

Inaugural Speech

Gregory J. Anton, CPA

AICPA Chair 2011-2012

Celebrating Change as Individuals and as a Profession

Good afternoon everyone. It is truly wonderful to be here with you today. I have great memories of Phoenix. My wife Julie and I took one of our first family vacations here after our oldest son was born. Cameron was five at the time, and he learned to swim at the hotel pool. I've also mountain biked at the gorgeous South Mountain State Park, not far from here.

I have to tell you though, it does feel a bit surreal standing here, becoming chairman of the AICPA. But I think I figured out how it happened. They found out I had chaired the Board of the Colorado Society of CPAs during its 100th anniversary and with the AICPA's 125th Anniversary in 2012, they thought this guy must at least be able to throw a party and have some fun.

But this is not just party time. The profession, with all its successes, still has very serious work to do. CPAs, indeed the entire business community, are in the midst of some profound changes. As a nation, and around the globe, we are going to have to overcome some major challenges in the years to come to create economic growth and prosperity.

This is what I would like to discuss today – continuing our tradition of successfully overcoming challenges. I've had some personal challenges in my life, and in that regard I'll be sharing something with you that I've never talked about before in public. But more importantly, I want to emphasize how for 125 years we as a profession have tackled change, and how we will continue to do so in the future. And then I'll talk about how we might use these problem-solving abilities to help guide the nation's financial discourse.

Sometimes I think we take our history for granted, both as a profession and as individuals. How many people actually know the names of their great-grandparents? I'd be willing to bet not too many. We should not lose sight of our personal history, and it is equally as important to recognize the profession's rich history. We can learn from our legacy of having a continuous positive impact on American business and finance.

Most of the people I've learned from are with me today, so I'd first like to take just a moment to thank a few of them.

There's a large contingent from Colorado here including State Society board members and many past chairs. In the long history of the Colorado Society, there have only been two CEOs, and I want to thank both of them for everything they've done for me -- Gordon Scheer, and Mary Medley. I'd also like to thank both past AICPA chairs from Colorado who are here, Marvin Stone and Marvin Strait.

All of my firm's partners are also here, and I can tell you I would not be standing here today without their support.

I'd also like to thank Paul Stahlin. Paul, you've been an incredible champion for the profession, and I'd like to personally thank you for your time and efforts over the last year.

I also want to acknowledge Barry Melancon's contributions to our profession. Barry, your breadth of knowledge and understanding make you a true visionary, allowing for the AICPA to be positioned as the premier accounting association in the United States and among the best in the world.

And most of all, I'd like to thank my wonderful family. I grew up in a suburb of Boston, then went west to college so I could ski, and pursue a degree in accounting. But by far my greatest college achievement was meeting my wife, Julie. Julie, you're an incredible mother, a great wife, and I love you.

I'd also like to thank our two wonderful sons, Cameron and Jake, for being at this special event.

And finally, to my mom. Mom, I love you. Thanks for everything.

Even though the AICPA is about to celebrate its 125th Anniversary, I am the 99th Chair. Many of the earlier Chairs served more than one year. You hockey fans know that 99 was Wayne Gretzky's number, and now I am the 99th chair of the AICPA Board of Directors. Because my kids and my wife are big hockey fans, they like to refer to me as the Wayne Gretzky of accounting. To be honest, it's the only way I can get Cam and Jake to actually think I'm cool.

This is a great day for me and my family. When I started talking to Barry and the AICPA staff about today's speech, they asked me if I was concerned about anything. Like most of you, I've given plenty of talks to business groups, clients, and to my own staff, and I now feel very comfortable standing in front of an audience, speaking extemporaneously or from PowerPoint slides. But I don't often use prepared remarks, and that did concern me. You see, I have dyslexia.

It was never something I openly discussed. My family certainly knows about it, and it's not a secret in my office. In fact, one of the main requirements for the administrative assistants I've hired over the years is that they've actually won a spelling bee.

Two things happened last June that made me feel like I was being sent a message.

First, on June 10, I was making a presentation to my friends and colleagues at the Oklahoma Society of CPAs, and another speaker talked about how he had struggled early in life as a result of his dyslexia. Then, two weeks later at the Colorado Society of

CPAs' leadership conference, Tommy Spaulding, who wrote a wonderful book called "It's Not Just Who You Know," talked about the same thing – that as a child he struggled to overcome dyslexia.

I struggled with it too as a kid, beginning in about the third grade, as soon as I had to read and comprehend and take those dreaded spelling tests.

Through a lot of hard work I learned how to deal with it and in some instances succeed with it. More importantly, it taught me valuable life lessons. I submit, for one to achieve the highest levels of success, you must be willing to take on and conquer the challenge.

The accounting profession has had to figure out how to achieve great things despite adversity. In 1887, the accountants in the United States had no legal recognition as a profession. A handful of accountants in New York confronted that challenge by forming the American Association of Public Accountants, based on principles that still guide our profession -- expertise, objectivity and ethical behavior.

Also in 1887, the U.S. Congress passed the Interstate Commerce Act, so almost immediately CPAs were helping their clients and companies overcome the challenges of complying with federal regulation. It was the same with other milestone events, like the federal income tax in 1913, the Securities laws in 1933, Sarbanes Oxley in 2002, and now Dodd-Frank.

While these were important milestones in our history, we all know that our profession is about more than compliance with regulations. We are not a reactionary group, but rather proactive; seeking out opportunities for growth, improvement and relevance.

Likewise, both the Vision process in the late 1990s, and now CPA Horizons 2025, have been extraordinary efforts to keep our profession fresh and relevant. Horizons 2025 focused on emerging technologies, and other trends that will have a powerful impact on the accounting profession. To get the broadest perspective possible, Horizons turned to a variety of sources for ideas, including leaders, regulators, and futurists. Technology has allowed us to open a broad umbrella, and more than 5,600 people contributed more than 75,000 insights on how our future might look.

One of the primary issues explored by Horizons 2025 is not just the technology but the increasing speed of technological advances and their impact on our world, and on our profession. It's hard to believe that when I first started working in public accounting, the PC was just a few years old and they were shared by the staff. No one had ever heard of a laptop, and a phone was not an iPhone; it was a device with a rotary dial and a cord that was always tangled. Today, cloud computing is revolutionizing how technology and services are delivered to business.

Technology is transforming our profession in more profound ways than replacing our file rooms and libraries with digital files, or even bigger advances like the cloud or XBRL. The most important change technology has brought is to replace the "doing." That's

where the CPA profession needs to excel in confronting the technological challenges of the 21st Century.

Let me explain. Today, fifty percent of the world's population has a mobile device. With the download of an App, an iPhone can take a picture of a W2 and in less than a second a 1040 EZ return is filed. These aren't futuristic predictions. 350,000 people downloaded the app in the first three weeks after its release. In other words, technology can automate in seconds tasks that we currently perform.

What does this mean for CPAs? Our value is no longer going to be measured by what we know, because you can only know so much. After all, today anyone can use a computer to access almost any kind of information. True value is achieved through processing and interpreting financial and nonfinancial information and advising on what to do. As CPAs, we can decipher, disseminate, and manage knowledge. This is what a computer or Smartphone cannot do.

Another example is in the audit process. Twenty years ago our audit procedures required hundreds of hours to manually check and verify the mechanical accuracy of accounting ledgers. Today a computer does this in minutes, if not seconds. As a result, the audit work we do is at a much higher level. Technology has also allowed CPAs to raise our game and become more of a trusted business advisor.

The point is, as CPAs we can never forget where we fit on the value chain and how

integral we are to the success of commerce. The future is going to belong to those who know “what” to do and “how” to get it done. To continue to create value for our clients and employers, we have to rethink how we deliver services and activities. This will continue to move the profession up the value chain, to be more strategic.

Technology is increasing these opportunities every day. Using your Smartphone, it's now possible to walk into a store, scan a barcode and measure a company's sustainability index before deciding to buy their product. The App has been downloaded more than 600,000 times. Who better than CPAs to provide assurance over the metrics of this App and others like it?

I say all the time to the young professionals in my firm – if you are not willing to fail, you'll never have the opportunity to succeed. You have to be willing to try things you're not comfortable doing. You have to measure the risk and reward, and in doing so take calculated risks with the appropriate payoff. As CPAs, and as individuals, I think it's critical for us to use our skills and assess risks and rewards to overcome the challenges we see in our profession, in our communities, and in our nation as well.

Over the last couple of years I chaired an AICPA committee charged with evaluating the federal government's accounting standard setting process. Here's something you may not know: I read two years' worth of the U.S. government's financial statements... Who does that? The widely publicized federal deficit is approximately 15 trillion dollars. What is a trillion dollars? I put the chosen research tool of my kids to use -- Wiki Answers.

There are 10 billion \$100 bills in a trillion dollars, and, when stacked, would stretch more than 678 miles. Now, the accountant in me had to multiply it out and it comes out to more than 10,000 miles. The U.S. deficit equates to a stack of hundreds that would stretch from New York to Honolulu and back. Again, this is from Wiki Answers, so it hasn't been verified by a CPA, but you get the idea.

We've all seen the deficit trends and they're downright scary. When there is this kind of economic uncertainty, the way business owners double their money is to fold it in two and put it in their pocket. This has a huge negative impact on jobs and growth.

I think as a profession, more than 377,000 strong, we can make a difference. We're currently exploring potential ways we can leverage the knowledge of our profession to help Congress better understand the U.S. government's financial statements. There are currently eight CPAs in Congress, but that's not enough. We need more CPAs in a position to help decide how public money is spent. That can mean school boards, city councils, state governments -- or yes, even Congress. Let's capitalize on the wave of CPAs entering a new phase of their lives, and use that wealth of knowledge where their expertise is most needed.

During this year of the 125th anniversary, we will be organizing a task force to make sure that, for the benefit of the profession and society, we're best-utilizing the amazing talent of our retired and soon to be retiring CPAs.

Another critical area demanding our attention is the ongoing globalization of business. The SEC has promised a decision in the next few months regarding incorporating International Financial Reporting Standards for domestic listed companies. The SEC currently allows foreign private issuers to use IFRS without having to reconcile to U.S. GAAP. Domestic public companies can't. We've all heard the reality: More than 120 countries around the world now permit or require IFRS. Even a local firm like mine in Denver regularly uses IFRS. It's time to get on board.

The other big news on the international front is the protection and promotion of the CPA brand. The Institute is working hard to address the opportunities the globalization of business brings, and to make sure the U.S. CPA remains a premier professional accounting credential across the globe. We all know that CPAs are financial experts who stand for objectivity and excellence. Our latest brand research shows that we continue to be one of the highest regarded professions in the country, and first among financial professionals. Now we have to make sure the rest of the world knows that truth.

We are using these same attributes to attract financial professionals from other countries to be U.S. CPAs. With our partners at NASBA, the CPA exam is now being offered in Japan, Bahrain, Kuwait, Lebanon, the United Arab Emirates and Brazil. We expect to add more countries after we review the success of these countries. This is just part of an increased international strategy, which culminated in the creation of the new Chartered Global Management Accountant credential.

That new credential is a result of the AICPA's joint venture with the London-based Chartered Institute of Management Accountants. Council unanimously approved this effort in May. This is a great new opportunity for our members in Business & Industry. This also has tremendous value for those of us who perform management functions in public accounting and we should introduce the CGMA to our clients as well.

Another issue, and one I'm particularly passionate about, is private company financial reporting. Millions of private companies are still forced to use accounting standards designed for 15,000 public companies. That's 15,000 compared to millions. I hear the frustrations of my private company clients every day.

We continue to fully support the recommendations of the Blue Ribbon Panel on Standard Setting for Private Companies. They were to accommodate differences in U.S. GAAP for the benefit of private companies and their financial statement users, and to establish an independent board with the authority to set those differences. The Financial Accounting Foundation has not supported the new board concept and we will continue to push for the separate standard-setting board to realize true change.

Another issue clearly identified by Horizons 2025 is the changing demographics of our profession, and how the huge bubble of retiring CPAs might be mobilized toward helping our nation find solutions to many current issues.

A little more than a decade ago, the AICPA recognized a human capital talent gap. The number of accounting graduates and those taking the CPA exam were not nearly keeping up with demand for CPAs in the marketplace. The Institute responded forcefully, along with the state societies, with programs like the tremendously successful Start Here, Go Places campaign. More recently, it launched “This Way to CPA,” a website and tutorial for encouraging accounting majors to become CPAs.

These initiatives and others like them have paid off. Today, accounting is among the top college majors, representing ten percent of all college students across the United States. Enrollments have reached a historic high of 225,000. But because of the rising number of CPAs reaching retirement age, the supply won’t quite keep up with demand. But it’s still incredible progress. We’re also developing a variety of new ways to address the diversity of our profession by increasing the retention and advancement of underrepresented minorities and women.

We’ve started evaluating the way we’ve approached minority and women’s initiatives and are exploring new methods to achieve better results. It’s time we make our own efforts even more innovative.

I will be the first chair from Generation X, born just after the Baby Boomers. I’m hoping to bring a new perspective to attracting and keeping young people and minorities involved in and committed to our profession. I’m also the only person I know in my peer group who has not transitioned into multiple jobs. Even though the name has changed, I

have worked in the same firm for my entire professional career. I went to work in public accounting after graduating from college and I've been in public accounting ever since, and I love it. In fact, I've always thought my two primary jobs-- camp counselor and CPA, are strangely similar. Parents drop their kids off at camp, expecting they'll come back healthy and having learned something. That's not so different from business owners handing over their financial well being to their CPAs.

Summer camp is also where I first learned about what's commonly referred to as "work-life balance," but what I like to refer to as "work-life integration." I believe it is impossible to eliminate work from life and life from work. Work life integration successfully blends the two. What better place to combine work and play than as a camp counselor, teaching kids how to swim, play sports or sail? We walk around with Smartphones that we use to text our spouses and our kids to tell them that we love them and then, moments later, on the same device, receive a business email with a multi-million dollar implication. Technology enables the integration of these two important aspects of our lives. The future leaders get this. Work-life integration was clearly identified during Horizons 2025 as an important issue for the future, and it is going to be a big selling point in continuing to attract and retain the best and brightest.

There's a book called *212: The Extra Degree* by Sam Parker that I recommend to all of you. It talks about how at 211 degrees, you only have hot water, but at 212 degrees you have boiling water that can power a locomotive.

Imagine the possibilities if we put forward that one extra degree; in our personal lives, and in our professional lives. It is our responsibility to leave this profession in a better place than when we received it. That also goes for our local communities and our country. It's our responsibility as a profession to put forward that one extra degree, insuring that we drive home initiatives like CGMA, and private company financial reporting.

I know that individually, and as a profession, we can set the standard for the next 125 years, fulfilling our commitment to remain as relevant and as meaningful as we have for the last 125 years. We can and we will push boundaries, explore new terrain and discover new opportunities. That is my challenge to you.

Thank you very much.

It's going to be my honor to be your Chair.