

SEPTEMBER 2013

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of the Hawaii Society
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President's Message

By Michael Tanaka



Aloha, Members!

Summer is almost over and the busy Fall season is upon us. For us lucky tax professionals, we get

to enjoy our second tax season for the year but this time no extensions will be available to save us. The final due date for filing the 2012 calendar year-end C corporation, S corporation, partnership and trust income tax returns is Monday, September 16th (September 15th is a Sunday so the IRS kindly gave us an extra day). For personal income tax returns, the final due date is Tuesday, October 15th. I'm sure many of you non-tax professionals will be equally busy meeting your own imposed deadlines. During this crazybusy time, we will undoubtedly continue to multitask as we are constantly bombarded with emails, phone calls, text messages, instant messages, tweets, etc. while trying to complete our tasks at hand.

Speaking of multitasking, Dennis Higashiguchi, our firm's management consultant, recently put on a training session for our firm on how we can manage through these crazybusy times. He stated that some researchers believe multitasking is actually a mythical activity in which people believe they can perform two or more tasks simultaneously as effectively as one. I tend to agree. The first thing I do when I realize that I'm lost while driving . . . is turn the radio volume down. Dennis suggests that we consider learning to multitask more effectively by:

- Giving one task our full attention, and
- Practicing an action so thoroughly that it becomes automatic, thus freeing up our neurons to attend to matters other than the menial aspects of the task.

A New York Times article several years ago mentioned that multitasking carries numerous potential risks and negative outcomes.

"Multitasking is going to slow you down, increasing the chances of mistakes," said David E. Meyer, a cognitive scientist and director of the Brain, Cognition and Action Laboratory at the University of Michigan. "Disruptions and interruptions are a bad deal from the standpoint of our ability to process information.



The human brain, with its billion neurons and hundreds of trillions of synaptic connections, is a cognitive powerhouse in many ways, "but, a core limitation is an inability to concentrate on two things at once," notes neuroscientist Rene Marois, director of the Human Information Processing Laboratory at Vanderbilt University.

These experts also observed that responses by multitasking may be delayed by up to a second when participants are given two tasks at the same time. A lost second can be very important, particularly when driving a car. A one-second delay in response at 60 miles an hour could be fatal.

These experts recommend the following:

- Check your email messages once an hour at most.
- Listen to soothing background music while studying (or working) to improve concentration.
- Avoid talking on a cell phone while driving, even with a hands-free feature.

So if you're interested in improving your productivity and quality of work, lowering your stress level and increasing your safety during this crazybusy Fall season, consider minimizing your multitasking.

On another note . . . for our Kauai members or those wishing to travel to Kauai, don't forget to sign up for Ron Heller's session on Professional Ethics scheduled for Friday, September 27th. Ron does a good job in making this course interesting and you'll fulfill your ethics cpe requirement.

Lastly, our exciting new website redesign will be live soon! Stay tuned for details.

Partner Succession – It's All About Client Transition and Retention

By Gary Adamson, CPA



CPA firms are wrestling their way through partner retirements and the accompanying succession issues in numbers that the profession has never seen before. It's the Baby Boomer Bubble, up close and personal. Our succession planning should focus on replacing that retiring partner's contribution on several fronts. Depending on the role of the retiring partner in the firm we will experience varying levels of pain surrounding things like replacing significant knowledge or technical expertise, backfilling a block of hours to get the work done and shoring up voids left in firm leadership. These are

all significant issues and deserve a plan of their own. But the biggie and the focus of this article is the transition of client relationships.

The premise that underlays this discussion is that most of the firms that I work with and somewhere around two thirds of all multi – partner firms out there have an unfunded partner buy out or “retirement” plan. That means that retirement payments over an extended period of time will (hopefully) come from the continued operations and profits of the firm. The currency that the firm will use to pay out that retiring partner is really the annuity revenue stream from the clients that they used to serve. A successful handoff and the retention of

those clients is the only way that the unfunded plan has a chance to survive.

If you buy into the critical importance of client transition and retention, then we should expect that most firms have developed both a pretty good transition process and some well defined requirements for the retiring partners. Unfortunately, more often than not, that is not the case. The 2012 Succession Survey conducted by PCPS and the Succession Institute reported that 78% of firms do not have client transition expectations with financial penalties for retiring partners, if they are not completed.

If you are one of those firms in the 78%

Continued on next page



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bucket, the balance of this article will give you some ideas on how to do a better job with client transition. Please pull out your partner agreements, dust them off and see if they even deal with this critical issue at all.

First make sure that you have a mandatory retirement date for partners. I dig into that topic a lot deeper in another article, but the point here is that there is a target date (for instance age 65) that we all know is coming that is controlled by the firm. There is no way to create an effective transition plan without everyone knowing when it is.

I recommend that the client transition process begin at least two years before the partner's expected retirement date. The reason is that for the largest clients and/or the ones with the closest relationships to the partner, you really need at least two cycles

for a successful handoff to the successor. In every partner's book there are some easy ones and some very difficult ones. The easy ones may include 1040's or small business clients or hopefully a number of accounts where another partner or senior manager is already very involved. The tougher ones are almost always where very close personal relationships and friendships have developed over the years. Here's the critical point – it is usually more about the retiring partner letting go and facilitating the hand-off than it is about the client accepting it. Just because the client has a new person to handle their account doesn't mean that the friendship with the retiring partner ends.

The transition plan specific to the partner should be developed with the managing partner. Clients should be grouped into categories based on the expected ease of

transition and specific steps determined for each group. For the easiest ones, it may be just a phone call from the partner talking about the upcoming retirement and who will now be handling them, others may be an introductory meeting, others will require a much more significant time commitment with shadowing in meetings and the year end process. You'll know that you have been successful when the client is calling the new partner and the retiring partner has less and less to do. I really like to see the workload of the retiring partner almost gone during the last six months of the transition period. During the two year transition period there should be quarterly update meetings with the managing partner to review the completion of the plan.

The previous discussion assumes that there

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The Boss From Hell (AKA The Bad Leader)

By Linda Talley



We have all probably experienced the boss from hell. I know I have and that's one reason why I left corporate life and started my own

business. Some leadership researchers have noted that most bosses are bad and the reasons range from being incompetent, ego-centric to being basically evil. I wish I could provide you with the name of a book on bosses from hell, but it wouldn't help since you can't change the boss. The boss from hell is the only one who can make the changes necessary.

As I have studied leaders, and now teach courses on leadership at the graduate level, I wanted to share with you the worst bosses, or the bosses from hell. What researchers call them, and I will use these names, is irrelevant when you are working for one. However, by having a name associated with the boss from hell might aid you in dealing with that person more effectively and helping you understand their motivation.

To me, the worst is the Liar! Bosses who are deceptive will just drive you crazy because if they lie to you once, they will lie to you again. Followers want a leader with integrity and research shows that along with integrity, honesty is another trait highly valued by followers. When a boss lies to you once, and does not own up, accept responsibility, and ask for forgiveness, the line is crossed and that boss will lose the trust of their followers, staff, and even clients. **KEY INSIGHT:** if the boss lies once, it's probably not the first lie and they will do it again. Past behavior predicts future behavior.

The next worst is the self-serving boss. With this boss, it's all about them and you come in last. They want the credit; they want the glory; they want the awards/accolades, etc.; and they don't want to take any of the blame—that's your department. These bosses are known as Machiavellian bosses because they want to get ahead at all costs. The follower/employee pays the fiddler. These bosses believe that their employees have "less than" and don't deserve the credit so the boss is more than willing to take it. The employee who stays with this boss for any length of time is working with someone who is cutting a piece of their heart out every day. Employee satisfaction decreases along with productivity and morale.

Next on my list is the narcissistic boss. You must remember that narcissism is a leadership trait; however, it doesn't predict effective or even good leadership. Narcis-

sistic bosses think they are great; it's just those around them that have a different opinion. Arguing with the narcissistic boss is a death knell for the employee because the boss will take it personally. This boss believes it's your job to make him

or her look great because, remember, it's all about them!

And, if you aren't with them, you're against them and that's

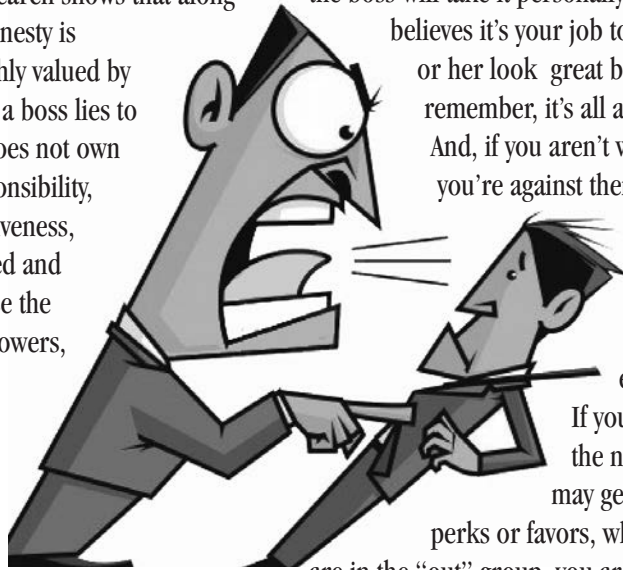
a difficult place to come from in a work environment.

If you are with the narcissist, you may get special

perks or favors, whereas, if you are in the "out" group, you are seen and treated as an outsider and perhaps even an enemy. This creates silos within an organization, alienation and isolation. Not a good combination for goal achievement.

Finally, the laissez-faire boss. This is the boss who doesn't seem to be able to make a decision about anything. This boss may have positional power, but that's about all. This boss is not a leader because she or he does not lead. They may know how to lead, but they simply don't do it. They have title, enjoy the title, but don't move the team/organization forward. It's very frustrating for results oriented employees. This boss doesn't want to be troubled with requests; doesn't want to be hassled with work outside the box; and does not have a vision for the future. Key insight: An employee usually does not leave a company; they leave the boss.

Linda Talley, body language expert, leadership development coach, behavioral theorist, keynote speaker, and business coach works with leaders to improve their business relationships, communication, and performance.



Continued from page 5

is a qualified person at the right level with a fairly good personality match that can step into the relationship. Please make sure that a part of your plan is to free up the right people to be able to take the key relationships of the retiring partner. I see too often that the right partner in the firm to take that really large important relationship is already full. So, we try to give it to managers or the retiring partner hangs on to it or we come up with some other bad answer. It may not be intuitive that you need to create even more transition issues moving clients to make room, but to make sure that you have the best home for some key accounts that is in fact what the firm needs to do.

Now, to the most controversial question.

The trend by more and more firms is to build the client transition expectations into their partner agreements: i.e. a two year notice and the completion of a written transition plan with the managing partner. If the retiring or departing partner fulfills the expectations then a successful transition of the clients is a lot more likely and there should be no penalty for any subsequent losses. However if the partner does not meet the firm's transition expectations and clients depart within a relatively short period of time (say two years) then the partner suffers a reduction in retirement payments. This is not where the majority of firms are today but it is where they are going.

As the Baby Boomers march toward retire-

ment the likelihood of multiple partner payouts within your firm increases. A well executed client transition plan is the best protection for the firm and the best insurance a retiring partner has that they will receive those unfunded retirement payments down the road.

Gary Adamson is the President of Adamson Advisory, specializing in practice management consulting for CPA firms. He is an Indiana University graduate and has extensive hands on experience as the recent managing partner of a top 200 CPA firm. He can be reached at (765) 488.0691 or gadamson@adamsonadvisory.com. For more about Adamson Advisory, visit www.adamsonadvisory.com or follow the company at www.adamsonadvisory.com/blog

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Tapping into a Raging Payroll Revenue Stream

How one CPA turned the 'headache' of payroll into a highly profitable service by building the right model

By R. Sean Manning, CPA

Payroll isn't what it used to be. For years, accounting professionals labeled payroll as the hassle-ridden stepchild of services—considering it to be highly complex and lacking in profit potential. How things have changed! While payroll may have been a headache service to some degree in the past, today's advanced cloud technologies support payroll processing that is efficient and simple—and best of all highly profitable! In fact, payroll services represent one of the most important growth opportunities in the tax and accounting profession; that is, if the right model is adopted.

While web-based technologies make offering payroll much more efficient, technology alone is not the answer to building a successful payroll business. Firm owners must adopt a

sound business model—one that considers all aspects of supporting payroll—including developing a streamlined technology solution set, building the proper staff and client base, marketing and branding, and pricing. When all of these areas are considered, only then can firms expect to make payroll a successful service offering.

The Opportunity at Hand

The profession continues to change rapidly, and the payroll space is evolving as well—emerging as one of the most lucrative opportunities. This is due to a variety of factors. Consider each:

- *Fewer Barriers to Entry*—Cloud applications have leveled the playing field, drastically reducing the cost of entry and

allowing smaller firms to provide the same level of service as large firms. Professional-grade payroll software is available at a fraction of the cost it used to be, meaning that firms can get up and running without a big up-front investment and can often be profitable in the first year.

- *Established Client Base*—Accounting firms have a major advantage in attracting new payroll clients because they already have an established client base. Existing clients represent a rich 'prospect' pool because there is already an established, trusted relationship developed.
- *A Growing Segment*—In a profession where many services are falling in price and becoming increasingly commoditized, payroll is a rare bright spot for small to mid-sized accounting firms. In fact, projected payroll service revenues for 2013 are over 200% greater than payroll service revenues reported in 2009.
- *'Sticky' Service that Supports Stronger Client Relationships*—Payroll is considered a 'sticky' service. Many clients view payroll as complex and cumbersome, so once they've established a relationship with a firm, they are far less likely to leave than the average tax or accounting client. Also, because the payroll process is highly collaborative, client relationships naturally grow stronger over time.

The opportunity is there. Payroll promises a dedicated revenue stream and another way to bring clients closer and reinforce loyalty.

Build the Right Model

Offering payroll can be pain-free and profitable if founded upon a sound model. Firm leaders must consider all aspects of running a lucrative payroll business. The following are the core elements of a successful payroll business model.


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Adopting Advanced Technologies

The days of making a hefty up-front software investment are over. Cloud solutions are far more inexpensive. Even better, because solutions are in the cloud, it enables firms to build a completely digital payroll process and collaborate with clients in real-time. When building the right technology system, firms must consider:

- **Web-based Payroll Software**—to support seamless import of client data into the firm. This supports and end-to-end paperless payroll process.
- **Client Portals**—to support real-time entry of payroll data on the client's end and online delivery of documents on the firm's end. Portals will also improve the accuracy of data (by eliminating manual re-entry) and ultimately increase margins.
- **Flexibility**—to support both PC and iOS environments and enable clients to access data and documents any time, anywhere, and from the device of their choice (e.g., smartphone and tablets).

Building Proper Staff

Staffing can be one of the most challenging aspects of starting a new payroll service. However, if you get the right people on the bus, in the right seats, you will better position yourself for success. Consider the necessary staffing roles:

- **Bookkeeping Staff**—Experienced bookkeepers are good candidates to effectively handle payroll work, at least in the initial phases of launch. As the business grows, consider transferring work to dedicated payroll specialists.
- **Payroll Specialists**—It's good practice to assign each client to a specific payroll specialist who will serve as the primary point of contact. Staff should have a good knowledge of payroll and payroll taxes, but should also be client-oriented, as they will work with clients on a regular basis throughout the life of each payroll period.
- **Managers**—As the practice grows, consider assigning managers to oversee

the entire department. These folks should be more than payroll 'technicians.' They should also have the capability to run a department and motivate staff.

Identifying the Right Client Type

It's critical to know your ideal client. That is, the type of client that you want to serve. From there, build your services to meet the needs of your client base. Consider such aspects as size: Small – less than 50 employees; Medium – 50-250 employees, or Large – 250 + employees. With about 80-90% of clients falling into the "Small" category, this is likely a good group to capture.

Marketing and Branding

When building a business, any business, you can't overlook the importance of marketing and branding. It's recommended to brand payroll as a completely separate service. This allows you to broaden the scope of sales opportunities by not being tied to tax and accounting. Many businesses view payroll as a separate service from tax and accounting and will often seek vendors that specialize in only payroll. Also give ample attention to marketing. Build an arsenal of professional-grade marketing materials and dedicate resources to build the sales pipeline.

Implementing the Right Pricing Model

In terms of pricing, there are two sound models that firms can adopt: bundled and unbundled. Bundled pricing tends to be very attractive to clients in that they know exactly what they will pay on a monthly basis. However, unbundled pricing has also shown

to increase revenue by as much as 20-50% compared to bundled pricing. Payroll offers a variety of billable services beyond check writing that can be very valuable revenue sources when unbundled. Whichever model is implemented, it's important to do price reviews on a regular basis, and to raise prices when appropriate.

Final Thoughts...

Payroll is no longer the hassle-ridden stepchild of firm services. Payroll represents a highly lucrative opportunity that delivers long-term sustainability if implemented properly. Payroll not only offers a sound revenue stream, but is also a collaborative-based service that strengthens the client-accountant relationship. With the right model in place, building a payroll business can be an enjoyable, profitable journey.

For a detailed look at building a payroll business and expanded descriptions of each model element, please download the white paper—Payroll Services: A New Way to Grow (https://www.payrollvault.com/whitepaper?ff_page=2).

R. Sean Manning, CPA— Sean is owner of Manning & Company, a full-service CPA firm, and Payroll Vault, a full-service payroll firm. Sean has dedicated the past several years to building and perfecting a sustainable, profitable payroll services model. He is a nationally recognized speaker on the topic of payroll services and building a successful business model. Sean can be reached at sean@manningco.com.



In Memory Of
Gordon M. Kadowaki
1919 - 2012

Our sincere regret at the loss of a colleague, friend and a Life member of the HSCPA since 1952. We wish to express our deepest sympathy to his family and friends.

Integrated Reporting <IR>: A New Reporting Model for the 21st Century

IIRC Invites You to Help Shape the Future of Corporate Reporting

There's a new opportunity for CPAs today and it provides organizations and their stakeholders with deeper insights into business operations than past and present corporate reporting models. Integrated Reporting <IR> surpasses the traditional reporting model by concisely explaining how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term. It also meets the increasing demands of investors, who now expect as much information about an organization's nonfinancial assets and future prospects as they do about financial assets and current and past performance.

<IR> represents the next step in the evolution of corporate reporting in U.S. and global markets, strongly emphasizing the value of intellectual capital, sustainability, brand and talent. Combining financial and nonfinancial information into a periodic Integrated Report, it seeks to break down the silos that often separate internal departments or groups, and inhibit informed decision making. Also, <IR> elevates transparency about a business's intangible assets, which have long been underrepresented in strategic decision making and reporting, to a higher level of importance in driving growth, reducing costs and determining future performance.

On April 16, the International Integrated Reporting Council (IIRC) released a Consultation Draft of the International Integrated Reporting (<IR>) Framework. The Draft Framework lays out <IR>'s core concepts, guiding principles, primary elements and, generally, how organizations will communicate with their stakeholders.

Key Features of the Draft Framework

As <IR> expands its footprint throughout the business community and accounting profession, opportunities ranging from report preparation to consulting services will arise for CPAs in both industry and public accounting. It is, therefore, important to understand what <IR> means to CPAs, their organizations and their clients. Here are four need-to-know features of the Draft Framework:

1. New Interpretation of Capital:

Types of capital reach beyond financial to also include manufactured, intellectual, human, social and relationship, and natural capitals. A business draws on these capitals and enhances, diminishes or otherwise transforms them as it pursues its objective of creating value over time. For example, an organization's financial capital is increased when it makes a profit, and the quality of its human capital is improved when employees' skills are enhanced through training.

2. Emphasis on Value Creation:

<IR> focuses on explaining how an organization creates value over the short, medium and long term. This new focus encompasses information describing the way in which the organization has used and intends to use the different types of capital, and the interdependencies between those capitals that influence value creation over time. Creating value over the long term usually requires that all types of capital are considered. Maximizing one type while disregarding others will not suffice in most cases.

3. Beyond Traditional Thinking:

Integrated thinking expands an organization's focus beyond the traditional. By doing so, it breaks down "silo thinking" within an organization and allows people to concentrate on the relationships between their departments or groups as well as the relationships between the different types of capital the organization uses or affects.

4. Better Connectivity: Integrated thinking promotes better connectivity of information presented in an Integrated Report. Information communicated focuses on the complete picture of how the organization uniquely positions its strategy, governance, performance and prospects to create value over time. In the process, it helps investors, employees and other stakeholders understand the different factors that affect the organization's future and the ways that these factors interact with one another.

Share Your Opinion

The IIRC is now providing CPAs and other stakeholders with the opportunity to read and assess the Draft Framework. "The IIRC's International Integrated Reporting <IR> Framework will have a positive impact not only on businesses, investors, capital markets and the economy but also on CPAs, so it's important that our members provide their feedback through the Consultation Questions included in the Draft Framework," said Michael Tanaka, HSCPA president. The IIRC plans to issue the initial version 1.0 of the Framework in December 2013.

To learn more about the Draft Framework and obtain additional information on <IR>, please visit the AICPA's Sustainability Reporting and Assurance webpage and the IIRC's website.



CPA FIRM



MICROCOMPUTER TECHNOLOGY

By Ron Gouveia CPA, CITP of Carr, Gouveia + Associates, CPAs, Inc.



Microsoft has issued Outlook Web Apps (OWA) for the iPad and iPhone based on Outlook 2013. It is available to those with

an iPad 2 or above with iOS 6 or newer or an iPhone 4S or newer with iOS 6 or newer. You must have a subscription to the latest version of Office 365 and be on a plan that includes Exchange Online. You can download it from the App Store under the names OWA for iPad and OWAs for iPhone. The only things you need to know to set it up are your e-mail address and your password. Among other things you can view shared calendars.

If you are concerned about security on your iPad, you might consider the following settings:

- General setting - Go to Passcode Lock and turn Off Simple Passcode to enable the use of complex Passcodes containing letters, numbers and special characters. Also, turn Erase Data On to erase all data after 10 failed passcode attempts. In Require Passcode, set the interval of inactivity before the iPad requires a user to re-enter their passcode.
- General setting - Set Auto-Lock to 15 minutes or less to ensure that the iPad automatically locks after an idle period.

- Wi-Fi setting - Turn Ask to Join Networks On so that you're asked 'before your iPad joins a network it hasn't been on before. Be very cautious about connecting to networks you're not sure about.

- iCloud setting - Make sure you've set up your iCloud account and that Find My iPad is turned On, which allows you to locate your iPad on a map and remotely lock or



erase it. Also in iCloud, go to Storage & Backup and make sure that Backup is On. If you forget your Passcode or otherwise lose data on the iPad, you will restore the iPad to factory settings using iTunes and then restore data, apps, and settings using your iCloud account.

Data on the iPad is encrypted so if you use a complex passcode and if the iPad automatically locks after a short interval, it will be difficult for anyone to get to your confidential data if you lose your iPad. You may also want to consider a cover that automatically locks your iPad.

When I think about major IT topics that we should have as our highest priorities the two topics that come to mind are backups and data security. I worry that something catastrophic will happen in our firm or one of the companies we are responsible for and there won't be

a good current backup. This includes having a current backup off site in case of fire or theft.

The other thing I worry about is network intrusion with data theft or the loss of data on a device outside the office. These have many legal implications. Security risks are becoming so pervasive that we should be thinking not if but when our network will be penetrated and whether we'll detect it timely. I've read the prediction that by the year 2020, 70% of all IT spending will be on security. Essential security procedures include the regular review of event logs on all computers. Often, these logs contain entries related to an intrusion and because they weren't reviewed the intrusion wasn't discovered immediately. Often, intrusions are first spotted by alert employees who notice something unusual.

We need to let our employees know that they are often the ones who will be the first to notice the tell-tale sign of an intrusion and they should let someone who is responsible know when they spot something unusual. Needless to say, we should have written procedures encompassing what is acceptable use of work computers and what should happen if something unusual is discovered.

If you have any questions or comments call me at (808) 837-2507, or send e-mail to ron@cga-cpa.com.

What Challenges Are Keeping CPAs Up at Night?

PCPS CPA Firm Top Issues Survey results present a valuable resource for firms. They help the HSCPA members' firms of various sizes, who are focused on growth, track

the issues facing peer and larger firms and anticipate future challenges," said Michael Tanaka, HSCPA President.

Top Challenges by Firm Size

The PCPS CPA Firm Top Issues Survey is conducted biennially with results categorized by firm size. While each size grouping has a unique list of top five issues, common elements provide snapshots of general trends.

Client retention, for example, was a significant concern for firms in the 2009 survey, during the midst of the economic downturn. Again, client retention was consistently cited across all firm sizes in 2011, but was not among the top five issues for all firm groups this year; it ranked fourth and fifth, respectively, among sole practitioners and firms with 11-20 professionals. In the meantime, succession, which only the largest firms chose as a top issue in 2011, has also now become a challenge for nearly all firm segments.

To view all the top issues lists for 2013, visit: aicpa.org/pcps.

What the Results Mean for CPAs

Some of the key takeaways from the survey include:

- Firms have put the economic crisis behind them. Not only did client retention move out of the top five issues for firms with 2-5, 6-10 and 21+ professionals this year, but fee pressure/pricing and client collections, which were concerns for many firms in 2011 and 2013, also moved down the list and out of the top five for all firm sizes.
- Tax law changes and complexity and workload compression remain burdens for the smallest firms. They are perennially among the top five issues for firms with five or fewer professionals.
- Remember when scrambling to find great staff was a major concern? Those days are on the horizon, if not here already.
- Firms that have not begun concentrating on their transition to new ownership or leaders would be well advised to do so as baby boomers head into retirement and as strong M&A activity changes their local marketplace.
- Both large and some smaller firms are thinking about partner unity and accountability. Many firms weathered the recession by tightening up expectations for partner contributions and standardizing their procedures to maximize efficiency. Those have turned out to be smart management choices and firms appear ready to stick with them even though the downturn is over.

How can you put the survey findings to work in your practice?

- Review the results in a partner or strategic planning meeting. Do they

What are the biggest concerns affecting firms like your own across the country? Results of the American Institute of CPAs' 2013 CPA Firm Top Issues Survey, sponsored by the Private Companies Practice Section (PCPS), provide the answers. This year, the survey found that greater economic stability has prompted practitioners to take a longer-term, more strategic view of the most important challenges facing their firms. Bringing in new clients was cited as an issue by firms of all sizes, and all but the smallest firms were concentrating on finding qualified talent.

"The 2013 survey results paint a picture of firms that are poised for future growth," said Mark Koziel, CPA, CGMA, the AICPA's vice president of Firm Services and Global Alliances. "Practitioners are reassessing where they stand after the recession and preparing for renewed demand."

Using the survey results as a benchmark, CPAs can test their own experiences against those of others and make strategic planning decisions accordingly. "The

In Memory Of
Brian S. Ajifu
1951 - 2013

Our sincere regret at the loss of a colleague, friend and a Life member of the HSCPA since 1976. We wish to express our deepest sympathy to his family and friends.

track to your firm's experiences? Are there any surprises?

- Consider whether you would make any changes in your strategic plans based on the survey results. Discuss questions such as:
 - Is the firm making the most of the new business opportunities that may be available now that the economy has stabilized? If not, what changes are needed?
 - Is it time to begin or revisit your succession plans?
 - Will your staff recruitment and retention efforts give you a competitive edge in an active hiring market?

As part of your strategic planning, you can turn to a broad range of AICPA and PCPS resources to help you address all of the

issues identified in this year's survey, from the AICPA's Tax Practitioners Toolkit and Health Care Reform Resource Center to the PCPS Practice Growth & Client Services and Succession Planning Resource Centers. The PCPS 2013 CPA Firm Top Issues Survey Commentary includes links to useful tools and a discussion of what the trends mean and how CPAs can respond to them and the survey results webpage provides the Top Issues lists for various firm sizes, plus indicates the resources that help practitioners address those critical issues. In addition, the AICPA's PCPS team has recently launched webpages specifically targeted toward sole practitioners, small, medium and large firms, so that CPAs can more easily access resources and find practice management solutions tailored to the size of their firm.

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& COMPANY





Penny Pincher

By Gene Marks



5 Tactics To Get The Most From Your Old Sales Guy

Yes, you know who his is. Every company has one. The old sales guy.

He's been with the organization for years, even decades. He still thinks wearing a hat is fashionable. His music tastes are strictly Dean and Frank. He only drives American-made cars, usually Chevys. He smokes cigars. He's never heard of Honey Boo Boo, Jay-Z or The Hunger Games. When he drinks it's always hard liquor. He has grandchildren. He can still get away with telling politically incorrect stories because that's what his generation did. On weekends, he likes to play gin rummy with his friends. He's been married more than 35 years, but no one's ever actually met his wife.

He's the old sales guy. And he can sell snow to an Eskimo in January. So he's extremely valuable to your company. That's because he's got significant experience. He knows everyone in the industry and everyone knows him. He's more familiar with your products than you are. He's a mentor to your younger sales people. He produces.

But there's a problem: the guy doesn't want any part of your technology. Over the years you've invested heavily in customer relationship management software, databases, the latest computers, the coolest devices and a network that can be accessed from just about anywhere. You've done this to make your people as productive as possible, to serve the needs of your customers and to stay ahead of the competition. And yet he's not interested.

He's old school. His job's all about people and "not some darn computer," he tells you.

But you need him to make use of your technology. You're trying to track his activities. You want to make sure no leads are falling through the cracks. You want to make sure all of the customer data he's got swimming around in his head eventually makes it into your corporate system. You want to be sure you're helping him help your company by identifying every opportunity possible. This is a challenge that many of my clients have.

And it's a solvable challenge.

If your old sales guy is a good sales guy then you must accept reality: after decades of doing the same thing you're not going to change him. Particularly if he's an asset to your company, like so many experienced sales people are. So you will have to compromise. Don't worry if he's not taking advantage of all the great things that technology can do for him. Let the younger guys enjoy those benefits. Don't force upon him things that will take him away from doing what he does best: selling. Instead, just make sure he is doing the absolute minimum necessary so that you get the information you need to help you run your company. And here are a few tactics that seem to work for many of my clients.

Tactic #1: Forget the iPad.

In fact, forget the smartphone too. Old sales guys aren't much for downloading apps and doing lots of data entry through

a little device. Like me, their eyes are fading and their fingers are getting arthritic. Equipping them with the latest device and teaching them how to navigate the Internet, access your VPN and synchronize their contacts and calendar is a waste of time. At the very most, give them a workable mobile phone that gives them the ability to make calls. Let them get their email from their desktop computer or traditional laptop. It took them long enough to learn that. Don't put them through the agony of learning more new things.

Tactic #2: Automate Your Reports. Old guys need data like everyone else. It's just that they're not too good at figuring out how to get it. So you must do this for them. Today's databases use tools like SQL Reporting Services where you can generate reports and have them emailed to recipients. Many great applications already have automatic reporting services built in. Or you can always purchase external reporting and business intelligence tools. If set up the right way, your old sales person can get an important report or two emailed (or automatically printed out) every week. He can find out which customers haven't ordered as planned, what quotes are expiring, who to call that week, who called in with problems the week before.

Tactic #3: Utilize Alerts. Those same database tools that generate reports are also good at creating alerts too. So if your older sales guy needs a little help remembering to follow up on a pro-

posal, or to call a customer back about a potential order, or to schedule a follow-up visit after that item was shipped or to be notified because a new customer's invoice just went past 30 days and his commission is being held up, he needs to get an alert. Alerts can come in the form of emails or text messages (yes, some old guys have figured out how to text, usually because they have adolescent grandchildren).

Tactic #4: Help Him With Workflows. As good as they are, sometimes old sales guys forget to do things that they know they should be doing. Like calling the customer after an order is shipped to make sure they're happy. Or notifying the people in scheduling that a job was sold and a crew needs to visit the customer in the next week. Or checking to make sure there's enough inventory in stock before promising delivery. Good accounting, customer relationship management and database systems have the ability to develop workflows that will check these kinds of things. Once you document the process that needs to be followed for each different situation you can ensure that updates, activities, emails and reminders will be scheduled automatically so nothing falls through the cracks. This will help the old sales guy focus on the big picture because he knows the details are being taken care of internally. And you won't have to worry about his memory.

Tactic #5: Hire A High School Kid. Face it: your old sales guy is not going to be entering in the details of their last appointment in Chicago or logging what he talked about on the phone with

that prospect from Cleveland. He's old. He doesn't like computers, remember? And he's not about to learn something new. But you need that information in your system because it's important data. So what do you do? You create a voicemail box in your phone system. And you tell the old guy that, whenever he finishes a certain type of appointment or conversation, to call the voicemail number and explain what he did, who he did it with and what the next follow-up should be. And then you have a high school kid check the voicemail box a few times a week and transcribe the message into your company database. Voila! Your old sales guy focuses on sales. Your inexpensive high school kid is keeping your database up to date. You've got the information you need.

Everyone's happy.

It's standard for today's salesperson to use technology. But some will always use it better than others. Your job is to ensure that your best salespeople, regardless of their age, are using technology to help them be as productive as possible. And entering in the data you need to run your business. Even an old sales guy can understand that.

Gene Marks owns the Marks Group PC (www.marksgroup.net), a Bala Cynwyd, PA consulting firm that helps clients with customer relationship management. You can follow him on Twitter (<http://twitter.com/genemarks>).

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Norman's Book Review

"One Choice"

by Mac Anderson

"You're always One Choice away from changing your life." With that quote, the author will take you on a journey with his simple yet power book that may change your life forever.

Mac Anderson is the founder of Simple Truths and Successories, Inc., and has authored or co-authored 21 books which have sold over 4 million copies. Back in 1998, Successories was struggling and he was diagnosed with prostate cancer. He decided to hire someone to run Successories, and took two years off to fight his cancer successfully and decide what he wanted to do next with his life. As he stated in his book, "cancer always makes you re-evaluate your priorities in life." After talking with his VP of Production of Successories, he decided to make a life changing choice - write books, become a motivational speaker, and create Simple Truths in 2005, whose mission statement is "To Become The World's Destination For Inspiration."

The book contains 15 short chapters which challenge you in every facet of your life to ask yourself, are you making the right choices in your life today and for your future? Too many times people are stuck in the past or feel they don't have a choice in how to live their life. While our lives today are based on the choices we have made in the past, we can change the direction of

our lives by making new choices! You will be inspired by reading about how people like you and me had the courage to make life-changing choices. The following are some of my favorite inspirational lessons, stories and quotes from the book.

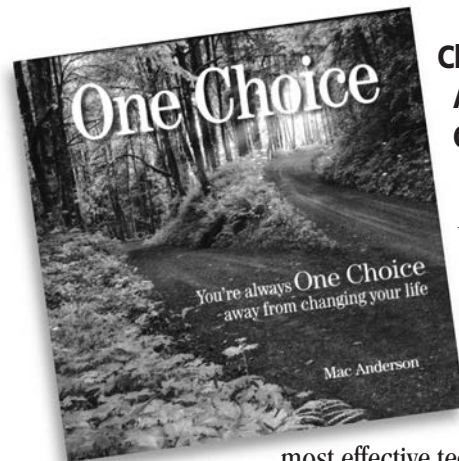
Choose To Make A Difference

Earl Morse, a physician assistant and retired Force Captain, decided to make a difference for thousands of WW II veterans. To honor the veterans he took care of at a small clinic in Springfield, Ohio, he started Honor Flight in 2005, where private pilots like himself flew WW II veterans free of charge to visit their memorial in Washington D.C. The first veteran he asked broke down and cried because he told Earl at his age, he probably never would have been able to see the memorial without his generosity. From these humble beginnings, Honor Flight through 2012 has transported more than 98,500 veterans to Washington D.C., has 127 hubs in 41 states, and commercial flights are used exclusively now...all because Earl Morse wanted to make a difference.

"Sometimes one single choice not only changes the direction of our lives, but

that of many, many others."

"It's choice – not chance – that determines your destiny." (Jean Nidetch)



Choose Kindness . . . And Watch It Change Your Life

Aldous Huxley, a great English writer and one of the pre-eminent intellectuals of his time, would often be asked, what is the

most effective technique for transforming one's life? His answer, "it's a little embarrassing that after years and years of research, my best answer is – just be a little kinder." Why? Kindness and compassion make our lives meaningful and are our primary source of joy and happiness. Additionally, other positive qualities such as honesty, forgiveness, patience and generosity flow from them. All these qualities are the foundation of a good heart, and with a good heart...a good life will follow!

Choose Not To Give Up

Jack Canfield and Mark Victor Hansen of the Chicken Soup series of books, are a perfect example of never giving up in what you believe in. After three years of working on their book and being \$140,000 in debt, they went to publisher

after publisher with their final product and were turned down every time. Their literary agent even dropped them. Undaunted, they pressed on. Finally a small publishing house in Deerfield Beach, Florida, which was close to bankruptcy, decided to take a chance on them, figuring it didn't have much to lose. In 1993 the book was published and they started the hard work of selling their book. As Hansen says today, "Making your book successful is 5% about writing a good book, and 95% marketing." As the saying goes, the rest is history. Canfield and Hansen have become icons, the publishing company was saved, and today there are over 200 titles in the Chicken Soup series of books, with over 123 million copies in print in 54 languages.

"Whether you think you can, or you think you can't – you're right."
(Henry Ford)

"Many of life's failures are people who did not realize how close they were to success when they gave up."
(Thomas Edison)

Choose To Start A Business

Many of you help your clients who want to start a new business, and there are some of you who contemplate being a sole proprietor or form your own CPA firm. The book chronicles how Debbi Fields of Mrs. Fields Cookies fame, opened her first cookie store in Palo Alto, California, in 1977 and became wildly successful. What really struck a nerve with me was her com-

mentary on finding success. "In truth, I didn't find success because I wasn't looking for it. What I wanted was to be allowed to do the thing in the world that I did best – which I believed then and believe now is the greatest privilege there is. When I did that, success found me. If you chase it, you'll never catch it. But if you do what you love to do, and do it as well as you know in your heart you can, it will eventually show up. When you least expect it. When, often enough, you've given up all hope of its ever arriving."

"Don't limit yourself. Many people limit themselves to what they think they can do. You can go as far as your mind lets you. What you believe, remember, you can achieve." (Mary Kay Ash)

Choose To Love

Going into the unknown and choosing to love – even though love can hurt you – is always a good call because not loving can hurt you more than loving could.

"The way to love anything is to realize that it might be lost." (Gilbert Keith Chesterton)

Summary

The author hopes his book inspires people to explore the possibilities of creating a new, happier life. Tomorrow is only limited by our imagination and our passion to make our new life a reality. As he reminds us throughout the book, we are always just one choice away from changing our lives forever!

"Life is change. Growth is optional. Choose wisely." (Karen Kaiser Clark)

The following are the author's 10 tips to help us get started in making our future a reality.

1. Choose to be Open to the Possibilities
2. Choose your Attitude
3. Choose to Put the Past Behind You
4. Choose to be True to Yourself
5. Choose to Take Action
6. Choose to Live with Uncertainty
7. Choose to Overcome Your Fears
8. Choose to Change Your Life... a Little at a Time
9. Choose to Commit to your Goal
10. Choose the Life You Want

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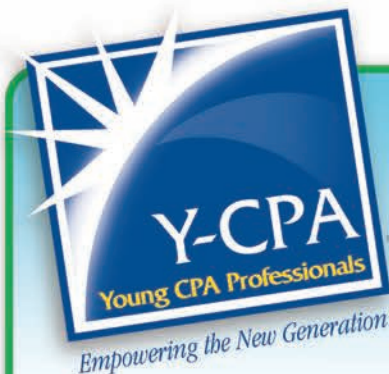
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Y-CPA BUZZ!



By Fiona Stephenson

Wear your CPA badge with honour, and in so doing honour the profession to which you have gained entry

Ethos

In the words of Aristotle, *"Men acquire a particular quality by constantly acting in a particular way."*

Learning the difference between right and wrong is fundamental to human existence the world over. As children we are coached in ethics by our parents, guardians and teachers, who guide our thoughts, words and actions. It is how we practise these lessons in morality, our deeds, which in turn define our character as adults; and it is from the Greek word, "ethos", meaning, "character", that we derive, "ethics".

Profession

A code of professional ethics is one of the hallmarks of a profession. Before the turn of the 19th century, only nine occupations were considered to be occupations in the United States. These included surveying – incidentally, George Washington, Thomas Jefferson and Abraham Lincoln were all land surveyors before entering politics – medicine, actuarial science, law, dentistry, civil engineering, logistics, architecture and accounting.

The American Institute of Certified Public Accountants (AICPA) and its predecessors have a history dating back to 1887, when the American Association of Public Accountants (AAPA) was formed. Forty-five years later the Hawaii Society of CPAs was founded, which means that members of HSCPA have been representing our profession on the islands for over 80 years.

Ambassador

As we go about our daily activities, our actions demonstrate not only the integrity of our own

character, but that of our profession. Traditionally, ambassadors are official envoys usually representing one State (or country) to another. In more modern terms, we see Hollywood stars acting as ambassadors for charitable organizations and athletes as ambassadors for their sport.

Oprah Winfrey's interview with Lance Armstrong at the beginning this year illustrated the extent to which an individual can cause damage to their profession. Following years of vehemently denying doping allegations, and suing people for millions of dollars over their accusations, Lance Armstrong admitted to doping. His actions called into question the integrity of his entire profession.

It could be argued that in modern sport that the pressure from the fans and the club create an atmosphere in which otherwise honest people feel necessitated to act unethically. However, as Thomas Jefferson advised: "In matters of style, swim with the current; in matters of principle, stand like a rock."

Whistle-blowing

In recent years we have seen examples of brave individuals in our own profession speaking out where they feel the code of ethics has not been adhered to, for example with the Enron scandal.

However, in such scandals it is not always clear-cut as to whether an individual is a whistle-blower or otherwise. We have seen here in Hawaii the case of Edward Snowden who is celebrated by some as a whistle-blower, and vilified by others as a traitor. Edward Snowden is a former intelligence analyst for the United States government who leaked details of several top-secret United States and British government mass surveillance programs to the press. Snowden's disclosures are said to rank among the most significant NSA security breaches in United States

history. United States federal prosecutors charged Snowden with espionage and theft of government property. However, Snowden defended his leaks as an effort "to inform the public as to that which is done in their name and that which is done against them."

Code of Professional Conduct: Protecting You and Our Profession

Those tasked with ensuring the ethics of our profession are involved with setting and enforcing our standards, and educating every member. Our code of conduct serves to protect the integrity of our profession by ensuring that we are worthy ambassadors to the Institute and Hawaii Society of CPAs. In turn, the profession should be one that we are proud to represent. In the event of the need for whistle-blowing, our training in integrity should also hold us in good stead to be brave and do the right thing.

Whilst most of us probably feel we have a good handle on right from wrong, from the nurturing we received in our childhood days, it is important to be reminded that as CPAs, we do not merely act alone, but also in the name of our profession.

The final words go to Mahatma Gandhi, who said, "There are seven things that will destroy us: Wealth without work; Pleasure without conscience; Knowledge without character; Religion without sacrifice; Politics without principle; Science without humanity; Business without ethics."

Ethics CPE

If you were unable to attend the HSCPA Annual Conference in June and missed the August offering of Business Ethics by the HSCPA, there are two further opportunities to gain your ethics CPE credits, on November 19 and December 6: www.hscpa.org/cpe/index.php

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