SF bulletin

By Stephen Barlas, Christine Murray, Jeffrey Thomson

IMA NEWS

Ben Mulling Named IMA Chair-Elect

By Christine Murray

Benjamin R. Mulling, CMA, CPA, CITP, has been named IMA® Chair-Elect for 2014-2015, which means he will be IMA Chair for 2015-2016. The IMA Global Board of Directors announced Ben's nomination on February 19, 2014, and members had 30 days after that to nominate other candidates. At the end of the 30-day period a unanimous ballot was cast, so Ben will become the new Chair-Elect July 1, 2014. As Chair-Elect, he will be a member of the Governance Committee and will chair IMA's Planning and Development Committee.

Ben is the CFO of TENTE Casters, Inc., of Hebron, Ky., a manufacturer of products for mobility solutions for the institutional and medical markets. He assumed this position in 2008 at age 28. Prior to that, he was the company's controller. In that job, he implemented a business intelligence transparency system across the organization that clarified one source for organizational Key Performance Indicators (KPIs) to drive business performance and success. He also revitalized a student mentor and internship program at TENTE in 2011, including an international internship program with its sister company in Germany.

Always looking to take on new challenges and continually progress as a professional, Ben worked for several different companies throughout the beginning of his career. He started his career in 1998 as an inventory specialist for Makino, Inc. Along with assisting in inventory evaluation, customer invoices, and receipts, Ben created an SAP implementation and solution process for Makino after a conversion process from an AS400 system to SAP. While at Makino, Ben took night classes at the University of

Cincinnati, earning an associate of applied business degree with a focus on accounting.

A year later, in 1999, Ben became a staff accountant at Penco, Inc. There he assisted with month- and year-end closings, prepared financial statements, and converted and implemented a new accounting system. It was also during this year that Ben married Andrea, his high school sweetheart.

In July 2000, Ben started as a cost accountant and later became the accounting manager at Richwood Building Products, Inc., a wholly owned subsidiary of Alcoa, Inc. He developed the annual budget for the plant, forecasted conversion costs, and was responsible for various cost and margin analyses. Through the company's many changes, Ben was able to see the other side of an acquisition, as he was involved in assisting with the shutdown of the plant's location. He also received his bachelor of science degree from Northern Kentucky University during this time.

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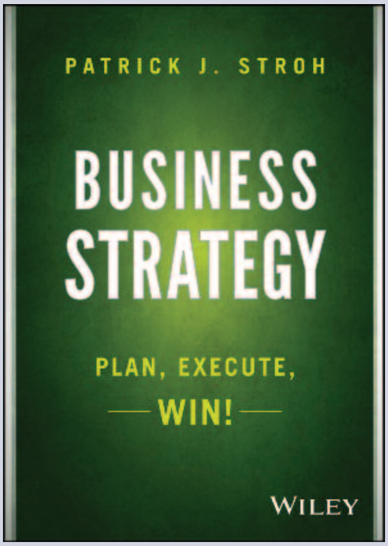
BOOKS

Make Winning Simple

The title of Patrick Stroh's *Business Strategy: Plan, Execute, Win!* makes business strategy sound simple. Just plan and execute, and you'll win. But not just win—Win! While the exclamation point doesn't increase your chances of executing your business strategy successfully, the book itself does offer an explanation of how to implement your company's strategy—even if you don't know where to start.

Why is this book different, and why should you read it? First, let's agree on the call—or cause—for action. I've been involved in start-ups, take-downs, growth, and commodity businesses in organizations of different sizes and different structures around the world. In my current job, I get to interface with CEOs, CFOs, chief strategists, and board members. The reality is that business is hypercompetitive, and every ounce of differentiation and mind-set toward flawless execution must be seized. Yet studies over the years reveal that a vast majority of strategic plans, while relatively easy to formulate, fail miserably in the execution stage. So we need to learn from and listen to those in the minority who can describe their strategy execution success stories in tangible, simple, and practical ways. Patrick Stroh is one of those people.

Business Strategy enables us to seize the opportunity and execute our business strategies successfully. Stroh has been a chief strategy officer, chief inno-



vation officer, chief experience officer, and more at one of the world's largest companies, not to mention his other experiences as an advisor, teacher, author, husband, and proud parent. His successes are clear in building sustainable business processes that result in great outcomes for employees, partners, and other stakeholders. The credibility is there. The competence is there. And the funny, relevant, tangible, and inspiring stories that relate business strategy success to Stroh's life growing up on the farm, to entertainment (movies and reality TV shows), and to other real-life situations are definitely there.

The book holds many stories related to innovation and the customer experience. Innovation is key for successful strategy execution in a hypercompetitive environment where it seems that everything can be commoditized and copied rather quickly. But what about the customer experience? More often than not, strategies are formulated in silos with feel-good forecasts that reflect internal product performance and not the voice of the external market, let alone the voice of the customer. You must have a passion for putting the voice of the market and the customer front and center in your strategic planning process.

One of the many parables in the book refers to the movie *Jerry Maguire*. We all remember the famous line: "Show me the money!" (Jerry shouted the line over the phone to make his client happy.) More than anything else, a strategic plan that advocates for your customers with passion and an unwavering focus on value is one that will indeed enable you to win! As Stroh states, "Without customers, you don't have a business. Maybe public humiliation is going a bit far to show customers you love them, but you had better be thinking of how you can show customers you care about them, you are listening to them, and their business is important to you. Else you are going to lose them to someone who will take care of them."

I encourage you to read this book. Your organization's strategy and future will be that much brighter.

—Jeffrey Thomson, CMA, CAE,
IMA president and CEO,
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In July 2003, Ben moved on to ABT, Inc. & Affiliates, which is affiliated with the Anchorage Baptist Temple in Alaska, as an accounting manager. At this large nonprofit organization, Ben managed three accounting departments, improved organization efficiency with a new online payment solution, and assisted with an accounting system conversion. He also provided financial services to seven nonprofit organizations, revamping and consolidating their financial statement reporting.

In June 2005, he became a senior associate at Martin & Associates, where he was able to link technology and finance. Ben assisted with enterprise resource planning (ERP) implementation, process improvements, and the restructuring of small and midsize companies. Ben attained his MBA from Liberty University in Virginia in 2005 as well.

In 2006, Ben earned both his CPA (in Ohio) and his CITP (Certified Information Technology Professional), a certification for CPAs who meet certain IT qualifications. He then went on to receive his CPA in Kentucky in 2008. Like many accountants, he still felt that he needed to enhance the skills the CPA didn't provide to match on-the-job demands, so he earned the CMA® (Certified Management Accountant) certification that year.

Ben joined IMA in 2001 and became a founding member of IMA's inaugural Young Professionals Committee in 2008. He joined the Northern Kentucky Chapter in 2010 and since then has served on IMA's Global Board of Directors for three terms, participating as a member of IMA's Planning and Development Committee, as chair of the Performance Oversight and Audit Committee, and as chair of the Investment Subcommittee. He also has been an active member of the Stuart Cameron McLeod Society (SCMS) since 2011 and has been published in numerous online and printed publications. In 2012 he received IMA's Young Professional of the Year award.

In addition, he supports the profession as an adjunct instructor of management accounting at Indiana Wesleyan University in Indiana and Xavier University in Ohio, where he helped establish an onsite CMA review course.

Notice of Annual Meeting

To members of the Institute of Management Accountants:
Notice is hereby given to all members of IMA that the Annual Meeting of the Institute will be held Sunday, June 22, 2014, at the Hilton Minneapolis in Minneapolis, Minn., to review the report of the Nominating Committee and to transact such other business as may properly come before the meeting.

GOVERNMENT

CLOs: Covered By Volcker Rule or Not?

By Stephen Barlas

Federal agencies are mulling over changes to the final Volcker Rule, which was published by five federal agencies on December 10, 2013. A key issue is whether banks will be forced to sell collateralized loan obligation (CLO) debt securities because they are considered to be subject to the rule's ban on proprietary trading by banks. At hearings in the House Financial Services Committee in February, top committee Republicans complained that the final rule would allow U.S. banking subsidiaries of foreign-bank-holding companies to trade in Spanish and Greek companies' and cities' debt, but U.S. banks couldn't trade in certain kinds of U.S. corporate debt. Rep. Scott Garrett (R.-N.J.), chairman of the Capital Markets and Government Sponsored Enterprises subcommittee, said, "Congress never intended to foresee CLOs be covered in the first place."

In a letter to financial regulatory agencies on December 24, 2013, the Loan Syndications and Trading Association (LSTA), Securities Industry and Financial Markets Association (SIFMA), Structured Finance Industry Group (SFIG), American Bankers Association (ABA), and Financial Services Roundtable (FSR) pleaded for guidance that would say CLOs aren't an "ownership interest" under the final rule and therefore are exempt from the ban on proprietary trading. If that clarification isn't forthcoming, the letter said, "Divestment of CLO debt securities will unnecessarily disrupt the CLO market, could result in immediate and substantial capital losses for banking entities, and will ultimately impair the availability of, and increase the cost of, corporate lending since banking entities play a significant role in providing continued liquidity to the CLO debt market and CLOs provide significant capital and liquidity to the corporate loan market."

Martin Gruenberg, chairman of the Federal Deposit Insurance Corporation (FDIC), told members of the House Financial Services Committee in February that a working group formed by the agencies after the final Volcker Rule was published "would review and consider" the complaints about the rule's negative impact on corporate borrowing that stemmed from the inclusion of CLOs in the proprietary trading ban. Along with the Federal Reserve Board, the other four agencies responsible for authoring the Volcker Rule are the FDIC, Office of the Comptroller of the Currency (OCC), Commodity Futures Trading Commission (CFTC), and Securities & Exchange Commission (SEC).

Carol Danko, vice president of public affairs for SIFMA, said the federal financial regulators hadn't made a decision as of the end of March. Currently, CLOs provide $280 billion of credit to noninvestment-grade corporate borrowers, roughly 45% of funded noninvestment-grade term loans to U.S. companies, according to the LSTA.

Financial Reporting Is an Issue in Proposed Regulation A Changes

The North American Securities Administrators Association (NASAA) announced a new coordinated national filing program for small businesses seeking to raise capital under the SEC's Regulation A. The idea is to eliminate differences in state Blue Sky laws, which add legal complexity and cost for businesses looking to raise capital. Tom Quaadman, vice president of the U.S. Chamber of Commerce's Center for Capital Markets Competitiveness, says, "We are concerned that relying on an untested and unproven review program will only add delays and complexity to issuers that are looking to take advantage of the modernized Regulation A." He wants the SEC to preempt Blue Sky laws in a final rule, making changes to Regulation A. The Jumpstart Our Business Startups (JOBS) Act, passed by Congress in 2012, raised the exemption threshold under Regulation A from $5 million to $50 million.

The current Regulation A allows issuers to make unregistered public offerings of up to $5 million in a 12-month period. The financial statements that must be included in current Regulation A offering circulars don't have to be audited, and there aren't any ongoing reporting obligations under the Securities Exchange Act of 1934. Securities sold through this method aren't restricted securities but are subject to state registration and qualification requirements.

The SEC issued "Proposed Rule Amendments for Small and Additional Issues Exemptions Under Section 3(b) of the Securities Act" on December 18, 2013, which creates a new Tier 2 under Regulation A for filings less than $50 million, per Congressional directive. The big question now is: What kind of reports will companies have to file under Tier 2? Quaadman says there should be a broad exemption plus a second exemption for compliance with the eXtensible Business Reporting Language (XBRL) requirements. In the first instance, the Chamber of Commerce is particularly worried about the possibility that, once a Regulation issuer crosses either the threshold of 500 unaccredited investors or 2,000 total investors (under Section 12(g)), it would become subject to all the reporting requirements under the Securities Exchange Act of 1934.

Quaadman explains: "We believe that if an exemption were not granted to Regulation A issuers under Section 12(g), it is likely that Tier 2 offerings would become less attractive, and issuers would be incentivized to either restrict their Regulation A offerings to accredited investors or pursue a private offering under Regulation D. Such an outcome would be contrary to the intent of the JOBS Act and would inhibit capital formation in our economy." **SF**