

SFbulletin

By Stephen Barlas, Lance Thompson, Dennis Whitney



SEC Wants Convergence Insight: Rubber Starting to Hit the Road

By Stephen Barlas

The first fruits, if you will, of the work plans that the Securities & Exchange Commission (SEC) ordered last February on the convergence of International Financial Reporting Standards (IFRS) and Financial Accounting Standards Board (FASB) standards are now ripening. In mid-August, the SEC put out a notice asking for comments on two general issues: whether investors would be confused by a transition to IFRS and whether companies would have the audit “power” on their boards to be able to handle the transition. In the second category, the SEC wonders whether a shift to IFRS would complicate compliance with Sarbanes-Oxley rules, such as the requirement that a registrant disclose whether it has at least one “audit committee financial expert” serving on its audit committee and whether the expert is independent of

management. There are also competence requirements for audit committee members. So the SEC asks whether incorporation of IFRS into the financial reporting system would result in challenges for U.S. issuers in identifying audit committee financial experts. Another issue involves the impact of state law on financial reporting: To what extent and in what ways would incorporating IFRS into the financial reporting system for U.S. issuers likely affect the application of limits in state statutes on the ability of issuers to make distributions to holders of equity securities, either through dividends or similar distributions in respect of those securities, or to repurchase such securities? There are two related dockets that financial executives can look at and comment on:

<http://edocket.access.gpo.gov/2010/2010-20358.htm> and <http://edocket.access.gpo.gov/2010/2010-20357.htm>.

More SEC Disclosure for Energy Companies

The Dodd-Frank Wall Street reform bill didn’t have much on the subject of corporate financial disclosure reaching beyond financial companies (and there wasn’t much

continued on p. 28

“Soft Conflicts” Must Be Disclosed to Corporate Pension Plans

The SEC final rule on requiring investment advisors to corporate pension plans to make more extensive (potential) conflict-of-interest disclosures didn’t get much ink when it was published in mid-August. The SEC is now requiring investment advisors to submit to the Commission a brochure written in “plain English” detailing relationships between them and broker/dealers. The big, new requirement has to do with potential “soft dollar” conflicts, i.e., when an investment advisor might receive, for example, free research from a mutual fund company. Currently, these soft dollar benefits are disclosed to the pension fund via a “check-the-box” form that provides very little detail. That will now change. Starting this

month, investment advisors must submit a brochure to the SEC that includes considerable narrative information about their potential conflicts. There are 18 items in this new Part 2A of form ADV. For example, Item 5 requires an advisor who receives compensation attributable to the sale of a security or other investment product (e.g., brokerage commissions), or whose personnel receive such compensation, to disclose this practice and the conflict of interest it creates and to describe how the advisor addresses this conflict. Such an advisor also must disclose that the client may purchase the same security or investment product from a broker that isn’t affiliated with the advisor.

BOOKS



Better Decisions through Analytics

If you want to make better decisions and take the right actions, the use of analytics is essential for improving business performance. For too long, managers have relied on the intuition, experience, and unaided judgment of the decision maker. In *Analytics at Work*, authors Thomas Davenport, Jeanne Harris, and Robert Morison discuss the global secular trend toward more data, more computerized analysis of the data, and more orientation to fact-based decision making.

The authors' research suggests that 40% of major decisions (from strategic planning to everyday operational decisions) aren't based on facts but on the manager's "gut," or intuition, instead. It's time for every organization to address both how to make better decisions today and how to sustain high performance across business cycles and generations. *Analytics at Work*, a sequel to Davenport and Harris's *Competing on Analytics*, is a "how-to" book that describes frameworks, assessment tools, and organizational examples for building analytical capabilities and determining analytical maturity.

Putting analytics to work can help your managers and employees make better decisions—and help your organization perform better. Being analytical requires the use of analysis, data, and systematic reasoning to make decisions. Analytics is an organization capability that can be measured and improved. The

authors urge companies to move, over time, toward a mentality and strategy of competing on analytics.

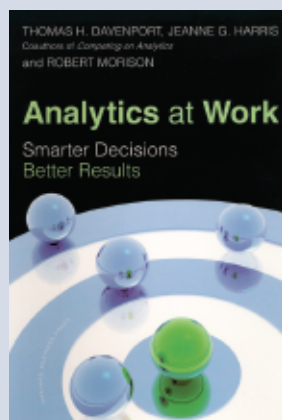
The capabilities for success with analytics are described using the DELTA model:

- D** for accessible high-quality data—the prerequisite for everything analytical
- E** for enterprise orientation—integrating across organizational silos
- L** for analytical leadership—the deciding DELTA factor
- T** for strategic targets—picking your spots for analytics
- A** for analyst—managing scarce and valuable talent

To make real progress, you have to move forward with all five DELTA success factors in rough proportion. The authors describe a five-stage model of progress (which also appears in *Competing on Analytics*) to help plan and manage the development of analytical capabilities within a company:

Stage 1: Analytically Impaired. The organization lacks the prerequisites for serious analytical work, such as data, analytical skills, or management leadership.

Stage 2: Localized Analytics. There are pockets of analytical activity within the organization, but they aren't coordinated or focused on strategic targets.



Stage 3: Analytical Aspirations. The organization has a few significant initiatives, but progress is slow because a critical DELTA factor hasn't been implemented.

Stage 4: Analytical Companies. The strategic focus isn't grounded in analytics, and the company hasn't developed ana-

lytics for competitive advantage.

Stage 5: Analytical Competitors. All DELTA capabilities are in place, and the organization is an analytical competitor both internally and externally.

An appendix combines this model for progress with the DELTA success factors described for each stage of progress. This can be used as an assessment tool describing where your company is and where you need to go next.

Analytics will continue to be critical in all industries, with the best decision makers able to combine the science of quantitative analysis with the art of sound reasoning. Quantitative measurement and analysis is to be integrated with experience, judgment, knowledge, and qualitative insights. Art also plays a role in creatively formulating and solving problems—you must still ask the right questions and make the right decisions.

—Lance A. Thompson, Thompson Management Consulting Services, LLC, lancephx@aol.com

SFbulletin

continued from p. 26

there, either) except for a little-noticed provision that only applies to extractive companies listed on U.S. stock exchanges. Those companies must now disclose in their SEC filings any payments made to governments for oil, gas, and mining rights. The extractive disclosure amendment to the bill was sponsored by Sens. Richard Lugar (R.-Ind.) and Benjamin Cardin (D.-Md.). It was opposed by the American Petroleum Institute, which argued that requiring only U.S.-listed oil and gas companies to report every payment made to host governments will create a competitive disadvantage versus quasigovernmental and national oil companies, such as Russia's Gazprom and China National Petroleum Company (CNPC), as well as

non-U.S.-listed private companies, who wouldn't be subject to the same requirements. But Cardin said that the foreign competition argument is a red herring, claiming that the amendment would apply to large numbers of foreign companies that, for various reasons, are subject to SEC reporting requirements. The provisions of this amendment would apply to all oil, gas, and mining companies required to file periodic reports with the SEC, namely, 90% of the major internationally operating oil companies and eight out of the 10 largest mining companies in the world—only two of which are U.S. companies. “We are talking about foreign-owned companies, not U.S. companies, by and large,” Cardin said on the Senate floor when the amendment was discussed.



Congratulations, New CMAs

The following IMA® members became a CMA® (Certified Management Accountant) between January 1, 2010, and June 30, 2010. Last month we published about half the names, and this month we're publishing the second half.

Ramesh Nagarajan, CMA	Mohammad S. Nsour, Sr., CMA	Mohsin Ali Patel, CMA	Riaz PN, CMA
Fadi G. Nahas, CMA	Barra O hir, CMA	Radhasaran D. Patel, CMA	Ramakrishna K. Pokkuluri, CMA
Surendranath Nair K T, CMA	Bala Krishna Oggu, CMA	Yazad H. Patel, CMA	Suseel KJ Pooranmal, CMA
Ajit G. Nair, CMA	Minseok Oh, CMA	Pradeep K. Patil, CMA	Matthew J. Pope, CMA
Sindhu S. Nair, CMA	Antonio P. Omercz, Jr., CMA, CPA	Cynthia R. Pauls, CMA	Lena M. Post, CMA
Chetan Namjoshi, CMA	Omural Orhon, CMA	Kristina Pavirzyte, CMA	Jochem H. Potjer, CMA
Shankara V. Narasimhappa, CMA	Stephen R. Orr III, CMA	Michael D. Pawson, CMA	Kim A. Powers, CMA
Venkatesh Narayanan, CMA	Paul Orsulak, CMA	Ramon Pena, CMA	Satya Prakash, CMA
Karthik Natarajan, CMA	Kamal K. Osman, CMA	Jay Jay A. Perlado, CMA	Cameron T. Pratt, CMA
Satish V. Natu, CMA	Tarig A. Osman, CMA	Vikas Digambar Peshave, CMA	Rahul Pravinchandra Babla, CMA
Dionicio N. Navalta, CMA	Jens Ostermann, CMA	Jamie T. Peters, CMA	Matthew A. Priel, CMA
Noah Navarro, CMA	Marty Ostermiller, CMA	Kelli K. Peterson, CMA	Brandi P. Pritchard, CMA
Tapas Kumar Nayek, CMA	Jerry Timothy Owen, CMA	Dan S. Petty, CMA	Ryan Purcell, CMA
Shabbir Nazir Rupawala, CMA	Radhakrishnan K. Padiyath, CMA	Francois Pham, CMA	Ananthan V. Purisai, CMA
Sudheer Neelakandan, CMA	Gautam Palai, CMA	Nicolas P. Phillips, CMA	Azeem G. Qadeer, CMA, CPA
Jesse C. Nehoda, CMA	Felicia J. Palermo, CMA	Allen Phillips, CMA, CPA	Eiad M. Qalaje, CMA
Wesley A. Nettleton, CMA	Yongfeng Pan, CMA	Byron B. Phillips, CMA, CPA	Lina Qiao, CMA
James C. Neubauer, CMA	Ramesh Panicker, CMA	Dennis J. Phillips, CMA	William L. Quigley, CMA
Hoa T. Nguyen, CMA	Luca Paolone, CMA	Robert Piercy, CMA, CPA	Patricia M. Quinn, CMA, CPA
Sherin S. Niamut, CMA	Vincent Papavoine, CMA	Karen Pamela Pinto, CMA	Gokul V. Rachiraju, CMA
Syon Niyogi, CMA	Robert J. Parslow, CMA	Sara M. Pipkin, CMA	Balasubramani Rajinder Sharma, CMA
Sherry L. Noffke, CMA	Sethuraman Parthasarathy, CMA	Yulia Pitenko, CMA	Kalarnilkunnath S. Raju, CMA
Vincent J. M. Noort, CMA	Matthew J. Pasek, CMA	Paul M. Piwko, CMA	

Puthucode K. Ramachandran, CMA
 Archana Ramaiah, CMA
 Sajeevkumar Ramakrishnan, CMA
 Venkataraman M. Ramakrishnan, CMA
 Babu Ramanujam, CMA
 Alexander Rasmussen, CMA, CPA
 Rajat Rastogi, CMA, CFM
 Daniel J. Ravenhorst, CMA
 Farooque A. Raza, CMA
 Ekaterina Razevig, CMA
 Julia E. Reed, CMA
 Kenneth D. Rehberger, CMA
 Michael C. Reilly, CMA
 Edward S. Remer, CMA
 Michael A. Repper, CMA
 Jim W. Resnik, CMA
 Kipp Reynolds, CMA
 Suzanne P. Reynolds, CMA
 Richard Rezny, CMA
 James D. Rhodes, CMA
 Paul J. Rice, CMA
 Richard M. Richer, CMA
 Melanie Starr Rivera, CMA, CFM
 James E. Rogers, Jr., CMA, CPA
 Raul C. Rosa, CMA
 David Rosander, CMA
 Michael H. Ross, CMA
 Anitra Rowe, CMA
 Michelle Royce, CMA
 Jiamin Ruan, CMA
 Simon Ruehe, CMA
 Korey S. Rutherford, CMA, CPA
 Nabih K. Sabbagh, CMA
 Samreen Sadiq, CMA, CFM
 Yusuf Sahin, CMA
 Evelyn M. Salazar, CMA
 Salam R. Saleh, CMA
 Robert M. Sandy, CMA
 Ramakrishnan Sankaranarayanan, CMA
 Vidya Sankarasubramanian, CMA
 Pietro Santangelo, CMA
 Krishnan P. Santhana, CMA
 Yuriko Sato, CMA
 Huseyin Saylan, CMA
 Steven M. Scarborough, CMA
 William W. Scarborough III, CMA, CPA
 Susanne K. Scharfenberger, CMA
 Cecile Schedler, CMA
 Kristen A. Scheid, CMA
 Jeremy J. Schliepsiek, CMA
 Martin A. Schott, CMA
 Katarzyna J. Schulist, CMA
 Andrew P. Schumacher, CMA
 Susanne Schwager, CMA
 Martin Schweizer, CMA
 Dennis M. Scott, CMA
 Greg I. Scritchley, CMA
 R. Drew Sellers, CMA
 Aijaz Ahmad Shah, CMA
 Farook M. Shaik, CMA
 Michelle Shannon, CMA
 Jing Shao, CMA
 Nand Nandan Sharma, CMA
 Kelly W. Sharp, CMA
 Michelle Sharp, CMA
 Binit Shaw, CMA
 Lisa L. Shawney, CMA
 Marianna Shekhtman, CMA
 Dawei Shen, CMA
 Padma S. Shinde, CMA, CPA
 Karen Sholar, CMA
 Ayman Mohamed Shoukry Mostafa, CMA
 Vivek Kumar Shrivastava, CMA
 Kiran Sinthakindi, CMA
 Iryna Slipchenko, CMA
 Jeroen M. Smit, CMA
 Daniel A. Smith, CMA
 James A. Smith, CMA
 Jeffrey C. Smith, CMA
 Nathaniel R. Smith, CMA
 Paul R. J. M. Smits, CMA
 Nikhil D. Sohoni, CMA
 Neeraj Somani, CMA
 Jessica R. Soqui, CMA
 Shrikant Sortur, CMA
 Olivia Spaas, CMA
 Kulasekhar Sribhashyam, CMA
 Jahnvi Sridhara, CMA
 Daniel Staubli, CMA
 Nina Stelmakh, CMA
 Jinson Stephen, CMA
 Suresh Sthanuvankiteswaran, CMA
 Svetlana Strykova, CMA, CPA
 Vilvanathan Subramanian, CMA, CPA
 Adebunmi L. Sule, CMA
 Jacob A. Sumner, CMA
 Leslie J. Surber, CMA
 John T. Sutton, CMA
 Dirk O. Taczynski, CMA
 Thaer Foad Taha, CMA
 Sachiko Takano, CMA, CPA
 Stephanie H. Tan, CMA
 Brad Tapper, CMA
 Anthony Tarzia, CMA
 Peter A. Temko, CMA
 Binu Thomas, CMA
 James B. Thomas, CMA
 Joseph A. Thomas, CMA
 Pamela J. Thomas, CMA
 Cynthia N. Thompson, CMA, CPA
 Paul D. Thompson, CMA
 Sachindranath Thunoli, CMA
 Andrew Tiemeier, CMA
 Jose H. Torres, CMA, CPA
 Irina Toufanova, CMA, CPA
 Leisa M. Tremblay, CMA
 Danny R. Triepke, CMA
 Shun Po Tsai, CMA
 Mehmet Akif Tunc, CMA
 William Turcato, CMA
 Lakshmana Rao Udand Rao, CMA
 Vishnu Upadhyay, CMA
 Evgeny Ustinov, CMA
 Indra D. Utama, CMA
 Gwen Van Berne, CMA
 Johann Gerhard van der Meulen, CMA
 Jasper Van Der Schaar, CMA
 Ronald Van Houselt, CMA
 Paul Van Spaendonk, CMA
 Gijsbertus J.H. Van Waardenburg, CMA
 Rodolfo C. A. Van Zundert, CMA
 Soji Varughese, CMA
 Ajayyakumar Varuthiyil, CMA
 Rene S. Veenstra, CMA
 Ravi V. Veeraraghavan, CMA
 Thirthala Venkata Ramana, CMA
 Janaki Venkatesh, CMA
 Sivaramakrishna Venkateswaran, CMA
 Ramoji Ventrpragada, CMA
 Robert D. Venus, CMA
 Patrick Vernet, CMA
 Christoph W. Versteegen, CMA
 Henry G. Vervuurt, CMA
 Sarita Mukul Vichore, CMA
 Karen J. Vorenkamp, CMA
 Yogesh K. Vyas, CMA
 Jeremy H. Wai, CMA
 Arun Walia, CMA, CPA
 Michael E. Wallace, CMA
 Bing Wang, CMA
 Chengying Wang, CMA, CPA
 Jing Wang, CMA
 Li Wang, CMA
 Qun Wang, CMA
 XiaoYi Wang, CMA
 Ying Wang, CMA
 William E. Waters, CMA
 Marion Watine, CMA
 Daniel V. Watson, CMA
 Kathy Weaver, CMA
 Kenneth M. Weaver, CMA
 Kyle T. Webb, CMA
 Ling Wei, CMA
 Jan Jaap Weidema, CMA
 Kirsten M. Weinschenk, CMA
 James G. Weis, CMA
 Erica K. Weiss, CMA
 Brian C. Weisser, CMA
 Dianne S. Wells, CMA
 Daniel J. White, CMA
 Zandra D. Wiley, CMA
 Erin L. Williams, CMA, CPA
 John P. Williams, CMA, CPA
 Peter J. Winger, CMA
 Stephen Jeffery Winters, CMA
 Neal J. Wozniak, CMA
 Allen Wright, CMA
 Andrew T. Wright, CMA
 Sheng Wu, CMA, CPA
 Yipeng Xiao, CMA
 Qiao Xu Xu, CMA
 Wei Xu, CMA
 Xuedong Xu, CMA
 Ya Jing Xu, CMA
 Dongxue Yan, CMA
 Tracy H. Yan, CMA
 Hyun Chul Yang, CMA
 Liu Yang, CMA
 Yasir Mohamed Yaseen Billal, CMA
 Fahad Abdulla Yateem, CMA
 Tolga Yorganci, CMA
 Suiliang Yu, CMA
 Mehmet Haluk Yukler, CMA
 Ehab Haleem Zaki, CMA, CFM
 Paul B. Zamorano, CMA, CPA
 Herand R. Zargarian, CMA
 Lauren M. Zeltwanger, CMA
 Michael S. Zemble, CMA
 Lia A. Zepeda, CMA
 Jingkun Zhang, CMA
 Lina Zhang, CMA
 Lu Zhang, CMA
 Michelle Lu Zhang, CMA
 Xiaoning Zhang, CMA
 Xiaoyan Zhang, CMA
 Yi Zhang, CMA
 Youshan Zhao, CMA
 Li Zheng, CMA
 Ming Zhou, CMA
 Wenlei Zhuang, CMA
 Natalia I. Zlotnikova, CMA