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East  
Chapter

INSTITUTE OF MANAGEMENT ACCOUNTANTS

DEC 2015 / JAN 2016

**CONGRATULATIONS  
IMA CLEVELAND EAST  
CHAPTER!**



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Board members Sandra Brenner and Carlos Chavez accept the chapter's 1<sup>st</sup> place award in the Warner Division from IMA Chair

2014-2015  
Awards

**1<sup>st</sup> Place  
Chapter Competition**  
**Outstanding level of  
service**



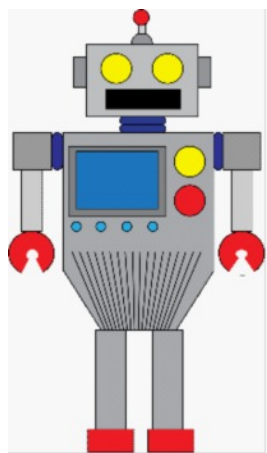
**BOARD MEETING - TUESDAY, JAN 12, 2016** Details on website

**January technical meeting**  
**Tuesday, Jan 19 - 1 CPE**  
**Tax Update**

**February technical meeting**  
**Tuesday, Feb 16 - 1 CPE**  
**Economic Update**

**March technical meeting**  
**Tuesday, Mar 15 - 1 CPE**  
**Leadership**

*Speaker: Ben Mulling, CMA, CPA, CITP  
2015 - 2016 Chair - IMA Global Board  
of Directors*



## **ACCOUNTING MOST LIKELY TO BE SUBSUMED BY AUTOMATION**

Continued on page 15

By Michael Castelluccio  
November 24, 2015

**Save the date - 42<sup>nd</sup> Annual M e o n s k e Professional Development  
C o n f e r e n c e at Kent State University**  
**Friday, April 29, 2016 and**  
**Pre-Conference Seminar Thursday, April 28, 2016**



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# January Technical Meeting



## An Advisor

As a former college athlete, Angel understands the preparation it takes to know your team, know the game plan and execute it for the win. She uses this same approach when it comes to working with clients. Angel is always looking for that competitive advantage that her clients can use to realize tax savings.

Angel focuses on tax planning and compliance, as well as reporting and minimization strategies. While she advises businesses in the distribution and manufacturing industries, a significant portion of her time is spent within the real estate and construction industry.

Angel also leads the firm's tax compliance related to health and welfare plans.

## And Beyond

- Member - Spartan Club Case Western Reserve University (Treasurer), Bethany Baptist Church, American Institute of CPAs and Ohio Society of CPAs

## An Opportunity to Learn More

An avid sports fan, Angel loves watching and playing all sports, but particularly the U.S. women's soccer team. If not for her star role as an accountant at Cohen & Company, Angel's dream job would be coaching women's softball. She also loves spending time with her dog, Frank, in the park. Angel lives in Lakewood, Ohio.

## Tax Update

**Presented by Angel Rice, CPA, MT, Macc**

**Manager, Tax, Cohen CPA**

**Arice@cohencpa.com**

**216.774.1140**

Hilton Garden Inn  
700 Beta Drive  
Mayfield Heights, OH  
(I-271 Wilson Mills Exit)

**Cost of Meeting (2 CPE) & Dinner for**

**Members and Non-Members \$25**

**Students \$10**

**Dinner Buffet**

**Dinner Salad**

**Rolls & Butter**

**Chefs Choice, Two Entree Buffet**

**(Chef to determine menu, changing monthly,  
options will include Pasta and Beef or Chicken)**

**2 Sides (1 Vegetable & 1 Starch) Complimenting  
Main Entree Options**

**Chef's Choice Dessert**







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# The Controllers Workshop





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**Insiders**  
**Monthly Access**  
A Publication of the Cleveland East Chapter

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## PRESIDENT'S MESSAGE

Happy New Year (and year end) to all of our members! The Cleveland East board looks forward to seeing everyone at our January 19<sup>th</sup> technical meeting. This meeting will be a tax update presented by Cohen & Company.

The Controller's workshop was once again a great event. We had close to 60 people attend the event. Thank you to Robin Schade and Sandy Brenner for planning and executing the all-day CPE session.

Topics discussed were:

- Mike Rao gave overviews of motivators for people and had a great discussion on how to interact with each type.
- Ryan Siebel gave an accounting update so we are all ready for external accountants in 2016.
- Eric Dorenkott discussed tax updates with a focus on new Ohio rules since the government hadn't finalized tax law for 2015.
- Dan Eck challenged us all to track our expenses in January to see what our actual spend is. We can then use this to determine a practical budget, increase saving, and be on our way to retirement.
- Frank Klaus discussed tone and the top and fraud. He did a great job of providing real world examples of issues that he has encountered.

THANK YOU to all of you who attended. This event provides much of the funding needed for our other chapter activities.

Because of your attendance we were able to:

- Send 8 students to the IMA Student Leadership Conference in Orlando, FL.
- Put on a student night that saw 35 students attend at no cost to them.
- Offer 2 scholarships to students pursuing an accounting degree.

Without you this programs would not be possible. Thank you again!

PLEASE MARK YOUR CALENDARS FOR MARCH 15<sup>th</sup>. We will have the Chair of IMA's Global Directors for 2015-2016, Ben Mulling. This event will be a joint event with all northeast Ohio IMA chapters. Ben will be presenting his personal story and suggestions for what today's CFO role needs in terms of skills. I look forward to seeing you all in 2016!

*Thank you*

### SPONSORS

We would like to thank the following organizations for their support in sponsoring the IMA Cleveland East Chapter.

If you would like to have your business appear on this page, please contact Sandra Brenner at (216)839-7288 or Email: [sandra.brenner@basf.com](mailto:sandra.brenner@basf.com).



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[melissa.shumay@brunercoc.com](mailto:melissa.shumay@brunercoc.com)



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Medina, Ohio 44256  
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Cell: (216)470-4450  
Email: [cmchavezassoc@aol.com](mailto:cmchavezassoc@aol.com)  
[www.chavez-associates.com](http://www.chavez-associates.com)

Deadline for submitting information for next newsletter is the Monday following the technical meeting. Send your submissions to Carol Kuczer at: [ckuczer@ddr.com](mailto:ckuczer@ddr.com)



## ANNUAL CONFERENCE



**JOIN US FOR THE 2016  
IMA'S ANNUAL  
CONFERENCE & EXPO IN  
LAS VEGAS, NEV.!**



## 2015-2016 BOARD OF DIRECTORS

Office	Name	Email	Telephone
President	Brian Fehribach	bmfehribach@mfcachet.com	(216) 228-8900 x272
Secretary	Enrico Varricchio	emdnv@oh.rr.com	(216) 475-8787
Treasurer	Robin Schade	rcschade@mfcachet.com	(216) 228-8900 x262
VP Administration	Brandon Coates	bcoates@cohencpa.com	(419) 494-9445
VP Professional Education	Ernie Brass	bcd_net@yahoo.com	(440) 846-1952
VP Membership	Enrico Varricchio	emdnv@oh.rr.com	(216) 475-8787
VP Communication	Carol Kuczer	ckuczer@ddr.com	(216) 755-5746
Director - Social Media	Carlos Chavez	<a href="mailto:cchavez58@chavez-associates.com">cchavez58@chavez-associates.com</a>	(330) 723-0559
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Director CMA	Sandra Brenner	sandra.brenner@basf.com	(216) 839-7288
Director Publicity	Ashley Hinkle	ahinkle@cohencpa.com	
Chair of the Audit	Vince Pona	vpona@millrose.com	(440) 347-1139

Need extra help with special projects?  
Want to give a helping hand to an accounting student?

Interns are available to help your company. Both the University of Akron and Hiram College have accounting students that are ready, willing and eager to gain real life experience.

For more information, please contact Robin Schade at 216.227.3011 or via email at [rcschade@mfcachet.com](mailto:rcschade@mfcachet.com).



The Association of  
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in Business

### IMA GLOBAL CORE VALUES

#### ***Respect for the Individual***

We treat each other with respect and dignity, valuing individual and cultural differences. We communicate frequently and with candor, engaging in healthy debate and listening to each other, regardless of position or level. We work hard to create an environment that respects individuals in an atmosphere of open communication, growth, and learning.

#### ***Passion for Serving Members***

We enable individuals to use their capabilities to the fullest to deliver exemplary products and services to members. That enablement extends to being passionate advocates in advancing our global profession. We care for all members and each other - building enduring relationships and driving continuous improvement. We appropriately recognize our volunteer leaders, who are so giving of their time and expertise.

#### ***Highest Standards of Integrity and Trust***

We understand and abide by the IMA Statement of Ethical Professional Practice in our everyday actions. Our personal conduct ensures that the IMA name is always worthy of trust - our members around the globe deserve nothing less. We treat each other fairly, keep our promises, make decisions objectively, take responsibility for our actions, and admit our mistakes. We maintain confidentiality as appropriate.

#### ***Innovation and Continuous Improvement***

We believe innovation and a spirit of continuous improvement are engines that keep us relevant, vital, and growing. Our culture embraces creativity and seeks different perspectives. We behave like owners of a "business," managing risks and identifying new opportunities in serving members and advancing the profession.

#### ***Teaming to Achieve***

We encourage and reward both individual and team achievements, proactively working across organizational boundaries to always "remember the member." Our spirit of team achievement extends to advancing our professional and to being responsible and caring partners within our various communities.



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# 2015 - 2016 TECHNICAL MEETINGS

## EVENTS

Date	Time	Event
Tuesday, August 25, 2015	6:00 PM	Accounting for a baseball team - Captains game 7PM at Classic Park, Eastlake
September 15, 2015	6:00 PM	Internet Security
October 20, 2015	6:00 PM	Student Night
Friday, November 20, 2015	8:00 AM - 5PM	Controllers' Workshop
January 19, 2016	6:00 PM	Tax Update
February 16, 2016	6:00 p.m.	Economic Update
March 15, 2016	6:00 p.m.	Ben Mulling, Chairman 2015 - 2016 IMA global board of directors
April 19, 2016	6:00 p.m.	Ethics (2 hrs)
May 17, 2016	6:00 p.m.	Financial accounting update
2016 Seminars		
Thursday, April 28, 2016	8AM - 5PM	Annual Meonske Conference PreConference Workshop
Friday, April 29, 2016	8AM - 5PM	Annual Meonske Conference

## Cleveland East Chapter Anniversaries



### Years Members

#### December

63 Robert Buettner  
36 Anthony Lamonica  
34 Robert Durnwald  
34 Robert Harmacek  
32 Nina Bacnik  
23 Michael White  
21 John Senderak  
16 Christopher Dashner  
9 Erica Santarelli  
6 Nathaniel Whiting  
5 Brandon Coates  
2 Colin Smith



#### January

44 David Jaffe  
36 A Drake  
35 Gregory Jonas  
35 Charles Maimbourg  
29 M Merriman  
9 Patrick Barrett  
8 Meng Jun Yu  
7 Marc Ursick

The new 2016 edition of Gleim CMA Review is here! [Save 10%](#) now on the Gleim Premium CMA Review, which includes many new exclusive features and the trusted content that makes **Gleim the most widely used CMA exam prep.**

The 2016 edition includes 40 hours of comprehensive videos from university instructors. The new Gleim Instruct series not only provides in-depth instruction on multiple-choice questions, but also provides detailed lectures on the core concepts as well as essay guidance.

The new edition of Gleim Premium CMA Review also includes:

- Exclusive access to our team of accounting experts
- A true Access Until You Pass™ guarantee
- The brand new Mega Test Bank -- the largest offering available of multiple-choice and essay questions on the market
- Free shipping within the contiguous United States

In addition to the enhancements above, Gleim makes it easier to study and learn with our intuitive three-step cognitive approach, the adaptive learning technology that is standard in our software, and our team of Personal Counselors dedicated to providing you with exam guidance through your entire study process.

PREVIOUS CMA Purchasers: Call to **SAVE\*\***



The Gleim CMA Review Team

Gleim Publications, Inc.  
4201 NW 95th Blvd  
Gainesville, FL 32606  
[800.874.5346](tel:800.874.5346)  
FAX - [352.375.6940](tel:352.375.6940)



\*\* As a loyal CMA customer, you may be eligible for a discount up to 40% through the end of the year. This discount is applied to the retail price of the Gleim Premium CMA Review System and is based on your previous purchase. Restrictions may apply.



## THINGS TO CONSIDER ABOUT CMA CERTIFICATION



### Cleveland East Chapter Gleim IMA Chapter Partnership

Cleveland East Chapter members receive a significant discount off all Gleim CMA and CPE study materials including the new ethics course. Your Cleveland East IMA Chapter has partnered with Gleim to ensure your success on the CMA exam! Working together, we will provide you the necessary study tools to prepare for this difficult exam. Gleim has been preparing candidates for success with their extensive self-study course for over 30 years! The Gleim Review System enables you to identify your weak areas so you know where to focus your efforts and GUARANTEES that you will pass each exam part the first time. Our goal is that you achieve success while minimizing your frustration, cost, and time. As a member of the chapter, you are eligible for significant discounts on any of Gleim's CMA materials, as well as Gleim CPE.

To learn more about the program, or to print order forms, visit the Cleveland East Chapter website.

Gleim is excited to partner with Tri-C Corporate College to offer a live review for the Certified Public Accountant exam. This review will be held at the Corporate College East campus with weekly sessions specifically designed to help you pass the exam quickly and effectively.

This offering is unique in terms of its affordability and the one-on-one attention you will receive. These review courses provide candidates with the tools, information, and knowledge necessary to pass the CPA exam the first time.

If you are a candidate who wants to pass the CPA exam quickly and appreciates the added value of a live instructor, call Sheryl Hunt today at (216) 987-0233 or email [sheryl.hunt@tri-c.edu](mailto:sheryl.hunt@tri-c.edu) to register. You can also check out their [CPA web page](#) for more information.

Class size is limited, so register NOW to reserve your seat.

## THE GOLD STANDARD



### Salary

Findings of IMA's 20th Annual Salary Survey indicate that professionals holding IMA's CMA certification have greater earning power - 24% higher in salary and 31% higher in total compensation - than their non-certified colleagues. These findings appear in the June 2009 issue of IMA's *Strategic Finance* magazine.

### Competitive Advantage

Businesses around the world rely on CMAs for accounting, finance and information management and most importantly, for the strategic planning and business solutions provided by these qualified professionals. Companies such as 3M, Boeing, DaimlerChrysler, DuPont, Hewlett-Packard, IBM, Johnson & Johnson, Milliken and Procter & Gamble recognize that employing CMAs helps to improve company performance in aggressive global business arena.



### Review Schedule Based on Gleim Publications Corporate College:

- For the CMA Exam the review for each part of the exam is about six weeks.
- The class meets initially for a 1-hour orientation.
- 5 more meetings, one a week, for 3 hours each.
- Students will take the exam part covered by the review within 2 weeks of the last live class.
- The review for each successive exam part begins 1 to 2 weeks after the review for the previous parts ends.

### Personal Satisfaction

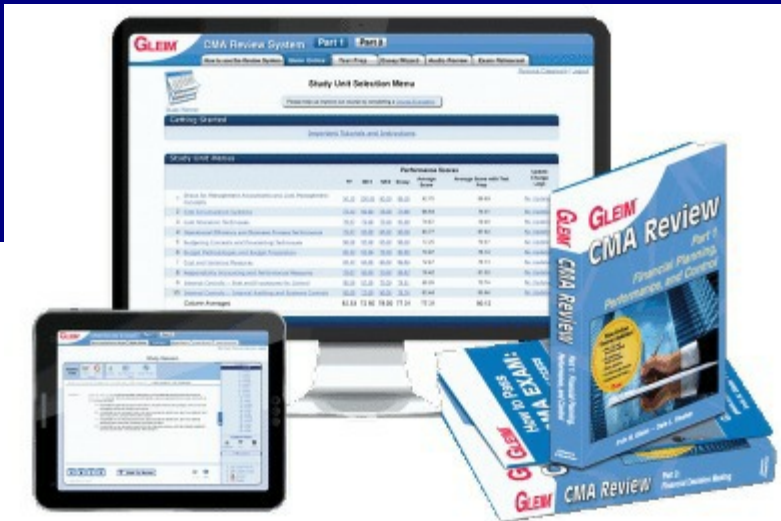
Prove your ability to become a strategic business partner, while you also enhance your self-confidence, your sense of accomplishment, and your resume.

### Professional Recognition

The CMA designation represents a broad business competency and mastery of the management-level skills required to add value, drive business performance, and build quality financial practices within organizations. The program objectively tests and validate expertise in areas essential to analyzing, managing and evaluating business solutions that contribute to the success of an organization. The CMA credential indicates a commitment to excellence based on a strong, ethical foundation and dedication to lifelong learning.

**Start On Your Road  
to CMA Certification Now!**





...Gleim is pleased to announce many new exciting updates to the Gleim CMA Review course. The CMA Gleim Online course has been expanded with more multiple-choice questions, essays, and updates to the digital book. For the first time ever, Gleim has included supplemental videos in the online course, which feature Dr. Passard Dean, CMA.

### [Save 15% on the newly updated Gleim CMA Review System.](#)

Over 150 new multiple-choice questions are now available in Gleim CMA Review, which includes the largest test bank in the industry. There are now over 3,100 ICMA-released and expertly authored questions in Gleim Test Prep. CMA candidates will also notice new functionality within Test Prep. While working in Gleim Study Sessions within Test Prep, candidates can now open and reference the digital book while answering questions. This functionality is particularly useful if candidates are frequently missing questions or need more clarification on certain topics.

The Gleim CMA Review System also now features 20% more essays. CMA candidates can practice answering exam-emulating essays in the Gleim Online Course and in the Gleim Essay Wizard.

Supplemental videos, featuring Dr. Passard Dean, CMA and Professor of Accounting at St. Leo University, will be available in the Gleim Online course starting in early April. These videos feature detailed walk-throughs of the multiple-choice questions that candidates find to be the most difficult. [Click here](#) to see a sample of the type of videos that will be added to the Gleim Online course.

Updates have been made to the Gleim CMA Review digital book to include improvements based on candidate feedback as well as more elaboration on key topics. The Gleim materials are written by professional educators, Dr. Gleim and Dr. Flesher, who have over six decades of combined teaching experience. Dr. Gleim was recently recognized by the Fisher School of Accounting at the University of Florida, a top ten accounting school, for his “renowned accounting [materials] that to this day are the field's authoritative learning resource.”

[Click here](#) to learn more about Gleim CMA Review's newly updated materials and save 15% now, or you can [try the course for free here](#).

We look forward to helping you pass the CMA Exam.

Team Gleim

800.874.5346

[accountingteam@gleim.com](mailto:accountingteam@gleim.com)

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Gainesville, FL 32606



**YOU CAN USE**



Be sure to read this month's news from accountemps:

## **“Take a Real Vacation: 5 Tips for Managers When it Comes to Unplugging From the Office”**

[www.cleveast.imanet.org/partners/accountempsJan2016.pdf](http://www.cleveast.imanet.org/partners/accountempsJan2016.pdf)

Download your Salary Guide now!



The Association of  
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in Business

### **Advancing the Profession**

IMA is dedicated to rebalancing the accountancy profession by educating society regarding the business building role of management accountants and finance professionals working inside organizations.

### **Certified Management Accountant (CMA®) - The Gold Standard**

Join a leading group of professionals who have advanced beyond the practical accounting skill set by earning IMA's prestigious global certification, the Certified Management Accountant (CMA®).

Evolve into a strategic business partner committed to a standard of excellence grounded on a strong ethical foundation and a lifelong commitment to learning.

Position yourself for career advancement and greater earning power. Gain a significant competitive advantage while demonstrating accounting, finance, information management and strategic planning skills necessary to drive business performance in the changing global economy.



### **VISION STATEMENT**

The world's leading association for management accounting and finance professionals.

### **MISSION STATEMENT**

To provide a dynamic forum for management accounting and finance professionals to develop and advance their careers through certification, research and practice development, education, networking, and the advocacy of the highest ethical and professional practices.





# IMA NATIONAL

## PUBLICATIONS

### Strategic Finance

IMA's flagship publication is an award-winning monthly magazine that provides the latest information about practices and trends in finance, accounting, and information management.

### Management Accounting Quarterly

MAQ is a quarterly, refereed online journal that contains in-depth articles by and for academics and practitioners of accounting and financial management.

### IMA Educational Case Journal

The IECJ® is a quarterly, online journal whose mission is to publish teaching cases in management accounting and related fields.

## PROGRAMS

### Educator Resources

IMA provides special tools and resources for the professionals who are developing the industry's future leaders. Academic members have access to IMA's ethics curriculum, case studies, webinars, research grants, mentor program, and many other teaching resources.

### Leadership Academy

The IMA Leadership Academy is designed to assess your leadership status, enhance your skills and recognize your leadership achievements.

### IMA Webinars

IMA's Inside Talk Webinar Series is a highly popular monthly webinar series that explores relevant topics from your professional and delivers timely information to broaden your knowledge and improve your performance.

## NETWORKING

### LinkUp IMA

The online professional network created exclusively for IMA members allows you to participate in groups related to topic areas or industries, IMA regional chapters and councils, subject matter and CMA study groups. You can post announcements and events, utilize share workspaces, find jobs and more.

### LinkedIn

Strengthens and extends your existing network of trusted contacts. It is a networking tool that helps you discover inside connections to re-connect with colleagues and classmates, power your career and get answers.

IMA's mission is to provide a forum for research, practice development, education, knowledge sharing, and the advocacy of the highest ethical and best business practices in management accounting and finance.

We do this by:

- Offering a rigorous, highly respected credential - the CMA - that recognizes and rewards expertise
- Building a peer network of professional relationships to share industry experience, access career opportunities, and make business contacts to last a lifetime
- Providing extensive education programs to advance professional knowledge, increase leadership potential, and satisfy CPE requirements
- Giving a voice to the profession with insightful and timely journals and newsletters
- Promoting leading-edge research and industry best practices
- Advocating for the profession in a challenging regulatory environment

IMA currently represents more than 60,000 accountants and financial professionals in business. The participation of each of our members makes the success of our mission possible.

## KEY CONTACTS

Wore Giotta,  
Community Relations Associate of  
East Coast Chapters  
IMA  
10 Paragon Drive  
Montvale, NJ 07645-1718  
Telephone (800)638-4427  
Email: [WGiotta@imanet.org](mailto:WGiotta@imanet.org)  
IMA Website: [www.imanet.org](http://www.imanet.org)

## Power Your Potential

IMA is the resource for developing, certifying, and connecting the world's best accountants and financial professionals working in business.

## Innovation: A PR Tool or Part of Business Success?

Posted on [January 5, 2016](#) by [imaleadership](#)

As IMA's CEO, I fully support a culture of innovation and entrepreneurship. In fact, it's one of IMA's [Global Core Values](#). We live in an environment of competition, consolidation, commoditization, and complexity. An emphasis on innovation as a sustainable business process helps you reach your company's financial and nonfinancial goals by delivering differentiated value. Here are a few questions you can ask yourself when considering innovation in your company:

### Why is it important?

In today's fast-paced business landscape, companies need to innovate to stay relevant and successful. A company that fosters innovation allows its employees and other stakeholders at all levels to become involved in the innovation cycle, from ideation to implementation. For example, after two years of having a staff innovation council at IMA, we believe innovation is built into our strategic "DNA" with incentives to take risks and build prototypes to test ideas early. We follow Cynthia Barton Rabe's credo: "Don't let what you know limit what you can imagine."

### How will you inspire innovation?

Recent [IMA research](#) found that while companies want to innovate, they fall short on the "how-to," which includes innovation governance and measurement and the role of the CFO. Make it part of your culture and strategy to ensure sustainability. Treat it as a body of knowledge or a business process that requires investment, governance, and reasonable short- and long-term ROI expectations.

Per reengineering expert Gary Hamel, "Radical innovation comes from generating a collective sense of destiny, from unleashing the imagination of people across the organization and teaching people how to see unconventional opportunities... Most companies devote too much energy to optimizing what is there than to imagine what could be. We need to create constituencies for 'What Could Be.'"

### How will you measure innovation?

IMA recently published [Advancing Innovation](#) by Patrick Stroh that includes a new measure called Innovation Value Score (IVS). It uses the BSC framework developed by cofounder Robert S. Kaplan, who wrote the foreword of the book. IVS allows you to assess innovation success, drive innovation in your company, and provide actionable information to corporate decision makers.

While our members, customers, and the profession are the ultimate judge of IMA's value-added products, services, and bundles, IMA has delivered on several innovative ideas in the past year, including CareerDriver, a new self-assessment competency management tool; the Student Leadership Experience, giving qualified students an opportunity to directly participate in IMA's Board meetings; and an "inspired technology lab," focusing squarely on the user experience with IMA portals.

### Driving Home Innovation

Don't treat innovation as a "one-hit wonder" or PR tool to impress your members, customers, board, or other stakeholders. Instead, enable innovation governance, measurement, and role clarity to experience long-term innovation success.

Hamel put it best: "To encourage innovation, to create a real constituency for What Could Be, companies need to unleash ideas, passion, and commitment across the company. We have to move...beyond innovation as a once-in-a-while project, to thinking about innovation as a deep capability."

Written by Jeff Thomson, CMA, CAE



## March Speaker:



### IMA Chair Ben Mulling Named CFO of the Year



The Association of  
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in Business

IMA® (Institute of Management Accountants) is proud to announce that Ben Mulling, CMA, CPA, CITP, IMA Chair and Chief Financial Officer (CFO) of TENTE Casters Inc., was recently named the C-Suite CFO of the Year by the *Cincinnati Business Courier*.

The CFO of the Year program is an extension of the *Courier 250*, a publication detailing the 250 biggest and best companies in the Tri-State. This publication includes the region's 150 largest private companies, all public companies in Cincinnati, Ohio, and 25 of the largest nonprofit organizations and the region's largest employers.

Mulling was among 20 other financial professional finalists at the eighth annual CFO of the Year Awards reception, being recognized for outstanding performance in their roles. His advice for an aspiring executive: “Never stop learning and enjoy working with different types of people in your company. It’s important that you push yourself in all areas, which include technical skills like certifications and degrees and nontechnical skills like leadership and communication skills.”

Jeff Thomson, CMA, CAE, IMA president and CEO, said, “Ben’s commitment to family, self, and business, probably in that order, is what makes Ben who he is. He has been involved and engaged with the management accounting and finance profession from an early age, and his success can be attributed to his technological savvy, his comfort with change, and ability to empower others.”

Mulling is the CFO of TENTE Casters, Inc., of Hebron, Ky., a multinational manufacturer of mobility solutions to the institutional and medical markets. He assumed this position in 2008 at age 28. Prior to this position, he was the company’s controller.

On the volunteer side, Mulling is the Chair of IMA’s Global Directors for the 2015-2016 fiscal year. He also serves as chair of IMA’s Governance Committee. He has had a long history of leadership with IMA, beginning with his service on IMA’s inaugural Young Professionals Committee in 2008. Since then, he has served three terms on IMA’s Global Board of Directors, on IMA’s Planning and Development Committee, and as chair of the Performance Oversight and Audit Committee. In addition, he supports the profession as an adjunct instructor of management accounting at Indiana Wesleyan University and Xavier University and helped establish an onsite CMA® (Certified Management Accountant) review course at Xavier University.

Mulling received his undergraduate degree in accounting from Northern Kentucky University and his MBA from Liberty University.

He resides with his wife, Anna, and children Ethan, Ella, and Evan in Hebron, Ky.



The Association of  
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in Business



## *Student News*

# imagine/slc15

IMA's Student Leadership Conference

Thank you for joining us this year in Lake Buena Vista, Florida!

|

Thank you to all the schools that participated in the t-shirt design competition!

So many great concepts and creativity!

**Congratulations to our winners:**

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# Strategic Technotes

Michael Castelluccio Technology Editor



On November 12, Andrew G. Haldane, chief economist at the Bank of England, was delivering a speech to the Trades Union Congress in London, England. He called it “Labour’s Share,” and that’s essentially what it was about and how that share has changed over time.

For the first half of the speech, Haldane wandered from good-news items about the recent recovery and how those elements fit into what he called the third industrial evolution. And then he got to the middle of the address to a section titled “Race Against the Machine,” and something like a peach pit, which seems innocent enough but actually contains traces of cyanide, emerged.

“The key question is what happens next?” he explained. Where will this evolution take us? With a dependency not just on machines, but on smart machines, are we positioned for a “permanent re-shaping of the labour landscape?” A number of authorities persuasively argue that based on past patterns, “Information technology may be poised for exponential growth, as its full fruits are harvested. Indeed, we may be on the cusp of a fourth Industrial Revolution or *Second Machine Age*.” An age powered by very different machines—smart machines.

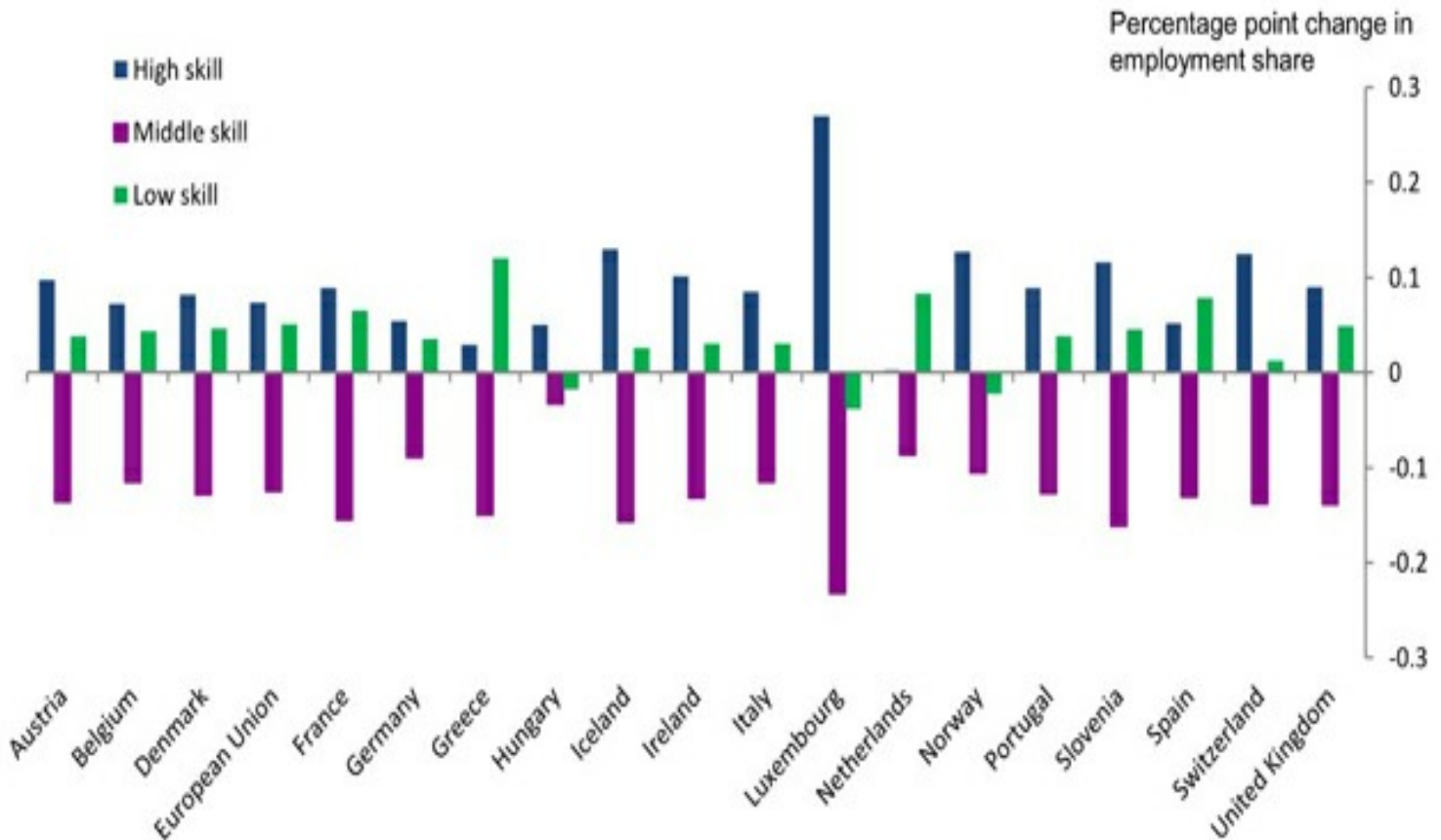
New age machines will be different, thinking as well as doing, sensing as well as sifting, adapting as well as enacting. The result, Haldane explains, could be transformative. “As robots extend their skill-reach, ‘hollowing out’ may thus be set to become ever-faster, ever-wider, and ever-deeper.”

Earlier in the address, Haldane pointed to the history of machines as a prime cause for the hollowing out of the working class. As machines took over middle skill positions, the only places for displaced workers to move were to lower skill and higher skill levels. This has been going on for a long time, and over much of world, first as countries abandoned agriculture for industrialization and then through several levels of industrialization. This is what the hollowing out has looked like over the last 18 years:

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**Chart 23:** Change in employment share of different occupational groups, 1996-2014



Source: Eurostat

Table appears on p. 30 Of Haldane's "[Labour's Share](#)"

The pattern of loss in the middle skill-range (red) is consistent in these 18 countries. But now with smart machines elevating the next plateau, many assume the hollowing out will accelerate and deepen.



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## IDENTIFYING THE AUTOMATABLE

To predict what the permanent reshaping of the labor landscape will look like, Michael Osborne and Carl Frey, academics from Oxford University's Martin School designed a system to measure "how susceptible are jobs to computerization" for 702 occupations. With help from the Oxford University Engineering Sciences Department, the Oxford Martin Programme on the Impacts of Future Technology, and data from Deloitte, U.K., they applied something called a Gaussian process classifier to analyze the jobs at risk.

Their research included detailed job data from the U.S. and U.K. A thorough profile was mapped for each job, using nine required skills ranging from mechanical dexterity to social skills like negotiation or persuasion. The study was done for the U.S. initially and was later extended to the U.K. The first U.S. findings were disturbing. "According to our estimates," the researchers reported, "about 47 percent of total U.S. employment is at risk."

Haldane then explained that his bank used Frey and Osborne's methodology and applied it to its own study of the U.K. The resultant list the bank came up with for individuals whose jobs are "potentially automatable" is also unsettling: "For the U.K., that would suggest up to 15 million jobs could be at risk of automation. In the U.S., the corresponding figure would be 80 million jobs."

## WILL A ROBOT REPLACE YOU?

The BBC then created a Web page with a simple way of finding the particular odds that your own job might be automated in the next two decades or so. The examples Haldane chose for one of the most at-risk and one of the most secure were accountants and hairdressers. "For an accountant," he explained, "the probability of vocational extinction is a whopping 95%. For a hairdresser, it is 33%." The entry for accountants on the BBC webpage is shown below.

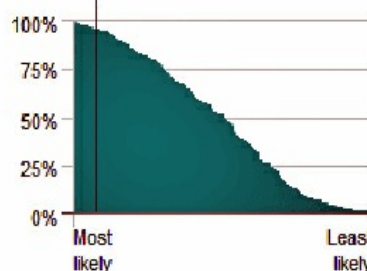
Source: [www.bbc.com/news/technology-34066941](http://www.bbc.com/news/technology-34066941)

### Chartered and certified accountants

Likelihood of automation?  
**It's quite likely (95%)**

How this compares with other jobs:

**26th** of 366



Share my result



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The hairdresser is engaged in a hands-on personal service that employs a variety of other individualized social skills. The measurements for the accountant, on the other hand, involve content and products that are analytical and objective. Actually, if you were to look over all the careers on the BBC's list, you might notice left- and right-brain shadows cast on the variety of professions and the risk percentiles for each.

On the BBC webpage, you can search your job at the top of the page, but there's also a numbered list at the bottom of the page. There you'll find 365 jobs listed from the most at-risk to least at-risk for automation. Number one, facing a 99.0% risk for automation, is the telephone sales person. Number 3 is the legal secretary at 97.6%. And in the middle of the pack, you'll find the florist (50.9%) and the librarian (51.9%). Resting safely at the bottom of the risk pool, is the speech therapist (0.5%) and the hotel accommodation manager (0.4%).

Haldane warns that the projections may be far too pessimistic. "The lessons of history are that rising real incomes have ridden to the rescue, boosting the demand for new goods from new industries requiring new workers." But even if the study reaches only a relative certainty, indicating only general inclinations, there appear to be major disruptions ahead. After all, the hollowing out has exposed a consistent trend, and no one can be certain of the effect of machines that are smart and getting even smarter.

For a complete description of the methodology used by Osborne and Frey you can read their paper here ["The Future of Employment: How susceptible are jobs to automation."](#)

**Michael Castelluccio** has been the Technology Editor for *Strategic Finance* for 20 years. His SF TECHNOTES blog is in its 17<sup>th</sup> year. You can contact Mike at [mcastelluccio@imanet.org](mailto:mcastelluccio@imanet.org).