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VOICE
July
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2018

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CPA The Ohio Society of Certified Public Accountants VOICE July August 2018

MANAGING EDITOR:
Gary Hunt, CAE – ghunt@ohiocpa.com

EDITOR:
Jessica Salerno – jsalerno@ohiocpa.com

GRAPHIC DESIGN:
Kyle Anderson – kanderson@ohiocpa.com

EDITORIAL OFFICES
CPA Voice
4249 Easton Way, Suite 150
Columbus, OH 43219
Tel: 614.764.2727 | Fax: 614.764.5880
Email: CPAVoice@ohiocpa.com
Website: ohiocpa.com

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a word from our CEO

Three words to remember as you chart your course

The speed of innovation today can be both thrilling and frightening.

On the positive side, the most frequently cited example today is the smart phone, a device we can carry in our pocket that has replaced everything from maps to radios and helped disrupt businesses – taxi cabs in urban areas, for example – that once seemed to have a secure spot in the economy.

Accounting is not immune to such changes, and that's where fear can creep in. In previous issues of CPA Voice we have discussed how the exponential growth of technologies such as artificial intelligence (AI) and blockchain will allow computers to do repetitive and routine tasks once handled by accountants. And, as we have seen in manufacturing, once machines can do it, economies of scale ensure they eventually *will* do (almost) all of it.

When you think of these changes, I encourage you to keep the phrase, "trusted business adviser," in mind. Those three words have – justifiably – been receiving attention over the last year, because they describe the firm ground the profession will increasingly occupy in the future.

Because AI will be doing more of that standard accounting work, CPAs must evolve to add the value AI cannot provide: advisory skills. And to be viewed as trusted business advisers, CPAs need to chart their future by moving beyond number gathering, data mining, reporting, compliance and technical work to provide additional value-added services. Pratitioners need to be proactive, and in some cases even predictive, spending less time on reactive tasks, such as month- or year-end close, tracking actuals to budget, tax returns and audit compliance.

What this transition means for you will obviously depend on your individual circumstances, but there are some requirements that are common:

- Specialized, industry-specific skills
- Strong, tax-consulting capabilities
- Sufficient time, patience and funding for training

In short, CPAs need to position themselves to provide strategic advice, think about ways to make life easier for their clients, business partners and coworkers, interact with them in ways that are effective, and help them learn.

And as the profession and work of CPAs evolve, the opportunities to attract new talent may expand. For example, where engagements traditionally might have called for a team of CPAs to work with clients, today's engagements are more frequently including CPA-led teams of related professionals, such as data analytics (data science),

information technology and risk management. To be successful, holistic advisers to the businesses they work with, CPAs are embracing the benefits of these other skill sets. But to take it a step further, those encounters also are opportunities to engage new professionals and to sell them on the possibility of a career as a *trusted business adviser*. Consider how bringing them into the CPA fold could elevate what your organization has to offer.

In the meantime, remember that the mission of The Ohio Society of CPAs is, in part, "to empower CPAs and related professionals to drive value as trusted business advisers." You can rely on us to help you get there.

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SCOTT D. WILEY
President and CEO

swiley@ohiocpa.com | 614.321.2218 (office) | 614.546.9430 (cell)
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accounting & auditing

The audit of the future today

By Laura Hay, CPA, CAE

For more than 80 years, the financial audit has been a mainstay of the CPA profession, and the endurance of its core elements drives trust in capital markets. While it's crucial the profession reinforces the quality of its foundation, capabilities are shifting what the service can be for the future and markets are demanding increased value from CPAs as trusted advisers to business.

The audit is evolving to keep up with market needs in areas beyond technology disruption. Markets recognize that CPAs are in a unique position to provide contextual insights to management and external users to help them make informed decisions. Rather than generic pass/fail reporting, users want specific, actionable observations; observations beyond the financial; and future-focused, rather than historical perspectives.

The CPA continues to be an opportunity profession, but to attract the next generation with the skill sets to deliver on this expanded expectation, the audit needs to become less about compliance and litigation defensibility, and more

of an exploration, requiring curiosity and the application of independent judgment. Even more significant a shift, the audit of the future focuses on understanding business and how it generates value.

The profession is leading this transformation in a number of areas.

Mainstreaming technologies

Technologies such as data analytics and artificial intelligence are no longer "emerging," but are becoming more widely available and accessible for all sizes of entities. These capabilities allow the audit to examine entire data sets and use analytics tools to detect patterns and anomalies.

Business information also is more widely available, allowing the audit to look outside the company's walls at broader trends in the industry's landscape. Knowledge of developments in regulation, competition, and globalization create a holistic view in which to assess risks and business outlook.

Richer tools require people who know how to implement them. CPAs need the skills to work closely with data scientists, and the profession is exploring how to best employ technology specialists who work closely with CPAs.

Risk management

Increasing business complexity has heightened the importance of risk identification and gaining an understanding of an organization's risk management policies and practices. The 2017 COSO ERM framework has evolved our understanding of risk to focus more broadly on risks to value creation, including governance and culture; strategy and objective-setting; performance, review and revision; and information, communication and reporting.

Users and management are requiring more effective communication of the auditor's considerations of risk and the risk environment. Improving the auditor's understanding of the business, how the business generates value, and skills in assessing risks are important components of a quality audit for the future.

Forward-looking

Accounting information is no longer a historical look back; markets are demanding greater qualitative and non-financial information that provides a context for the future. Integrated reporting is about key financial and non-financial factors that affect the ability of an organization to create value over time.

Assessing the non-financial information most relevant to the business for the future and reporting on forward-looking and non-financial information are the new core competencies for many CPAs.

Professional skepticism

Markets are expecting CPAs to challenge client management's assessment of risks and data assumptions and to have sufficient knowledge of the business to do so. This is, in some cases, driving hyper-specialization, with a need for deep industry knowledge on the team.

Communications and critical thinking skills are among the higher order skills CPAs need as identified in the practice analysis that results in the development of the CPA exam. CPAs accept a responsibility to uphold the public trust that requires the exercise of independent judgment. These qualitative abilities are integral core competencies for audit quality for the future.

Greater transparency

The auditor's report is evolving to provide greater information on how the auditor reached the opinion. Inclusion of observations on key matters in the audit now will be required for public entities and an exposure draft from the AICPA would make reporting of key audit matters an option for non-public entities.

Providing information that had not previously been reported to investors adds a new layer of complexity and communications challenges. Having sufficient space to provide a complete description of the key audit matter without detracting from the market's reception of the overall opinion is a balance that will play out in practice as the profession learns how to most

effectively communicate qualitative information.

The evolving future of the audit is not just about how changes in technology are disrupting core services. The relevance of an audit is more centrally becoming about how well we understand a business and the risks it faces to effectively design, execute, and communicate the results of the audit and contextual implications for the future. CPA practices are aligning to that change by evolving skill sets and practices to become more integrated and forward-looking and acquiring specialized talent.

While we are still trying to understand how quickly these changes will scale based on business size, complexity and industry requirements, it is clear that all involved will feel the impact. The audit is transforming, and these are a few of the areas in which the profession is focusing on quality.

*Laura Hay, CPA, CAE, is executive vice president of The Ohio Society of CPAs and staff liaison to the Accounting & Auditing Committee. She can be reached at **Lhay@ohiocpa.com** or **614.321.2241**.*

FAST FACTS

1. The audit is evolving to keep up with market needs in areas beyond technology disruption.
2. Technologies such as data analytics and artificial intelligence are no longer "emerging," but are becoming more widely available and accessible for all sizes of entities.
3. Both users and management are requiring more effective communication of the auditor's considerations of risks and the risk environment.
4. The auditor's report is evolving to provide greater information on how the auditor reached the opinion.

business & industry

How to protect your company from extinction

By M.J. Clark, M.A., APR

"Change or die." That's what I tell most of my clients. We get so stuck in what we've always done because it's always worked that we are reluctant to try new things, take risks, and change to match our evolving role, company and industry. Other companies are changing and growing, so if you are staying the same, you're actually falling behind. Here are ways you can move forward to save your organization (and yourself) from extinction:

Work *on* the business, not just *in* the business

You probably entered the business doing tactical things, and as you rise in the ranks, you are expected to do more thinking than doing. As a leader, you must "get on the balcony" every now and then to look down on your role, team and business to determine how things are going and what should come next. Thinking about the business instead of just putting out fires all day allows you the space to be creative and to find permanent solutions to problems instead of reacting to them one at a time. Taking time to create a strategic plan with your leadership team, for example, creates alignment and focus, which leads to company productivity and longevity.

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Think beyond number crunching

Being skilled in your profession is only half the equation. Most people with a very high IQ tend to have a lower EQ (emotional intelligence). According to a UCLA study, people who possess EQ social skills, such as sincerity, transparency and capacity for understanding others outperform those who don't by a large margin and also are seen as highly likeable.

The very cornerstone of EQ is self-awareness. You know the things you should work to improve, but there are additional perceptions people have of you and are reluctant to share. As an executive coach, I use a 360-degree assessment that provides anonymous feedback to help clients understand the opinions others have of them and how those opinions contrast with their self-perception. This is a very powerful tool. If you can become aware of, accept, and work to change those behaviors that are damaging to relationships, you will be more productive and successful.

Take time to develop others

You might think you don't have time to coach and develop your subordinates. This time spent can often feel unproductive because mentoring and coaching don't result in a tangible product. What you are doing is investing in people now for a future payoff, which I call "leadership time spent." Some of my clients do not regularly meet one-on-one with individual team members and some don't have regular team meetings or even annual evaluations. I hear things like "Meetings are unproductive," or "Everything's fine, so why take the time?" This is time spent investing in your team, strengthening relationships, assessing any concerns and simply showing each individual that you care. It's critical for the development of an effective, interdependent team.

Become a trusted adviser

Trust has been called the "new workplace currency" and is linked to higher productivity and engagement, according to Human Capital Institute. A great book about how to build trust, called *The Speed of Trust* by Stephen M.R. Covey explains that low trust can result in organizational "taxes" and high trust can lead to organizational "dividends." Some of the low-trust taxes include redundancy, bureaucracy, politics, disengagement, turnover, churn (percentage of employees leaving over a specific time period) and fraud. High-trust dividends include increased value, accelerated growth, enhanced innovation, improved collaboration, stronger partnering, better execution and heightened loyalty.

You build trust, according to the book, by being both highly competent and of high character. In the past, you have probably worked with someone who you liked as a person, but who couldn't do the job effectively, meaning he or she had high character and low competence. Compare him or her to someone who is highly knowledgeable about the job, but nobody can stand to work with because they have low character. If you are low in one of the areas of character or competence, you'll have difficulty serving as a trusted adviser. Remember to take time to consider self-trust. Do you do what you commit to yourself to do? That's truly where trust begins. If you can't trust yourself, you'll have difficulty believing in others.

Empower future leaders

Millennials, those born roughly between 1980 and the late 1990s, are often maligned for needing constant feedback, not taking care of their own conflicts and behaving in an entitled

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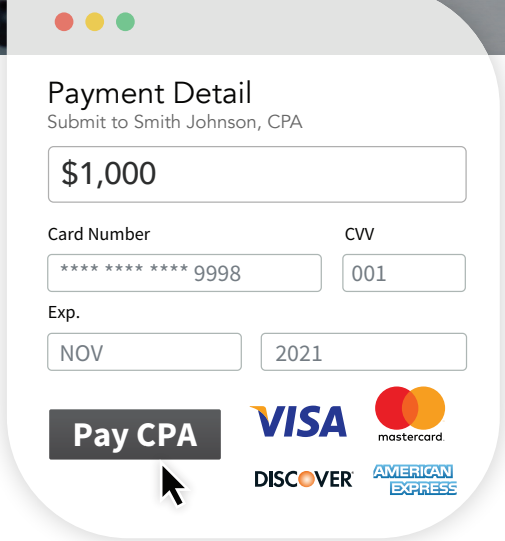

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way. This stereotype overlooks the generation's great strengths that can be leveraged in the workplace. Millennials:

- Have an abundance of self-confidence
- Are team-oriented
- Are motivated to achieve and are hard workers
- Value health and fitness
- Want work and life integration (not balance)
- Are technologically savvy
- Are passionate about values (including company values)
- Want an "experience"
- Care about the world beyond your business

Those who are considered Gen Z, born roughly between the late 1990s and 2014, make up 24.3% of the U.S. population, according to U.S. Census estimates for 2016. That's more than millennials (22.1%), more than Gen X (19%) and more than baby boomers (22.9%). Although they are considered cynical, private and technology-reliant, they also are entrepreneurial. In fact, 72% of current high school students want to start a business. This innovative desire makes them great at brainstorming creative ideas and solutions. They are also realistic, independent and tech-savvy multi-taskers.

If you stop focusing on generational deficiencies and start paying attention instead to what these generations do well, you might find they can be key components in keeping our companies from extinction. The people in these generations are the future of our business. Empower and motivate them by:

- Offering career coaching: Discuss career paths so they can picture how they will progress.
- Providing learning and training opportunities: Offer options such as tuition reimbursement, and put them in charge of their own clients or projects.
- Allowing space for creativity and flexibility: Let them figure things out and do it their way.
- Asking their advice: Many are technology experts and have a unique perspective on the industry.

Plan for ownership and management succession

Succession planning is an evolving, dynamic process that adapts over time to meet an organization's needs and challenges. It's not just about planning. It takes effective execution and follow-up over an extended period of time. For both ownership and management succession, I suggest the following for all high-potential future leaders:

- Taking a comprehensive 360-degree assessment
- Coaching based on those results and observed behaviors through an executive coach
- Mentoring through someone who can offer them insightful guidance
- Training in the struggle areas
- Assessing individual roles (assess abilities, find gaps, plan for future needs)

Instead of doing things the way you've always done them, you should consider taking a step back and objectively assessing what action steps are necessary in your company and career for the future. Invest time in bettering yourself, empowering your people and planning to achieve your vision. You don't want to wake up one day and find you've been left behind.

As a Senior Leadership Consultant for Integrated Leadership Systems, M.J. Clark helps business owners and senior level directors/managers become more emotionally aware and communicate more effectively to grow their business, plan for succession and become more effective leaders. She is the author of "Shut Up and Lead: A Communicator's Guide to Quiet Leadership." For more information, visit **www.integratedleader.com**.

FAST FACTS

1. Avoid falling behind by finding ways to change and grow.
2. Work on the business, not just in the business. Think of the bigger strategy rather than focusing only on solving everyday problems.
3. Use EQ to figure out your weak areas and how others perceive you so you can improve as a leader.
4. Build trust with your coworkers and clients and empower your younger colleagues to offer insight into the business.
5. Develop a management succession plan and stay dedicated to seeing it through to completion.

FEATURE

CERTIFIED:
Stories of the CPA exam

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The intensity of the CPA exam is legendary. The examination process is a marathon, not a sprint, and the individuals who have been through it understand the sacrifice and dedication required to earn those three letters after their names. There are practically endless resources on what to do to pass the CPA exam, but from OSCPA's perspective we saw little that profiled the candidate's journey.

So we decided to find out for ourselves. We followed a group of aspiring CPAs for about half the year in 2016 while they prepared for and took the various sections of the CPA exam. We covered all aspects of the process, not only how the candidates studied and prepared for the exam, but also how doing so affected their daily lives. We wanted to know if they worked a full day and then had to spend another three hours studying late into the night. We wanted to know how they felt after they learned they hadn't passed a section. This isn't just an overview of the studying and test-taking process; it's an all-encompassing look at the sacrifices and devotion it takes to earn the CPA.

Meet each of the candidates we profiled in the following pages and read more about their unique journeys now at: **ohiocpa.com/news-resources/resources/certified**

Donald Jungquist

Donald Jungquist is a former paralegal and grew up around lawyers. He felt comfortable in that world and planned to make his living as a lawyer.

"And then something sort of changed in me," he said. "I was afraid that I was going to be too one-dimensional because all my education was legal. I thought if I went to law school that's all I was going to know. I wanted a business education, and accounting seemed like a really good foundation for business."

But while some might think a career switch is challenge enough, Jungquist wanted to take it one step further and earn the CPA certification. He said because he had planned to go to law school and take the bar exam, it was a natural step to strive for the top certification for accountants instead.

Knowing he wanted more reliability and long-term options out of his career, he went back to school at Cleveland State University to study accounting. His plan is to pass each section on his first try.

Janeen Smith-Hughes

Janeen Smith-Hughes is a former bank associate who has lived in Columbus almost her entire life. After constantly hearing from clients they had to "check with their CPA," before making a business decision, Janeen decided to go the accounting route herself.

She has embarked on the path to earning her CPA certification after much planning and preparation. She quit her job to focus on graduate school at The Ohio State University full-time, while her husband, employed with the Columbus Division of Police, worked as the sole financial provider for their family. Their children were old enough not to need full-time daycare, so that reduced the financial burden.

She said she decided to take the exam because she was impressed by the depth of knowledge CPAs had whenever she interacted with them and she wanted to join their ranks.

“They always seemed to be extraordinarily detail-oriented and specific about multiple ways things can impact the business owner,” she said. “They would understand the three different levels of implications a certain transaction would have on the owner.”

Kimberly Price

After spending time in Afghanistan with the Navy reserves, Kimberly Price returned to the U.S. to finish her undergraduate degree. She completed an internship with Clark Schaefer Hackett her senior year of college at Ohio Dominican University. She now works for CSH as an auditor and staff II, and is working on her next challenge: earning her CPA.

“Once I made the decision that I wanted to be an accountant, I started looking into the best way to go about it,” she said. “I decided quickly that the CPA is something I wanted, so I had options instead of being stuck in certain positions.”

But the path to those three letters – like anything worth having – has not been an easy one. Price already has taken the Audit section and failed, and she’s not alone. According to the AICPA, in 2016 Audit had a cumulative passing score of 45.86%.

Emily Pennington

In her goal to become a tax lawyer, Emily Pennington will work to complete as many CPA exam sections as she’s able before she attends the University of Cincinnati College of Law in the fall. As a student she describes herself as a perfectionist, but admits she learned to relax a bit in college to avoid burnout.

“I’ve always liked numbers and I thought accounting suited me really well,” she said. “And for years prior I wanted to be a lawyer. But I decided that criminal law, while glorified on TV, is a small part of what lawyers do. So, I thought I would combine what I love about accounting with law.”

But Pennington isn’t worried about the intimidating course load. What she is concerned about is the accommodations she’ll receive from the CPA exam testing site. Pennington has been blind her entire life, and has learned to be wary of last-minute obstacles in her path; she doesn’t want something to prevent her from doing her best on each section.

Three Steps to Being Truly Relevant

Most accountants don't know the difference between being an advisor to their clients and being relevant. Why is that distinction important? Being relevant is your commitment to do what's good for your clients. That requires you to ask yourself, what can we do within our firm so we can do what's good for our clients?

To become relevant, you have to first identify clients' needs. Next, mold your firm to be able to satisfy those needs. Both of these key activities for relevance are inward-facing. In contrast, in your role as an advisor, most activities are outward-facing towards your clients.

That's the major difference between being an advisor and being relevant. You must strengthen your firm from the inside before you can be relevant.

Specifically, focus on the capabilities your firm will need to do what's good for your clients. Here's an example: imagine you gathered all your clients in a room and asked, "how many of you love doing accounting?" How many hands would go up? Not many. You know most clients consider accounting a headache and a distraction from running their businesses. If you can take that burden off their shoulders, you'll be more relevant to their needs. If you currently don't offer client accounting services, it's important you find ways to offer outsourced accounting services to your clients profitably.

Ready to make your firm more relevant to clients' needs? Here are three steps to get started.

Start from the inside out

To instill a culture of relevancy across the entire firm, you must first send a clear message to your staff that your company is committed to finding new ways to do more of what's best for your firm and your clients. Support your staff in exploring new ways to improve all aspects of your practice. Technology is changing at an unprecedented pace. Make sure your firm continually evaluates new cloud software and other technologies that can boost firm productivity and enhance the level of client services. Be prepared to reengineer your processes to take full advantage of these technologies.

Lead (don't be led by) your clients

You obviously play a key role in client accounting. Yet most accounting software companies choose to bypass accountants and sell their accounting systems directly to your clients. This diminishes your relevance.

The solution? You need stronger control over accounting. Today, a new class of accountant-centric cloud solutions helps accountants regain control over accounting. But many accountants don't take advantage of the remarkable capabilities of the software to revamp their practices, because they feel they wouldn't be able to move their clients away from the software they currently use. The irony is that many small business owners bought accounting software on their own and then forced their accountants to use it. The tail is wagging the dog!

Lead and guide your clients to a better path. Look for software that lets you customize your accounting services to best meet each client's needs. Then show your clients all the benefits they'll experience when they work collaboratively with you on a customized solution you provide to them. Mention how it would reduce their burden of accounting, and how it would help your firm better monitor their cash flow and business performance.

This kind of firmness strengthens your clients' trust in you.

Don't assume clients know what they need

As Henry Ford once said, "If I'd asked people what they wanted, the answer would have been faster horses." Most clients don't comprehend the power of accounting as a management tool. They don't know that timely, accurate accounting can reduce the risk of bankruptcy and other cash flow problems, and increase their company's profits. Many think accounting only exists because financials are needed for preparing tax returns. Expand your clients' horizons. Explain to them how your firm – armed with the latest advances in accounting technology - can improve their business.

Remember, true relevance builds on your existing advisory role, and allows you to lead both your clients and your firm towards a brighter future.

About the author:

Dr. Chandra Bhansali
(CBhansali@AccountantsWorld.com)
is the Co-Founder and CEO of AccountantsWorld, a leader in cloud-based accounting and payroll solutions for accountants. Learn more at AccountantsWorld.com.

Better, faster, stronger: Integrate your tech to prepare for change

By Jessica Salerno, OSCPA content manager

The role of the accountant is changing. That's the first thing Michael Shultz, CPA, wants you to know.

"Now we're being asked to be more strategic advisers with the rest of our business," said the Blackline director of finance transformation. "We're asked to have the proverbial seat at the table. Whether its executives or department heads contemplating a transaction or progressing through one, purchasing equipment, or starting a new business line, our workplaces are asking us to advise the direction they should go."

As the accounting role continues to evolve beyond the "number cruncher" stereotype, an important partner to that evolution is technology, and more specifically, using it to your advantage. Shultz will present "Technological Integration" at the Accounting Technology Conference on Aug. 28, where he'll discuss how to use technology to integrate financial data into strategy-driving insights.

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Consider automation

Shultz warned against falling victim to the "same as last year" or SALY, mentality that repeats the same processes and procedures without looking into how they can be improved. Just because it's what your predecessor or department has always done does not mean it makes sense even today or in the future at your organization.

Identify the routine processes and tasks that you can automate to enable you to engage in more analytical work.

"We need to integrate technology into our day to day accounting work, which will allow us to both automate some of what we do and ultimately enable us to do a lot of the other things faster that we are being asked," Shultz said.

He mentioned account reconciliation and journal entries as prime examples of tasks that can be automated. When exploring opportunities to employ automation, ask yourself where you can best focus your time to add the most value to the organization, then automate as many routine tasks as possible.

Eliminate silos

Part of breaking down the SALY mentality means eliminating departmental silos. They impede your organization from performing at its peak when departments aren't exchanging information with each other regularly.

When it comes to removing silos, one of the biggest obstacles is the "business as usual," approach, Shultz said. People are creatures of habit, and they might not warm to the idea of changing how they've always operated. Various departments might be resistant to folding in the accounting staff because they're wary of adding another perceived layer of complexity to their processes.

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For example, Shultz said, the sales team might interpret a group of numbers differently than their accounting coworkers and be hesitant to share that with the accounting team in fear of “looking bad.” Another department might feel including the accountants will slow them down as they wait for yet another person to review their work.

Although there will be bumps in the road in the beginning, when it comes to eliminating silos, the payoff will be huge.

“As accountants break down the silos, they’ll have better insight into what’s going on in the business,” Shultz said. “All too often accountants find out about a transaction after the fact. But with the silos broken down, we’re hearing about information sooner and can plan and account for things earlier.”

Leverage your technology

Having access to the latest tools is great, but it means nothing if the information provided isn't helping to inform the overall strategy.

“We can do more than just look at debits and credits,” Shultz said. “Ultimately we’ll be able to advise on what the bottom line is going to look like, how profit is going to change, and how cost is going to change by entering into whatever transaction and by that we’re able to advise.”

Organizations that aren’t interested in breaking down silos or integrating their technology will pay dearly. Shultz cited a statistic from Forrester Research from 2017 that predicted companies that are "insights-driven" will steal $1.2 trillion worth of businesses per year from their less-informed peers by 2020.

He also cited how a lack of integration can reduce a company's ability to attract and retain top talent. You want the best people working for you, and professionals won’t stay on for long if they know other companies are years ahead when it comes to department communication and their technology.

Embrace change

Accountants are not always the most welcoming of change, Shultz said, and aren’t necessarily looking for it in the future. This is especially true if the organization hasn’t had to change any of its operating processes or technology in a significant way for a long time.

But just because you aren't looking for change, doesn't make you immune to it. In fact, just the opposite: you could become a victim when you ignore the inevitable. And change doesn't have to darken your doorstep if you're prepared to embrace it. Bringing in and using technology will make your business thrive and give you a crucial leg up on your competition.

"I want people to know the accounting profession is evolving and don't be afraid of that," Shultz said. "You need to be prepared to embrace that change."

To register for the Accounting Technology Conference and hear more from Shultz and other business leaders, go to ***ohiocpa.com/ATC18****.*

FAST FACTS

1. Move beyond number crunching and begin serving as more of a strategic adviser to the business.
2. Consider bringing in tools to automate tasks such as account reconciliation and journal entries to save time. This lets you focus on more important strategic decisions.
3. Eliminate departmental silos to ensure the accounting team can be more agile and make decisions faster.
4. Don't just know how to use your technology, leverage it to improve the organization's bottom line.

CFO to CEO: 4 tips for making the move

For many CFOs, the aspirational next step along their career path is becoming CEO.

It appears many financial leaders are interested in rising to the CEO role: In a Robert Half Management Resources survey, nearly two-thirds (64%) of CFOs said they were either somewhat or very motivated to be the CEO at their company.

It's only natural for CFOs to aspire to the top leadership job. Excellent fiscal management skills, ideas for improving business efficiency and controlling costs, broad and deep economic and business awareness and experience with investor stakeholder management are just some of the attributes these executives can bring to the CEO position.

CFOs face stiff competition for the CEO's chair. An executive vice president, the chief operating officer (COO) and the chief information officer (CIO) are often contenders, for example. There might be external candidates in the mix as well.

So, if you're a senior-level financial executive who's eager to take the helm at your company someday, you need to take steps now that can help improve your odds of being considered for the CEO role when the opportunity arises.

1. Deepen relationships throughout the organization

CFOs are expected to weigh in on a wide range of business matters their organizations face, including compliance and regulatory issues, internal controls, taxes, major transactions

and other significant changes. And in recent years, most CFOs have seen their influence expand beyond the accounting and finance function. Unfortunately, those in the position of selecting the next CEO might not realize how well-rounded the company's CFO can be.

Step up your efforts to build a solid understanding of how other teams in the business operate on a day-to-day basis and look for opportunities to help support and collaborate with other top executives in the organization. For example, in many companies today the CFO and CIO work together regularly to make decisions about technology investments and manage risks.

Strengthening your relationship with the firm's general counsel can be beneficial, too. You can deepen your knowledge of issues such as intellectual property, contracts and business litigation — matters that any CEO should understand well.

2. Prepare your successor

Being indispensable is not necessarily a positive thing when you're aiming for the next rung on the career ladder. High-performing CFOs could be skipped over for a promotion simply because the organization feels it can't do without them in their current role.

One way to neutralize this obstacle is to groom a successor, which will help to ensure continuity in the finance department. It's important to be proactive about this process, anyway, because it can take time to find and prepare a promising candidate for a leadership role.

3. Network with other executives

The more industry leaders you have within your circle, the more you'll learn about accepting the CEO's mantle. The CEO's responsibilities are diverse — and heavy. To handle them adeptly requires not only a thorough understanding of the entire organization, as explained earlier, but also the landscape in which the business operates. That includes the company's industry and key markets, as well as any dynamics — economic, regulatory, technological and more — that could impact its operations.

Successful senior executives stay informed and keep pace with change by networking with their peers. Take time to attend or contribute to industry events, get involved with relevant professional organizations, cultivate a strong professional network and raise your visibility online by participating in social media outlets such as LinkedIn and Twitter. More than half of CFOs (54%) recently interviewed for a survey by our company said staying on top of professional and industry trends is a key benefit of using these platforms.

Consultants also can provide valuable insights and best practices they've acquired through their work for various organizations. So, building a rapport with the consultants your business engages—and inviting them into your professional network—can be well worth the effort.

4. Take on consulting positions

If the CEO job in your organization is not likely to be available anytime soon, or you just want to explore other career options, you might want to consider taking the consulting path, too.

Working as an interim CFO is an opportunity to take on new professional challenges, acquire more knowledge, hone existing skills and expand your network. Your experiences as a consultant also could open the door to new career opportunities. For instance, the exposure and relationships you gain could make you a top-of-mind candidate for a CEO role in the future.

Not all CFO want to be their company's leader. But if you're one who does, you need to begin laying the foundation now that can help you reach the top role when the time is right.

Accountemps, a Robert Half company, is the world's first and largest specialized staffing firm for temporary accounting, finance and bookkeeping professionals. Accountemps has 300 locations worldwide. More resources, including job search services and career advice, can be found at ***roberthalf.com/accountemps****.*

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Jodey Altier, CPA, president and managing partner and **Bill Wilkinson, COO**, of Perry & Associates accepted the award of the Muskingum/Beverly/Waterford Chamber of Commerce as the "2018 Business of the Year".

Embrace diversity in recruiting or risk irrelevance

By Jessica Salerno, OSCPA content manager

When everything is a priority, nothing is a priority. But while you consider your strategic business initiatives, recruiting diverse candidates should be at the top of your list.

"There are businesses all over the spectrum when it comes to prioritizing recruiting diverse candidates. It isn't an easy task and most are doing the best they can," said Jasmine Abukar, OSCPA's manager of diversity and inclusion.

The business case for recruiting diverse candidates certainly isn't new. Businesses with a balance of men and women are 15% more likely to outperform their competitors, while those with employees from a mixture of ethnic backgrounds are 35% more likely, according to research by McKinsey & Co.

Abukar said diversity can mean different things to different companies, whether it be gender, sexual orientation, age, race or something else.

"Really it's about the strategic vision of the company and what their focus is," she said.

As far as the accounting profession goes, there is still much work to be done. The AICPA reports African-American and Asian professionals represent only 4% and 5% of accounting partnerships, respectively, as of 2012. And only 19% of partners in the U.S. are female.

After recruiting diverse candidates, companies also need to make an effort to ensure they stay. It's not as simple as checking a box once you've hired a diverse candidate, especially when that individual leaves two or three years later.

"Recruiting into the profession is improving," Abukar said. "But there is a high attrition rate of diverse staff when it comes to upper level positions along with a lack of representation in leadership."

"With anything diversity and inclusion related, recruitment included, there's a fine line between seeking out diversity and tokenizing people," she said. "Companies need to be mindful of this when seeking out diverse candidates."

"Students are sharing concerns with me about whether or not they'll be accepted for who they are as a whole person, and whether or not they'll be able to bring their whole self to work," she said. "I tell them it's not perfect, but we're not as divided as people think and we have a lot more in common than people think we do."

So what can companies do to recruit diverse candidates and convince them to stay? Abukar suggested starting with mentorship. A mentor can help a new hire feel valued and guide them through professional life at the company.

To survive, the profession must reflect the communities it serves. The U.S. Census predicts that minorities will be the majority in the U.S. by 2044.

"The accounting field is experiencing significant disruption and change," Abukar said. "Businesses that do not embrace diversity and inclusion as our demographics change and our world changes will become irrelevant."

*Go to **www.ohiocpafoundation.org** to learn how you can support The Ohio CPA Foundation and other student outreach initiatives.*

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1.	a	b	c	d	7.	a	b	c	d
2.	a	b	c	d	8.	a	b	c	d
3.	a	b	c	d	9.	a	b	c	d
4.	a	b	c	d	10.	a	b	c	d
5.	a	b	c	d	11.	a	b	c	d
6.	a	b	c	d	12.	a	b	c	d

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The audit of the future today

1. Users of the audit want specific _____ observations, rather than historical perspectives.

A. statistical
B. financial statement
C. actionable and future focused
D. practical

2. Which of the following are ways the profession is leading this transformation?

A. Exhibiting less professional skepticism and focusing more on being a part of the management team
B. Focusing on risk management
C. Being historically oriented
D. All of the above

3. The 2017 COSO ERM framework has evolved the audit profession's understanding of risk to focus more broadly on risks to _____.

A. governance and culture
B. strategy and objective setting
C. information, communication and reporting
D. value creation

4. The relevance of an audit is more centrally becoming about how well we understand a business and the _____ it faces.

A. risks
B. challenges
C. opportunities
D. future

How to protect your company from extinction

5. What steps should be taken to save you and your business from extinction?

A. Work on the business, not in the business
B. Run the business by the numbers
C. Do not be overly concerned with developing employees
D. Create leadership opportunities only when needed

6. Alignment and focus (such as that created by a strategic plan) lead to what?

A. Cutting edge projects
B. Team synergy
C. Company productivity and longevity
D. All of the above

7. The Human Capital Institute, says "trust" is:

A. A new workplace necessity and is linked to greater adaptability
B. The new workplace currency and is linked to higher productivity
C. The creator of workplace synergy and flexibility
D. A key element to workplace longevity

8. What steps are recommended when mentoring the next generation of workers?

A. Career coaching
B. Provide learning and training opportunities: Offer options such as tuition reimbursement and put them in charge of their own clients or projects.
C. Allow for creativity and flexibility
D. All of the above

9. As part of ownership and management succession, managers should identify high-potential future leaders and:

A. Coach them to take a comprehensive 360-degree assessment of the business.
B. Encourage senior leadership to mentor them.
C. Train them in strength areas.
D. Teach them group role assessment.

Better, faster, stronger: Integrate your tech to prepare for change

10. Financial data can be used to gain strategic-driven insights. In order for this to happen, companies should:

A. consider automation where feasible.
B. create work silos to further specialization.
C. leverage technology and use it for organizational control purposes.
D. keep things status quo and avoid change.

11. What prevents companies from removing silos in the work place?

A. paradigm shifts
B. the "business as usual" approach
C. lack of knowledge on how to do this
D. fear

12. Forrester Research predicted companies that are "insights-driven" will steal _____ worth of businesses per year from their less-informed peers by 2020.

A. $1.2 million
B. $1.2 billion
C. $1.2 trillion
D. $2 trillion

New members and affiliates

17 new members and affiliates applied in **April**

730 new members and affiliates applied in **May**

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