streetwise

BY STEPHEN BARLAS, RAEF LAWSON, CHARLES SMITH, KATHY WILLIAMS

[NEWS]

A Bad First Impression? | KATHY WILLIAMS

All of us want to make a good first impression, especially when we're interviewing for a new job or meeting a business prospect for the first time. But sometimes our plans go awry and we end up making a bad initial impression. Can we recover from this?

Yes, says Annie Stevens, managing partner with ClearRock, an outplacement and executive coaching firm headquartered in Boston. "Not all interviewing mistakes or other first-meeting errors are fatal," she notes. "With a combination of the right follow-up plan and quick action, some bad first impressions can be turned around effectively."

But it also depends "on the other person's assessment of the seriousness of the error as much as the effectiveness of your follow-up plan," adds Greg Gostanian, also a managing partner. "The biggest mistakes people make afterward are not trying to make corrections and not doing so effectively."

Some of the most common job-related bad first impressions include drawing a blank or being slow to answer at a critical time, particularly in response to questions about your qualifications for the job or business, your distinguishing qualities, or other personal capabilities; lacking rapport with the other person; being overly nervous or too low-key; being late or not as prepared as you should have been; forgetting someone's name, getting it wrong, or confusing the person with someone else.

ClearRock suggests that you take these steps after the interview or meeting:

- Conduct a thorough damage assessment, and act quickly.
- Use your follow-up communication to reiterate your qualifications, accomplishments, "fit" for the job or business, and unique characteristics.
- Apologize if it will be the only corrective action that will suffice.
- Use humor cautiously and sparingly. Don't add to the problem by trying to make light of something that may demand a more complete follow-up.
- Prepare yourself better for the next interview or meeting with the person if you recover successfully from the bad first impression. Gostanian explains: "It usually takes more than one interview or one business meeting to land a new job or new client. If you do not get another interview or meeting, use this as a learning experience, and keep in contact with the person from time to time for possible future opportunities."

More information can be found at www.clearrock.com. ■

NEW GASB MEMBERS

Girard Miller and Jan Sylvis have been appointed to five-year terms as members of the Governmental Accounting Standards Board (GASB) beginning July 1, 2007.

Girard Miller was president of Janus Funds and chief operating officer of Janus Capital Group from 2003 to 2006, responsible for all Janus mutual funds including tax-exempt funds and the oversight of their research functions. He also was director of the technical services center of the Government Finance Officers Association and has served in a number of local government management positions.

Jan Sylvis is the chief of accounts for Tennessee's department of finance and administration where she functions as state controller. Serving in this capacity since 1995, she manages operations that maintain Tennessee's centralized accounting system, prepares the state's financial statements, develops accounting policy, and provides leadership in the state's financial management. Currently she is president of the National Association of State Auditors, Comptrollers & Treasurers. ■

Letters to the Editor

PH.D. SHORTAGE

I write in response to the letter by Alfred M. King (May 2007 issue of *Strategic Finance*) in which he provided comment on the "shortage of Ph.D. candidates to meet future accounting education needs." I am not in the habit of participating in debates via letters to journal editors but feel compelled to do so in this particular case–for very good reason. I am doing so because (1) the issue at hand is far more complex than Mr. King allows us to believe, (2) his analysis of the issue at hand is rather superficial, and (3) because of the ugly, and therefore ineffective, manner in which he has chosen to outline his positions on the shortage of Ph.D. candidates and on eligibility for teaching accounting at the college and university levels.

Beyond the matter of Mr. King's rather superficial analysis of a very complex matter, I am particularly disturbed by the unjustifiably dogmatic manner in which he has presented his case. And how insulting it is to the many of us who labor in the academic vineyard to tell us that "Those who can, do; and those who can't, teach." How silly and insulting it is to make such a statement in the face of so much strong evidence to the contrary (my situation included).

The two related issues referred to above (shortage of Ph.D. candidates and eligibility for teaching accounting

continued on page 69

[GOVERNMENT]

Senate Fires a Couple Shots Over SEC's Bow on 404

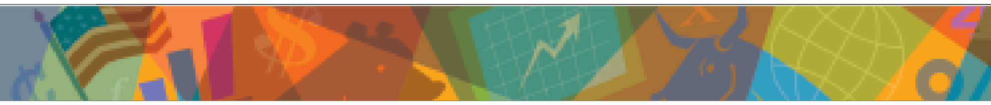
STEPHEN BARLAS, EDITOR

One former and one current Democratic presidential candidate cautioned the Securities & Exchange Commission (SEC) and Public Company Accounting Oversight Board (PCAOB) not to go too far in accommodating small businesses—or big business, for that matter—when they publish the next iteration of their Sarbanes-Oxley management guidance and auditing standard. The former candidate, Sen. John Kerry (D.-Mass.), delivered his message in person when SEC Chairman Chris Cox and PCAOB Chairman Mark Olson appeared before the Senate Small Business and Entrepreneurship Committee, which Kerry chairs, on April 18.

Kerry told Cox and Olson that he was concerned about auditors being able to exercise too much judgment when deciding how thorough an audit to do of a company's internal controls. SOX Section 404 requires companies to test their internal controls, report on them, and then have an auditor retest those controls. Auditors have used the PCAOB's AS2 as guidance, but the PCAOB is rewriting AS2 after criticism about the cost of those audits. It published a new draft of AS2 in December, calling it AS5, the same time the SEC published the first draft of its management guidance for Section 404. Olson told Kerry that, under AS5, an audit should reflect a company's "complexity." He illustrated this by referring to a small company with a high degree of complexity, maybe because of its use of derivatives, and a very large company whose return is uncomplicated. "The audit should reflect that complexity," Olson said. "So in the end," Kerry replied, "there will be a variation, and it would not be defined per se by size but by what the company is engaged in." At that point, Cox jumped in to say that auditors should use their "professional judgment." That left Kerry wondering what prevented auditors and companies from developing "an overly friendly relationship." So Kerry provided a mixed message: The SEC and PCAOB should make sure that small businesses aren't crippled by 404 costs, but they shouldn't do anything special to reduce those costs by allowing auditors too much leeway.

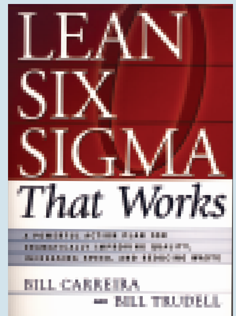
The current presidential candidate, Sen. Christopher Dodd (D.-Conn.), picked up the thread on the floor of the Senate days later when he led an effort to defeat an amendment sponsored by Sen. Jim DeMint (R.-S.C.) that would have made Section 404 optional for smaller companies with market capitalization of less than $700 million, revenue of less than $125 million, or fewer than 1,500 shareholders. DeMint's amendment was defeated by a vote of 62-35, and a substitute amendment authored by Dodd passed by 97-0. In extremely general terms, that amendment expressed the sense of the Senate that small businesses play a critical role in the economy and that the SEC and PCAOB should implement Section 404 in a manner that limits the burdens placed on small and midsize public companies.

continued on page 69



[BOOKS]

Combining Lean and Six Sigma



Manufacturing firms in the United States and elsewhere are under tremendous pressure to compete in the increasingly global arena. While some may feel that competing in such an environment is a daunting task, Bill Carreira and Bill Trudell, authors of *Lean Six Sigma that Works*, believe that it's possible for a company from any geographic location to become a fierce and successful player in the international arena by adopting the operating philosophies and tools of Lean Six Sigma.

What is Lean Six Sigma? According to Carreira and Trudell, Lean Six Sigma is a combination of the best features of Six Sigma and Lean manufacturing. Six Sigma is an integrated, disciplined approach for improving processes by understanding and controlling variation, which results in an improvement in the predictability of business processes. The basic values of Lean manufacturing include high quality, low cost, short cycle times, flexibility, the continuous pursuit to eliminate waste, and customer-defined value. While the classic tools of Lean address process definition, high materials velocity, and balance, the tools of Six Sigma address data-driven variation reduction.

Lean Six Sigma effectively combines the principles of Six Sigma with Lean manufacturing to spur a relentless pursuit of sustained improvement. Lean causes products to move through processes faster, and *continued on page 69*

[BOOKS] *cont'd from p. 21*

Six Sigma improves quality, so integrating the two complementary methodologies can yield even greater benefits than implementing them separately. For example, many businesses direct their improvement focus on maximizing localized pieces of a process while failing to analyze the impact across the entire process. By integrating the Lean principle of a system-wide analytical view, i.e., the value stream (the total cycle of activities needed to produce a product or service), organizations can maximize the benefit from their improvement efforts.

Lean Six Sigma can be viewed from both a strategic and a tactical perspective. On the strategic side, it's an organizational philosophy of applying relentless efforts to drive out waste at every level and improve product quality to the level of only 3.4 defects per million opportunities. Tactically, it is an effective approach that continually analyzes the organization to determine where improvement is needed, followed by Kaizen events and projects. The projects are managed by means of the Six Sigma DMAIC process (define, measure, analyze, improve, and control) and using the many tools in the Six Sigma body of knowledge.

The authors note that the complexity of Six Sigma methodologies can cause many potential adopters to refrain from applying it. They feel this is unfortunate because many useful parts of the Six Sigma methodologies don't need to be more complex to understand or apply than Lean manufacturing principles, which are usually conveyed in easily readable and understandable ways.

Carreira and Trudell employ a very accessible, easy-to-read style to illustrate Lean Six Sigma fundamental tools in a specific, how-to manner. Their book serves as a useful, practical guide to Lean Six Sigma for those wanting to embark on the Lean Six Sigma journey as well as those who have already begun it. It reflects their view that significant improvements can be achieved without using complex statistical analysis. The simple, practical, yet powerful tools they describe can help any company lower its costs, improve the quality of its output, and increase its profits as it transforms into a more competitive organization.—*Raef Lawson, CMA, CPA, rlawson@imanet.org*

[GOV'T] *cont'd from p. 20*

Senate Next Up on Executive Pay

The House passed a bill (H.R. 1257) that would allow shareholders to take a nonbinding vote on executive compensation. That threw the issue to the Senate, where Sen. Dodd, deep into his presidential campaign, has shown no interest in following the lead of Rep. Barney Frank (D.-Mass.), sponsor of the bill in the House. Opponents of the Frank bill argued that the SEC's new executive compensation pay disclosure rules put in place for this year's proxy season ought to be given a chance to work before forcing companies to swallow new medicine. But even SEC Chairman Cox has voiced displeasure with the way companies are interpreting the new pay disclosure rules. In a speech to the 2007 Corporate Counsel Institute on March 8, Cox said, "We're seeing examples of over-lawyering that are leading to 30- and 40-page-long executive compensation sections in proxy statements. This kind of slavish adherence to boilerplate disclosure is what we're trying to stamp out." Frank's bill would require a company's board of directors to take another look at a corporate chieftain's pay if a majority of the shareholders voted it down, but the board wouldn't necessarily have to change the pay package. ■

[LETTERS] *cont'd from p. 20*

at the college and university levels) have been with us since the late 1950s and are far more complex than Mr. King wants us to believe. Given my background in public accounting and in academia, I am able to address (and counter) every specific point made by Mr. King in his letter. However, these are not matters that should be addressed via letters to journal editors. They require very careful study of many factors and influencing forces. It is this message that I would like to get across to Mr. King and those who support his position.

The AACSB's task is not an easy one. It cannot ignore the fact that we are talking about the development of accreditation standards for programs, curricula, and courses offered at the college and university levels and that these institutions have a unique raison d'etre in society. Given my background in public accounting and in academia, it is my judgment that, in the aggregate, college- and university-level accounting education has derived enormous benefit during these past many years from embracement of the "Ph.D. model." (It should be realized, of course, that the AACSB's accreditation standards allow for the inclusion of non-Ph.D.s in an accounting academic unit's total portfolio of faculty.) The (mainly) Ph.D. model is vastly superior to the non-Ph.D. model I experienced as an undergraduate many years ago, and I laud the AACSB and my many Ph.D. colleagues in America for continuously seeking to improve programs, curricula, courses, and accreditation standards. Mr. King would be able to participate in a meaningful and effective manner in this improvement process, but only after a more careful analysis of the many complex issues faced by those who seek to deliver quality accounting education within college and university environments.

Charles H. Smith

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Penn State University