchdog of Web sites



Michael W. Harnish
— Combining his
skills and knowledge
as a CPA with his
talent in technology
has resulted in some
very significant
accomplishments for
this pathfinder.

In his role as Chief Information Officer for the law firm of Dickinson, Wright PLLC, CPA Mike Harnish's primary responsibility is to create the Firm's technology vision and oversee its implementation. No easy feat in a law firm of over 200 attorneys working out of 6 offices in 18 legal specialties, Mike and his team have completely re-vamped the Firm's systems, processes and strategies to move Dickinson Wright into the forefront among law firms in integrating technology with the delivery of legal services. In fact, so many of Dickinson Wright's clients have expressed interest in these efforts that an affiliated entity, Technology Consulting Partners LLC (TCP) was formed, with Mike serving as CEO, to provide consulting and implementation services to other professional service firms and practices.

Mike attributes much of his success to technology. "The CPA, whether he or she be in industry, public or private practice, has to apply technology to survive. We're not exempt from any of the rules to which normal businesses subscribe. We have to play by the same rules using the same techniques and tools applied to a professional environment and we're finding that we either do it, or we better think about retiring pretty quickly," he says.

Applying his knowledge of transactional flow and systems, he devised a system that reduced the cycle time of Chrysler Credit Corporation's loan origination and review from six months to less than four weeks. In doing so, Mike undertook the automation of functions that were not even part of his Firm's legal responsibilities, but were critical to the entire business process. In another case, he was able to devise a system that dramatically sped up the cycle time of review, comment and closing by multiple independent parties in a secure environment for a large national company. The results of Mike's work were noted in a publication distributed at the National Real Estate Conference in Las Vegas.

Innovative in streamlining the internal functions of his Firm, Mike has increased communications and the speed of transactions, which has resulted in dramatically lowering costs for systems processing, while reducing cycle time and overhead. While involved with a large London-based arbitration case, Mike created an ad hoc international "network" that effectively linked participants and mediators in multiple countries to communicate and review the various facts and issues involved. This

allowed the entire arbitration to proceed in a secure and timely manner, while greatly reducing the cost of trans-Atlantic transportation.

Working closely with his team at Dickinson Wright, Mike not only implemented the ABA's standard UTBMS codes, but also extended the use of these codes into paperless electronic billing and audits of work performed for the Firm's clients. Currently, Mike is involved in designing and developing a Web-based system that will allow small-and-medium-sized companies to utilize legal services on a proactive, fixed-fee arrangement. This is a dramatic step forward in the legal profession where clients have traditionally sought legal advice only when in trouble or in reaction to a large scale undertaking.

Mike believes that technology plays a critical part of the business environment. "Even if it's a one-person firm, there's no escaping technology -- pretty soon doing business using technology will be the same as deciding whether nor not to breathe on any given day -- you do it, or you die," he says. "There is one caveat. Don't be enamoured of technology for technology's sake. The true language of business is still business; technology is just how we leverage it to do a better job."

His work at Dickinson Wright has also involved the creation of a case management system that is not only extensively utilized internally, but also by the clients themselves, a significant move forward in the collaboration of professional service providers and their clients. Faced with 11 different operating systems and 22 different vendors upon arrival at the Firm just two years ago, Mike made the networks vastly more manageable and usable. Today, Mike has a small staff that is able to manage the Firm's 600+ computers via automated methods to ensure consistent quality and application. At the same time, the Firm has dramatically reduced the cost of its computing structure and standardized its coverage to just three operating platforms and systems.

"I think the most important application that any business can invest in over the next year is collaborative computing...the combination of lots of different technologies all embodied into one application, which makes it very easy to use. The returns have been absolutely phenomenal and these days, no business can afford to operate as a standalone environment," says Mike.

A natural leader, Mike has supplied the innovation, vision and enthusiasm to lead, but acknowledges the Firm's achievements as team successes and not merely personal triumphs. He stresses the importance of hiring just the right number of highly motivated and competent people. Faced with a seemingly insurmountable training obstacle, Mike

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created a technical training team that works constantly with the Firm's professionals to enhance its knowledge base.

Recently honored by the AICPA for his life-long contributions to technology, Mike's involvement in his profession seems to be endless. He is currently a member of the AICPA's Business and Industry Executive Committee, the American Bar Association's (ABA) Futurist Committee, and the ILCPA's Industry & Business Executive Committee and Strategic Planning Committee. Prior to these appointments, Mike served as the chairman of the AICPA's Information Technology Executive Committee and recently was a member of the AICPA's Information Technology Research Subcommittee. In addition to these appointments and many others too numerous to list here, Mike has also served as the past chair of the ILCPA's Information Technology Division.

Mike holds a Certificate of Data Processing (CDP) awarded by the Institute of Certification of Computer Professionals. He is accredited by the EDP Auditors Foundation as a Certified Information Systems Auditor (CISA) and is also a Certified Lotus Professional (CLP) as recognized by Lotus Development Corporation. He has spoken before many professional groups and has lectured at the university level on technology topics. He was the keynote speaker at both the AAA's National Conference speaking on "Utilizing Technology Within The Accounting Environment" and the AICPA's National Management Advisory Services meeting, speaking on "Trends in Technology." Mike has also been included in "Who's Who in Data Processing" and serves as co-technology editor of the publication "CPA Computer Report." Those wishing to E-mail Mike can do so at mharnish@dickinson-wright.com.

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Pathfinder Profile

Bill Hender: Prospecting for Solutions



Bill Hender —

Set your alarm for Tuesdays and Thursdays at 8 p.m., CST, and tune in to the tax program about to take place. Ask a question, provide a response and learn about the latest nuance in the tax law. The channel? Over the Internet at www.henderco.com, of course!

Henderco isn't a multinational company whose interests span the globe, a large Internet Service Provider or even one of the popular online

Finding a services. This is the brainchild of Baton Rouge CPA Bill Hender, whose competitive position practice, Hender & Company, has five professionals who work in tax, over the Internet is accounting, and governmental auditing and compliance. both challenging and

rewarding. The Time Was Right

What began as a desire to join the Bandwagon has turned into a full-fledged business opportunity ... and Hender & Company's weekly tax chat is just the beginning. There's also his sister company that designs Web sites, appropriately called Web Site Creators, located at www.vipinc.com/webdev, and his own online music retail store called Pierre's Cajun Record Shop. Although Cajun music is Bill's passion, Pierre's originally was designed as a means to dabble in retail sales, and now brings in annual revenues of over \$7,000.

"We just consider what people may be looking for and try to provide that information, service or product," says Bill. "If we put up a governmental auditing site, we felt that traffic would be minimal. Putting yourself in the shoes of the audience has made all the difference because it seems to be the right path."

Bill's journey to the Web began as early as 1987, but it would be nine years before Hender & Company would have its own dedicated site. In the late '80s, electronic filing had just hit the market, and Bill was introduced to the Internet through a service called Genie. Excited about the prospects of publicizing his firm in the new virtual environment, he soon dropped the idea because the format was too static and did not lend itself to the image he wanted to project. Just two years ago in March 1996, he decided the time was right to build his own site because the Internet became more of an interactive means of communications.

Based on his experience and business background, Bill knew he could provide value to clients and others wishing to be on the Internet.

"I viewed the Internet as a major area of commerce and convinced others of this natural link to the CPA profession because of the revenue involved and the accounting systems that should be present to capture and report the revenue," he says. "As CPAs, we're trained to keep up with the latest information when it comes to audit, tax and accounting matters, so our business perspective provides a greater advantage to a company who would usually go to a computer specialist to build a site."

Using Web Site Creators, Bill was able to build pages for some of his own clients while marketing the service to a new client base who only wanted to have a Web site. Examples of these clients' pages may be

viewed at his site, but perhaps his most well-known Web site client is the Sinatra family, which had the firm build a guest book for them.

Measurements of Outcome and Performance

Ironically, Bill first thought he would build Web pages for CPAs, but quickly abandoned that idea and concentrated on other professions because he found that most firms were not of a mindset to conduct business over the Internet.

Over the last two years, he and his firm have considered whether the Hender & Company site should be revenue producing, like Pierre's and his other clients, but decided for now to continue promoting the firm site as a communications tool with enhancements like the Tax Chat, a Tax Forum Bulletin Board and a weekly e-mail tax newsletter.

"The Internet provides a level playing field no matter what size you are, and we know our site can compete with the large nationals because we're on the Internet like everyone else," says Bill. "We're not certain what kind of benefit we derive as a firm by being on the Internet. But we're there, and as the technology continues to become even more accessible, we will continue seeking solutions for clients and for ourselves."

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Bill welcomes comments and questions on his Tax Chat, Web Page Creators or any other aspect of his firm. E-mail him at henderco@premier.net.

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Pathfinder Profile

Tony Huffman: Mr. Smith Goes to Washington



Tony Huffman
—A patriot for the people who adapts to an ever-changing future.

Show up for any run in the greater Jackson area, and you're likely to see Tony Huffman at the starting line. Attend a community event and the air is energized with his spirit and determination. This Mississippi CPA has his eye on more than just the finish; he remains a true believer in the spirit of winning in more ways than one.

Long-distance stamina only begins to describe this self-styled 35-year-old entrepreneur, who not only owns his own practice—Huffman & Company, CPA—but employs two other CPAs, two paraprofessionals, and will realize more than \$400,000 in revenues for 1997.

With a background that includes over six years with Ernst & Young, Tony started his practice in 1992. He confidently admits, “there’s nothing better than being on your own; you have a lot more headaches and responsibility, but there is no greater feeling than being in control of your own destiny.”

His approach attests to his ability to keep an open mind in learning—and facing—new opportunities and challenges related to the CPA profession and in community activities as well. He believes his work is preparing him to realize his own aspirations in the political arena—enough, in fact, to consider running for office in the next few years.

Exhausting or exhilarating? Very much the latter.

Adapting to a Changing Environment

Tony believes regulation and government intervention create the greatest challenge facing the CPA profession, and explains why CPAs not only are turned to for advice on a number of levels, but why the profession will continue to be important and enduring for years to come.

“The CPA profession creates an almost instinctive adaptability for the people who are in it because we recognize the need to change, conform and adapt on an annual basis,” says Tony. “This thinking puts us in an ideal position to work with clients who are rooted in methodology of doing the same thing over and over again instead of learning a simpler, faster and better way to accomplish an end result.”

Just as he and others must learn about innovations, such as moving to a paperless environment, CPAs, too, must convince their clients that it is not going to be a detriment to learn a new method of operation or try to apply a new tax law. If he is going to run for public office, he will maintain a platform that closely mirrors his work in the CPA profession, tax knowledge and an understanding of what the ordinary taxpayer wants and small business owners need.

“We all want the same thing: an opportunity to make a good living, take care of our families, and live in a safe and secure environment. If I were to seek office, I would make the tax code fair and make business less restrictive.”

Sounding like a true politician, he aims to deliver promises that will go unbroken, similar to the philosophy he tries to maintain in daily firm operations. “Everyone turns to the CPA as the one to make the transition from different environments,” says Tony. “To do so, the CPA needs to be the leader during these transitions to stay a step ahead of the client.”

Building Blocks to Success

Tony's involvement in the community helps him build a client base, but also encourages him to realize his other dream of building better lives for people in Jackson. He is an executive board member of the Metropolitan Crime Commission, an organization he helped start in 1994 to enable the public to take a proactive role in decreasing crime in their own communities.

"Crime in Jackson was out of control," he says. "There didn't seem to be anyone from a leadership level taking a preventive role in minimizing crime or even addressing that there was, in fact, a problem. A group of us from the citizens' level formed this organization to make our leaders aware and hold them accountable for their actions or lack of action."

Tony's contribution to the board, like many CPAs volunteering their time in community groups, began in an accounting capacity by filing the nonprofit organization paperwork and keeping finances in tact. His desire and need for making a difference enabled him to expand his role into leader, advocate and even fund raiser. A drive-by shooting that killed a runner gave him and a local attorney the idea to create the First Annual Metro Jackson Run Against Crime on Nov. 1, raising about \$5,000 for the cause.

"We had a great turnout that brought out a lot of awareness to the community," says Tony. "This was a big event for us to put on, but we looked at it as a 'call to arms' to enable the Commission to be active in all areas of the city."

Tony's other volunteer pursuits include several other nonprofit organizations, and is a founding member and current chairman of the Mississippi Chapter of the Leukemia Society of America. He also is a race coordinator for the Mississippi Olympic Committee, and even carried the ceremonial torch in May 1996 as it passed through the Jackson area on its way to Atlanta.

Practitioners are keen in the Jackson area to discover how Tony can spend so much time on other pursuits and manage to hold together a CPA practice, let alone any kind of personal life. Although a cliché, his motivation begins within his own self in wanting to "give back" something to the community. Because of an active role in the community, it is no surprise that he has significantly strengthened his role in client relations and development, leading to an increase in firm revenues.

"I'm a big believer in community service; it is the rent that you pay for living where you live and a way for me to give back all the good things

that have happened to me,” he says. “My business has grown because of the things that happened through community service, and I hope others will see that my volunteer work is more than just a line on a resume. It is true time commitment and a way to help others.”

Others interested in Tony’s approach to the way CPAs interface with business in the face of regulation may contact him at cpahuff@aol.com.

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Pathfinder Profile

Donna Ingram: Sherlock Holmes in Disguise



**Donna Ingram —
White Collar Crime
has no Place in her
World of Fraud
Detection**

All of us are taught to learn from our own mistakes . . . but do we really learn from someone else's mistakes? Donna Ingram thinks so.

Ingram is a CPA and CFE — Certified Fraud Examiner — who has capitalized on the specialty accreditation to carve a niche for her own career as well as a focus on forensic accounting for her firm, May & Company, in Vicksburg, MS. With white collar crime growing significantly, and given updated technologies and a booming economy, she works in a competitive field to help clients face what is sometimes a grave reality.

Looking Beyond the Numbers

Ingram received her CFE in 1992 from the Association of Certified Fraud Examiners, and is one of 25,000 accredited accountants, auditors, attorneys, criminologists and others who are in the business of going beyond the traditional audit function to help their clients implement fraud prevention and detection measures. Specifically, the CFE addresses risk and specific concerns that could eventually lead to matters of fraud.

"The CFE has been very helpful because it allows me to provide added value to the traditional audit client," she says. "I spent a lot of time learning about their system so that the management letters are much more inclusive with recommendations that are user-friendly and valuable. If we can help people to take those blinders off and see where they are vulnerable, we can protect their business and assets a lot better."

Ingram takes the audit one step further, too, for her clients who required an audit for comfort but didn't have to have one for external purposes,

like SEC reporting. Instead of performing the traditional audit, she tailors an agreed upon procedures engagement to evaluate fraud risk factors and other areas that are of concern to management. Working in the fraud arena deals with change and motivating the client to see beyond their noses.

"The client must realize that just because the company may have been doing something the same way for 20 years, there could eventually be exposure," she says. "I learn more from practical experiences and other people's mistakes than from any textbook, and we are helpful to our clients because we understand the numbers side, as well as the systems component."

Ingram also is a big proponent of continuing education (she has taught the AICPA course on fraud prevention, detection and audit eight times), and feels that extensive training mixed with preparation, like any of the specialties designations or accreditations, is a basic requirement for successful outcomes. Ingram recalls the time she was blindsided by a client who had committed fraud.

"Often, the traditional auditor doesn't look at 100 percent of any situation because we are trained to see only what is necessary and what we are engaged to do," she says. "It took someone to question the quality of work and what we did as auditors to make me wake up and realize that I not only wanted to protect myself and the firm, but that we have to be educated on how to do our jobs better."

Raising Awareness

Ingram has done an excellent job in marrying her CPA/CFE skills in business with the needs of her local community, and is very involved in many efforts, including the Vicksburg Economic Development Foundation. The Foundation is an organization that works with existing businesses and also recruits and encourages businesses to move to the area, working with the company to help them with the labor force, tax structures and other relocation matters. In 2000, she will become the first female chairman the group has ever had.

"We are working to bring different factions of the business community together to determine how we can expand general membership of the organization to be more representative of the community," she says. "The bottom line is that everyone has to change with the times, and this is like forensic accounting. People who have done something day in and day out have to think differently to get results-quicker!"

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One of the recent accomplishments with her firm also involved the community when the firm implemented a toll-free "fraud and abuse hotline," where employees can call a phone set up at May & Company to

anonymously report potential cases of fraud, discrimination, sexual harassment or other problems within their own companies. The service is offered to businesses for a subscription fee, and options can be tailored to any business or organization.

"Unfortunately, within a company, internal auditors and upper management usually are not the ones detecting fraud. Co-workers are the ones that notice life style and personality changes or other red flags that usually accompanying a fraudulent act. So the hotline gives all employees the ability to report potential mishaps or something unusual," says Ingram. "We started the service in 1998 and hope to see it grow in popularity and use."

Anyone who has questions for Ingram may contact her at [dingram@maycpa.com](mailto:d Ingram@maycpa.com), or visit the Web site at www.maycpa.com.

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Pathfinder Profile

Everett C. Johnson: A CPA Visionary Focusing on Technology



Everett C. Johnson
— **Fusing traditional skills with technology and business has enabled this CPA pathfinder to take a lead role in creating new consulting opportunities that will help the profession maintain a competitive edge in a changing marketplace.**

Ev Johnson is taking his over 35 years experience in audit, control and security matters and transforming them in some very creative and productive ways. In his position of partner at Deloitte and Touche in Wilton, Connecticut, and his role as International Director of its global enterprise risk service line, which includes computer auditing and information protection services, Ev has served many of the firm's largest clients and made quite a number of significant contributions. He is in charge of directing the firm's computer control and auditing research and developing state-of-the-art technical materials, software and training programs related to computer auditing, control, security and e-commerce.

A strong advocate in educating the CPA community about technology and its importance to business survival, Ev also is a key player in the creation and launch of the CPA WebTrustK assurance service. He sees technology as a great source of growing a business' revenue, adding value to its products and services and improving productivity both at the organizational and the individual level. And he has some very progressive ideas for putting technology into action.

"Electronic commerce is one of the biggest change agents in business. Whole new businesses and new roles in business are cropping up, which present a lot of opportunities for the profession in helping clients adapt and use e-commerce, using it ourselves, and providing assurance services around it, such as the CPA WebTrustK service." Further, he says, "I think it's critical that the CPA profession be focused on technology and its impacts, because technology is really changing the way business is done. Thanks to the Internet, many new businesses, such as Amazon.com, have come into being. And if we as CPAs are not in tune with technology and using it ourselves, we're at real risk."

Ev believes that there are many areas where CPAs can help their clients or employers address technology issues, such as coming up with the right kinds of policies and making sure that they're being properly implemented in the organization. He says, "It's important for CPAs to be aware of technology issues, because their clients are going to ask about them. And if CPAs are educated enough in technology to be able to work with their clients in solving the related challenges, that's a terrific consulting opportunity."

Committed to the advancement of the profession, currently, Ev is a member of the AICPA Assurance Services Executive Committee and chairs the Institute's Electronic Commerce Assurance Services Task Force, which created the CPA WebTrust program. He also serves as the USA representative on the International Federation of Accountants Information Technology Committee. In addition, Ev chairs Deloitte and Touche's International Enterprise Risk Services Committee and leads its SAP auditing initiative.

In the past, he was the chair of the AICPA Information Technology Research Subcommittee and a member of the Information Technology Executive Committee. He also recently served as a member of the Information Technology and New Service Lines Subcommittees of the AICPA's Special Committee on Assurance Services ("The Elliott Committee"), which has made recommendations for the future of the auditing profession.

Additionally, Ev previously served as National Director of the Computer Assurance Services group in the USA and as a member of Deloitte & Touche's Management Consulting Management Committee. In 1998, Ev was named among Accounting Today's "Top 100 Most Influential People in the Profession." Those wishing to e-mail Ev can do so at ejohnston@dtus.com.

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Pathfinder Profile



**Roman Kepczyk—
Dear Abby meets
Tim, the Tool-Time
man**

Roman Kepczyk: Technical Troubleshooter

If the technical aspects of running and designing a CPA firm's computer system are left to high-tech wizards, then Roman Kepczyk would be out of a job.

He and others at InfoTech Partners North America, Inc. make a living by asking the right questions, analyzing a situation and determining cost-effective solutions--all for firms in the accounting industry. Sort of like a CPA's CPA.

The Top Issues

Naturally, his accounting background is the basis for Roman's strategy when he begins to investigate where a firm is, where they want to be and what they must have to achieve their goals. It sounds like a typical consulting engagement ... and it is, in many respects, except for the emphasis on accounting systems.

“If a firm is really out of touch, we know hardware and software are the top issues, and we must bring them up to industry standards” he says. “Other firms who have stayed up-to-date want to remain competitive with the most current programs. Partners want to know what their competition is doing and what they need to maintain their productivity.”

Roman's advantage to other consultants is his knowledge of accounting in ensuring clients remain efficient and knowledgeable of the right systems for their engagements, regardless if the need is for typical software, such as high-end time and billing systems, or more niche-oriented software for segmented industries.

“CPA firms are unique because we have many operational areas within a firm, all of which have particular software that need updating on a regular basis. Only CPAs understand how accounting, tax and audit software work. That's how we differentiate ourselves in the market.”

The Time Crunch

Roman admits that a firm could hire its own staff to handle these and other related issues, but has yet to find one that has truly dedicated the time and resources to this often back-burner function.

“If firms will assign a specific person to do this, the job will get it done, but billable hours get in the way. CPAs are great procrastinators, but

once they experience a major crash, they make systems a priority and move on it immediately.”

Roman has developed a short-term solution for small- to medium-size firms with a guide on how to manage many of these technical management duties.

Still, Roman feels strongly that he adds value to an engagement by taking his own accounting knowledge one step further with firm personnel to develop a strong plan to tackle technology that meets everyone's needs. Larger systems' consulting requires on-site visits and interviews with staff, many of whom are extremely willing to talk to Roman in a creative quest to improve hardware and software configurations.

“We explain that everything is confidential, and we consolidate all answers into one plan so the partners don't know who said what. Once staff start opening up, you see the floodgates open.”

CPAs who would like to talk to Roman about his consulting approach and systems integration may contact him through e-mail at roman@itpna.com, or through the Website, www.itpna.com.

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Pathfinder Profile

Stephen King: The Virtual World of Outsourcing



Stephen King—He's not the master of horror; he's a CPA with a great idea.

Conducting business in cyberspace takes on a fourth dimension at Virtual Growth Inc. (VGI), a New York City-based consulting firm owned by Stephen King, CPA. VGI delivers traditional accounting services — all in the virtual marketplace — to companies and other CPA organizations.

What sets him apart from others working in the paperless environment is the market and approach. How fitting that his name is legendary for keeping clients on the edge of their seats.

The New Media Niche

In its 20 short months of existence, more than 127 corporate clients have outsourced their accounting needs to VGI, with 90 percent working in

what Steve calls “new media industries:“ electronic communications, Website development, CD-ROM programming and any Internet-related activity.

The heart of the business is simple. Steve and his network of CPAs provide tax, accounting and business planning services to companies who either do not have the people on staff to handle financial management or want their controllers and related staff to spend time in basic financial operations. These businesses would rather invest more capital into growth, enabling these positions to provide value-added skills rather than concentrating on the nuts and bolts of financial management, a concept Steve is banking on for success.

“We serve as a resource to the accounting industry by making it easy for CPAs to outsource the write-up or bookkeeping function to VGI,” says Steve. “This allows VGI to provide real-time financial results to the CPA who can, in turn, serve as a CFO or advisor to their own clients.”

Public Practice or Financial Management? King Says Both

“We have replaced basic financial operations because we’re positioning VGI as a resource in the accounting industry,” he says. “Any business needs to have a good handle on their financial condition, but may not have, or want to spend, the time in reporting or managing their accounting needs. We step in, function as a company’s CFO and become a value-added advisor to a company or other accounting firm.”

Steve developed his business plan based on the ADP (Automatic Data Processing) model, because ADP derives its business by hiring a CPA firm as a value-added component to its own core services.

However, VGI’s concentration in high-tech isn’t rooted in notions of working in cutting-edge or trendy scenarios. Steve focuses in new media because companies within this industry understand e-commerce and file transfers. More importantly, they believe the Internet is a secure place to share information.

“As a virtual accounting department, high-tech companies understand the way we use technology. They have no hesitation transferring a file over the Internet. There still are many traditional small business owners who do not yet feel comfortable doing everything virtual. That’s why the existing accounting relationship is so important.”

New Roles for the CFO

Steve’s services range from Virtual Controller, a full outsourcing of the internal accounting function, and Virtual CFO, a strategic analysis of actual results, to accounting system design, tax services and other consulting. Where an existing accounting relationship exists, VGI will

only provide those services that the accountant wants them to provide because the company will not compete with current CPA relationships. However, this Ernst & Young veteran and former CFO of Amnesty International is careful to point out that the role of the CFO and similar positions within an organization cannot be eliminated.

Instead, he believes the CFO or related positions must function on a higher level in understanding the financial picture once he/she has been provided with the necessary information. The CFO can then use accounting experience and hard information to further strengthen the business and make it grow.

“While our goal is to become the largest, national outsourcing operation, companies soon realize how much money they save by working with us because we provide a good alternative to basic financial operations by eliminating the labor and space that dragged down their margin. Controllers and CFOs become a much more important entity to the company because they can concentrate on other arenas of business growth.”

Send Steve your own ideas and questions by email to sking@vgrowth.com or visit his Website at www.virtualgrowth.com.

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Pathfinder Profile

Phil Lange: The Business of Marketing



Phil Lange likes to upset the apple cart and shake things up. This Maryland CPA serves his clients by providing traditional CPA services, but doesn't believe in going about it in the usual way. He is a self-described "devil's advocate" in a quest to have his clients analyze and comprehend where they are headed, offering a value-added component to solving the business puzzle.

Phil Lange delivers old-fashioned services in a new-fashioned way

Three Ingredients to Survival

Phil's mantra is rooted in keeping his clients on-track with where they want to go. He follows three rules to successfully operate a business: understand the market, remain customer-focused and stay cost-efficient.

"The public doesn't know what to expect from their accountants, and there still is the image of bean counters and eye shades," he says. "I think

that image is changing. We are now providing more than just traditional services. Owners and clients are getting more sophisticated and demanding."

On any given day, Phil is writing a business plan, developing a customer satisfaction survey or developing benchmarking models for cost containment. "I try to make sure my clients understand what market they are in and the need to remain customer-focused," he says. "I urge companies to get feedback from customers on services and products, as well as what customers would like to see in the future."

Analyzing trends and meeting needs aren't new objectives, but Phil believes these concepts are new to the small CPA practice and knows he must gain an edge over competition by constantly emphasizing the science of marketing. He has maintained his own practice for four years, and prior to that, spent 13 years in industry with a vehicle management and leasing company. That combined experience led him to realize that CPAs can do more than just partner with business to provide real-world, tangible advice.

"My clients expect me to challenge their business," says Phil. "I'm always asking them what services they need, and throw out ideas, suggestions and questions to consider for improvement, such as 'do you really understand your customers' needs?'"

Medical Challenges

Phil has most recently applied his slant towards CPA services in the medical community. He now serves as a consultant and project manager in opening a new outpatient ambulatory center, and hopes to soon expand his practice even more into the medical industry. His visionary approach to meeting customer needs enables him to keep a watchful eye on operating as a business and market leader rather than simply remaining another service provider.

"The medical profession is being turned upside down trying to gain control of costs, and doctors are being hurt because their fees are questioned," says Phil. "Managed care has become a market player, and requires providers of medical services to be customer-focused and efficient. I see opportunities for CPAs in this industry and that's why my focus is currently in medicine."

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Pathfinder Profile

Christopher J. Leach: Among a Breed of CPAs Who Think Outside the Box



Christopher J. Leach
— This CPA
pathfinder stresses
the ability of
technology to enable
small and mid-size
businesses to
communicate,
cooperate and
compete around the
globe.

Chris Leach has a global vision when it comes to the CPA firm and technology. Managing Partner of Leach Consulting & Accounting in San Diego, most of Chris' clients are looking for new market channels to reach their customers locally and for new overseas markets, and Chris uses technology to help them achieve their goals. Chris says, "The CPA profession is in the process of dramatically changing the way we are looking at applying technology to our own practices and that of our clients. Typically, clients don't think of CPAs as technology advisors, when in reality we should be involved - we know their business processes and what they need, and we can apply that knowledge to help them save money and be successful. CPAs really are in a great position to help our clients select the right types of technologies to take them into the year 2000 and beyond."

Thanks to a technology plan created by Chris and his firm, one of his clients was able to reduce not only communications costs, but inventory carrying costs as well. This client's US office is located in the San Diego area, with headquarters in Helsinki, Finland, a Canadian operation based in Montreal, and Germany and France offices as well. In working with the US operations and integrating inventory for the Canadian operation, Chris learned of the large overhead in communications (principally telephone and fax), as well as the travel between all of the various offices. He proposed to the President of North American Operations some technology applications that would reduce communications costs, as well as provide more current inventory information. The office in Finland then retained Leach Consulting to implement the technology plan for the entire company. Currently, Chris' firm is working with customs authorities in both the US and Canada to fast track arriving inventory from Finland, Germany and France and further reduce lag times and costs.

A pioneer of new electronic services and an early supporter of the CPA WebTrust service -- playing a very influential part in its launch, Chris recently applied his knowledge of security and authentication protocols in working with the US Department of Justice on a case involving Internet technology as it relates to the On Line Child Protection Act. And although the DOJ was hesitant in using Chris at first because of the distance between locations (they in Washington and he in San Diego), he was able to provide them the information quickly, often in one day or less. Chris applied the technology he uses on a daily basis to set up an ad-hoc extranet, so they could communicate without problems.

Increasingly, Chris' tax clients are asking for ways to electronically transmit their tax information. To meet their needs, Leach Consulting has up a secure URL at their Web site, enabling their clients to download information in a secure environment. And although Chris says that he doesn't have a lot of clients requesting this capability, he believes it is only a matter of time before this will become common practice. His goal is to be a leader in this area. Chris says, "I want clients to think CPA when they think technology. We have been shooting ourselves in the foot much too long - cooperation among professionals within the profession is the key. CPAs who do not look at utilizing technology within their practices will not have a practice in the 21st century. The wave of technology is here today. We can choose to either ride that wave or be buried by it."

Chris says he is often asked about his company logo - the abacus. "People say, if we are so technology oriented, why do we use the abacus? The answer to that is easy. The very first computer was the abacus. It represents tradition and continuity - these are attributes that we must not forget. So while moving forward using technology, we must not forget that which has made the profession great - independence, objectivity and integrity."

Leach Consulting & Accounting recently formed an alliance with a firm in Germany, giving them their first European presence. The firm is also in the process of forming a similar alliance with a firm in Australia. These alliances are not to be confused with the various CPA associations (like TAG, etc) that exist. The concept is to create a true virtual firm that allows them to meet the needs of clients anywhere in the world. When pressed for more information about this program, Chris says, "It's like the old television program, Mission Impossible. At the start of each episode, Jim Phelps always went through his collection of photographs and selected the team he needed for a particular mission. It was odd that it was always the same team - but that's show business. When we take on a particular engagement, I want to be able to provide the best team to the client anywhere on the globe."

Chris' activeness in his profession demonstrates his enthusiasm to make a difference. Currently, he is the Chair for the AICPA's Information Technology Practices Subcommittee and a member of the Institute's Electronic Commerce Task Force. He has also authored numerous publications, conducted many seminars, and recently was a keynote speaker for the Microsoft Partners' Conference. In 1998, Chris was named among Accounting Today's "Top 100 Most Influential People in the Profession."

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In addition, Chris is active in his church and community, serving as the Audit Chairman of the Desert Pacific Council, BSA. He is also a

recipient of the Silver Beaver (the highest award given by a local council to an adult Scouter in recognition of service to youth), an avid backpacker and scuba diver, father of three active boys - all Scouts, and has been married for 17 years. Those wishing to communicate with Chris can e-mail him at c_leach@ix.netcom.com.

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Pathfinder Profile

James Lusk: Paradox Personified



**James Lusk —
Create an Audacious
Future For Yourself:
Say 'Sign Me Up!'**

By some lights, James Lusk could be considered a CPA of paradoxes.

As vice president and corporate controller of Lucent Technologies, Inc., he fulfilled a goal he'd had since age five by becoming the first in his family to go to college-but with several twists. He was an undergraduate pre-med and finance major who later became a CPA. He is a former not-for-profit hospital executive who is now credited in playing a key role in the largest public offering in U.S. history - the launch of Lucent following its spin-off from AT&T.

Paradox or not, James is a living, breathing example of how the CPA designation speaks volumes for success, hard work and a dedicated spirit.

Attitude and Respect

James was once asked by a boss to remove the professional credentials from his business card because the boss said the CPA initials would turn people off.

That attitude is one of two issues at the heart of the problems facing the CPA profession, he says. The other is a lack of perspective displayed by some CPAs themselves. As a visionary who has realized his goals by "dreaming" about what he wants to achieve, as well as rallying people around what an organization should be, James wants CPAs to be more proactive.

"Typically, CPAs make statements like 'No one works the hours we work,' to describe their value; instead, they should consider their value in a much greater role as a strategic partner in business," he says. "But then again, I don't believe in simply waiting for people to come to you and

say 'you're a strategic partner.' If you just wait for your ship to come in, nine out of 10 times it won't. You have to swim out and drag it in."

CPAs can better convey their value to businesses by making a simple, yet fundamental, change in how they describe themselves. CPAs should be evaluated by their strategic value, and recognized as the people who help create the plan that drives the business, tells the business whether they are on or off course, and helps them to steer back on course to meet their strategic goal.

"The key is to focus on the result you produce rather than the activity that occupies your time," he says. "Expressing your value in terms of hours spent and tasks performed is a perspective more suited to clerks. CPAs should take a higher road."

"What if they stepped back and took an example of a salesman's paycheck being wrong? If a salesman is worried about his compensation being accurate, his performance will suffer. A CPA's job then is really about keeping morale up, which is vital to the success of the business.

Out-of-the-Box Success

The problem for CPAs is that they can lose that perspective too easily. "Too many people get hung up in tools, such as budgets and deadlines. These are really things that reflect the company's progress toward the strategy, its performance against competitors and whether the cost structure is properly managed."

James' advice is gained from personal experience and reflected in Lucent's corporate culture in which the catch-phrase is: "Create an audacious future for yourself. If you don't, no one will do it for you." That 'audacious future' involves looking into the future and visualizing what you want to achieve. For example, his finance team looked ahead and wanted to reduce costs by half, add value and add systems. Though James admits the vision sounded crazy at first, the team tackled the goal by working backwards from the future vision by setting intermediate time goals.

They succeeded in the initiative by focusing on the "why" of what they were doing. By taking the attitude of "if it doesn't provide value, then stop doing it," the team was able to see many things that could be done better.

Based in part to the finance initiative, Lucent's change in financial performance is dramatic. Annual growth, once six to eight percent, is now increasing by 20 percent after three years. Net worth has increased from \$18 billion to \$150 billion in that time.

It was that kind of opportunity™ and risk-taking™ that prompted the New Jersey Society of CPAs to give him the 1998 Outstanding CPA - Business Leadership Award. The organization cited his leadership and innovative thinking that led to Lucent's development of a five-year strategic plan, five key "measures of success" and the company's introduction to a paperless payables and Web-enabled processing system.

But there's more to James' philosophy and his recommended approach for CPA success. "In a company, find the problem that no one is working on, or 'white space,' where you can add the most value."

For example, James had been working at AT&T two years when he noticed that their cost management didn't incorporate enough predictive indicators. He made some changes - he describes them as simple - and people noticed. "You have to look at a value proposition on its side, look at it from the end customer's view. If you look at something upside down, it looks different. In other words, say 'sign me up,' and create for yourself what you want to be!"

James welcomes your comments. Send him an e-mail to jslusk@lucent.com.

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Pathfinder Profile

Mal Lusky: Presto, Career Change-o



The Cuspers, Busters, Generations X and Y, and now the "Netsers" have been aware for some time that they will switch careers much more often than their predecessors, a generation emotionally and mentally satisfied with delivering the "company line" and receiving the gold watch after a half-century of loyalty.

Mal Lusky: He's an advertising copywriter who broke the mold with a successful transition to auditor, CPA and beyond.

Over the years, the innovators who were before their time in opinion and foresight outshined and outlasted the competition, a concept not too unlike the pathfinders in today's business marketplace.

Houston CPA Mal Lusky, owner of the Lusky CFO Group, is one of those individuals who has changed careers more than several times over his life only to realize that he might change again depending on where

the treasure lies at the end of the day ... and where the road to success and self-fulfillment takes him on his next journey.

A CPA who can Write: Alert the Media!

Strange, but true. Mal Lusky is a CPA who also can write a pretty good sentence-as he should. Mal attended the University of Texas at Austin and graduated in 1970 with a degree in journalism, then went immediately into marketing and advertising for employers in San Antonio and Houston. He soon found that his desire to make money was counterproductive to his choice of career.

"I can't deny that my change in careers was not financially oriented because there's absolutely no money in advertising if you're at the junior level," he says. "I love to write, and write articles today for various pursuits. Still, I say that if you're going to make a change, you may as well do it right and go for the most you can achieve."

This philosophy provided him the ambition to take accounting classes at the University of Houston to supplement his degree from UT. He always had the inclination for financials-also a rarity for a writer-and knew that possessing a CPA license would open doors for him.

After his additional schooling, he began a string of progressively engaging accounting positions, the first of which was in auditing for the State of Texas.

"This position was interesting because I was not only a sales and franchise tax auditor, but Robert Calvert, the state comptroller at the time, knew about my background in journalism and asked me to start a statewide magazine for employees," says Mal. "I maintained my auditing duties, but had autonomy and was assigned to work directly at his request to assemble a staff, find the stories, and produce this magazine."

Mal went on to work for Sakowitz, the largest family owned specialty store in the country at the time, and held positions with the United Way and American Savings & Loan. While working at the bank as an internal audit manager, the company merged with a much larger savings institution and Mal found himself making one of three choices. He could stay with the bank, get another job in industry or venture out on his own. He chose the third option, and coincidentally, also received his CPA license right around the same time.

"Simply put, I was in the right place at the right time, and the timing was perfect," says Mal. "I had just made the decision to open my own doors about a month before I found out I passed the exam. Once I decided to

do this, everything started happening for me. Clients started coming, and I was immediately asked by another CPA to share an office with a library and office supplies, but most of all, the opportunity to share his knowledge."

Mal has always been a little "outside the box" in his approach to traditional roles. With his CPA practice, he often presented financial statements along with charts or other graphics to help the client understand them. He says he was one of the first small firms to computerize his office in 1980, and he instituted an internal policy of maintaining accounting records on letter-size paper, rather than the traditional legal size, long before this ever became a standard. His creativity flows to even to his presentations where he will incorporate magic tricks or juggling to emphasize an accounting or economic principal.

In the mid-80s, Mal and a friend produced a nationally syndicated television show known as "the Breakfast Club" and later the "Eddie Bracken Show," geared to the 55+ age bracket. While the show was able to attract major entertainment talent, they could not convince advertisers that persons over 55 would really spend money.

Expanding the Mind and Learning From Experience

Before long, Mal found himself with a full client load, and several years later in the early 90s, the opportunity to do yet something different. One of his clients, a satellite encryption and sports marketing company called Prostar, invited him to become the chief financial officer. Mal says leaving public accounting was one of the most difficult decisions he ever made, but felt that the opportunity outweighed the effort.

It was only last year that he left PROSTAR, turning them into a client, and began his new venture, the Lusky CFO Group. The decision to start the Lusky CFO Group grew from an unfulfilled niche that he discovered in the small to medium size firms. Mal feels his lifelong experiences have brought him to this moment because he has learned an incredible amount about himself, the accounting profession, and most of all, his own abilities. And, his marketing abilities combines with his financial skills make him and his company unique in the marketplace.

Not known for taking the traditional route, the Lusky CFO Group provides management assistance to start-ups and emerging companies by offering management consulting services on general business matters, obtaining funding, strategic planning, marketing, managing the accounting and treasury functions, and even in the outsourced CFO function, if needed. Mal has a home office, which he refers to as his

"virtual office," and is constantly "on-the-go" on behalf of his clients, not necessarily as a CPA, but in a position as business advisor.

"I'm trying very hard *not* to practice as a CPA for two reasons. First, because I feel I'm better equipped to help a company make decisions by venturing out of traditional CPA waters, and second, I don't want to compete with CPA firms for their piece of the pie. I want to partner with them to provide the in-depth advice which the client needs and deserves."

Instead, he has formed a number of close relationships with CPA firms, banks, lawyers and others who have influence in the marketplace and often is called upon to complement their services with his own business acumen. In the meantime, Mal has ventured back into the journalism arena and is now working on a publication in conjunction with a bank on commercial loans and what business needs to know about the lending process.

"Being more prolific will only help my reputation and generate more business," he says.

Mal can be contacted at mlusky@hal-pc.org, or at this Web site, www.luskycfo.com.

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Pathfinder Profile

Mike Mard: Creating a Market Niche



Mike Mard wants others to benefit from his success as a CPA working in appraisals and business valuation. Based on his experience, this Florida CPA has used his charisma and knowledge to help lead the profession in many more ways than just convincing CPAs that specialization is a sound business practice; he has persuaded others that standards needed to be set along the way.

**Mike Mard
He has Helped Lead
the Profession in
Setting Standards
for Business
Valuation**

A Collaborative Effort Brings Results

As co-managing director of The Financial Valuation Group (FVG) International, Mike is one of six partners in three offices (Tampa, Chicago and Los Angeles) who conduct independent appraisals and valuation services for a variety of national and international clients. With revenues of \$2 million last year, a joint effort is truly key to this

operation because FVG is really a partnership of corporations who share both personal and professional goals.

“Our purpose is not just to make money,” says Mike. “We are a firm of individuals, but we believe there is a value to living, and you should give back to the profession. We want to be there for each other, and support and care for one another.”

Mike believes FVG is a prime example of a next-generation CPA firm, traditional in the sense that he complements his engagements with a knowledge of accounting—yet untraditional based on his company structure and a deep specialization in business valuation. In fact, while clients and others call him to perform traditional CPA services, he refers these engagements to others.

Mike, an Accredited Senior Appraiser (ASA), believes most CPAs think of business valuation as a specialty that only recently was considered part of the whole CPA pie. Contrary to this opinion, he thinks of his field as more of a “business practice” rather than simply an adjunct to other client matters.

“Within business valuation, there are specialties, such as intellectual property, transfer pricing, mergers and acquisitions, and litigation services,” he says. “Our decision *not* to operate as a traditional CPA firm gives us the ability to truly sell our services to a very targeted marketplace. At the same time, our status as a regular corporation enables us to function with flexibility in building a national organization.”

Mike believes FVG delivers comprehensive valuation services because of this targeted approach and a real passion to get it right. “Nobody gets a business valuation because they want it; they get it because they need it, and they call their CPA for a referral. The practitioner needs to be able to show the skill, education and experience to serve the client’s needs; it is the CPA with specialized training who provides the depth and breadth of understanding business and financial matters and who can truly deliver valuation services competently and professionally.”

Setting the Standard

Mike’s pursuits in 1989 with the Florida Institute of CPAs enabled him to lobby the Florida Board of Accountancy to consider a standard for business valuation practices. Six years later, the Florida Board finally adopted a standard requiring compliance with an AICPA practice aid on business valuation within the Rules of Accountancy.

He currently sits on AICPA's MCS Business Valuations and Appraisals Subcommittee, the group that played an instrumental role in assisting AICPA Council to approve the Accredited in Business Valuation (ABV) specialty in the fall of 1996. Just recently, Mike counted himself as one of the 520 AICPA members who earned the ABV credential.

Now that the ABV specialty joins the previously approved personal financial specialist (PFS) in personal financial planning, Mike feels more CPAs will understand that such designations are more than just ink on paper and a benefit to delivering services in the marketplace.

"When I began my effort with the Florida Board, I observed a number of opinions on business valuation that were clearly ill-founded; I was concerned whether these CPAs were dishonest or clearly ignorant of how a valuation should be determined," says Mike. "I felt most of these CPAs were sincere, but were not adequately prepared to deliver opinions. For example, how can you determine fair market value without looking at the market?"

It's too soon to tell what the impact of the standard will have on Florida CPAs who deliver similar services, but Mike feels specialization and a formally adopted rule supporting the effort is a giant step towards the development of other specialties within the profession. Even with his own company, he says the most exciting and rewarding aspect is building alliances with other firms as affiliates to FVG to create protection or a base of knowledge to call upon as other specialties are established.

"For years, the view was that CPAs are experts in business, not only in the world of accounting, but in all financial services," he says. "But now, there is too much competition in the field. CPAs must ask themselves if they are going to compete with one another in the increasingly narrow field of accounting, or become a specialist. Becoming a specialist allows the CPA the skills, education and experience to compete in a broader, financial market and generally for a greater return."

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CPAs and others interested in how specialization has benefited Mike may contact him at mmard@fvfgfl.com, or visit the company's Web site at www.fvgi.com.

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Pathfinder Profile

Michael Nall: Risk Equals Rewards



Michael Nall — A seasoned veteran who handles mergers and acquisitions has spent a career building upon his competencies as a CPA.

In 1973, when Michael Nall was a fresh, young recruit for the Chicago office of Arthur Andersen, the furthest thing from his mind was a scenario 25 years into the future in which he owns his own company that specializes in mergers and acquisitions. Still — even back then — he had an inkling he was in for some kind of major change when he began to think that there must be a way to take his knowledge of accounting and make it blossom into a larger venue.

“I knew I didn’t want to do traditional accounting, even though it came easy to me,” he says. “Even back then, I remained alert to new opportunities to grow and change with the profession. What’s so exciting about what I do now is that there is risk as well as challenge; there are several million private businesses who need these type of services and hardly any CPAs who provide investment banking services.”

From Sales to Mergers

This 47-year-old resident of Irvine, CA and owner of Global Capital Network, thinks of himself as a staunch advocate for the CPA profession—and with good reason. His alliances within the profession strengthen his own circle while providing a means to an end. He derives his main source of revenue not only from incorporating accounting and tax principles when he structures transactions for clients, but also from providing continuing professional education in teaching others how to do exactly what he does.

“In the mergers business, CPAs have opportunities to be involved as much as they choose to be,” says Michael. “With the right referral relationships and knowledge of how the process works, you can joint venture with someone who will bear the ‘risk’ in return for a smaller portion of the fee. Today, there is a growing community of specialists involved in these services, and you can share the workload and perform the functions with which you are the most comfortable.”

What Michael found most comfortable in the mid-70s was transitioning himself from the large firm environment to a sales position, not because he wanted to leave the profession, but because he wanted to try his hand at something that held a tinge of uncertainty or risk. He worked as a sales rep for Scott Paper in Chicago for two years, then joined his sales and accounting knowledge by becoming national sales manager for Comprehensive Accounting, a franchise organization that helped accountants set up their own bookkeeping and tax practice.

He enjoyed working in this arena so much that he moved to Southern California and opened his own office for Comprehensive. Mike achieved a goal to find a client who wanted to sell their business when he stumbled upon Geneva Corporation, the largest middle market business broker at that time. This episode sparked an interest in learning how deals came together for private clients, and in turn, he sold his practice and became managing director for Geneva.

“CPAs hold an ideal position to advise business clients because they have the ability to get very comfortable with both the financial and tax ramifications on any given transaction — a big advantage over others who don’t have a financial background with this kind of experience. Most CPAs, on the other hand, lack the buyer contacts and transaction knowledge to see the deal completed.”

Referrals and Alliances

Michael parlayed this lack of knowledge in mergers and acquisitions to an even greater level when he prepared a two-day training program in 1995 built around the needs of the private business owner. In addition to delivering the course to private investor groups and attorneys specializing in estate planning, he also teaches it in conjunction with AICPA meetings and through the National Association of Certified Valuation Analysts.

“Participants walk away with a keen awareness of new professional capabilities in the corporate finance and investment banking area. Transaction know-how and referral contacts help the CPA to play a larger role in helping business owner clients with these deals,” says Michael.

Moreover, he is beginning to see the rewards of keeping interested participants in the loop when he structures new deals by forming alliances with CPAs across the United States. In fact, he completed selling a \$20 million computer leasing and outsourcing business as a result from a CPA in San Francisco who attended a training workshop. The sale resulted in a \$500,000 success fee, with half going to Global Capital and half to the CPA firm who worked with him in completing the deal.

Typically, Michael works on a contingent fee basis in structuring transactions and identifying investors that satisfy the client, but puts forth some risk by splitting the initial marketing costs with the client. When the transaction is completed, these costs are credited against the success fee.

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“We complete about half the deals we work on, and that’s a very high batting average based on 15 years of experience because we’re very

selective on the projects we'll take on," he says. "CPAs who don't have a great deal of experience have the natural inclination to take on any kind of project, but if you drill too many dry holes, you're out of business."

CPAs and others who want to find out more about the mergers and acquisitions business may e-mail Michael at win4@home.com or visit his Web site at <http://www.wealthinfo.net>.

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Pathfinder Profile

George O'Brien: Learning Life's Lessons



**George O'Brien —
In the immortal
words of Will
Rogers, he "never
met a man he didn't
like."**

Entrepreneurs who are successful have a special trait, among others, that separates them from the rest of the pack: they seem to have the innate ability to work in a business or activity that closely follows the supply and demand cycle. They also recognize the importance of creating relationships and building on that strong foundation to achieve success.

In the late '90s, this is known in many business arenas as the "strategic alliance," one of the buzzwords right at the top with "knowledge management" and "information management." However, two decades ago in the '70s and '80s, this was known as simply doing business with trusted and respected friends, and no one knows that more than George O'Brien.

The Mentoring Process

George O'Brien of Manchester, NH, is one of those entrepreneurs who has followed his instincts ever since he was in college, putting his analytical, business-oriented talents to best use. Whether working for a Big 5 accounting firm, a Fortune 500 corporation, as owner of his own CPA firm or as president of O'Brien-Rodgers Inc.-his current firm specializing in mergers & acquisitions (M&A), disposition and valuation services-George is certain of one thing. Finding the pathways to success is a healthy mix of finding the work you want to do, sticking with it and surrounding yourself with those who take an active interest in your future.

George very humbly refers to this career as a series of accomplishments that have occurred based on friendships along the way. Possessing an accounting degree from Georgetown University and a master's degree in

taxation from Bentley College, George began early-on to understand the value of relationships and work.

While in college, he interned for the Bigelow Company, a Manchester firm providing accounting services and consulting in the M&A spectrum. During that summer, he was intrigued as much by the "process" in the consulting end of the practice as with the company principals who had a definitive passion for their work.

"It was exciting to move a transaction forward and see it close, but more than that, actually seeing the company help a client sell their businesses was very impressive and helped me understand our role," says George. "I chose M&A as my long-term career because the more I do this type of work, the better I am in delivering this service."

Although he was bit by the M&A bug early-on, it would be a few years before George returned to it. After college, his path took a detour when he worked for several years with Ernst & Young in their audit department. This was followed by a year in corporate finance for the Nashua Corporation, a Fortune 500 company that sold Ricoh copiers outside of the United States under the Nashua name.

Putting the "M" in Mentor and "F" in Friend

While at Nashua, he met his current partner, Tom Rodgers, who was CFO for the company, and the two struck up a friendship. During this time and in succeeding years, George felt his relationship with Tom was more than just work-based; it was one of mentoring, advice and guidance.

"I think that any time you build upon a friendship related to business, you have to strike an alliance with one another, and Tom has been key to my growth through his personal mentoring."

His position at Nashua was followed by a long 14 years as head of G.T. O'Brien & Co., where he provided accounting and tax services, and regularly participated in valuation issues and corporate finance engagements.

"When I had my own practice, I had a full-service CPA firm and a full-service M&A firm - separate companies that kept very busy," says George. "It was time to make a decision, given the intensity of tax season in that we had to give 120 percent of our efforts and almost suspend doing work on the M&A business, which just wasn't possible."

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As a result, just a few years ago in 1996, he teamed up with Tom Rodgers to form O'Brien-Rodgers, and the two have not only maintained

their friendship, but now are spending all of their work hours pursuing quality, career-satisfying M&A activities.

"The market dictates what you are going to do, and if you are conscientious, the work will be there," he says. "But more than that, the mentoring I've had over the years has been incredibly motivating, and I have thrived on the interest of others who have taken an interest in me."

Today, George also holds the Certified Valuation Analyst (CVA) accreditation, which has opened doors for him to continue specializing in the M&A and valuation arenas. Outside of his business, he spends a great deal of volunteer time with the Easter Seal Society and serves on the Executive Committee for the joint New Hampshire, Vermont and New York organization.

"Easter Seals is one of the finest groups I've come across, and as a CPA and CVA, I'm using my skills to add value to the organization," says George. "For example, I've headed up the Merger Committee when we merged the New York Society into the New Hampshire organization, and in many ways, this was very similar to the merger activities I perform for my clients. The main difference lies in enhancing available services for people versus the financial aspects of the transaction."

George can be contacted at corpmana@aol.com

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Pathfinder Profile

Annette J. Phillips: Global Facilitator



**Annette J. Phillips —
Using an auditing
background to
develop benefits
packages for CPAs
working in foreign**

As Director of Global Mobility for an international accounting firm, analyzing the compensation and benefits packages for auditors and consultants on assignment in Singapore — while creating developmental exchange opportunities for staff in Mexico City — is all in a day's work for Annette Phillips. While Ernst & Young International thrives on the expansive, global marketplace to bring solutions to its clients, Annette designs and implements human resource programs to enable E&Y personnel to live and function in foreign countries.

Not an easy task for this 35-year-old former auditor who swims in a sea of human resource professionals. But for Annette, it's a perfect way to

countries brings her challenges, support and accolades. marry her analytical skills with the desire to work with what she terms “the people process.”

Making the Career Change

After attending the University of Texas in Austin and interning with E&Y in Dallas in the early-80s, Annette quickly moved to New York City to seek the traditional manager/partner track ... but that’s where most notions of “traditional” ends. She found herself with less desire to stay on the fast track and more zeal in working with people. While working with audits of law firms in the professional services sector, Annette volunteered her free time to recruit new hires to the firm, and ultimately found herself questioning her own long-term aspirations of staying in audit.

Not a consolation to leave the audit arena, but rather a boon to her career, Annette was drawn to the human side of the audit in hosting, mentoring and developing staff — and E&Y recognized that talent. While she continued to serve in the recruiting process, her business unit’s managing partner suggested she reduce her client load to assume even more HR responsibilities. Annette soon found herself suspended between the day-to-day audit experience she felt she needed to succeed as an audit manager — and a position in HR in which she could contribute to the firm in other ways.

“About the time I was promoted to manager, I knew I could do the work, but was concerned on a long-term basis in keeping up technically with the responsibilities that go with being an audit manager because I was spending less time in the field,” she says. “Your role is to manage the risk associated with the engagement, but so much of how well you do that job comes from experience — and you just can’t get that from a book. Because of the shift in responsibilities, I felt that I only had about a tenth of the experience I needed to assist in this area.”

However, she did not make the decision to completely depart from audit until five years ago when the Global Mobility position was created and she moved to E&Y International. Annette says she chose this path because she found it to be a more unique position, and a way to add incredible value to the firm based on the notion of a CPA working in human resources.

“Compared to some HR people who have come into the organization and do not have an accounting background, working in an HR capacity provides me more opportunities because I understand the intricacies of what CPAs do on a daily basis and the challenges that go along with the environment,” she says. “If nothing else, it gives me the credibility with

partners around the organization that you might not have if you're not one of them.”

Challenges and Opportunities

Annette is part of a 10-member team that enhances and strengthens the HR function in member firms. She ensures that E&Y International has the appropriate programs, policies and processes in place so that the firm can mobilize an international cadre of service providers to serve multinational clients. No day is typical for Annette, although the “people process” is a running thread throughout each assignment that centers itself on implementing a core set of diagnostics.

“Usually, there is a need for someone with a certain set of skills or background for work in a country,” she says. “We define that situation and then source people from a pool of candidates who have identified themselves to the firm in wanting to work outside the United States. Instead of taking a candidate and finding the position for him or her, we work from the perspective of the engagement and country, and then see who is the best fit.”

From the start, Annette found that structure within the human resources function is necessary to bring order to cultural arena that varies greatly across the globe. In her first assignment, she created an umbrella approach to the allowance, benefit and support program within one policy framework that applies no matter where a candidate is assigned. Annette works from eight different categories in a matrix approach of allowance and benefits that, depending on the assignment category, works well in most situations.

Annette admits her expansive knowledge of HR did not come overnight, and much like her interpretation of the audit manager who must remain skilled, she, too, has had to learn much of what she does with on-the-job training. In addition, she seeks learning opportunities outside of her firm and industry because no one really specializes in helping CPAs to become HR professionals. However, in almost every situation, Annette finds herself falling back on her knowledge and experience in accounting.

“In client service, the role of the manager is to wrap up an engagement and bring it to a conclusion. What I'm doing in HR really is no different because I have the ability to get to the root of any issue, get the parties together to quickly determine what the problem is, and facilitate the situation. I am truly using my background to make a difference.”

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Professionals who want to contact Annette may send her e-mail at annette.phillips@ey.com.

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Pathfinder Profile

Steve Player: Expanding the Boundaries



Steve Player — The new language of business takes new shape for the CPA professional.

Steve Player, CPA, is bilingual, and he feels the future of his profession depends on other CPAs' learning to speak a new dialect as well. The language in question is not French, Spanish or even Japanese. Player is referring to the words and phrases spoken in boardrooms and offices around the world—the language of operations, sales and marketing.

Player is a partner in the Dallas office of Arthur Andersen, LLP, and firm-wide director of Cost Management. Without a dramatic, progressive shift in thinking, Player warns that CPAs will be competing for fewer and fewer jobs. "We must manage more effectively in both a mental and financial sense. CPAs have to be the ones able to help interpret information, or there's absolutely no need for us," Player says. With three books in three years, he is among those defining "the new future" with his insight and opinions.

Do CPAs Deserve a Seat at the Decision-Making Table?

While there's been a great deal of buzz about transitioning the role of finance from transaction processing into business partnering, Player wonders if some CPAs—in their current mindsets—are prepared to make that switch. Do they really deserve a coveted seat at the management table? He ventures that more than a few CEOs would say, "not my accountant."

Player acknowledges that accountants have been guilty of pushing numbers without a concrete understanding of what was happening in the business operationally. This makes them an easy target for CEOs looking to trim the bottom line. Player says CPAs today must convert themselves into value-added, higher-performing people. They must generate savings and value, and make a persuasive case for protecting the bottom line and growing the top line.

"CEOs can see dollar savings very clearly. It's traceable. It's trackable. It's real. What they can't see is the value CPAs can add if we're allowed to partner, so we've got to work double duty," Player explains. "We've got to get ahead of the game and go out and show people the value we

can add through growing the top line. CPAs have got to become the professionals who are pulled back to the table because we can add value.

Learning the New Language

So, how do accounting professionals effectively learn to use the new language? Player's vision of the new finance melds classical thinking with state-of-the-art technology. Player believes some of the best writing we have in management accounting comes from the turn of the century. Although spoken more than 80 years ago, the eloquent philosophy of his firm's founder still rings true—the way you understand a business is not by understanding the figures or the transaction; you have to understand what's behind them.

"What CPAs have today that we didn't have when the profession was founded is the power of technology. The thoughts were right. It was just too difficult and cumbersome to implement them to a great degree," Player explains. "Today we can present our work visually, graphically, quickly, on a laptop, and distribute information around the globe in seconds," he adds with excitement. As a resource for numerous publications, including *Forbes*, *Financial World*, *Investor's Business Daily*, and *Global Finance*, Player understands the powerful impact technology has in today's global marketplace.

While computers provide many benefits and opportunities, he acknowledges that technology presents a mixed bag for the profession. Much of what accountants historically have done is now automated, and the trend continues. For example, just-in-time production systems reduce inventories and the need to count those inventories, which also eliminates the need for accountants. The World Wide Web serves as another example of why traditional accounting could go the way of the dinosaur.

These types of examples might give cause for some to view computers as the enemy, but Player embraces technology as a strong ally. "That power is ours to mine and ours to harness, but we've got to invest in ourselves to understand how to use the tool to move forward.

The Changing Face of the Finance Function

Working with Fortune 500 companies and members of the INC 500 fastest growing companies gives Player reason to believe that technology alone is not the answer. Accountants must learn yet another skill. "The controller of the future will not gather and process transactions, but rather serve as facilitator and coach. Teams of workers will assemble and analyze information and develop action plans. The controller will coach these employees and help them demonstrate value-added worth to their organization," Player explains.

Player uses a baseball metaphor to describe the new CPA's role. "They're not the person running the scoreboard. They're in the dugout helping to coach. We've got to be viewed as facilitators instead of just record keepers," he explains.

"If we don't transform our profession, then we need to work on getting our teaching certificates, because there will be far fewer of us needed in the profession and it will be far harder to find work," Player says.

But how does the profession set about on this kind of dramatic transformation? Player's advice is straightforward. CPA, prepare thyself.

Player recommends utilizing AICPA's Center for Financial Excellence in Financial Management, and programs such as the AICPA National Industry Conference. "Get yourself ready to take on that role, and to understand what performance management is about. Learn how to become a better coach and a facilitator, and how to talk in operational language instead of purely providing financial information," Player suggests. "When you've prepared yourself, then you've got to look for the opportunities to add value, and that often means doing more than you get asked to do," he adds.

His words ring true in any language.

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Pathfinder Profile

Bill Reeb: CPA Shock Jock



Bill Reeb — Never at a loss for words, this entrepreneur capitalizes on his communications skills to put the

Bill Reeb does not mince his words, and anyone that meets him discovers that he is as good a listener as a straight-shooting talker. When asked what he does as a CPA, he very emphatically says, "I help businesses make money!"

This Austin CPA and self-made entrepreneur carries a full client load, speaks as often as 100 times annually for businesses and organizations, and volunteers to help guide some of the newest and most innovative endeavors for AICPA. He has a zest for life and a passion for his profession, and consistently employs a mix of strategy, sweat and verve into every endeavor.

"change" in change Change Management Done the Old Fashioned Way

management. The buzzword in today's business marketplace is change management - but does anyone really change and what does this mean? Bill knows. Through his firm, Winters, Winters and Reeb, he has carved a market niche for his clients by helping them see the forest through the trees. He conducts strategy sessions-often in the form of management retreats-as a self-discovery process on what management can do to change their own mindset and improve the bottom line.

Motivator, judge or prophet? Sometimes a mix of all three, as Bill constantly thinks on his feet, is never afraid to provide an opinion and is looked to for advice. He takes a background mixed with technology consulting, accounting and entrepreneurial skills, and uses all three to push his clients to their limits, often telling them what they don't want to hear. The bottom line: a foundation of solid communications skills.

"A retreat can be a very confronting and hostile place, kind of like walking into a war," he says. "I like facilitating planning retreats because they demand every bit of skill I have as a communicator. I bring up the issues people would rather shove under the carpet than face, and it's my job to be the bad guy. Management can save 'face,' and often needs to keep everyone on an even keel. It's my job to make sure the tough issues are discussed and they have an action plan."

Change management often leads, says Bill, to reorganization. Nevertheless, he remains extremely sensitive in teaching his clients that they must tie any job-related change back to performance measurement. He believes that any time you try to get people to change their habits, you have to look at the underlying compensation system because people do what they get paid to do, not what management espouses as their "strategy of the week."

"The problems are almost always the same in any company," he says. "Every company has a communication problem, and most of them have a compensation problem. Management, for example, is always surprised when employees take actions contrary to management's own expectations because management 'incent' their staff to do the wrong things."

Value-Added Consulting

After the retreats or meetings, Bill often is engaged to help his clients map a management and technology-based strategy, relying on his CPA background time and time again. He says organizations tend to view strategy with a short-term view that focuses on cost, so it follows that his knowledge of systems and accounting intermingle to provide the basis of any consulting engagement.

Bill was motivated early-on to pursue long-range goals and was inspired through an untraditional career path. He spent his early work in sales for IBM, a position that he says provided him a strong understanding of marketing. He then left sales and went on to obtain his CPA, and along the way, started seven businesses, including a retail software company with revenues of \$1.4 million, a real estate company and his present firm. He also has written numerous publications and articles for the nation's top accounting-related organizations and companies, and has designed many business-related software products.

His insight and experience led him to his position as chair of AICPA's Consulting Services Team, the oversight group that created the Accredited in Business Valuation (ABV) designation and now is working on several more that may be released next year. Bill also works at the state level with the Texas Society of CPAs as chair of the Technology Oversight Committee, and was the state society's delegate to the CPA Vision's National Future Forum. In fact, Bill even had a hand in writing the Vision statement.

"Being an entrepreneur gave me a significant amount of humility, and a lot of confidence in creativity and the scope of knowledge it takes to deal with business issues," he says. "The part I was missing was the CPA. There is no way to run an organization today without a financial understanding of what you have and where to go. In something as simple as technology, for example, there's no way to get a company to commit if you don't understand how finance and technology work together."

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Bill welcomes visitors to his Web site at www.wwr CPA.com, or by e-mail to breeb@wwr CPA.com.

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Pathfinder Profile

E. Barry Rice: Up the Down Staircase



E. Barry Rice

The sophomores pile into the lecture hall, eager to participate in the next accounting lecture from Barry Rice. Participation, indeed is the key. From the moment you step into his classroom at Loyola College in Maryland, you know something's very different.

There is a blackboard, but he hasn't written on it in five years. Instead, there are hand-held keypads at each desk. The overhead projector has

—**Say Goodbye to Mr. Chips and Hello to the 21st Century Classroom.** been replaced with a multimedia console with computer, laser disc player and projection system. At any given moment, a student's picture could be flashed on the screen, an indication that the question Barry has just asked must be answered by the selected student.

“The traditional classroom is a dinosaur and ought to die,” says Barry. “Paper books will not be replaced by CD-ROM; the World Wide Web and the Information Highway will replace them!”

Discoveries of the Future

True, Barry doesn't fit the typical mold. While his counterparts might only be starting to consider multimedia, he has been using it for the past five and one-half years by lecturing through Asymetrix, Toolbook and PowerPoint presentations. And, one goal for 1998 is to start virtual classes over the Internet, as he says, “I will cease to be a sage on the stage and become a guide on the side.”

Barry professes that he hasn't always been as progressive as he seems to be today. In fact, he didn't know much about technology before the mid-'80s when he stumbled on to CompuServe and Loyola's VAX mainframe, and knew something big was about to take off in mixing technology with paper-based learning.

Although he required his students to submit homework via electronic means in spreadsheets and term papers as early as 1984, a chance meeting in 1991 with a former University of Maryland mentor solidified his vision of integrating technology into the classroom. They discussed how Maryland's ancient mechanical keypads embedded in the desks in 1965 had become recessed ashtrays by 1970.

Barry got the idea, then, to take the once-popular, antiquated Q&A system milleniums further by using handheld keypads as polling devices. After presenting his case to Loyola's Information Services Department, the school was awarded a grant from IBM in the summer of 1992 to install keypads. As a result, he became the college's first faculty member to experiment with the use of technology in the classroom.

“I force my students to take a position in little more than a minute on any question,” he says. “Most students have been able to fake their way from kindergarten to 12th grade by memorizing and not thinking. After the freshman year, I insist that they do analytical thinking on problems. Many are taken aback at first, but it forces them to use their minds.”

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Barry's approach to learning, he believes, will help tremendously to prepare students for the real world by using critical thinking skills in

analyzing and synthesizing information, attributes he says CPA firms and businesses are searching for in tomorrow's CPA.

Beyond the Boundaries

But the classroom is not his exclusive home to technology. Barry serves as creator and coordinator of a bulletin board system designed just for accounting educators called AECM, short for "Accounting Education using Computers and Multimedia." Introduced in early 1993, this interest group provides a forum for discussion that contributes to accounting education at the university/college level.

"We have about 25 messages a week and it is not moderated," says Barry. "I perceive moderation as a form of censorship and don't have the time to even review all messages even if the system were moderated. If someone wants to flame somebody, they can do that, although we encourage messages to remain purely accounting-related rather than using the system as a social forum."

Using his experience with AECM, Barry also has developed a similar forum for practicing CPAs called CPAS-L, located at <http://pacioli.loyola.edu/cpas-l/>. Established in August 1997, it already has nearly 200 members from public accounting, business and industry, and government.

"I believe CPAs should be like Indiana Jones — creative, innovative and open-minded! I think one of the most important things in life is learning how to break the rules. We force the student into little boxes, but they have to learn not only how to use the tools at hand to survive, but to experiment with the unknown to discover what lies ahead."

Educators and others who want to learn more about his discoveries can visit Barry's Web site at <http://pacioli.loyola.edu/rice>, or send an e-mail to rice@loyola.edu. The Web site includes links to the home pages for each of his courses.

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Pathfinder Profile

Gerald Searfoss: CPA: An Academic with a Prospectus for Change



**Gerald Searfoss —
This pathfinder is
devoted to helping
accounting students
develop the skills
they will need to
thrive in the business
world, in effect
becoming valued
information
providers who bear
the title, CPA.**

Jerry Searfoss, currently a tenured Professor of Accounting at the University of Utah, is a CPA educator with a mission to help change accounting curricula so that students graduate with a high level of technical competence and the ability to integrate business issues with the functional areas of accounting. Such an educational experience would provide the opportunity to better satisfy a diverse set of client needs. With his roughly 15 years of experience as an educator and over 10 years' experience in public accounting as Partner for Deloitte & Touche, Jerry's contributions to the academic community are to be commended.

In addition to changing the content of what accounting faculty teach, Jerry believes that technology is key to helping students graduate with the skills they will need in today's business world. "We need faculty to focus more on the use and application of technology, both as a teaching tool and as a learning tool. Additionally, students must have greater academic exposure to information systems. This integration of information systems and technology within the context of the accounting topics will result in a learning experience that demonstrates the seamless relationship between accounting, information systems and the application of technology."

Another area about which Jerry feels strongly is integrating finance, marketing, management, and strategy into the functional areas of managerial accounting, financial accounting, tax, and auditing/assurance so that students understand the inherent relationship between those areas. He strongly feels that it is imperative to the future of the profession that graduating students not view their role in the workforce simply as providers of tax and audit work, but as business advisors that understand the complex needs and issues of the business world.

"Competition will continue to increase. If we are unwilling to change we will be replaced by other providers of the services clients are demanding. If we as educators can really adapt to the changing business environment, then we will help develop a totally different student. A student who will think more broadly, know how to work in teams, how to effectively apply technology and their research skills, so that when they identify a problem, they know where to get the information and resources to respond," he says.

At Deloitte and Touche, Jerry also served as Director of Accounting Standards and Secretary and Treasurer of the firm's Foundation. In the latter role he focused on assisting and enhancing accounting and business education. Specifically, he administered the Foundation's budgets, was in charge of program development and implementation, and the matching gift program. He also dealt with the relationships with

academia and the development and implementation of firm efforts to impact accounting and business education.

Jerry feels strongly that CPAs within the community must take an active role to help the academic environment make some of the necessary changes. "I think that we have to develop a true partnership between practice and academia. Today we give that lip service. Faculty members have to be willing to work with practitioners and practitioners willing to commit some of their most valued resource -- time -- to the educational experience of the student. If that can be accomplished, there would be a powerful synergy that just couldn't exist otherwise."

Although he believes that some of this is accomplished through speakers from the profession sharing their experiences with students and by students making field visits to firms, he doesn't think that's adequate. "What we really need is a team teaching approach of faculty with practitioners in the classroom. That would provide students with a vicarious experience and help them to really understand what the profession is about, what the needs of the client are, and how you match those two." Additionally, in order for professors to put material into an appropriate context for students, Jerry believes that faculty members need to gain experience in what's really taking place in the practice environment – a challenge that he believes will be even more difficult.

During his years at Deloitte & Touche, Jerry was instrumental in leading the development of the firm's responses on many documents, including several major FASB Statements. In addition, he was responsible for the development of the company's comment letters regarding FASB and AICPA documents and the presentation of the firm's views at related public hearings of the FASB. Jerry also provided training and consultation to partners, staff and clients on accounting for pensions, postretirement benefits, current value issues in real estate, and employee stock ownership plans.

Jerry has authored and co-authored numerous articles and books on accounting and delivered numerous presentations at academic and professional meetings. He has served as a reviewer for *Accounting Horizons*, *Issues in Accounting Education*, and *Advances in Accounting*, along with other publications. He was the recipient of Beta Alpha Psi's Outstanding Teaching Award, Outstanding Alumnus Award, and Outstanding Accountant Award. He also served as the charter Faculty Advisor for the Beta Alpha Psi chapter at the University of Utah for four years.

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Extremely active in his profession, Jerry is currently the Chair of the AICPA Accounting Education Executive Committee and a member of the AICPA's Strategic Planning Advisory Subcommittee. He has also

served in various positions for the American Accounting Association, the Financial Accounting Standards Board, the Utah Association of CPAs, the Accounting Education Change Commission, Beta Alpha Psi, the Federation of Schools of Accountancy and the American Assembly of Collegiate Schools of Business. He has recently been invited to serve on an FASB Working Group to study the disclosures in the domestic oil and gas and chemical industries.

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Pathfinder Profile

Carolyn Sechler: New Definition of CPA



**Carolyn Sechler—
She was one of the
first CPAs with a
Web site, and that
was just the
beginning.**

Most people who first drop into Carolyn Sechler's Web site, www.azcpa.com, probably find themselves asking, "Wow! This is a CPA?"

It's a surprising site, from the first greeting of "Welcome to Carolyn's World!" to the array of topics--punctuated by lively icons--including Make Me Laugh, Weekly News, Travel and Pleasure, Legal, Nonprofit, Friends, Business and more. Via links on the Calculator page, you'll even meet Blue Dog, who barks out answers to equations. Through frames, you're still tied to her site even if you venture out on one of the many links.

Taking on a New Role

As her Web site indicates, the accounting world has changed. Clients are able to access more efficient bookkeeping, accounting and research tools. But that doesn't mean they know what to do with all the information. "Our role is to be both guide and coach," she says. "Sechler CPA, P.C. does exactly that."

Per-diem CFO...fiscal psychiatrist (as a co-worker in a former firm dubbed her evolution). Call it what you will. In Carolyn's eyes, the CPA background uniquely qualifies practitioners to participate in their clients' leadership, evaluating day-to-day operations and business plans within a company, area and industry.

She fosters that partner relationship in almost everything she does. "I coach technology, live in e-mail and on the Web, price differently than competitors, and run a virtual office. But I'm also visible to my clients."

The technology consulting began as a bundled half-hour of phone coaching and unlimited e-mail for a month. She was engaged first by accountants who wanted to develop a technology vision. Since then, other firms have tapped her guidance in entering an electronic environment, including developing staff telecommuting plans.

Her contracts emphasize access, too. She signs clients for an annual fee, which keeps her administrative costs down and helps the customer shed that “meter’s-running” mindset. In negotiating a contract, Carolyn works with the client to form a specific job description and yearly plan, which helps emphasize the importance of communication in a successful relationship. “This puts responsibility on both me and the client. It also redefines the acronym, 'CPA.' In fact, I’ve become a CPA again because I like the new definition. I’ve got my passion back.”

This type of relationship has changed her client volume. Overall, she’s dropping to a substantial few, finding it important to microniche. She specializes in nonprofit trade associations--principally engineers and doctors--a business segment she incubated years back by providing brown-bag sessions on tax planning and contract review to hospital residents. With her associations, Carolyn provides leadership workshops, participates in long-range planning meetings and budgeting sessions. “I differentiate by being visible, teaching, talking, listening and learning.”

All the Ducks Are in a Row

This isn’t a one-person operation, though. Sechler employs three people full-time, along with an alliance of independent contractors. In servicing clients, she runs a high-caliber, entrepreneurial, virtual team connected almost entirely through e-mail.

“I’ve got the beauty of a big firm, without the overhead. But it is a true team, not a vendor relationship,” she says. “Don’t overlook the diamonds, especially administrative employees with regular client contact. “Motivate them to generate revenue. Everyone innovating is what it’s going to take to stay ahead in the business world.”

She should know. *Accounting Today* recently selected her as one of the “Top 100 Most Influential People in the Profession.” That follows her selection in the magazine’s 1996 list of “Trailblazers in Technology.”

Carolyn feels the accounting profession is waking up to the changing role of the CPA. The stereotypical image of the green eye shade/bean counter is long gone. Carolyn muses about what exactly will take its place. “We’re evolving as a profession. Wouldn’t it be fun to come up with a new stereotype?”

For more insight into a new way of doing business, explore Carolyn's Web site, or contact her at carolyn@azcpa.com.

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Pathfinder Profile

Gary Shamis: Speaking the Language of Business



Gary Shamis — A critical self-examination leads to significant change in both his career and his company's services.

Gary Shamis is a CPA who seems to have a sixth sense for sound business decisions. Ten years ago he merged his family's practice with another local firm to begin what is now known as SS&G Financial Services. Since then, Gary's revenues have increased more than 40 times over. He has 150 employees in three offices (Cleveland, Akron and Cincinnati), and his company provides a large number of comprehensive services through four entities.

Gary shrugs off any notion of happenstance. Simply put, this managing partner gives the people what they want—at the exact time they are ready to receive it. While he still delivers traditional accounting services, he has found a niche by providing clients a “one-stop” shopping experience that offers a full-circle approach to their financial needs.

“The most significant thing we've done is to stop looking at ourselves as a CPA firm, but rather as a financial services company,” says Gary. “What makes us unique is that we have accomplished what large firms have in a much smaller environment, and in many ways we are ahead.”

A Road Paved With Surprises

As an undergraduate attending Tulane University in the mid-'70s, Gary majored in biology with every intention of continuing his training in medical school. However, after spending a year getting his feet wet working in a hospital, he realized medicine was not for him, and decided to pursue a career in accounting. At the time, accounting was neither foreign nor something he had not considered; his father owned a small practice in Cleveland and he had taken several courses at Tulane. He soon graduated first in his class with a master's in accounting from Ohio State University.

“Accounting seemed to be easy and it was kind of like a game,” he says. “I got immediate gratification from doing tax returns and other engagements because I could see the results. Today, I don't like traditional accounting. I enjoy business much more. Still, the skills I

developed have made me into what I think is a very good business person-and I am recognized for those abilities.”

Gary spent several years with Touche Ross and seven in his father’s tax and accounting practice. Through what he called “aggressive marketing,” he doubled the size of the family’s firm from \$300,000 in annual revenues with a staff of eight, to revenues of \$650,000 and a staff of 14. In 1987, following his father’s retirement, he merged the practice with Akron CPA Mark Goldfarb because they shared operating philosophies and a penchant for breaking out of the mold to discover new ways to deliver services.

This year, the company plans to realize revenues of \$12 million through the four entities that fall under the umbrella of SS&G Financial Services. Beginning with a foundation of delivering traditional services, over the years, the company added SS&G Consulting Services with engagements in human resource consulting, mergers and acquisitions, retirement administration and information technology. SS&G Investment Services was then created, as well as SS&G Payroll Services that processes payroll for more than 800 businesses.

Focusing on Sales and Service

Gary attributes the success of SS&G to a careful eye toward sustained growth and creating services that prove saleable to his existing client base in areas he knew he could do better than competitors. After the firms merged and the new decade began, Gary and his partners felt the impending erosion of traditional services and knew they should venture into non-traditional arenas. Seven years ago, retirement administration was the first specialty area to be added, primarily because he felt plan administrators couldn’t serve their customers the way he could.

“We had a number of clients who needed assistance in estate and retirement planning, and when we started looking for providers, we were very disappointed with what we found because there was a lack of service, little attention to detail and no creativity. So we decided to do it ourselves, and now employ 10 professionals who provide plan administration.”

The same formula he used to create retirement services held true for many of the other service lines. SS&G provides so many different services that clients are able to receive advice on how to run all aspects of their business through continuous contact with the firm. To ensure the service mix is accurate, the company holds focus groups and gauges the next move based on client needs and the current marketplace.

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“It’s risky, as well as very expensive, for us to get involved in new areas, and it requires an investment from all of our partners,” he says. “But if

you think you can give your client a service better than the marketplace, you should do it.”

Gary also attributes the company’s success to finding ways to succeed in a world that revolves around technology and consolidators. He admits that SS&G is reaching a saturation level in the variety of services it offers. To address this, instead of adding new services, the company focuses on developing vertical markets. One niche industry his firm accelerates in is hospitality, an arena that many CPAs, he says, are afraid to touch because consulting for restaurants and related entities is too risky.

“We recognize the risk, but we have minimum standards. We don’t want to deal with Mom and Pop restaurants who don’t put all their receipts in the cash register. We are probably the only firm in the United States that has found an industry where there is no competition. Our growth has been incredible. Not a week goes by that I don’t get two to three phone calls with regional and national restaurant opportunities. We have a solid reputation in the industry and the way we handle our clients.”

Gary has been featured in the *Journal of Accountancy* and *The Wall Street Journal* for developing and implementing the nation’s first Employee Stock Ownership Program for an accounting firm, and currently serves as chairman of AICPA’s MAP Committee. For more information on SS&G, visit the company’s Web site at www.ssandg.com, or send Gary an e-mail to gshamis@ssandg.com.

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Pathfinder Profile

Steve Siegel: Team Player or Revolutionary?



**Steve Siegel —
Competing Against
the pull of Other
Professions and a**

Time was, to be a CPA in Illinois meant membership in a generally complacent, genteel profession. Both state law and the industry's own code of ethics prohibited advertising, client-raiding and other competitive business practices. All that existed was the audit, write-up and tax. Accounting firms enjoyed a lifetime relationship with clients.

But the restrictions are gone .. and so are the old-line clients that vanished with the collapse of heavy manufacturing industries in America's Rust Belt. Now, new technology and a new economy rule a profession that competes for quality candidates in a job market offering

Dated Image, he and his Firm Have Dramatically Changed With the Times numerous, more exciting alternatives for financial professionals. These aren't merely changes, they're a revolution for CPAs, said Steve Siegel, managing member of Lipschultz, Levin and Gray, L.L.C., (LLG) in the Chicago suburb of Northbrook.

Times

Advent of Technology

By changing with the times, Steve says LLG and other CPA firms are taking on new kinds of clients, trading new services for old ones, and even abandoning dated hierarchical structures while trying to shed an often unfavorable image.

The advent of technology is part of the story. "Technology has taken away a lot of work accountants traditionally provided. Bookkeeping, for example, is no longer a big part of individual tax returns. Computer programs like Peachtree and TurboTax have reduced that role significantly," says Steve.

"Accounting used to be non-capital intensive. CPAs typically sat at an old desk and a chair, and relied on manual input of various returns and reports. Now, we need updated computers and software, as well as Internet access."

But technology also has been LLG's salvation, and their client list reflects the times. They've added high tech industries to their capabilities, including Internet service providers, and creative types such as graphic designers.

"A CPA's job today - at LLG and in general - is in helping people grow their business, taking a holistic approach through experience gained from working with many businesses," says Steve. "That includes building computer-based business systems."

LLG, Heal Thyself

Steve is a senior member in a firm where recent history is a microcosm of the accounting profession. When he joined as a fresh college grad in 1974 (part-time while he finished a law degree), LLG had a list of Midwestern clients that were dwindling (even as early as the mid-70s), a demoralized junior staff and a traditional pyramid-style management.

But the firm reinvented itself, and one of the most visible symptoms of the turnaround was eliminating the pyramid and replacing it with a pancake environment - better known in today's business as a team structure.

The change elevated line staff members to the role of team players, eliminated closed, private offices for senior partners (now "members" in the LLG team lexicon), and put everyone behind laptop computers that

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they use to work virtually anywhere their team-based work roles take them.

Some observers, such as *Inc.* magazine in its April 1999 edition, gave Steve laurels for this change, pointing to his brash suggestion that the firm's senior partner retire and crediting him for implementing many of these innovations.

Such suggestions raise Steve's hackles. LLG's turnaround and current operating culture are not about any one person, It's not even about Steve leading an initiative that created a team structure, he insists. The team is LLG, and this new company represents the most exciting part of Steve's job, one that is actually a dual role: working with other people while watching them grow and develop, while being taught as well.

"It goes both ways. The team-firm-personal development is the Number One priority of the firm, and the only way we can continue to grow," he says.

Recruitment from Abroad

One of the key issues addressed by the team is finding new members who possess the quality to develop. "There's a huge shortage of accountants in the U.S., and this is one of the biggest problems facing the profession, he says. "The perception that CPAs work a lot of hours is a deterrent to people entering the field. Today's market has a number of hot, sexy alternatives available, such as investment careers."

While Steve believes the perception is unfair in light of the roles CPAs play today, it exists nonetheless. The LLG team's solution was to look outside the U.S., and overseas recruits offered much better preparation for the business world. Steve says their certification to practice their trade, known as the chartered accountants exam, is a more demanding test than the CPA exam.

As a result of looking beyond the border, LLG now has found 20 overseas recruits per year Of LLG's 26 team members, four are Scottish, two are English, two are South African and one is Russian.

Steve admits that the superiority of some their overseas recruits may be an anomaly because those who are willing to move may be more highly motivated all-around. However, to qualify for certification, graduates are required to complete an apprenticeship. Compare that to U.S. accounting grads, who Steve believes have not been prepared for the business world they are expected to enter.

Steve was recently re-appointed to the Illinois CPA Examination Content Task Force, and will work to change the system, much as he has worked to change the image, structure and makeup of his firm.

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Pathfinder Profile

Kevin Stocks: Retaining Our Identity



Kevin Stocks — The Relationship Between the Real World and Classroom Learning is Vital to 21st Century Success

Picture this. You're back in accounting class. Everything appears to be just the way you remember it – huge blackboard, fluorescent lights, uncomfortable seats. But something doesn't quite add up. You're perplexed, but this time it's not by the numbers, it's by the professor. He's admitting, without duress, that he doesn't have all the answers. And, what's more, he's comfortable turning to his students for solutions. When new assurance services and specialization were becoming more the trend than the norm.

Kevin Stocks, professor at Brigham Young University's School of Accountancy and Information Systems, realizes this is a new paradigm for educators. "We've really moved away from 'the professor knows everything,' to 'we're all learning this together.' Here's the question. Let's go figure it out," he explains.

Making an Example

For Stocks, education at its best involves a free exchange of ideas. For example, it's not at all uncommon for Stocks to present his class with the specifics of a business problem, including the known factors. Then, because they make differing assumptions about the unknowns, the students make vastly different choices about how to proceed.

When the solutions are presented, there is no single "right" answer. "If their output is different from others,' it can still be correct and that's okay," Stocks explains. "There's not always a prescribed way for things to come out. We've gone from focusing on getting 'the answer' to let's work through the process and see if it makes sense."

The Real World is Here

With more than 15 years as an educator, Stocks has seen the accounting classroom environment change dramatically. One of the biggest challenges today is making sure the curriculum offers students real-world experience. "Knowing what's currently going on in the business

arena is essential," Stocks says. "Then you must take that information and very quickly convert it to the classroom setting."

This approach requires a new level of cooperation between practice and education. Already, students connect with working professionals on the Internet and through video conferencing. As we move into the next century, Stocks says this relationship will become even more important. "The involvement's got to increase, and I think it will benefit both the students and the profession in general."

Developing this symbiotic relationship is critical to the future of the profession. "The understanding that it's critical to work together has got to be there for both sides. The entire future of education is changing," he explains. His leadership role with both AICPA's Executive Committee, and in the American Accounting Association, only sharpens this realization.

With three accountancy degrees—a Ph.D from Oklahoma State, and Masters and Bachelors degrees from BYU—Stocks has not forgotten how it feels to be on the other side of the desk. He understands how technology enhances the learning environment and embraces innovation in the classroom. But even as accounting students prepare themselves in new ways for an evolving field, Stocks says the industry needs to preserve the core of what it means to be a CPA.

"The profession must retain its identity," he explains, and encourages CPAs to resist the temptation to become a one-size-fits-all profession. "We need to remember what the accounting profession stands for. There are likely some areas where CPAs are qualified to make a buck, but where it's not necessarily a good fit," he adds.

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Class dismissed.

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Pathfinder Profile
Peggy Stricklin: Focus on Eldercare



Peggy Stricklin — Stability, longevity and comfort are the buzzwords for this practice that focuses on care for the aged.

If it's true that you can tell a lot about people by the way they treat their own parents, then how Peggy Stricklin treats other people's parents must speak volumes.

Peggy is president of Stricklin & Associates, a Denver-based accounting firm focusing on the needs of the elderly. While the practice of Eldercare is gaining mainstream popularity, especially as one of the recently identified assurance services, the concept of delivering services focusing on an aging population is far from new for Peggy.

"We've been doing this type of service for eight to nine years," she says. Peggy, who earned her CPA license in 1974, describes the "typical" client as a woman in her 80s or 90s, who may never have been responsible for handling financial affairs, or has become unable to do so because of advanced age or illness.

While doctors stopped making house calls years ago, it's not uncommon for Peggy and her staff to make unannounced visits to a client's home to ensure proper care is being provided.

A Compassionate Advocate

At Stricklin & Associates, the practice of Eldercare covers a full menu of services, from basic check writing to reviewing financial portfolios. In addition to traditional accounting services, the firm provides innovative approaches and much-needed help to this often forgotten segment of the population. Diverse tasks like hiring health care providers, selecting nursing homes, and supervising the work of contractors all are offered under the Eldercare umbrella.

Anyone with an aging parent can appreciate the value of Peggy's work. In fact, she reports that the original client is often a son or daughter rather than the parent. Since the children may live a great distance away, Peggy's oversight and coordination between the parties becomes even more important ... and the best prescription for these families is Eldercare services.

In addition to protecting a client's assets, Eldercare causes a nice secondary side effect—peace of mind for the family. "Because someone is looking after them, we give our clients the ability to stay independent for a longer period of time," she says. "We make certain that caregivers are properly managed, assets are intact and the budget is enough to take care of day-to-day needs."

Unfortunately, Peggy says scams directed at the elderly are more prevalent in today's society, and the elderly is one group that has better odds of falling prey. As a result, she often finds that her CPA designation

has added value because it mixes the ability to provide a professional, unbiased perspective to any situation. "I think accountants have the reputation as the most important trusted professional, and it makes a lot of difference to have a letters 'CPA' after your name."

Making a Transition in Her Firm

In addition to technical skills in estate, trust and income tax, Eldercare requires CPAs to possess finely tuned people skills. Peggy describes the practice as "very different from traditional accounting." For one, it requires equal doses of patience and compassion. "Our relationships go a little deeper than the accounting norm. It's hard to establish trust when the client may not be entirely ready for an outsider to come in and take care of such private things," she says.

One way her firm has achieved success is by offering continuity. "We hear a lot of stories about people working with other firms who didn't get personal attention, and were switched around from staff person to staff person," says Peggy. "At Stricklin & Associates, we make sure the client is familiar with everyone in our office so a face can be put with a name when they receive a call. We establish a relationship where clients feel secure."

When Peggy established her firm 16 years ago, there were only a handful of firms owned by women. She definitely considers herself a maverick, even though it has become much more common in today's CPA marketplace to have female-ownership. Nonetheless, Peggy feels that her gender proves to be an asset when working with elderly female clients. "They say they feel more comfortable working with women."

The Eldercare practice at Stricklin & Associates quickly grew out of trust and estate work. For the past 10 years, the firm focused on high-worth individuals, trust estate, foundations, and charitable trusts. It makes sense, then, that many of her clients are referrals from attorneys or banking trust officers. And as baby boomers go gray, she expects the Eldercare component of the business to continue to grow. Senior citizens are the fastest growing segment of the United States population, so Peggy feels she has carved out a solid niche.

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Still, Eldercare means more to Peggy than just a savvy business strategy. The emphasis appears to be more focused on keeping parents secure, than on job security ... which is telling in itself.

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Pathfinder Profile

Lali Watt: CPA and International Corporate Executive



Lali Watt — What kind of a job would encompass those things as part of the same job?

"Sometimes I go home in the evening and I think, 'You know, what did I do today?' And usually when I come up with a list of five or six things, they're things that might well deal with five or six different countries, five or six completely different issues – some related to acquisitions, some related to hyperinflation and functional currencies, some related to personnel. . . . I then think, 'Wow, what kind of a job would encompass those six things as part of the same job?'" The simple and surprising answer is "CPA" to these rhetorical questions asked by Lali Watt, CPA, Manager of Acquisitions and International Accounting at the FMC Corporation in Chicago.

Indeed, no moss grows under the feet of globetrotting Lali Watt as she manages a key department in a corporation with operations in more than 25 countries. FMC is one of the world's leading producers of chemicals and machinery for industry and agriculture. While this position may not sound like a job for a CPA, it's a job that cannot be done successfully by a professional other than a CPA.

"I use CPA skills all the time in ways slightly different from what one might think. For instance, I don't close the books, but I do analyze financial statements; I don't create balance sheets, but do counsel people around the world on the requirements of U.S. GAAP principles. While I have to understand the numbers, it's applying them to real-business situations that brings added value to the organization."

In fact, her work focuses on accumulating, digesting, categorizing and explaining massive amounts of information, filling in the gaps with educated guesses. She also spends a significant amount of time bridging procedural and cultural differences among accounting operations across many national borders worldwide. She needs to understand both the accounting and cultural norms of many different nations and peoples in order to find some common ground to turn apples and oranges into an agreeable hybrid that meets the company's requirements as well as the principles of U.S. GAAP. In turn, she also needs to translate technical compliance concepts as well as complex economic dynamics into business terminology that means something to management that they can use in their work of tending to the bottom line.

Putting her career path in the context of the current marketplace, she maintains that corporations are searching for CPAs who think differently, those who can bring added value to the organization.

Understanding numbers is certainly not enough; rather, combining finely honed accounting skills with a keen knowledge of how the world works is critical to success in the new global marketplace.

Summing up her outlook on the CPA's role in industry, Watt says, "you have to be a team member first, and to that team you bring the skills you have as a CPA. Moreover, you need to see yourself as a businessperson first or you'll be left out of the decision-making process.

As did many CPAs, Watt began her career as an auditor, serving for six years at Deloitte Haskins & Sells (now Deloitte & Touche), before moving to FMC in 1987.

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Pathfinder Profile

Maurice J. Whelan: Future Designed by Purpose



**Maurice Whelan
A Firm Philosophy
Rooted in Succession
Planning Leads to
Opportunities and
Growth**

Thinkers, builders, strategists. Any way you describe it, Maurice Whelan is part of a team in a never-ending quest to control the future of their business ... *before* it controls them.

"We are constantly looking into the future and trying to determine where we're going and how we're going to get there," he says. "We want to have a clear understanding of how we're going to succeed and what our destination is, not only with clients, but with our own staff as well. Our mission is to provide purpose for our wonderful staff and a center of excellence for our clients."

Looking at Business From the Outside In

As managing partner of Whelan Barsky & Graham (WB&G) in Bethesda, MD, Maurice and his regional firm of 48 professionals focus on compliance and planning needs for law practices, health/managed care providers and not-for-profit organizations. By concentrating on customer service, quality assurance and creative solutions, WB&G subscribes to Stephen Covey's philosophy to "begin with the end in mind."¹

"We believe that most everyone markets from the inside out; they sit within the confines of their own offices and guess what the public wants," says Maurice. "We market from the *outside in* by creating relationships with clients to understand their needs before we can begin

to provide answers. We keep the bottom line in mind, but provide a value-added dimension to our services by meeting ongoing needs.”

Innovations in technology, tremendous business growth and specialization in the CPA profession led Maurice and his partners to assess all aspects of the firm and gauge how the business must change to deal effectively with the future. Increased emphasis was placed in creating a vision that offered greater, untapped sources of revenue, while providing value and building on staff competencies and unique abilities.

A very recent example in meeting the vision occurred in September 1997 when the firm created ZEBRA Bottom Line Solutions. An acronym for Zero-based Evolving Business Resource Alliance, this consulting program is designed to capitalize on a company’s strengths, while calling attention to less-profitable aspects of a company’s operation that, if changed, could significantly enhance profitability.

With ZEBRA programs successfully completed for two medical practices, Maurice already has commitments from six law firms for this program. WB&G examines every aspect of a company’s operations, from traditional budget and expense analysis, internal controls and practice development strategies, to outsourcing potential, recruiting practices, technology, compensation, and of course, succession planning.

WB&G creates “strategic alliances” with other companies who can provide assistance on any matters not suited to their own firm’s personnel, and views ZEBRA as an investment in a company’s success. The firm’s fee is linked to a company’s improved performance, and the firm is compensated if — and only if — there is an enhancement to the bottom line.

“We had been doing a program like this for years on an informal basis to help clients operate their businesses more efficiently, but decided we should formalize this effort. As CPAs, we can deliver targeted advice based on our ability to analyze and interpret information,” he says.

A Plan to Succeed

Of keen interest to Maurice is the health and welfare of his staff and client relationships. The firm uses a Key Trait Inventory system to match characteristics of individuals to particular positions within the firm. As a result, the client is happier because individuals are more knowledgeable about specific areas, and the employees are more satisfied with their work because they are matched to a particular engagement, rather than functioning within an environment not tailored to their own calling.

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“Most firms don’t have any kind of succession plan at all, and they are choosing the wrong people to promote,” he says. “The classic accountant

is not ‘wired’ to be a salesperson. Depression is very high in the legal profession because lawyers soon realize they must market themselves to capture new business rather than just practice law. The classic accountant cannot market himself either, and we don’t expect that of people here; the first thing a firm should do is hire an entrepreneur or business person to run the practice. The second thing is to hire a salesperson.”

Maurice believes the way to change this mindset is to start with an expanded college curriculum and change the CPA exam, because the focus always has been in accounting theory and tax law rather than thinking about people and management.

“Our business is 99 percent relationships and communications,” he says. “The value-added dimension is that we genuinely care about our clients, as well as our staff. Succession is our primary product. That’s what sets us apart from the competition.”

CPAs who wish to find out more about ZEBRA and other firm services can visit www.wbgcpa.com, or send Maurice e-mail at mwhelan@wbgcpa.com.

Notes:

1Stephen R. Covey in his book *Seven Habits of Highly Effective People*, 1989, Simon & Schuster, New York.

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