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AICPA Vision Revalidation: Future Set-Up

Imagine 15 years into the future:

- More people will learn through experience by virtual gaming – biology, history, financial leveraging – than with textbooks, teachers and classrooms.

- More professionals will meet their peers as avatars than as real people.

- Virtual currency rivals points as the second largest currency in global circulation.

- Women and minorities make up more than three quarters of the accounting profession.

- Identity theft is so common that we use implanted RFIDs in everything, including our bodies, bumping them against transactional receivers, for everything from purchases to security.

- Time, attention, intellectual property and water waste become monetized.

- Global accounting standards are in place, but are constantly overridden by individual countries, and new demands from even more stakeholders require five times the current footnoting.

- The enormous complexity of, and ability to manipulate, data cause validation and assurance to come with confidence ratings expressed in percentages.

- Cyberterrorism runs rampant.

- Every company in the Global 1000 has a presence in cyberspace, and almost a quarter are more than 50% virtual.
CORE SERVICES:

Assurance & Information Integrity
Technology Services
Management Consulting & Performance Management
Financial Planning
International Services
Core Services: Assurance & Information Integrity

Overarching Statement:
The amounts of data now capable of being collected are staggering. Yet, there are new types of requirements constantly emerging that challenge the ability to secure the right data, and to be sure of the integrity of the data. Continuous growth of mergers and acquisitions, regulations that require untold pages of reporting, legislation that compounds the complexity of reporting, accountability that extends down and across entire production and value chains, massive online contributions from non-peer-reviewed sources, software programs that allow for creative manipulation of data, and non-quantifiable assets like reputation and intellectual property, all combine to further strengthen the need for assurance and information integrity.

Transition Statement:
In the past five years, uncredentialed bloggers have surpassed professional journalists in commanding the attention of information seekers, one individual bilked knowledgeable as well as naïve individuals out of billions of dollars, sophisticated financial institutions around the globe fell victim to complicated and questionable derivatives, currencies have become unstable, bankruptcies and defaults reached historic highs, and acquiring companies have completely misjudged the assets of that which they were acquiring. Private companies received unheard-of funding from government coffers with little or no accountability to the public for how the monies would be spent, leaving a trail of cynicism and total lack of trust. Many lost their retirement savings, even as pension plans continue to restructure to meet future demands. The demand for assurance and information integrity has never been higher.
Sub-narratives:

**Global Collaboration for Regulatory Standards**
There will be continued pressure to align international standards, in order to provide accountability and transparency that is satisfactory to global markets. In many cases, this will lower the requirements historically sought in U.S. markets, and seriously test the integrity and assurance that U.S. standards implied. But the lack of trust that has emerged regarding the role the U.S. played in the global financial meltdown has tarnished the credibility of those standards. The ability to work within the global community to shape and execute the standards that will emerge over the next decade will become a critical underpinning of the profession, even as it will be asked to strive to regain domestic as well as global trust.

**Continuing Evolution of Standards**
Increasing complexity is becoming one of the central issues of our time. Feedback loops are becoming ever more difficult to model, as decisions lead to even more unintended and unanticipated consequences. Creating standards often opens up further problems, or distorted incentives. As global commerce and interconnectivity increase, issues of bribery and corruption become more transparent. Cybersecurity is taking on a more serious role in oversight. Intellectual property and services require quantification now more than ever if we are to value assets correctly for the 21st century. Externalities of production, e.g., environmental impacts, are demanded to be reflected on balance sheets. All of this is leading to further escalation of demand for assurance and information integrity.

**New Voices in the Demand for Assurance and Integrity**
Non-governmental organizations are growing significantly in number and power around the world. They are now being asked to be far more accountable to their investors, donors and taxpaying contributors than ever before. Metrics are increasingly being
demanded by supporters of NGOs, something never seen before at this level. Online communities of customers, clients, taxpayers and investors are demanding a say in the accountability of just about all institutions that show up on the world’s radar. Women-owned firms, which are growing at a rate that far surpasses male-owned firms, have different ideas of risk and reward where the community at large is at stake, and women are now having a greater role in demanding assurance, accountability and integrity. Older persons who are greatly concerned about their consumer and retirement dollars are growing significantly as a proportion of the world’s population, and they are weighing in online and in the voting booth, demanding more integrity in the markets.
Core Services: Technology Services

Overarching Statement:
The onrush of new and overlapping technology shows no sign of letting up. On the contrary, technological change is speeding up exponentially, as each technology builds on others to create new ways of collecting and mining information, communicating to stakeholders, accumulating financial data, changing the nature of work and human resources, connecting various constituents with each other, establishing global interconnectedness and making instantaneous decisions.

Security, privacy, integrity, reliability, storage capacity and responsiveness will be increasingly tested as all professions grapple with the many ways fast, mobile, decentralized and smart systems will change the work they do, where they do it, how they do it, and for whom they do it. We are heading more and more into a future that requires fast adaptation and technological prowess.

Transition Statement:
In the past five years, we have seen the emergence of the computing cloud, huge increases in outsourcing and telepresence, major advances in social networking, smaller mobile hardware with an exploding number of applications (apps), increased movement into virtual worlds, heightened global capacity to connect, move and use data, and greater interactivity in marketing, reporting and learning.

Sub-narratives:

Use of Systems
“Othersourcing,” the outsourcing of ever-smarter work to not only people outside the organization but to software programs, will continue to challenge professionals to deliver new and higher order, higher value propositions to their customers and clients.
Surveillance systems have become more sophisticated, and will create a climate in which all transactions and behaviors are visible to the community at large. In education, self-learning systems are also becoming more sophisticated and more available, and will replace teaching with individually accessed and chosen options. Smart systems increasingly interact with each other, and will, in many more instances, remove the human and the professional from the equation. Instantaneous translation systems will allow for easier globalization of commerce. RFIDs (radio frequency identification devices) and geo-positioning systems will expose almost everyone, everywhere, to both voluntary and involuntary tracking and surveillance.

**Information Technology: Cloud Computing**
There is a rapidly expanding and increasing transfer of masses of information collected from all sources – marketing, financial, consumer, health, personal and institutional – to off-site locations in order to get greater analysis, storage and speed capability. Those locations, however, have porous boundaries, and the information, data and intelligence they store will become increasingly blended, creating privacy and security concerns never before experienced at this scale.

**Automation vs. Human Intervention**
Every year, many more software programs are introduced, with new applications, allowing non-professionals to do sophisticated financial analyses. Decision-making capabilities of the automated systems increasingly extend from activity in the financial markets to personal financial planning. And the speed with which software programs manage financial transactions makes it increasingly difficult for human supervision to keep up. This will put even further strains on human professionals to conduct oversight, verification and validation, even as these will be needed more than ever in the unfolding complexity of transactions.
Multi-Media Advances and Influences

The continuous migration of work, life and financial transactions into cyberspace – the internet, virtual worlds and social networks – will create even more expectations of interactivity, real-time access and immediacy of responsiveness. Customers and clients will expect to communicate in a variety of formats, and to be able to share knowledge across multiple media environments. Reporting, marketing, learning, packaging of materials and information, conferences and meetings will all take on a different form as the media options for these multiply.
Core Services: Management Consulting and Performance Management

Overarching Statement:
The growing seriousness of the accountability of Boards, the onerous pieces of regulation that are passing across the desks of management, and the quickening pace of relentless competition will greatly increase the kinds and expectations of management consulting and performance management. New metrics, from employee retention and morale to the expensing of human resources in a knowledge economy, will truly place people alongside tangibles in the drive for sustainability and success. Accountability for outcomes will shift from traditional measures of input to improved measures of output. Systems will increasingly replace people in decision-making, creating teams of carbon and non-carbon life forms that operate together, making accountability and performance more difficult to pinpoint.

With the ever-increasing numbers of mergers, acquisitions and strategic alliances will come greater dependence on forensic looks at values, performances and projections. With new realities facing organizations each month will come shifts toward project management, as formulas and silos give way to maximizing novel and interdisciplinary undertakings. Growing global concern for intellectual property rights, too, will reshape the consulting landscape. Decentralized production of goods and services, ranging from manufacturing via nanotechnology to publishing via the Internet, will challenge the traditional formats of training, hierarchy, quality control, and performance measures. Virtual work teams will require new interfaces between professionals and clients. More nepotism and longer life spans will create new challenges from smaller enterprises, with demands for empathy alongside measurability.
Transition Statement:
In the past five years we have seen attempts at the complete overhaul of Board accountability regarding executive compensation, financial reporting and social responsibility. But powerful new evidence shows that banks which performed best during the financial crisis were the ones that were weakest on rules regarding good governance, and some banks which did worse were models of good governance. Research out of USC looked at the performance of financial institutions with assets of more than $10 billion and discovered none of the tenets of good corporate governance stood up to close examination. Separation of CEO and Chairman had no effect, and powerful institutional investors and independent directors did worse in terms of shareholder value. Evidence from Asia since the financial crisis suggests that greater external monitoring produces better performance than good internal Board governance. This portends even more important opportunities for management consulting and performance measures by the accounting profession.

As a result of threats from climate disruption, major accidents, epidemic diseases, terrorism and reputation damage, enterprise risk management (ERM) has taken hold as a necessary activity, and attempts are being made to figure out what this means, how to do it, and where the accountability for it rests. Moving down into the ranks of organizations, there are regulatory requirements that now are hundreds, and in some cases over a thousand, pages long. Executives are at sea, looking for the lifeboats that will help them wade through the demands and restrictions, even as competitive pressures exert their influence on pricing, innovation and performance. At the same time, the Internet has raised expectations of stakeholder input, and has allowed for competing professionals to enter each other’s markets domestically and globally. Trusted advisors are becoming essential, as the ways in which commerce and enterprises are structured, staffed and executed undergo profound change.
Sub-narratives:

Organizational Structures

At the lower levels of many organizations, there are splits between those who are hourly workers and tied to their place of operation, and those who are virtual workers and work from anywhere at any time. Moving up the ladder, more employees are “free agents,” who are under contract for full- or part-time employment. “Virflex,” the combination of virtual and flexible, is coming to describe more and more of the employee pool regarding inputs of time and place. Virtual office buildings are beginning to take hold, where employees do not have their own office, but share space when they do show up in a building. Companies are beginning to require dress codes of their employees and agents doing business as avatars in virtual worlds. All of these novel configurations, which move toward the managing of work output as opposed to traditional time and place measures of input, make new systems of goal-setting, expectations, reporting and accountability more urgent. Higher up in the organization, more teams are employed that are intended to attack work on short-term assignment, and often reach across traditional organization structures, making individual performance measurements more difficult. There are more C-suite titles, such as Chief Innovation Officer and Chief Risk Management Officer, who are in charge of creating structures that never before existed. And within Board rooms, there are many more committees and sub-committees, with diminished trust in the messages received from management. Expected to find their own way toward accountability, they seek outside legal, financial and operational advice in larger amounts than ever before.

With no slowdown in the merger and acquisition activity, larger and larger enterprises merge and grapple with the multi-billion dollar restructurings required to oversee the new enterprise and have it perform as one. Different cultures clash at the level of behemoths in battle, and reporting systems and accountability systems are fractured in their wake,
requiring enormous amounts of work to reconcile the different approaches as, for example, when an old-line company acquires an on-line company. Even seemingly similar matches, with different cultures, provoke uncertainty and destabilization, as has been happening frequently in the world of Internet commerce.

**The Changing People Environment**

As more people see their lifespan extending well into the 80s and 90s, with the Millennials scratching their way to find jobs as they emerge from school with the highest debt levels in history for new entries into the workforce, and as the financial woes of nations deliver up unemployment and underemployment rates that will remain high into the near future, more people are taking jobs that are a mismatch with their interests and talents. The re-engagement of older workers, often out of their necessity to work longer before they can afford retiring but also because they are still productive and active, will create challenges and opportunities for organizations that seek to employ or outsource work to them. How they are managed and held accountable will vary from employer to employer. But the technological prowess of the younger members of the workforce will be a challenge for their elders, and while cultures will clash, so will the ability to oversee and manage outcomes for the various generations, who are accustomed to accessing and using information differently.

Surveillance technology, increasingly used throughout organizations, will strain the relationship between the individual and the employer, even as these imbedded systems strengthen attempts at performance measurement. Truly multicultural workforces will also pose a challenge to notions of hierarchies, management systems and performance measurements, as attitudes toward the social and personnel commitments of organizations split along gender and ethnic lines. Management consulting that tackles these conflicting expectations and behaviors, and aligns them with performance outcomes, will be in greater demand.
Core Services: Financial Planning

Overarching Statement:
The irony is that planning is now more important than ever, and yet rapidly changing circumstances will make accurate planning almost impossible. This will certainly be true of financial planning. Disruptive technologies and rapidly shifting political winds will continue to conspire to wreck projections, as competitive forces and economic upheavals cause planners to go back to the drawing board and start over. Still, there are numerous factors that will make financial planning a growing necessity.

For one thing, on a personal level, people will live longer and they must plan for a new world in which the retirement age of 65 will often be an unreasonable benchmark. Many will work far longer. Many will see their careers cut short. Second, real-time investor demands on company reporting will require that financial projections be close to targets, or reputations and credibility will be at stake in an environment that is already short on trust. Third, fluctuations in currency valuations will cause global operators to plan adequately and accurately in order to hedge. Fourth, goal setting and meeting targets will be increasingly factored into compensation programs. Fifth, political decisions like green initiatives and trade considerations will distort free market forces even more, as countries and regions aggressively compete with each other for talent, business and economic and technological supremacy. Financial planning will be the only way to attempt to set a possible course. Sixth, major unanticipated crises like recalls, accidents, overseas vagaries and competitive and technological leapfrogging can swiftly lead to bankruptcy without the financial planning that can assure adequate reserves.

Transition Statement:
In the past five years, we have seen major collapses on the personal and institutional levels. Millions of pensioners have seen their retirement savings dwindle in value, and millions of others have gone into housing foreclosure. Millions have also lost jobs that
forced them into long-term unemployment, drawing down retirement and general savings. Those affected were not only at the lower income levels. High net worth individuals who failed to plan for financial downturn and market manipulations have also seen their wealth disappear. Additionally, the galloping costs of health care and education are crippling many who did not plan for them. Well-respected global companies, from Toyota and J&J to BP, have experienced calamity as a result of recalls and accidents. The U.S., considered the richest country in the world, has amassed untold debt that will saddle generations to come. Doing more business in rapidly churning economies overseas requires increasingly sophisticated knowledge of local markets and regulations in order to succeed. The need for financial planning at all levels to buffer the rising tide of uncertainty has never been greater.

Sub-narratives:

Role of Government
The U.S. is a divided nation, with strong political forces on opposing sides regarding the role government should play in the financial future. The rise of the Tea Party to media prominence, and some success in the mid-term elections, has been a strong signal that more stringent financial planning is being demanded at the government level. Around the world, fears of burdensome taxation are rampant. Aging populations are seriously threatening the solvency of government retirement and health programs. Onerous tax codes, innovative tax proposals (like the VAT in the U.S.), and questions about activation of sunset provisions on tax levies are leading to the need for both the public and private sectors to plan for alternative financial scenarios. The philosophical differences between those who believe the government should intervene, via oversight and stimulus efforts, and those who believe in absolute free markets, continue to pose significant challenges to financial planners who need to be adept at reading the signals and project accordingly.
Financial Planning Technology

Software is continually evolving and being sold to individuals and institutions to aid in their financial planning. Some of the systems are becoming highly “intelligent,” and can increasingly juggle numerous variables. In some cases, they can clearly surpass human capability in the speed and the variety of the calculations they produce. Yet, with all of the software options, there are still fatal flaws in the ability to accurately reflect the nuances of competitive and life-changing circumstances. For example, in smaller businesses and firms of all kinds, divorce has a sobering influence on how owners wish to value a firm. In those cases in which the founder lives into old age and still clings to the reigns, succession becomes arbitrary and unpredictable, and financial planning for both the company and the employees becomes difficult. Software programs frequently overlook such contingencies, whereas knowledgeable professionals do not. In a world in which traditional and linear life trajectories are less likely, the human financial planner who knows the individual circumstances of the client is even more critical.

Uncertainties Inherent in Globalization

The requirements and policies of nation states do not often provide insights into the workings of regions, precincts, cities and provinces. Different countries and different political systems have different holds on the financial decisions and performances at their local levels. Professional knowledge of the cultures, norms and competitive initiatives at those local levels is a growing asset in the ability to adequately construct financial plans for any entity doing business, or wishing to do business, overseas. Accounting and financial systems that are one-size-fits-all will not work in a constantly shifting global arena, making the knowledgeable financial planning professional an increasingly important factor in the operational equation.
Core Services: International Services

Overarching Statement:
Global corporations, global capital markets, virtual exchanges extending across borders, the growing power of international courts, the increasing need for protection of intellectual property rights and continual outsourcing will all add to the necessity for more of the profession to become active in international services.

The rapid rise of technological applications for communicating and trading across national boundaries will only increase exponentially in the coming years. In the next 15 years, we will see regional blocs connecting parts of South America, Asia, Africa, the Middle East and the Gulf States internally amongst themselves and externally across their boundaries in many more configurations. Some of these blocs, but far from all, will include the United States and Europe, yet their reach in sourcing, marketing, hiring and production will span the globe. Loss of faith in traditional currencies will continue to exert upward pressure on commodity prices, destabilizing financial models and projections.

Many small businesses, not even thinking of themselves as global, will increasingly find that there are overseas ties to their business somewhere in the value chain, whether in production, communication or markets. Professionals will be linked to peers and to knowledge distribution on a global basis, and companies will have many more virtual teams spread out across the globe working together on projects. The ability to understand national, regional and local regulatory and client differences will be critical to members of the profession as they increasingly find themselves in international services, even if they never intended to be.
Transition Statement:
In recognition of the rapid growth of globalization and international alliances and dealings, many practitioners and firms in the past decade have created their own affiliated networks across the world in order to serve the explosion of international markets. These services are now seen as central to domestic clients as well, as even they are increasingly finding themselves entangled contractually or functionally with non-domestic entities. Those practitioners and firms that have, or have access to, international intelligence for accounting, regulatory and financial purposes will be in even greater demand than now.

Sub-narratives:

Currency
The currency fluctuations we have witnessed in recent years will be constant, and the very notion of global currencies will change significantly. In the past decade, reward points, according to some analysts, have become the second largest currency in circulation in the world, behind the dollar. Virtual currency (that which is earned in the virtual world and now moves more seamlessly into the real world to buy virtual and real goods and services) is fast emerging, to the point that China is highly concerned about its effects on above-ground economies and its ability to be controlled. In addition, many regional blocs are now considering issuing their own currencies, in order to strengthen their position against the dollar and the euro. As emerging currencies, traditional or otherwise, take on value and liquidity in global markets, clients will have to turn to those who are more adept at understanding and tracking currencies and their influences on markets, services and financial projections.

Mergers and Acquisitions
Showing no sign of abating, mating of large and small entities has become a regular activity on the international scene. Both acquiring and acquired parties will have to understand each other’s regulatory and financial environments, dealings, assumptions and
projections. Even at such time that international standards are more codified, the need to clarify and comingle different approaches will remain, just as they do even on a solely domestic basis during and after a change or merge of control, assets and liabilities. But doing this internationally will require even more forensic and sophisticated understanding of the measures, conditions, laws and expectations of all the parties.

**Communication Technology**
Social and peer networks are exploding on the world scene, connecting professionals of all kinds with knowledge and markets. They are also enabling the spread of data collection and disbursement, making clients operate not just in a domestic “fishbowl,” but in a global one. Environmental regulations and expectations are rapidly communicated, and infractions are spread quickly by word of keyboard, as are infractions of labor ethics and situations of self-dealing. Clients expect that their financial advisers stay abreast of alternative channels of international communications that can arm or forewarn them in the case of destabilizing forces that can affect those clients’ outcomes. Communications technology will also play a much bigger role in translation services, making international practice more viable even for those who do not have the language skills in-house.

**Demographics**
International services will increasingly include an understanding of global demographics, as these will directly influence financial outcomes. The aging of much of the world is exerting enormous pressures on social support systems like pensions and healthcare, affecting institutional, corporate and government financial outcomes and, in their wake, global markets. The spread of Islamic influence, including Islamic finance, and sovereign wealth funds originating from the Islamic world will also profoundly affect financial markets.

The U.S. is increasingly inhabited by people from India, China and Latin America, and these U.S. citizens are increasingly linked to their countries of origin in all forms of
enterprise, further requiring more professionals to position themselves in international services.

**Microfinance**

Small loans to women in various parts of the world are becoming critical to the reversal of fortunes in villages and communities here and elsewhere. As investors and institutions get more involved in microfinance, international practice will be a critical underpinning linking these programs together, to investors, to NGOs and to successful outcomes. Recent news reports seem to show that some new microfinance institutions have pushed this trend too far too fast, so we are likely to see more stringent oversight and regulation as a result.
CORE COMPETENCIES:

Communication & Leadership Skills
Strategic & Critical Thinking Skills
Focus on the Customer, Client & Market
Interpretation of Converging Information
Technologically Adept
Core Competencies: Communication & Leadership Skills

Overarching Statement:
A surge of new technologies is connecting professionals, their clients and their staffs in more ways than ever. But a growing inability of new entries into the workforce to communicate in person, coupled with the growing demand to be constantly communicating at all times and from all places, is creating a gap in effective and meaningful communication skills that cut across cultural, generational and professional lines.

The rapid and exponential organizational changes of the coming decade will make it harder to determine exactly where leadership resides – and how it is manifested. Organizations will become even more boundaryless, exist in virtual space, dismantle the silos and hierarchies, disentangle leadership and/from management, deal with increased complexity, manage and communicate with a more transient and virtual workforce, maintain informal and temporary networks and strategic partnerships, and supervise more project-based subgroups (with looser group boundaries).

In such a future, communication and leadership skills remain highly necessary.

Transition Statement:
In the past several years, leadership has become more decentralized, more fluid, and less static, and technology and new media increasingly serve as intermediaries in communication. Many organizations have revamped their communications internally and with external stakeholders, and executives are taking record numbers of courses in leadership. New leaders have emerged on the political scene whose communication skills were honed in sound bites, new leaders have emerged in oversight arenas whose communication skills were sharpened by venomous public attacks, and new leaders have emerged in the corporate world whose communications skills were sharpened by
stakeholders who had instantaneous access to them on the internet. The days of passing off leadership and communications to those versed in public relations are gone. These competencies must now reside in all professionals, all the time.

Sub-narratives:

New Education Models
In an increasingly competitive global marketplace, establishing the basis for a well-trained workforce will be critical for people both inside and outside the profession. During the industrial economy, when adults embarked on a more classical and linear job path, it was expected that one would master a certain occupation until retirement, and through that longevity, leadership would naturally emerge. However, recent generations are not necessarily predisposed to staying in one profession their entire lives. In fact, continuous learning and job re-training are powerful realities of today. On-the-job learning programs tailored toward improving an employee’s performance at their current job, or toward grooming the employee for another job internally, will become a critical component of forward-thinking leadership. Continued learning, especially as workers look to remain productive well into their 70s or even 80s, will be the norm. New technologies that enable learning, from webinars to video game simulations, will be increasingly engaged, allowing learning to take place anytime, from anywhere. As lifetimes become less linear, and careers less fixed, organizations will not have the luxury of decades-long experience from which to identify and select thought leaders, market builders, workforce motivators and proven communicators. Natural leadership and communication skills will be increasingly prized and necessary.

Changing Demographics
Shifting migration patterns; a changing marriage landscape; and a rise in interracial, multicultural and blended households all challenge the abilities to lead and communicate, in person or over far distances. A new generation of women around the world – who are
now the majority of those more highly educated and in the workforce in developed countries – work in economies that have displaced their male counterparts in record number. In the “she-conomies” that are emerging, communication and leadership styles that resonate with, inspire and include women will be in greater demand. As a huge percentage of the U.S. population (the Boomers) round the retirement corner in the next 15 years, they will have an extremely difficult time with the communication styles of, and taking leadership or client requests from, those many years their junior. Those professionals who develop intergenerational skills in communication and leadership will be in far better position to strengthen their own, and their firm’s, fortunes.

The Squeeze in the Middle

Othersourcing – outsourcing to systems and workers in distant locations or outside the enterprise – will continue to be of increasing concern to those whose livelihoods have diminished or disappeared. In fifteen years, new industries and new jobs will emerge, but in this global transition out of “old economy” businesses and processes, many will remain overworked or unemployed or underemployed for long periods of time, perhaps permanently. The blame is often cast on the employers who used labor downsizing or othersourcing as a way to cut costs. When those employers show profitability in the pre- or post-downsizing period, they are increasingly accused of making more money for executives and investors at the expense of the workers. And the accounting profession will increasingly be in the line of fire for building the balance sheets that justify the downsizing. One of the new forms of leadership that will be critical in the coming decades will be communicating the business case, alongside the client, to a cynical public. (As an aside, one of the initiatives we may see coming out of the profession is leadership in the area of expensing people, which would change the value of peopleed on the balance sheet, making a loss of their experience and knowledge more of a liability.)
Global Networking and Connectivity Languages

Not only are languages and communication styles morphing as a result of immigration patterns and general global mobility, but our reliance on technology has created new languages based on text messaging, instant messenger, and other styles of “tech talk.” Around the world, English is becoming “Englishes,” which now allows those who speak it to form new subcultures of multinational English speakers. New Internets are emerging which are non-English-based, each with different kinds/levels of security, software programs, legislation and accountability. Virtual keyboards will be increasingly used to translate characters, making text input easy for people across the globe. The Internet’s core infrastructure is now shifting to become more inclusive of the Arabic-speaking world, the Chinese-speaking world, the Hindi-speaking world, and others.

The rise of nomadic workers – those who spend less than a third of their working time in traditional corporate offices – is also becoming more common in many fields. For them, permanent connectivity, rather than motion, is critical, as it combines autonomy with mobility. The ability to be connected anytime and anywhere will be taken for granted, especially among young hires in the profession. Leadership is often predicated upon powerful communication skills, and powerful communication skills are often predicated upon the ability of the sender to resonate profoundly with the receiver. In a world of new language nuances, new tech-based languages, and new populations communicating with each other, developing and exhibiting excellent communication and leadership skills will remain critical core competencies of the accounting profession.
Core Competencies: Strategic & Critical Thinking Skills

Overarching Statement:
In the next 15 years, people demonstrating intelligence (the ability to solve challenges never before encountered) will be valued far more than those who are smart (the ability to learn and retain things). Adaptable, critical and strategic thinking will not be able to be commoditized as easily as bodies of information, and the latter will be outsourced to other sites, outsourced to software programs or insourced (done without having to pay a professional). Where once the mark of a profession was the accumulation and application of years of study, the future will reward those who are better able to grasp a project, factor in related external circumstances, read the culture of the client, gather the relevant resources, unearth the relevant information in a sea of sources, and anticipate outcomes. Reliance on sophisticated software and algorithms, rather than diminishing or replacing the need for human critical thinking, will make it even more necessary. The combination of rapid change externally and fast-paced expectations internally will make almost every assignment unique. The overwhelming amount of data available will outrun current spreadsheets. Decisions made at any point in time could be overturned by the next day’s events.

In addition, the clients, themselves, will have more difficulty knowing what they should be asking, what they will need, what they should be preparing for, and what would give them an advantage in a keenly competitive and high-risk world. They will know how to access the elementary answers to these using peer networks, dedicated information sources and search engine sophistication. In order to provide value-added service and a more lasting value-add to the client, accounting professionals will have to apply even higher levels of strategic and critical thinking skills than they bring to the profession today.
Transition Statement:
In recent years, many institutions of higher education and continuing learning have lagged behind the expectations of the marketplace. There is still an emphasis in colleges, business schools and corporate and professional training programs on formula-driven thinking and information-heavy content. In the past decade, many employers have turned away from business school accreditation and have begun to seek, instead, those with more of a liberal arts and humanities background, those who have demonstrated early ability to manage and successfully complete projects, those who have shown an entrepreneurial bent, and those who can solve problems that have no one right answer. The growing belief is that these are the marks of individuals with critical and strategic thinking skills. The accounting profession is widely perceived as being among the more structured, linear professions. While there have been some efforts in the recent past to attract new kinds of students into accounting programs, the profession needs to continually refresh and change the perception that it is more about learning calculations than solving problems and finding opportunities. In this more highly competitive environment for professional services, which now includes systems, software, search engines and free information and advice available at the click of a mouse, the strengthening of strategic and critical thinking skills will be important to the future health of the profession.

Sub-Narratives:

Re-Intermediation
There has long been a gradual de-frocking of professional priesthoods, as people have circumvented professionals who once served as the only “authorities” or gatekeepers in their disciplines. This disintermediation has been happening across a wide spectrum of service-related professions, including the accounting profession (e.g., online tax preparation). The growing sophistication and ubiquity of information technology has much to do with this disintermediation process. However, there is now mounting
evidence of an important counter-trend developing – that of re-intermediation. Due to lingering economic constraints, many individuals and companies continue to do for themselves what they once paid others to do – termed “insourcing.” However, many people and organizations are finding that two variables are leading to their growing need to re-intermediate and invest in professional services. The first is that some skills simply cannot be “insourced.” The second is that many people simply do not have the luxury of time to sift through the endless streams of information at their disposal anymore. So instead, considering the time-value of money, they are increasingly turning back to learned intermediaries to provide certain critical functions.

A key to re-intermediation in the accounting professional is its ability to provide value-added strategic and critical thinking for a client. The human/firm will have to bring a more critical and strategic eye to a client’s needs in order to justify its fees.

The “Brains Race” and Industry-Specific Innovation
There is currently a global “brains race” underway – very much akin to the arms race that characterized much of the latter half of the 20th Century. Part of that global brains race is a push emerging from the East (China, India, Korea, et al) to nurture more homegrown innovation, and improve domestic education in an effort to be competitive with the West – long considered the model for better education and the incubator for true innovation. Global and foreign industries and businesses will enter new markets, deploy new technologies, adopt new business processes and force new regulatory standards. As more organizations grow globally, and accounting standards become international and intertwined, clients will value strategic thinking applied to their innovations and their evolving industries as much as operational thinking, and they will be able to source that from anywhere in the world. That means that international competition for accounting services will heat up, and the strategic and critical thinking component of the profession will be forced to higher levels. In the end, all practitioners will have to ratchet up their
competency in strategic and critical thinking if they wish to remain competitive in the broader marketplace.

**Strategic Alliances**

One way that the accounting profession will provide added value in the future will be by identifying need-gaps, and partnering with complementary professions in order to deliver more economical turn-key solutions to clients. This is an era in which more organizations are cutting budgets and looking to simplify the fragmented vendor model. One kind of critical and strategic thinking is figuring out which kinds of additional resources will help the client achieve financial goals, limit risks or better deal with a variety of regulatory pressures. Building trusted and sustainable relationships with aligned resources will take on growing significance.

**Multigenerational and Multicultural Thinking**

The past decade has seen the workplace absorb many more women, minorities and generations. In the past, much of this has been out of forced necessity – to fill the ranks of needed workers, to comply with equal opportunity requirements, to be politically correct, and to reflect the diversity of the population and the clients themselves. In the future, the more compelling reason for assuring this diversity will be the business case. People of different backgrounds and different generations actually think differently. Studies are now surfacing around the world that demonstrate that performance records are superior for companies that have more women in management and on boards. In the future, those same studies will find similar results for multicultural and multigenerational representation at the higher levels. Added points of view will help break through traditional frameworks and move practitioners to even higher levels of critical and strategic thinking.
Forensics
Looking for errors and omissions on a spreadsheet is one thing. Searching through the increasing mounds of data from all sources is another. There is not the time nor the talent to wade through all available information in order to know what will signify trouble, what will signify opportunity, and what will signify the need for attention. In an age of information overload, critical and strategic thinking becomes the foundation for assigning priority, determining relevance, unearthing wrongdoing, providing assurance and suggesting what else is needed.
Core Competencies: Focus on the Customer, Client & Market

Overarching Statement:
As businesses respond to rapid changes in their markets, they will create new, sometimes ephemeral, structures and entities that could represent a serious challenge to standard accounting procedures. New kinds of hybrid organizations—hyborgs—will make auditing and reporting less clear cut and more susceptible to confusion and error. The spread and growing importance of NGOs will be accompanied by the growth of their very different needs for accountancy services. More and more cross border activities will mean not only different organizational structures and processes but also different standards, regulations and perhaps even ethics. The growing prevalence of virtual organizations and online activities will continue to introduce novel ways of doing business and practices requiring new rules and standards. The huge growth of women and minority-owned and managed entities will force even more of a multicultural focus, and perhaps even cause major changes in practices, e.g., accounting with Islamic structures here and abroad.

On the individual client scene, the great growth globally of entrepreneurship, with many people—often untrained in business principles—operating out of their homes or even their mobile phones, will present a host of new challenges. Many will lack even a rudimentary knowledge of accounting principles and practices. These will require a great deal of hand-held tutoring and a high level of alertness on the part of their accountants.

Transition Statement:
Markets over the past decade have been in a state of almost constant turmoil as new players—and new types of players—move rapidly in and out. In the past five years, we have seen the introduction of large-scale social entrepreneurialism, the emergence of “Google-everything,” a rush to do business alliances as well as sourcing in developing and unsophisticated countries, attempts to break down the silos of traditional structures in
order to adapt more quickly to market needs, the explosion of women-owned micro-
businesses, “new” Internet businesses becoming mature and older-line businesses
becoming virtual, countries declaring bankruptcy, massive new types of regulation, and
the rise of cloud computing that enables whole new kinds of transactional enterprises.
Adapting accounting practices to these and hundreds of other constantly shifting
circumstances and structures will be necessary to serve clients and customers well. What
accountants will need to know about their clients and markets in order to do that will be
daunting. Keeping up with all the new kinds of organizations—real and virtual, global
and local, public and family-owned, mixes of public and private (as in social
entrepreneurialism), culturally diverse—has become necessary. Relating all of these
developments to a changing and more complex regulatory environment will be a major
task as we move into this uncertain future.

Sub-narratives:

Confusion and Complexity
Over the next decade and a half, accountants will find their clients more and more
confused and overwhelmed by these developments and their many new choices. As a
result, opportunities for both errors and fraud will increase significantly. With market
and client transformations, transparency and compliance will be executed differently, but
the need will be even greater, as investors, contributors, regulators and managers look at
structures and client bases they have never seen before, and demand metrics of a kind and
in a way that clients were not used to providing. With the unfolding of multiple models,
the need to understand what kind of organizational structure(s) will best serve the clients’
needs and also best meet the needs for oversight will become essential. Listening to
clients on an ongoing basis, and constantly re-evaluating emerging opportunities in the
marketplace for accounting services, will become even more essential in this time of
confusion and complexity.
Regulatory Standards

One of the most important ways the profession can serve both organizational and individual clients in the coming years will be in understanding and complying with a multitude of diverse and changing regulations and regulatory authorities. Global and cross-border business activities will require constant attention to—and interpretation of—what different jurisdictions want at any given time for any given kind of transaction. This entails sufficient understanding of the client and that client’s marketplace in order to anticipate the consequences of actions clients do or do not take. There will need to be constant monitoring of what’s going on in the clients’ many regulatory jurisdictions in order to interpret these happenings quickly and effectively for clients.

Diversity

The world of management, ownership and regulation is changing its makeup. From white men to women and ethic and racial minorities, from those trained in western formulas to a world of different norms and beliefs, from standard organizational hierarchies to new combinations of centralization and decentralization, from brokers of ownership to brokers of leasing arrangements, the make-up of the customer and client, and those who regulate them, is constantly expanding and changing. Signing and executing contracts, negotiating joint operations and supplying goods and services to multicultural customers requires knowledge of and sensitivity to the different norms, values and approaches. On the personal level, emerging lifestyle choices make personal financial planning less formulaic. On a global level, the population of most countries is aging significantly, and here in the U.S., the Baby Boomers are increasingly of retirement age and wanting to remain in their careers longer, competing with a comparably-sized younger generation raised in the 21st century mindset. Online stock trading has enabled many non-sophisticated players to become investors that require attention. The rapidly-growing diversity of clients and customers will make knowledge of their differences continue to be a critical core competency of the profession.
Core Competencies: Interpretation of Converging Information

Overarching Statement:
The future will be about rapidly increasing amounts of information coming from many more sources, converging in more ways than ever before. Newspapers and thought leader magazines once pulled information from their trusted sources and gave long paragraphs over to context and interpretation. In the future, if present trends continue, readership of traditional and accountable journalistic texts will decline even further, to the point when, 15 years from now, less than ten percent of the public will get its information processed that way. Younger employees have grown up learning to depend on multiple sources of online information that has not been properly authenticated, and frequently removed from the larger context. As the various sources of abundant information begin to converge, the greatest challenge ahead for the profession will be validation, simplification, and education, and, of increasing and utmost importance, accurate interpretation.

Transition Statement:
As digital media and Internet technology have become increasingly expansive and ubiquitous, the sheer amount and convergence of information available has become overwhelming for many people and organizations. Response strategies have ranged from completely shutting off from the informational deluge to completely trusting the most readily available, if not validated, sources of information. With time becoming a valuable commodity and attention spans shortening, menu-driven sources and options allow for the shutting out of information that could be important, but is not directly of interest. This has dampened the ability to access, process and ultimately interpret converging information. Knowledge has thus become less broad and less deep, with specialization and personal interest dominating choice. Grade schools that have been “teaching to the tests” have pumped a lot of information into students’ heads, but not necessarily in the form of integrated knowledge. From an early age, and throughout much of higher education, this specialization and selection has increasingly reduced the
ability to correctly amass and interpret converging information, which, in a far more complex environment, will make this a much more valued competency than it has ever been.

Sub-Narratives:

Validation: Virtual Faith & Digital Information
People, both young and old, are developing an increasing faith in the validity of information that they gather online, particularly if it resonates with what they already believe. The majority of the digital media have not yet established themselves as truly credible sources for information – yet many people treat them as such. The notion of “experts” is being compromised as a result, as people circumnavigate them and/or question them in favor of readily available and abundant information online (e.g., people are medically diagnosing themselves online, as opposed to going to doctors; people are researching academic papers online, instead of going to what were once considered “authentic” sources, and they are doing their financial planning on line instead of consulting credentialed advisers). Frequently, the prescriptions and knowledge gained from these sites are poorly integrated into the larger context that frames a diagnosis, a thesis or a financial plan. The accuracy of the assumptions and interpretations is assumed, but often disappoints. Accountants have long been in the validation business – but now accountants will be called upon to do more than validate numbers, or even validate information. For themselves and their clients, they will have to access converging information and sources and validate interpretations, in order to avoid going down misleading, and potentially disastrous, paths.

Simplification as an Asset
Employers do not generally screen for or identify the ability to handle complexity. Interestingly, it is being shown that participation in MMP (massive multiplayer games), and electronic games in general, are good methods of training people to integrate...
converging information and to handle complexity. Various kinds of gaming will come to be seen as a valuable part of accountant training.

Strengthened oversight will compound the complexity of doing business. Executives and managers are overwhelmed by the converging information from many regulatory and oversight agencies, judicial pronouncements, board directives, investor demands and self-appointed journalistic bloggers. Accounting professionals will find they can increasingly partner with legal counsel to offer considerable value as translators – or complexity – simplifiers – in helping clients interpret the information in a way that paralysis and fear are overcome.

**Education**

In the future there will be no such thing as “a technology,” because all technologies will depend on a host of others to create the breakthroughs and applications that will shape the 21st century. Genetic engineering, for example, will rest on nanotechnology, computing technology, optical technology and cellular biology. Understanding the fates of nations will not rest upon learning about a single episode or leader, but on the convergence of knowledge that ranges from water availability, demographics, cross-border strategic alliances, technological prowess and entrepreneurial bent. Industrial era education has segmented knowledge into disciplinary silos, but the ability to anticipate change and its consequences, to adapt to major shifts, and to achieve progress and success will depend upon new forms of education that acknowledge and establish the convergence of multiple bodies of information. This will be no less true in the accounting profession, where competitive intelligence, new business processes, expanded regulatory requirements and globalization will be just a few of the kinds of information that will converge and need interpretation. Professionals, and those who work with them, will require that the educational systems that underpin their profession work to strengthen the increasingly valuable and necessary core competence of integration of converging information.
Core Competencies: Technologically Adept

**Overarching Statement:**

We are living in a time in which the digital and the real worlds comingle, and our devices have become incorporated into our daily routines. Software programs will increasingly interact with each other using complex algorithms that will guide decision-making and potentially create errors that will be more difficult to discern, and will require new capabilities on the part of the firm’s professionals. There will likely be an accelerated trend toward a shifting of focus from gathering information to processing it. This will be especially true as an overwhelming volume of data increasingly demands both an appropriate organizing structure and an ability to interpret and analyze it all effectively. As more companies and individuals operate independent of geographical boundaries, cross-border practices conducted via technology will become more commonplace and necessary. Social networks will be used as both a way of getting business, and as a way of understanding the needs and issues of clients. Mastering these systems, and the many networks of systems these systems control, will become more critical as we move into a future that demands greater technological proficiency, competence and understanding.

**Transition Statement:**

In the past five years, power has shifted even more downward and outward and everything is increasingly being captured for public consumption. Organizations have been struggling to stay ahead of the curve – from both a reputation-management and technological-adaptation perspective. In the past five years, video gaming technology has become the platform for brain surgery, weapons design, earthquake rescue and role playing of business risk scenarios. Virtual worlds have captured millions of people for work as well as play. Billions of people have acquired cell phones, and thousands of apps have emerged to attach to them. Multimedia platforms have engaged workers interactively with the products and services they purchase, whether through gaming, policing their inputs, or involving them in online communities. The emerging
generations of clients will be far more tech savvy, and demand the same or better level of technology aptitude from those professionals they hire.

**Sub-narratives:**

**Mastering Systems**

Self-contained, self-learning data systems will increasingly be capable of creating new, more complex and fully independent meta-systems which will offer more functionality, operability and computing power. This vast sea of “big data” in the “cloud” makes it possible to do many things that previously could not be done: interpret regulatory information, provide real-time access to data, supply instantaneous financial market figures, and so on. The use of these interconnected systems can also be used to unlock new sources of economic value, provide tools for quantitative analysis, and provide fresh insights for management. It will become increasingly important to figure out ways to exercise oversight regarding these various systems, particularly from a privacy and security perspective, although ensuring data security and protecting privacy will become much more difficult as the amount of information systems multiplies. Organizational energy input will continue to migrate away from labor and towards systems. Eventually, the difficulties of managing labor may pale in comparison to those of managing systems. System design, programming, and data management, analytics and protocols will undoubtedly take on added importance, especially when it comes to the assurance of information integrity.

**Multi-Media Advances and Influences**

All kinds of goods and services are now being designed for interactivity. This is the next iteration of customization. Interactivity, in the years to come, will mean an ongoing shaping and reshaping of the service to the customer’s desires, and even finding novel ways to gain the customers’ attention and approval. More software-to-software connections, as well as smart/interactive spreadsheets, reports and contracts will provide
those in the profession as well as their clients with greater access, real-time tracking capabilities, and responsiveness.

Virtual and Social Media
Accounting, as a field, is becoming more virtual and that will come to encompass both the employees and the firm itself. Telepresence and telerobotics will connect geographically disparate clients, customers and employees; virtual environments will offer an enjoyable way for people to learn more about the profession through education, skills training and outreach; and business-focused social networking platforms will unite professionals in new ways. Social networking, virtual retraining programs, flex-time, single-project outsourcing, and the ability to work remotely will all lead to the reevaluation of traditional practices within the profession. In the next decade, more and more resources will be shifted away from the physical and into the realm of the idea, the virtual customer interface, the immersive and the interactive. Audit and compliance will be reshaped to conform to the protocols in multimedia environments, and that will require even higher levels of technology proficiency on the part of the profession.

Privacy and Cyber-Security
Technology now can fuse many different types of systems into a unified platform – networks, structures, electronic devices and virtual entities are now connecting wirelessly. But in order to make customers and clients feel more comfortable with its usage, the profession will need to address concerns about privacy and security, as well as future security measures such as encryption and authentication. The growth of embedded systems, their interconnectedness, their complexity, and the fact that they will be increasingly self-adaptive will all make it easier for malicious abuse and misappropriation. Without considerable technological prowess, the average professional will be overwhelmed by privacy and security concerns.
CORE VALUES:

Continuing Education & Life-Long Learning

Competence

Integrity

Attuned to Broad Business Issues

Objectivity
Core Values: Continuing Education & Lifelong Learning

Overarching Statement:
In 2025, many of our existing methods of education will have been revamped or discarded. Educational software, deployed for several decades, will become extraordinarily sophisticated, virtual reality gaming technologies will replace textbook formats, virtual environments will replace many classrooms, students will advance at their own individual pace, and multidisciplinary approaches will be valued over segregated subjects. Brain imaging will allow for a better understanding of how different people learn. The global “brains race” will encourage curriculum developers to make STEM (science, technology, engineering and math) more accessible and easier to grasp. Learning teams will connect globally, and the U.S. will see its dominance in higher education erode as budgets continue to be cut, and other countries ramp up their systems of lower and higher education in order to better compete in the future. More women around the world will be educated, and will be the majority of those earning post-graduate degrees. Careers will be in a state of constant transition as technologies reshape them and displace many who populated them.

As a result of all of this, the idea that education occupies a fixed number of years at the earlier stages of life, already being challenged, will completely disappear. Where once the professions required some continued education, with educational credits attached, in order to keep one’s license to practice, education will become the ecology within which the professions exist. Rather than specific courses only, learning will be expected to take place daily, and continuously. Within accounting, it will be increasingly important to keep up with the particulars of the profession—regulation, markets, technology. But it will also be important to keep up with the world, with all the factors that will affect the conduct of business, and with all the advantages new competitors will have as complexity and rapid rates of change constantly alter service delivery.
Transition Statement:
Knowledge is becoming outdated at an advancing pace. With the exception of the basics – reading, writing and arithmetic – each year casts doubt on that which we learned the year before. In the past decade, quantum physics has recast our knowledge of science, efficacy studies have revoked supposed medical truths, revisionists have taken new looks at history, and events have conspired to show that much of what was learned in accounting no longer tracks with current reality. Accounting for intangibles, massive movements of markets based on programmed trading, the need to factor in the externalities of production (e.g., environmental impacts), the explosion of factors that give rise to risk, the deployment of wholly new technologies and systems for keeping track of and sorting through information, the new business models, municipal and national bankruptcies, and the move toward international standards are just a few of the developments that are increasingly becoming more important. As these powerful changes occur, and they occur constantly, it becomes ever more important that the profession, and the practitioners within it, embrace continuing education and lifelong learning as a core value. Part of lifelong learning will be the need to “unlearn” knowledge and processes that are no longer useful.

Sub-Narratives:

Staying Up With Upcoming Generations
As younger generations enter the profession, others already within the profession will have to fight to stay competitive. Change is rapid and constant. Many new entrants will have a greater sophistication with regard to systems and technologies – and they will likely be more learned in the most updated sets of accounting standards. They will not have to unlearn as much as their older counterparts. Similar to the dynamic already at play in other service industries, we will see a separation of the “quick” and the “dead.” This imperative will be further compounded if the profession is successful in its myriad recruitment efforts to attract more higher-performing young people into the profession.
Staying Ahead of Artificial Intelligence Systems

It is difficult enough to compete with outsourcing (paying for cheaper services in other markets), othersourcing (having software and systems do some of the work humans were once paid to do) and insourcing (people and organizations doing for themselves what they once paid a professional to do). As the software and systems get more intuitive, and become self-learning, they will not only be able to aggregate and massage massive amounts of data, but they will be able see patterns, draw inferences and suggest outcomes. Only with continuous learning themselves will professional practitioners be able to claim competitive parity with, or advantage over, artificial intelligence.

Extended Life Spans

It is obvious that people are living much longer, well into their 80s and 90s. In their 50s, people are now wondering how they will spend their next 20 years being gainfully employed. For those who have been displaced, downsized, early retired or burned out in their current career, ways to re-engage in the workforce and possibly start a new career path will be the option of choice. This is already happening to a large degree, as Boomers look for internship opportunities within new industries and/or start their own new businesses if they cannot find employment. There has been a marked rise of continuing education (much of it in the form of vocational training) for adults (particularly displaced males from the white collar workforce) who will enter service positions for which they were previously unqualified. Accounting certification, training and accreditation programs geared toward this audience could serve the profession as a future pipeline for talent that has already proven its predilection toward lifelong learning.

Retaining the “Best and Brightest”

Going forward, organizations will be best served thinking of their own employees as consumers (referred to as “comployment”). In order to not only recruit – but keep – the
best talent, they will have to continuously market to their employees and give them a reason to stay other than to have a job in an economic downturn. One of the ways that organizations can deliver value to existing employees is to provide meaningful and timely education programs. Evidence points to those in younger generations habitually jumping jobs, irrespective of their profession. They average 8 jobs by the time they are 30. One reason that continuous and lifelong education and learning will increase as a core value of the profession is because it will have to become part of a broader retention strategy.

The Global Talent Pool

Competition from and for certified and skilled accounting professionals from around the globe will continue to increase. Several nations in the East (e.g., China, India and South Korea) are establishing a new educational imperative in an effort to retain their own indigenous talent and also attract foreign students. As global dealings and accounting standards become increasingly intertwined, competition for business on a global level will escalate. Continuous and lifelong learning will be one way to help meet the competition.
Core Values: Competence

Overarching Statement:
Software programs will evolve and learn at higher levels of human intelligence. They will increasingly disintermediate the human in matters of health, design, engineering, law, finance and accounting. The competence of artificial intelligence (AI) decision systems will challenge professionals to prove their worth in an increasing number of engagements. But the software models will remain prone to failure – and massive failures, at that – challenging the idea that human professional competence will become unnecessary. Indeed, the opposite will be true. The ability to know, understand, interpret, intuit and anticipate will all become even more important as the world becomes more complex. The management of enterprises and the conducting of activities in the socio-political-economic sphere will involve humans in the external equation, and so long as that is true, competent professionals will be needed in the internal equation. Rational AI will go just so far, and then connective and sensitive intelligence will be called upon to satisfy human goals and conditions. Still, this means that competence will be required to rise to new levels, as the more rudimentary levels of accounting, auditing and consulting become relegated to software programs.

As the world undergoes profound geographic, technological, competitive, environmental, demographic and political change, new structures and circumstances will continue to arise that have never existed before. Software intelligence is known for “garbage in, garbage out,” which is to say, the programs are generally only as good as the assumptions that created them. Many of those assumptions will be wiped out in the next fifteen years, to be replaced by newly evolving enterprises, activities, processes, regulations and situations that will be novel or unique. There will be a constant race between the ability of humans and the ability of software to keep up. In the end, they will co-exist symbiotically. But that implies that the human can remain as comparatively competent as the software.
Transition Statement:
In the past five years, complexity has become a more visible and urgent issue. The recent issuances of regulations that are hundreds of pages long ensure that thousands of unintended consequences will occur. Sophisticated financial instruments that were increasingly devised and issued in the past decade defied even the most knowledgeable financiers to be competent in their use, leading to abuse. The proliferation of software programs that not only do basic accounting but higher levels of finance have challenged practitioners to keep up and stay sharper. The advent of social media has required more competence in communication with various stakeholder groups. Non-tangible assets like reputation and intellectual property have been requiring new competencies in valuation and audit. Declining levels of math and science proficiency in the public schools reduce the competency levels of the incoming workforce, even as the financial mathematical models and new sciences, like nanotechnology and biotechnology, require higher levels of understanding and oversight. Competence will have to remain a core value if the profession is to survive and thrive.

Sub-narratives:

Complexity
As compared to complicated, which just means a difficult set of circumstances in a fixed field, complexity implies multiple feedback loops in an open system, where nothing ever comes to a conclusion but continually sets off new situations. In complex systems, unintended consequences are common, solutions are systemic, problems are unbounded, and goals are elusive because of many extenuating circumstances. In this environment of geometrically compounding complexity, competence becomes essential.

Foresight
As every new regulation, technology, competitive endeavor, tax levy, responsibility of oversight bodies and enterprise structure emerges, there will be first and second order
consequences that can overturn projections and performances. Brick-and-mortar retailers were confident that on-line sales would remain only a small portion of the retail landscape. Supermarkets were surprised in the past decade by the amount of business that went to Walmart and shopping clubs. People who put money into 501Ks assumed they were safe investments. Programmed trading was never anticipated to lead to calamitous swings in the market. The high rate of divorce was never considered to be a major factor in mortgage defaults. Until the past decade. All of these assumptions proved wrong. Clients will increasingly look to accounting practitioners and consultants to anticipate such things, and adjust projections accordingly. Simple foresight was an area of competence that was once easier, but complexity has made it infinitely more difficult. Competence in foresight will become more highly valued as the world continues to transform in untold ways.

**Input vs. Output**

Emphasizing the hows and whys of processes has long been a hallmark of professional education and practice. These processes have been developed over many years – often many centuries – and have been tested by time. But in today’s rapidly changing and tumultuous world, holdover practices from the Industrial era are woefully inadequate for the 21st century. The number of man-hours worked may now have nothing to do with the actual quality, let alone quantity, of what is produced given the rise of the knowledge component of the economy. Indeed, studies have shown that women who work part-time get as much or more work done in the hours they work than do full-time employees. Measures of ROI become useless when the investment is subject to shortened competitive protection horizons, or penalties for infractions of predictable regulation. Large inventories are worthless when the technologies the goods are based on become leapfrogged by other, newer technologies. Accounting for externalities of production, like environmental damage, can change the balance sheet. Biofuels turned out to use
more energy to produce than they delivered, in the process destabilizing food prices in poorer regions as arable lands were converted for energy crops. The past decade has proven that the future will demand results – accounting for output – that is not reliant upon traditional measures of input. Practitioners will be expected to be competent at seeing and employing these new ways of accounting.

Technology
The ever-changing and more sophisticated technology landscape of the future will require even more competence on the part of professionals to manage, utilize, leverage and deliver value-added propositions based on the technology, both internally for the firm and externally for the client.

Globalization
The steady advance of globalization over the coming years, involving all manner of enterprise, will require greater international competence on the part of the accounting professional, whether related to different regulatory landscapes, different cultural approaches, different linguistic interpretations, different ways of doing business or different ways of assuring oversight.
Core Values: Integrity

Overarching Statement:
Trust will play an even more critical role in all transactions in the next fifteen years. Firms, and even individual practitioners, will be asked for their track record in exposing wrong-doing, and those records may even be a part of the public domain, as information and communication technology will allow for professionals’ reputations to be monitored and tracked, and even assessed. Integrity, once a personal guarantee, will become a publicly traded currency as clients and oversight bodies find their own information leaking out beyond their control. Classes in ethics will not wind up being a solution, but only a weak attempt to spread integrity into all financial entities and dealings. These classes will become almost irrelevant, because although the case studies they teach are useful, it will become clear that integrity is a personal trait and not a matter of knowledge acquisition. In the end, the reputation of the accounting profession for integrity will be its most enduring asset.

Transition Statement:
In the past five years, the public has lost trust in regulatory and oversight bodies, from their elected representatives to appointed commissions to independent rating agencies to boards of directors. In the wake of financial markets decimated by substandard risks, rating agencies that backed those poor risks with high marks, respected persons learning the markets and then devising unethical schemes to take advantage of them, executive compensation completely out of sync with performance, and entities of all kinds needing to cut costs in order to remain profitable, or even solvent, professionals with integrity will be more necessary to ensure that systems remain trustworthy. With the onrush of competition and labor-eliminating technologies, increasing pressures on short-term gain and survival are severely straining managers and executives to put aside long-term considerations and the greater public good in order to deliver to customers, investors, voters, taxpayers, regulators and their own self-interest on a shorter, even real-time, basis. Yet, the signals are crossed and confusing, as many of those same constituencies
increasingly clamor for more attention to be paid to both the short and long-term well-being of the economy, the environment, the stakeholders and the public. The accounting profession will be asked to justify and deliver to both ends of the spectrum. Given the heightened conflicts inherent in the tasks, professional and personal integrity will be even more difficult to maintain, but highly respected, and more sorely needed.

Sub-narratives:

Value Shifts
In a world that is becoming even more global and multi-cultural, the issues of right and wrong are varied. In some cultures, for example, cheating a fellow member of a tribe or community is definitely wrong, but doing it to an outsider is not. In Islamic cultures, earning interest on capital is sinful. Using under-age workers is considered to be an unethical way of conducting business, and yet in some environments that is seen as preferable to having youngsters scrounge for food in garbage fills or prostituting themselves in order to live. Younger people who spent years playing video games, living and outwitting others in virtual worlds, have a difficult time making the transition to what is appropriate in the real world. Women who own and run businesses have different moral centers when it comes to those who work for them, and in the value they seek to deliver to clients. The 21st century is delivering up a polyglot of cultures and beliefs, and finding a moral center – practicing out of integrity – will not be easy when the very term is increasingly open to interpretation.

Reputation Technology
New on-line sites are opening up every month that allow workers to assess co-workers, that allow customers and clients to assess service providers, that allow practitioners to have others assess them, and allow the public to glimpse just about anyone’s reputation. Lapses in integrity will be visible for all to see and comment upon, and being able to hire persons with higher levels of integrity will be more important to any firm’s standing in
such a public square. New ways of screening for and managing integrity will become a critical role in human resources.

**Brain Imaging**

One of the most rapidly advancing fields of study is the imaging on the brain. Neural scans are uncovering many aspects of how the mind works, and experiments have ranged from seeing how taking extreme risks can become addictive in certain brains (a subset of what is being called neuroeconomics), to the best ways to sell products and services to different clients (a subset of what is being called neuromarketing.) Issues of integrity are being imaged and tested at a more rapid pace, and by the year 2025, we will have a much better understanding of how and who to hire if we are looking for those with the greatest integrity.

**Integrity as a Competitive Advantage**

As oversight bodies, such as commissions and boards, are increasingly held to higher standards, they will seek to hire only those they can trust to ensure that their own liability is diminished and their reputations are protected. Because their role is not to manage, but to execute oversight, this growing body of clients will want to hire practitioners whose independence and integrity are a hallmark of their work.
Core Values: Attuned to Broad Business Issues

Overarching Statement:
Concepts like PESTER (Political, Economic, Social, Technological, Environmental and Regulatory) will continue to be used to identify the broader business issues in the external environment that require practitioners to anticipate and prepare for the trends, issues and events that will have the greatest impact on the profession. As the speed of change accelerates, practitioners and their organizations will continue to highly value the kinds of “radar” that enable them and their clients to be more prepared for unexpected or unanticipated occurrences, reduce future surprises and pinpoint potential opportunities. Staying up to date on the PESTER factors will also be a way to help further engage, inform and educate clients, the public, and each other on issues related to the profession.

Transition Statement:
In the past decade, we have seen more companies and organizations looking outside their industries to the broader external environment as a whole, in search of a more comprehensive, integrated and holistic vision of business-related issues and areas of focus. Compared to today, ten years ago was a cakewalk. In the U.S., political swings have become even more dramatic, and partisanship has slowed progress and ramped up uncertainty, making it even more difficult to foresee what legislators and state and local governments will enact. On a global geo-political scale, we have seen the rise of rogue states holding the world hostage, regional bloc cooperation in opposition to the North and West, more women rising to power, global security alarmingly degraded, and NGOs taking on more responsibility for the public good. Economically, the world is going through a fundamental transformation that was punctuated by the financial meltdown, but even without it would have put jobs, countries and industries in turmoil. China has emerged as the second largest economy in the world, and many more countries are locked in serious battles for economic and technological supremacy. Aging societies are dragging down public coffers, and pensions are now truly in jeopardy. New sources of
taxation are being sought out everywhere. Socially, we see the growing acceptance of all life styles, even as parts of the world retreat into older belief systems, and social on-line networks that connect people who were never part of the greater community, even to the point of threatening the caste system in India. Environmentally, cries of global warming face vehement opposition, and while individual concerns have waned, institutional accountability is higher than ever. From a regulatory standpoint, global standards are being pushed, even as domestic and local requirements are increasingly burdensome and confusing.

The broader business issues continue to profoundly affect the effectiveness and efficiency of accounting practitioners, and to stay ahead of clients and competitors, the impetus to factor in external forces must remain high on the list of core values of the profession.

Sub-narratives:

Information vs. Knowledge

In businesses all across the board, we are seeing a movement from information to knowledge. Knowledge is the effective and useful application of information. We are all besieged by a tidal wave of data and information, and we are learning more and more about its burdensome effect on productivity, management, creativity, companies’ bottom lines, and employees’ well-being. The focus now is on knowledge capture – the ability to leverage the various kinds of broader knowledge that information systems do not store. An integrated knowledge network will bolster the ability of professionals to avoid drowning in data, and will allow them to make better judgments about choices confronting their clients and their firms. Understanding the need for such a network will become a part of this overall core value.
Risk Management & Assessment
Organizations are transforming the way they think about and manage risk. In the future, risk management will become inextricably tied to the value proposition, strategic planning, stakeholder expectation and employee morale. Since work is no longer defined by physical place, but rather by a series of activities that can be conducted virtually anywhere and at any time, we are likely to see risk management shifting from being in the realm of the physical workspace to including the realm of the virtual workspace. ERM (Enterprise Risk Management) is being elevated to the board level at many companies, and it involves the spread of risk using insurance vehicles, and the preparation for risk using cross-department cooperation. The accounting profession will have to remain sensitive to the broader business issues in order to aid in the implementation of ERM, and reduce the uncertainty of outcomes that can throw any entity into dire straits.

Accountability
In the public sector, government accounting has shifted to government accountability. Given the emerging regulatory environment, more restrictive legislation and more stringent regulation will force organizations to be more transparent in their overall business practices, and more accountable as opposed to merely communicative. Rather than a matter of bookkeeping, financial analysis and financial planning, stakeholders want to see that the broader external environment (multiple bottom line reporting) is not merely an exercise but a living consideration in the organizations they work for, contribute to, invest in, buy from and pay taxes to. Being able to provide assurance to stakeholders will require the profession to value an ongoing proficiency in the broader business issues.
Core Values: Objectivity

Overarching Statement:
As a rule, people who take high positions in government in the U.S. are required to resign from corporate boards and otherwise avoid direct connections with companies that do business with the government. This practice is in the interest of objectivity—the individual should not be seen to be in a position to profit directly from the decisions he or she may be called upon to make. In medicine, we see that doctors who benefit financially from companies that sell medications and healthcare equipment are increasingly criticized for seeming to lack the objectivity necessary for the proper treatment of patients.

From these and similar examples, we see the development of an environment in which the appearance of objectivity will be as important as objectivity itself. The assumption in the accounting profession is that independence and disinterestedness—objectivity—is a given in the proper practice of the profession. That assumption will be less accepted and increasingly challenged by the growing cynicism of regulators, investors and the public.

Transition Statement:
The appearance of conflicts of interest, if not actual instances of them, has tarnished to some extent the reputation of accountants in the past decade, and has even caused the collapse of one of the largest firms. As technology has created an environment in which any and all business operations and transactions can be quickly made known to the media and the public, as 24/7 media look to sensationalize news and as a suspicions and sometimes cynical public expects the worst, objectivity must remain and even increase as a core value of the profession.
Sub-narratives:

**New Media**
Traditional print and broadcast media will increasingly be supplemented by—and in many cases replaced by—news sources on the internet and on mobile phone networks. These non-traditional media won’t necessarily have the same ethical standards and provability requirements as most of today’s newspapers and magazines. Hints and innuendos that wouldn’t be mainstreamed in the past will become instantly and widely accepted in the future. Scandals will be especially popular, true or not. It will become increasingly incumbent upon all professionals to avoid every possible suggestion of impropriety. In the case of accountants, this will mean leaning over backward to be—and appear to be—objective. It will also be necessary for accountants and firms to get professional help in learning how to deal with the new kinds of journalism that will abound in the future.

**People vs. Machines**
Software programs, robots and other forms of technology tend to be seen by the public as perfectly disinterested. They are seen to have no ax to grind, no bias or prejudice, no hope of gain or fear of loss. For that reason, they are trusted to be uninfluenced by any personal agenda, and unlike humans, objective under all circumstances.

The truth is not so simple. Software programs, for example, are created by humans and therefore embody at least to some degree the assumptions, points of views and biases that people have. Furthermore, the world is not a simple mechanistic model. Emotions, unanticipated events, complex interactions of trends—all of these can create an environment that makes relatively simple programs inadequate. Human judgment, however flawed it might be, may still be better equipped to deal with the complex interactions of people and their institutions. In the race with machine intelligence, objectivity will become more important for the people entrusted with the accountant’s role.
Interpersonal Investigative Capabilities

In a world in which it is increasingly possible to know everything about everyone, employers will find that they will be expected to have complete knowledge about whomever they employ. The customary checks of backgrounds and references may not be enough. As more people exist in various forms online and in social networks, who they really are will become more difficult to detect. Are they the people revealed by their youthful indiscretions on Facebook? Are they the thoughtful people portrayed in their Match.com profiles? Are they the serious students their academic records show?

Many new sources of information, such as neuroscience, will be able to give a much clearer understanding of the nature and character of people in the future. There will be a particularly heavy burden of responsibility on employers of accountants—because of the need to assure someone will place objectivity over self-interest—to use all these sources effectively. It is increasingly likely that not doing so will ratchet up liability and cause severe damage to reputations.

In a similar vein, as clients, firms and individual practitioners expand their horizons into new markets and globally, objectively researching the potential motivations, reputations and experiences of strategic partners will be essential to understanding their capacity to deliver to stated goals and projections, as well as the likelihood that they will comply with regulatory mandates.