

Inaugural Speech
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AICPA Chairman 2008-2009

Think Differently

How many of you have a business card in your wallet or pocket? Let me tell you about mine. It has my name, my title, my email address and telephone number. But to me, the most important part is on the back, where I put my core values and mission statement.

My core values are listed there: integrity, reliability, independence and accountability. If I hold my thumb over the bottom three, the top one is integrity. It is there for a reason. The reason is that without integrity, the words that come out of my mouth, the words that are in my audit report, would be absolutely meaningless. So when I give someone my business card, I don't give it to them with my name showing. I give it to them with my core values showing. And I tell them, "This is a contract between you and me. A promise that I will give you integrity, reliability, independence and accountability. And you can call me on it at any time. My telephone number is on the back."

For years, I have introduced myself this way. It has symbolized for me what it means to be a CPA in today's world. We have the great—and sometimes difficult—honor of standing for what is right and what is good,

not just for our employers and clients, but for the public. We represent the core values we keep—and we carry them with us, in our hearts, in our minds, and sometimes on our business cards.

But this card means even more today. I am carrying this card, these core values, into a new role: Chairman of the AICPA. This is an honor that I accept with great humility and excitement. And I promise that in this role, every day I will bring a commitment to integrity, reliability, independence and accountability.

Standing before you, looking at my family, my colleagues and fellow CPAs, I am struck by how different the view looks from up here at this podium. I'm just a few steps from where I was so recently sitting, but it seems much further than that.

This shift in perspective, from audience to presenter, is not just a visual shift. It reflects one of my essential messages: I have an obligation to consider not just my view, but a wide range of views.

One critical factor in thinking differently is listening to different voices. I have been blessed to have wonderful, intelligent voices in my life.

I owe these intelligent voices some *thank yous*. In the first place – always in first place – I would like to thank my family for all their support over the years. My oldest son, Christopher, could not be here today. He's a

graduate student in journalism at Syracuse University and his studies kept him in New York. As I prepared for this moment, Chris has often been my writing partner, my coach, and my drill sergeant. My four other sons – David, Stephen, Ryan, and Patrick – are with me here today. I am so proud of all of my sons. Their successes have truly meant more to me than anything I have ever achieved in my life.

Today, I also have the most incredible honor of introducing the person who has played the most critical role in my life. This person has been my support, my critic, my most talented and trusted advisor, and most of all, the lead actress in the best event of my life. I am happiest when I am able to share my life experiences with her. My wife, Kathy.

I would also like to thank Council and the more than 350,000 members of the American Institute of Certified Public Accountants. It is my profound hope that with the help of the leaders in this room today, we can promote a culture of opportunity for every member of the profession. I know this is a goal shared by someone with whom I will work very closely this year: Barry Melancon, a brilliant leader and a man of great integrity. I am looking forward to drawing on his insights and those of his extremely talented management team and staff.

Finally, I want to offer my appreciation to the past Chairs of the AICPA. A number of them are here today. I would like to personally thank a few whom I have worked with in recent years – Bob Bunting, Leslie Murphy and Jimmy Williamson. Each of them has brought a unique perspective to leadership, and yet each one has built upon the foundation of the previous leadership, creating a bridge of competence and commitment which carries all of us to stronger ground.

I want to take one minute more to mention my immediate predecessor, Randy Fletchall. Randy, thank you for your leadership. I could not think of a better leader to guide us through the many issues we have faced as a profession this past year. I look forward to your advice and counsel in the future.

Today, I want to speak about where our profession is headed during the next 12 months and beyond, and how getting there will require a willingness to think and act differently.

I will describe some methods I think we can all use to train ourselves to look at things from a different perspective. Then I'll discuss how the AICPA's approach to shaping the future of the profession demonstrates this broad perspective.

The fact that I am the first AICPA chairman to come from government is one clear sign of our commitment to approaching challenges from the broadest perspective possible.

One of the remarkable aspects of this governing Council, the AICPA itself, and our more than 350,000 members, is that we somehow balance our enormous diversity with a shared conviction in our core values. We can think differently because we listen to the many different voices and perspectives of the people who comprise our profession.

As I look out across this room, I see the leaders of this profession, represented by every state and district. Everything we do says something about us. How we think. How we see the world. How we bring value every day to our clients, our employers, and to the public. All of these add up to the powerful force we represent.

We are all here today because we are considered leaders within our profession. But is being a leader enough? I think not. When I attended the Kennedy School of Government at Harvard University I had a great professor, Marty Linsky, who wrote the book *Leadership on the Line*. He taught us that the correct phrase is “exercising leadership.” It is the most important thing we can do. We can have all the knowledge in the world, and

hold the most senior leadership position, but if we sit back and do nothing, we are not exercising leadership.

Professor Linsky taught us to think differently by using what he called “the balcony analogy.” He asked our class to imagine ourselves on a dance floor. I invite all of you here today to do this with me now.

We are on a dance floor. On it, we can see all the people dancing around us. We may be jostled a bit, or maybe if the dance floor is too crowded, our feet get stepped on. We’re swaying and moving. We are part of the action.

Now, imagine that we step to the edge of the dance floor, travel up to the balcony, lean over the railing and observe the dance floor from this new vantage point. Suddenly, the entire scene changes. We can see how the dancers are flowing across the floor. We see who is coming on to the dance floor, and who is leaving. We see who is moving in rhythm, and who is not. Who is standing by themselves, and who is engaged with others. We see the entire dance floor as one moving piece, and we are separated from the experience, gaining perspective.

Professor Linsky taught us that observing is not enough, however. When you are on the balcony watching those on the dance floor, imagine yourself down there with them. How were you reacting to and connecting

with others? Were you having a positive or a negative influence on the action? Did you contribute to the rhythm of the dance, did you disrupt the movement, or did you stand outside the action?

Professor Linsky encouraged us not to remain planted on either the dance floor or the balcony. He suggested that exercising leadership requires moving from the balcony, to the dance floor, and back again – a constant shift in perspective so that we understand not only the big picture, but also our individual role in the action and the impact of our decisions and movements on those around us.

So the first part of exercising leadership is to be open to shifting perspectives. It is about understanding dynamics, interactions and reactions that occur in a rapidly changing world. As a profession, we must be willing to do this.

Let me give you a few examples:

In our increasingly borderless world, the AICPA is taking a close look at the profession's growth and future. This will be a key focus during the next year through two very important projects. The first began more than a year ago and focuses on making it easier for CPAs to do business, not just in their neighboring counties, but in other states as well.

As you know, we have worked with NASBA – the National Association of State Boards of Accountancy – the state societies, and the state boards of accountancy to advocate for a state-based system that would allow any CPA with a valid state license to obtain practice privileges in any other state, with no notification required. This has resulted in tremendous momentum, and now more than 30 states have embraced what we call “mobility”— basically, the unfettered ability to offer services across state lines.

The solution seems obvious now. But it would not have happened without some out of the box thinking that led to this question: What if we approached the CPA profession as the U.S. does drivers’ licenses? If you can get in your car and drive across the country, why not be able to share your skills and services as well? We answered that question resoundingly and must continue the march forward. We must not rest until all states have mobility.

Now we are taking this concept even further. What if your clients live a **continent** away? The accounting profession is in a time of great change as it moves toward international financial reporting standards, or IFRS. The Securities and Exchange Commission has announced its intention to adopt a roadmap that would allow 110 of the largest U.S. companies to begin using

IFRS instead of U.S. GAAP as early as 2010. The roadmap's anticipated IFRS adoption date could be as early as 2014. From the balcony perspective, it's clear that moving toward international standards will eventually happen.

This moment in time reminds me of when my fifth grade teacher would take me by the face and say, "***Pay attention!***" The AICPA saw this development coming and has been working closely with U.S. regulators and the international community to promote an orderly transition to international standards. Our goal has been to help members see what's on the horizon, increase their skill set and understand that their knowledge of U.S. GAAP gives them a head start in implementing IFRS.

Last spring, the AICPA launched an information-rich Web resource that provides members and the public with both an overview of IFRS and the details on the differences from U.S. GAAP. Steadily, the profession is becoming recognized as a leader in this important new space.

As you heard earlier in this meeting, the AICPA and NASBA are considering another project, this one to attract financial professionals abroad to the U.S. accounting profession. This would include administering the Uniform CPA Exam overseas and, for candidates who do not want a U.S. license, issuing a credential to individuals who pass the exam and who meet

quality-control criteria, such as continuing education and experience, equivalent to what is required for the CPA license. To ensure careful oversight, the state boards would play a key role in determining an individual's eligibility and compliance to our code of ethics and continuing education requirements. Already about 7,000 candidates from overseas sit for our CPA exam each year.

These programs demonstrate a willingness to shift perspectives about the profession, to ask probing questions that aim for what's right for the profession but do not have easy answers. I am reminded of the movie "Weatherman," when the father tells his son that "the hard thing to do and the right thing are usually the same thing." I truly believe that if you start all conversations with this understanding, as well as a solid set of unwavering core values, you will make the best decisions.

Exercising leadership is not just about shifting perspectives. It is also about looking in the mirror. That's what I urge all of us to do. Let's all take a good look at our own role in our profession as we lead our way to innovation and growth.

We need to understand how our actions impact those around us. We need to challenge ourselves to consider perspectives other than our own. And we need to challenge ourselves about our own accountability. We can

ask ourselves hard, probing questions. Are we having a positive impact? Do we deliver what we promise? How do our actions inspire trust in us as individuals, and in the profession as a whole?

I sometimes encounter members whose view of the AICPA is very narrow. Because they are not involved on a committee, or may not have time to read every publication, they are unclear of the AICPA's value or what the Institute is doing on behalf of CPAs just like them. For us as members of Council, exercising leadership means we must do our part to help these members ascend to the balcony and see what is available to them.

One of the things they would see is how much the AICPA has done to support small firms. Most people don't know this is one of the Institute's core strengths. There is no need for every small firm to reinvent the wheel. All they have to do is visit the AICPA Web site to find solutions matched to a lot of the issues they're facing—such as succession planning, work-life balance and talent retention. How many of you know about this? How many of you have told others? That's one example of exercising leadership.

I was at a state society meeting in Missouri recently. At the morning session, I heard members mention that they often didn't know where to turn when facing an issue or a problem in their practice. I mentioned a few of the resources available to them, but that evening it kept bothering me that there

was a lot I hadn't mentioned. So the next morning, I returned to the meeting just for a few minutes so I could tell them that they could find the answers to all their questions. That the AICPA Web site is a dynamic source of information geared specifically to them and their issues.

In fact, the AICPA Web site has more than 24,000 pages of resources for every segment of the profession. Add the CPA2Biz Web site and you have access to hundreds of thousands of resources aimed at making CPAs' jobs easier. This resource is poised to get even more valuable in the future as the Institute is looking at several ways of delivering on the strategic plan initiative of delivering a Leading Edge Technology Solution.

I encourage members to frequent the Web site, join the practice sections and the quality centers, and attend CPE training on their quest for world-class performance.

World-class performance is something that will be necessary to excel in an increasingly shrinking world. I have seen in our members a desire to excel, and have witnessed firsthand how these kinds of initiatives and resources provide expertise, increase quality and allow us to think differently about the tremendous challenges we have in our country, our profession and in our business lives.

It is also important to communicate the great things about our profession to others. We are not a profession that is especially good at saying nice things about ourselves. That needs to change. Take advantage of the AICPA's CPA Ambassador program, that brings best-in-class media and spokesperson training into the states and is working to make our profession's voice louder and clearer every day. Get out there and share your knowledge not only with other members, but with others in the business community, with the public, with the media and with government officials.

We of course do not know the outcome of next month's elections. But we do know that the new President is going to be faced with financial challenges, the likes of which we haven't seen in a generation. The current credit crisis, and what certainly looks to be a recession, has many Americans, and many of us in this room, concerned about our own businesses, and about our family's future. Like me, I'm certain all of you every day are carefully watching the news with some trepidation. Congress acknowledged that they needed to take swift action. Whether you agree with the rescue plan or not, it seems clear that such an unprecedented crisis requires new thinking. This country and the global economic community will have to find new, thoughtful solutions to combat what is now a worldwide financial crisis.

As a profession, we will be involved with the new administration to do everything in our power to help. One step will be to represent the CPA profession and provide input on policy issues whenever appropriate. It is no coincidence that the next Council meeting in April will be held in Washington, D.C.

When I think about what's happening in Washington, and on Wall Street and Main Street, I am deeply concerned. I call on CPAs across the country, in business, in accounting firms and in government, to bring their usual integrity and discipline to help guide this country back into prosperity.

As a CPA in government, I have seen how an action we took saved our city or our state millions of dollars. The actions of the individual matter, and CPAs collectively can make a difference. CPAs are the **objective experts** of finance. Uniquely trained to analyze and synthesize complex information. CPAs have the integrity and discipline to communicate the reality of the situation.

We have brought this integrity and discipline to public and economic policies in the past. This work is consistent with our deep commitment to public service. If you are not already familiar with what is being done in the area of financial education, take a look at the 360 Degrees of Financial Literacy effort and the Feed the Pig public service campaign. They just

might be the most successful public education campaigns the profession has ever undertaken.

Together, the programs have won more than 50 awards. 360 Degrees is the most visited financial literacy Web site. And Feed the Pig not only ranks as one of the Ad Council's top 10 programs, it also is changing behaviors. The program released a new educational curriculum for fourth to sixth graders which has been received with rave reviews.

The Institute has also undertaken innovative approaches to other professional challenges.

Take audit quality. Probably the best example of the AICPA's multifaceted focus on audit quality is the Audit Quality Centers. I am most familiar with the Governmental Audit Quality Center, but there are also centers for employee benefit plans and public company auditors. These centers give CPAs access to enormous amounts of specialized information and practical tools. But they are much more than that. They allow us to think differently because each center is also a community of professionals committed to excellence—a community of people with different backgrounds and personalities who share experiences and best practices. That may be their most important benefit—the opportunity for dedicated CPAs to learn from and inspire each other.

Another example of how the AICPA is thinking differently is what we are currently doing with the path to becoming a CPA—the pipeline. One decision the AICPA made through its strategic planning process last year was to look at the pipeline from a broader perspective. The Institute hired a new vice president of students, academics and membership to tie all the pieces together, beginning with young children and continuing through retirement.

CPAs are in high demand, and we've seen a resurgence of interest in the profession among young people. Indeed, the number of accounting degrees being awarded is at an all-time high. Yet, there continues to be a serious shortage of CPAs. I know that in my own office we're constantly searching for qualified CPAs to hire, and I'm sure it's the same with many of you. This shortage is something we should be concerned about not only today but in the future.

The Institute has been incredibly proactive in addressing this problem, both to encourage students to enter the profession and to retain those who are already working as CPAs. I urge you to check out the award-winning student Web site, StartHereGoPlaces.com. This program has steadily built a pipeline of students interested in the profession, amassing an astoundingly huge database of 450,000 prospects. Research shows that high school

students are eight times more likely to study accounting after registering on the site, and college students are four times as likely.

The message I like to tell young people is that they say the typical person will change jobs nine to fifteen times in their lifetime. You can have all of those careers as a CPA. It would be difficult to name another profession where that is true.

We each have to be responsible for recruitment. If each person in this room brought five new people into the CPA profession, we'd be several good steps forward in addressing the staffing shortage.

By the way, I'm doing my part. I have five sons, and four of them are studying accounting.

We also can do a better job of reaching students in community colleges—an untapped and rich resource of potential talent. And we need to make sure there are professors who can teach. The Accounting Doctoral Scholars program is doing an excellent job of working to resolve this issue.

We need to continue our commitment to recruiting more minorities, and that is something I intend to focus on during my term as chairman. We already do a lot in this regard, with various minority initiatives and scholarships. But we can do more individually and collectively.

I've been a member of many boards in my career, and I have found that when you look around the room, if everyone looks like us, and acts like us, we are going to come to similar conclusions about how to solve a problem.

We all have biases based on our education and background. I know a lot of times when an issue comes up before a board that I'm on, we get a huge packet of background information ahead of time. I review the material and say to myself, I have the perfect answer on how to solve this problem. But then I go to the board meeting, and as we go around the room, someone else comes up with a better idea, or another person brings up something I never thought of. So imagine how much better an organization can be by having a diverse group of people with different thoughts and points of view.

I'm particularly excited about a new initiative launching under my direction this year, and that's the Leadership Academy. There is an old proverb which says that "The best time to plant a tree is 20 years ago. The second best is now." We're going to take a group of young CPAs, ideally 25-35 years old with between three and eight years of work experience, who have good skills, but who, like all young people today – indeed like all of us when we were young – can benefit from learning about leadership.

We are going to make sure that the group represents our nation's diverse population. They will matriculate through a program focused on learning leadership skills and we will instill in them a commitment to be involved in the profession's volunteer organizations.

The Academy will also include one-on-one coaching. Then we'll give this list of young CPAs to the AICPA's various nominating committees, offering them up as potential committee members. Our goal is to get them involved. We will then track their progress and development.

The Leadership Academy will be deemed a true success if one day I'm able to look at this audience and see one, two, three or more graduates. And then perhaps at some point, one of them will stand at this same podium, as AICPA chairman. I can't wait to get started.

I would like to close with one final point about shifting perspectives. In Daniel Pink's book, *Whole New Mind*, he gives several exercises to use right brain-directed thinking. I want to share two with you. The first is to read books, newspapers and trade magazines in areas other than your expertise. The goal is to be well-rounded on trends and forces that are affecting the world and the way we think.

I love to read. I try to read a book a week. By reading and partnering with others both within and outside our profession, we get diverse solutions to both old and new problems.

Since reading Daniel Pink's book, I read everything I can get my hands on. Recently, I've read books about Roman emperors like Augustus, Founding Fathers like Alexander Hamilton, and futurists like Edie Weiner. But I also read magazines on the planes and trains I take, my sons' college textbooks, pamphlets and PowerPoint slides from other presentations. They all help me to think differently.

Another key lesson from Daniel Pink's book is the "coffee shop" experience. You see people in the coffee shop, drinking coffee and reading a book or a magazine. Once in a while, take a product with you. It can be anything that you use in your daily life. It could be this watch. Set the watch down on the table. As you're drinking your coffee, take out a pad and pen and jot down ways you could improve this product. Be creative. Use your imagination. Think differently. Then a month from now, instead of the watch, it might be a financial problem for one of your clients, or your own career, or even our profession. How can we re-engineer ourselves to be better at what we do? Put that on the table and think of creative ways to solve the problem, and you might come up with a much better idea.

I once heard someone say that there is a reason why they make the windshield larger than the rearview mirror. Learning from the past is important. But it is also important to look at the future. You can't change the past. But you can change the future.

The AICPA has always looked into that future and either adapted, or changed it. It has been said that our choices will define how we will be remembered. As we leave this meeting, I ask all of you to join me, to work together, to look beyond ourselves. To use our imagination. To think differently. And to exercise leadership.