

# SFbulletin

By Stephen Barlas, Karen Jett, Linda Li, Maureen Walsh



## Are You Linked Up?

By Maureen Walsh

*"Hey, Mike, how've you been? How's the family?"*

*"Great, all's well. Been on the links lately?"*

*"Can't get rid of my slice. How's your game?"*

*"Just as frustrating as things at the office. I've got this problem with a forecast we're doing for a new overseas operations unit. You might've run across this problem. Mind if I ask your advice?"*

*"No problem—what's the situation?"*

Members connecting. Members helping members. Social networking.

Social networking is nothing new. The Institute of Management Accountants (IMA®) and other associations have always facilitated social networking and professional connections among members. But something about social networking is new. In 1999, this conversation would have happened at a chapter meeting, at a live event, or perhaps over the phone. Today it's likely to occur online in a digital community. And the proliferation of public online communities is having an impact on membership associations.

Has this technology replaced the need for associations, or does it enhance an association's ability to serve its members? People are connecting online at an increasing rate, and the sector has seen incredible growth in the last several years. Two-thirds of the world's Internet population visits a social network or blogging site, and the sector now accounts for almost 10% of all Internet time. In fact, member communities are now the fourth most popular online sector, according to "Global Faces and

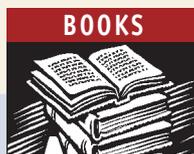
Networked Places," a March 2009 Nielsen report on social networking's new global footprint.

To remain relevant, associations must adapt to this new definition of community in a digital environment. Many now realize the importance of integrating new technologies into their community offerings to provide enhanced value to their members. But the question often asked is: Why build an association community when so many public sites exist? If you build it, will they come?

An association-branded community offers distinct advantages over public sites in a number of ways. First, it establishes a trusted place where members can communicate openly, facilitates focused discussions with real practitioners, and mitigates the risk of the community being overrun by vendors seeking to use the site to sell products. More importantly, it broadens interactions between members by breaking down geographic barriers and strengthening relationships. As associations become global enterprises, their ability to reach across borders, build connections, and serve members in widespread locations becomes increasingly important.

Through these communities, the association can learn from its members. Members provide real-time input and let the organization know what they need and want. Nothing replaces the ability to meet a colleague in person. Live professional and social events are essential in sustaining strong professional associations. Yet online communities provide an additional layer of networking that, for many members, may be their only opportunity to connect. Those working in small to mid-sized companies or those without access to an active local chapter may appreciate the ability to gain access to other members from their desktop, where they can engage in online forums and gain access to resources without having to search the Internet to find an answer.

All this, plus input from a variety of members and the immediate success of IMA's presence on public sites such



## Wildly Successful Initiatives

**A**s management accountants, we need to read *Spiral Up...and Other Management Secrets Behind Wildly Successful Initiatives* by Jane C. Linder. While we have been taught to methodically plan, execute, and measure project administration, Linder challenges us to leave one or two areas a bit undefined and gray. She challenges us to avoid boxing ourselves in too tightly and to allow a project to take on a life of its own.

This may sound scary, but it's also exciting. Instead of the best possible outcome being projects that meet their goals, the methods described in *Spiral Up* encourage projects to be wildly successful! What does that mean? In Linder's own words, "...even after it has succeeded, people say, 'How did you do that?'" Wildly successful projects must meet two requirements:

- ◆ Produce "breathtaking" results
- ◆ Appear "virtually impossible" at the start

*Spiral Up* is based on Linder's research of 46 case studies and more than 140 interviews with the people involved. This research revealed that wildly successful initiatives involve five different aspects that overlap and work synergistically:

- ◆ Reach beyond your grasp
- ◆ Make space
- ◆ Get it right
- ◆ Energize people
- ◆ Spiral up



Reaching beyond your grasp is about setting out to do more than you believe yourself capable of achieving. It refers to stretching your limits and promising more than you are positive you can deliver. To many, this concept can be almost scary. For me, as an example, it is an idea that is completely opposite to the way I usually work, which is to underpromise and overdeliver.

Making space is guaranteed to be as uncomfortable as the first aspect. It involves *not* defining every aspect of the project or planning for every contingency. To make space means that when the project makes a left turn, we follow rather than force it to go straight. Ultimately, this entails letting go of our need to rigidly define the outcome we seek.

Getting it right means insisting "on finding the right answers to the toughest questions." When we approach a project in the same way that it has always been approached, we'll always get the same answer. When looking for answers, therefore, we should look beyond the way things have always been done and ask why. More importantly, we should challenge the thinking process that resulted in that why.

Energizing people involves getting the right people involved. You know you have the right people when they are excited about the challenge, have the required skills, and take the lead at appropriate times. When people are energized, leading the initiative becomes less about cheerleading and more about facilitating and making sure the environment isn't holding people back.

When the first four aspects are in place, initiatives become self-feeding. The fifth aspect, spiral up, describes how each plateau becomes "a stepping stone toward the next peak" rather than the end of the project.

The amazing thing about wildly successful initiatives is that they can continue for years, weather many changes in personnel, and still accomplish astonishing results. If you are interested in creating wildly successful initiatives, I encourage you to read *Spiral Up*. You won't be sorry.—Karen L. Jett, CMA, Jett Excellence, [Kjett@JettExcellence.com](mailto:Kjett@JettExcellence.com)

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as LinkedIn® and Facebook®, led IMA to form a members-only online community.

LinkUp IMA is a robust social networking site available exclusively to members. The site offers discussion forums, a searchable online library filled with best-practice resources, an international job board, event calendars, and shared workspaces. Members can also form interest groups there for professional or social purposes and study groups designed to help those pursuing Certified Management Accountant (CMA®) certification. IMA's chapters are also forming groups for their constituents on the site. Thousands of IMA members are already using LinkUp IMA, and we invite you to join and get connected. Visit [www.linkupima.com](http://www.linkupima.com) and find each other!



## Healthcare Legislation

By Stephen Barlas, Editor

The big Washington concern for corporations these days centers around any new costs or auditing and reporting requirements imposed by a healthcare reform bill—versions of which are expected to emerge from the House and Senate in late September, with a conference committee probably working into October hammering out a compromise. The only new reporting responsibilities would involve the Internal Revenue Service (IRS), not the Securities & Exchange Commission (SEC). Those requirements will come about if, as expected, Congress requires employees and employers to report to the IRS as income the excess value of an individual's company health insurance policy over a so-called "Cadillac" plan value that would be established by Congress. The excess would be the imputed value, reportable to the IRS. Paul Dennett, senior vice president, healthcare reform, for the American Benefits Council, says that a company could easily have health insurance plans with average values above \$20,000, which would probably qualify as "Cadillacs." It wouldn't be because the plans are incredibly gen-

erous but, rather, because the employees are located in high-cost areas such as New York or California and the insured pool contains a lot of retirees and older workers.



## Executive Compensation Legislation

The Senate will have to decide this fall whether to act on The Corporate and Financial Institution Compensation Fairness Act (H.R. 3269), an executive compensation bill the House passed by a vote of 237-185 in July. Under the bill, most public companies (there's an exemption for small companies) would be required to offer shareholders a voluntary "say on pay" vote, while the SEC would have to establish conflict-of-interest standards for compensation consultants and create a requirement that only independent directors can serve on corporate board compensation committees. Only two Republicans voted for the bill in the House, which may give Democrats in the Senate pause. They would need 60 votes to break a Republican filibuster and bring a bill up for a vote, when 51 votes would be enough for passage. The Democrats do have 60 members in the Senate, but two have been absent because of severe illness. In addition, Sen. Chris Dodd (D.-Conn.), chairman of the Senate Banking Committee, which has jurisdiction, blocked action on a similar bill in the last Congress. Dodd hasn't said anything publicly this year on "say on pay."

Most of the business community opposes an advisory "say on pay" law. Timothy Bartl, senior vice president and general counsel for the Center for Executive Compensation, whose members are large corporations, says "say on pay" votes lead to "cookie cutter" pay arrangements rather than arrangements carefully tailored to the company, and they haven't been supported by a majority of shareholders. The bill also includes some provisions that apply only to financial companies with assets over \$1 billion. The bill also would require federal regulators to proscribe any inappropriate or imprudently risky



## IMA's China Case Competition Is a Hit

The final round of IMA's first China student case competition was held at National Accounting College in Beijing on June 14, 2009. The team called Jumper from Central University of Finance and Economics won first place. The teams called Wizard, also from Central University of Finance and Economics, and Sonic Youth from Nankai University took second and third places. Winners will receive their awards at IMA's 4th Annual Global Conference in Shanghai this month.

The competition began April 18, 2009, and lasted for almost two months, attracting nearly 700 students from 18 universities. Seven of the 125 competing teams participated in the finals. Some of the participants will also get the chance to be an intern or to shadow financial leaders at some of the world's top 500 companies, such as McKinsey, BOSCH, Caterpillar, and Unity Group, who were partners of the case competition.

Linda Li, from IMA in China, says: "Nowadays, facing the trend of globalization, enterprises in China are in great need of senior accounting professionals who are familiar with international practice, have an international perspective, and are about to undertake international business. On the other hand, the gap between business opportunities and the qualified management person who could be employed becomes wider. As a result, IMA hopes to build a platform for students, academics, IMA members, and enterprises to help students understand business ideas and increase their vocational competitiveness. This competition is one of the best opportunities for Chinese students to put what they learn into practice."

Chen Dong, a financial manager at Caterpillar, served as a judge of the case competition. "Fantastic!" is how she described it. "Management accounting supplies our company with a uniform communication language....Through applying the theories of management accounting, we increase the value of the company. I am glad to see that so many students are interested in management accounting." Caterpillar also plans to select two to three interns from the group.

For more information, see the September issue of *ION*, IMA's Online Newsletter, that's e-mailed to members.

compensation practices as part of solvency regulation of all financial institutions. In addition, financial firms would be required to disclose any compensation structures that include incentive-based elements.



## PCAOB Gets New Chairman and Standard

Companies have been holding their breath awaiting the Public Company Accounting Oversight Board's (PCAOB) new Auditing Standard No. 7, "Engagement Quality Review" (AS7). The engagement quality review is required under the Sarbanes-Oxley Act, but the PCAOB has been laboring for years to get the details in AS7 just right. Companies have been concerned that a final Standard would force auditors to "re-audit" a company's books as part of the quality review. The new Standard was finally published at the end of July. Daniel L. Goelzer, who was named acting chairman of the PCAOB as of August 1, says no re-audits are required.

There had been strong support from a number of quarters to require an engagement partner to sign an audit—currently, the firm signs the audit—but AS7 doesn't require that. Instead, the PCAOB issued a concept release asking for comments on the requirement of having an engagement partner sign an audit. The PCAOB tried to quiet fears by emphasizing that the new Standard makes clear that engagement reviewers are responsible for evaluating how the engagement team identified and responded to risk, not for starting from scratch to assess risk independently. "This should alleviate the concern that engagement quality review could turn into a re-audit," Goelzer says.