

Qualified Opinion

Volume LVIV

August, 2009

Number 2

At a Glance:

Next Meeting:

Sept. 17, 2009

Carlyle's Grill

3660 Jackson Rd

Ann Arbor, MI

(West of Wagner Rd, at Quality Cinemas)

Pre-Dinner Meeting: 5:45pm, \$12

Speaker: Douglas Hicks, CPA, CMC

Topic: "Does Your Company's Accounting Information Undermine Its Profitability?"

After-Dinner Meeting: 7:00pm, \$25

(includes both meetings and Dinner)

Speaker: Douglas Hicks, CPA, CMC

Topic: "Turning Strategy Into Execution With Performance Measurement."

Carlyle's Menu

A revised Menu is being planned!

Stay tuned for exciting new menu selections!

RSVP TODAY! Make your reservation today with Mary Cortese at mfcgram@yahoo.com or call her at (734)-434-6218

No summer meetings

The Ann Arbor Chapter has been awarded 14th place in the National IMA competition. Congratulations to all for another Banner year!!!

- Last year - 11th place finish in Stevenson Division
- 2 yrs ago - 15th place finish in Stevenson Division
- 3 yrs ago - 15th place finish in Stevenson Division
- 4 yrs ago - 5th place finish in Stevenson Division

Douglas T. Hicks, CPA, CMC, will be speaking **Thursday September 17**. He is **President of D. T. Hicks & Co.**, a consulting firm concentrating on the decision costing needs of small and mid-sized organizations. Before establishing his firm in 1985, he accumulated over fifteen years of financial and management accounting experience, twelve of those years in industry. A graduate of the University of Michigan – Dearborn's School of Management, he is a member of the Michigan Association of CPAs, the Institute of Management Accountants and the Institute of Management Consultants. In 1997, he received the University of Michigan - Dearborn Alumni Association's Professional Growth and Scholarship Award for his work in advancing modern costing concepts.

Since 1985, Doug has worked with nearly two hundred businesses to develop cost-effective methods for developing the accurate and relevant cost information they need to lead them into a more profitable future. This work has resulted in the "abc" solution™, an "activity-based" decision support process, originally designed for small and mid-sized organizations, but one that has proven to be effective for larger organizations as well.

Stewards vs. Game Players ¹

By Douglas T. Hicks, CPA, CMC

Over the years, I have found that decision makers fall into two major categories: those who view their company as if it were a living entity and those who view it as a game. Those viewing their organization as a living entity act as if they were given stewardship of the organization during a particular period of its life. We'll call these individuals *stewards*. Their objective is to pick up where the previous steward left off and provide the organization with the guidance and nurturing necessary to continue its development until the time comes to pass the stewardship to another individual. Those viewing their organization as a game (we'll call these individuals *players*), look at their organization as a contest in which they must run up the highest score from the time they begin the game until they are either dismissed or they find another game to play. They don't really care about anything that took place before they began the game or anything that takes place after they leave the game.

Perhaps a good analogy is to look at an organization as a team of young baseball prospects and the decision maker as its coach. The steward will take into account the athletes' intellectual, emotional, and physical maturity, visualize the long-term objectives of the team, and coach to a set of interim goals that will keep moving the team toward its long-term objectives. The steward will build on what previous stewards have accomplished and do nothing that would jeopardize the success of the team after his or her own tenure has ended.

The player, on the other hand, will risk the long-term health of the young prospects by pumping them full of steroids to make them stronger and faster during his or her tenure. The player will teach the young, fragile-elbowed pitchers to break off curves, screwballs, and split fingers despite the risk of permanent damage to their still developing arms. The player will do everything possible to win as many games as possible by as big a margin as possible until his or her job as coach ends. To a player, neither the condition of the team nor any individual team member at end of his or her tenure is of any consequence.

For reasons that may be obvious, most of the stewards I've observed work for family-owned companies. This does not mean that most family-owned businesses are managed by stewards - many family-owned businesses are managed by game players - it just means that most stewards fall into this category. Whether family members or hired guns, these decision makers see the organization as a living entity that needs to be guided and nurtured in a way that will allow it to survive and grow over the long-term and generate wealth for the family for generations to come.

Unfortunately, the short-term perspective of most twenty-first century business organizations puts a much greater premium on the abilities of the game player than on those of the steward. The long-term health of the organization is sacrificed for the illusion of short-term success. The decision managers have no intention of being around long enough to suffer the long-term effects of their short-term game playing so they don't care. The investors have the intention of finding "suckers" to buy the business at a premium sometime before the chickens come home to roost, so they don't care about the long-term effects either. Both groups view it all as a game.

Albert Einstein once said, "We can't solve problems by using the same kind of thinking we used when we created them." As management accountants, maybe we should find ways to change management's perspective so we can keep our nation's economy strong for our children and grandchildren.

1 Excerpted from *I May Be Wrong, But I Doubt It: How Accounting Information Undermines Profitability* by Douglas T. Hicks available at www.lulu.com and www.amazon.com.

2009 Lean Accounting Summit to Facilitate Connections, Inspiration, Action; IMA Members Save \$300 Discount on Registration Fees

In its fifth year, the Lean Accounting Summit will come to Orlando, FL, September 22-23, 2009, helping practitioners reduce costs and optimize value in their organizations. As a Silver sponsor, IMA[®] members can take advantage of a \$300 discount on registration fees. Please visit <http://www.leanaccountingsummit.com> for details (use promo code: ima).

The concept of lean accounting involves doing more with less, while meeting customer expectations. Lean accounting is a shift in philosophy from traditional cost accounting to a system that measures and motivates good business practices in the lean enterprise.

“The maturity of lean accounting principles in recent years has developed best practices and thought leadership that is worthy sharing,” said Dr. Raef Lawson, CFA, CFP, CMA, CPA, IMA vice president of research. “IMA is pleased to participate at the Lean Accounting Summit as silver sponsor.”

The Fifth Annual Lean Accounting Summit is dedicated to furthering the understanding of lean accounting principles and practice. Summit sessions are organized by three learning tracks: Introduction and Advanced Lean Accounting Principles and Practices, and Lean Accounting Case Studies. Keynote session presenters include George Koenigsaecker, executive vice president, Simpler Consulting and author of Leading the Lean Enterprise Transformation; and Norman Bodek, president, PCS Press.

For program and registration information for the Fifth Annual Lean Accounting Summit, please visit <http://www.leanaccountingsummit.com>. IMA members must use promo code: ima to receive the \$300 discount.

IMA members can visit the Library on LinkUp IMA (www.linkupima.com) to search for information resources related to lean accounting. LinkUp IMA is the association’s new online social network available exclusively to IMA members.





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Change of Address Instructions

Please update your address, phone, and email at the IMA national web site www.imanet.org.
ALSO email Jim Casper at jcasper@provide.net so that our Chapter has your updates.
If you have questions, call our local chapter board member Mary Cortese at 734-434-6218.