



The Department of

Accounting

Jim Wahlen

CHAIR OF THE
DEPARTMENT OF ACCOUNTING

Dear Friends of the Accounting Department,

Hello! Greetings from the beautiful campus of IU-Bloomington. I'd like to introduce you to some stellar new faculty members, boast about our faculty's accomplishments, and describe several new initiatives. In this newsletter you will find information about these and many other topics.

We had a very successful year in recruiting three seasoned assistant professors. First, we hired Bridget Stomberg, a leading young scholar in tax research. Together with Sonja Rego, Brian Williams, and Casey Schwab, we have one of the strongest cohorts of tax scholars in the country. We added considerably to our breadth and depth in conducting financial accounting research by hiring Donnie Young and Rafael Rogo. Like Bridget, both Donnie and Rafael are award-winning teachers. We are delighted to have these three young accounting scholars, excellent teachers, and really nice people join our group.

We also increased the long-run strength of our department by promoting Jason Brown to associate professor with tenure. Jason is an outstanding scholar of managerial accounting, an award-winning teacher, and a true team player. We are proud to have Jason on our team!

Sadly (for us at least), we said goodbye to four long-standing pillars of the accounting department: Peggy Hite, Jerry Stern, Mike Tiller, and Jim Grandorf. Collectively, they provided a total of almost 110 years of extraordinary teaching, research, and collegial service to our department and Kelley. They will be deeply missed.

As a faculty, we were again very productive group of research scholars. In the past year, our faculty either published or received acceptance letters for roughly a dozen articles in top-tier accounting research journals. Our department is at the forefront in creating and disseminating new insights about the accounting profession.

For our efforts in the classroom, members of our department received over 20 nominations for teaching awards. Among our faculty members, award winners include PhD student Amy Sheneman and Professors Terry Campbell, Kathrine Glass, Julie Head, Pat Hopkins, Jeff McMullin, Jamie Pratt, Rick Schrimper, Joe Schroeder, Brian Williams, Vivian Winston and I.

This year we held two Accounting Leading Scholar Seminars. In October, we were led by Mary Barth from Stanford University. In May, we were led by Terry Shevlin from the UC - Irvine. Both Mary and Terry brought great insights into research and the publishing process for our junior faculty and doctoral students.

This fall we held our inaugural Accounting Alumni and Friends Recognition Banquet. We are honored to have one of the best networks of accounting alumni and friends in the world. So it is fitting that we formally recognize alumni who are making particularly noteworthy contributions to the accounting profession, to academia, to the community, and to Indiana University.

Our momentum is contributing to the great momentum of the Kelley School and IU. Our undergraduate program and the accounting program continue to be ranked in the top 10 by *U.S. News and World Report* and *Poets & Quants*. The accounting department and Kelley endured a lengthy and deep external (and internal) review process this year, and the AACSB reaccredited both the department and Kelley for another five years. The review teams gave us glowing praise and great feedback.

On a personal note, I have just completed my third year as department chair. The faculty and the Deans' Office have asked me to serve a second three-year term, which I am honored to accept. I want to give my sincerest thanks to the faculty, students, alumni, our corporate supporters and recruiters, the Deans' Office, and most importantly, our department's office staff (Gina Rogers, Christy Settle, and Jennifer Weideman), for helping this department be so successful. Through this team effort, we will continue to deliver outstanding accounting education and professional development for our students, generate state-of-the-art insights for the profession through our research, and serve our local and global communities in countless ways.

As always, thank you for all of your support.

Best regards,

Jim Wahlen

James R. Hodge Chair of Excellence



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Accreditation:

Kelley School of Business & Accounting Department

During this past year, both the Kelley School and the Accounting Department earned re-accreditation. The accreditation process is a comprehensive review of a school's mission, faculty qualifications, and curricula that includes self-evaluations, peer-reviews, committee reviews, and the development of in-depth strategic plans. The Association to Advance Collegiate Schools of Business (AACSB)—the world's largest business education alliance—provides internationally recognized, specialized accreditation for business and accounting programs at the bachelor's, master's, and doctoral levels. AACSB accreditation is the most recognized form of specialized/professional accreditation an institution and its business programs can earn.

The re-accreditation process involves everyone in the school in one way or another. However, a core group of about 20 people in Bloomington and Indianapolis shepherded the process. From the first meeting of the core group to the day the report was turned in was 499 days. The school provided 3,236 documents on everything from enrollment statistics and faculty profiles to their research mission and intellectual contributions.

Accounting is the only department in the school that is separately accredited. The Accounting Department's accreditation requirements are similar to the school's; as a result, the Department performed "double duty." The department's separate report included information specific to the various accounting programs, faculty, research, curriculum changes, and enrollment.

Staff and faculty members were delighted with reviewers' extremely positive comments, particularly the one who noted, "[This] report and site visit were the best I have ever seen." This particular reviewer had been on 20 review teams so the glowing remark spoke volumes about how Kelley and the Accounting Department had gone above and beyond.

The review team was impressed with the overall scope of the innovative programs Kelley provides and recommended that Kelley receive the maximum 5-year accreditation renewal. The AACSB accreditation committees concurred, and the AACSB board of directors ratified the vote in April.

"All of the effort that went into the review was important for our accreditation, but it was also very productive for us to take a deep and comprehensive look at all of our programs, the achievements we've made in the past five years, and the challenges that lie ahead," says Idie Kesner, Dean of the Kelley School of Business.



Idalene "Idie" Kesner
Dean, Kelley School of Business
Frank P. Popoff Chair of Strategic Management

Faculty Spotlight: Jason Brown

This past year the Accounting Department and the Kelley School of Business were delighted to promote Professor Jason Brown to Associate Professor with tenure. Jason joined the IU faculty in 2009 after completing his Ph.D. at the University of Pittsburgh. He has a history with Kelley as he earned his MBA at Kelley, majoring in Finance in 1998. He was a Consortium Fellow.

Brown spent several years in corporate roles after finishing his undergraduate degree in Accounting from Howard University. He started his career in public accounting at Arthur Andersen (Chicago) auditing banks, insurance companies, utilities and firms from other regulated industries.

After two years in public accounting, Brown returned to school for his MBA and interned at Pfizer, NYC. He then went into consulting with PricewaterhouseCoopers (PwC) in Chicago.

“I left PwC to work as a Senior Manager in the Financial, Strategy, and Analysis department at RR Donnelley, a publishing and printing company in Chicago,” says Brown. “While at Donnelly, I started thinking about academia and eventually left to pursue my doctoral degree at the University of Pittsburgh.”

The goal of Brown’s research is to investigate individuals’ decision-making in various business and accounting environments. He uses experiments that integrate economic and behavioral theory to predict and explain behavior. Fortunately, Indiana University employs several faculty members who conduct similar research using similar methodologies.

“This has enabled me to be quite productive and make significant research contributions that are of interest to both individuals in academia as well as practitioners,” says Brown. For example, his study, “The Consequences of Hiring Lower-Wage Workers in an Incomplete-Contract Environment” (with P. Martin, D. V. Moser, and R. Weber), demonstrates hiring low-wage workers does not necessarily increase firm profits. This study, which has been featured in the *Wall Street*

Journal, *Harvard Business Review* and *The Accounting Review*, highlights some of the hidden costs of hiring lower-wage workers.

Brown, who has taught Cost Accounting (A325) in the undergraduate program, received the Indiana University Trustees Teaching Award and has been nominated for the Sauvain Teaching Award.

“My wife, Kendell, and I met at Arthur Andersen and were married in Chicago 13 years ago,” says Brown. They have two children: Jared (12) and Jada (10). Jared enjoys swimming, reading, and listening to music while Jada likes gymnastics, reading, and drawing. “We all enjoy hanging out and traveling with our extended family and friends.”

They also like playing board games, going to amusement parks, and eating out.

“You might see my wife around Kelley because she works in Graduate

Career

Services and provides career support to Kelley alumni,” says Brown, who likes to play golf with friends. “When I’m at home, I’m listening to all types of music. I’m a big fan of Big Ten—primarily IU—and Chicago team sports such as the Bulls, Bears, White Sox, and Cubs...just a little.”

Brown notes that while Kelley’s smart, engaging students make his job gratifying, it’s his accounting colleagues that are the icing on the cake.

“They are extremely strong researchers,” says Brown. “Having really nice, supporting colleagues is a rare combination in academia.”



New Faculty

Rafael Rogo



Born and raised in Brazil, Rafael Rogo earned his undergraduate degrees in Civil Engineering and in Business Administration, both from Federal University of Uberlandia. After graduating, he worked as an economic analyst at the Central Bank of Brazil. While working on financial system regulation, he came to understand the importance of a strong theoretical background to guide regulatory oversight, which prompted him in 2012 to pursue a Ph.D. degree in Accounting from Kellogg School of Management at Northwestern University.

Before joining the faculty at IU's Kelley School of Business, Rogo was an assistant professor at the University of British Columbia.

"I'm not the only Rogo joining the IU faculty. My wife, Juliana, is also coming to IU's Kelley School of Business as a lecturer in the Business Economics & Public Policy department," says Rogo. "We have a nine-year-old daughter, Anna Julia, who is very excited about living in Bloomington."

Rogo's research focuses on the strategic use of textual narratives to influence market participants, but his interests also include the contribution of sell-side security analysts to stock market volatility and regulatory oversight.

In their free time, the Rogos enjoy sports. "As Brazilians, we are huge soccer fans, but after a couple of years in Canada, we learned to like hockey, too," says Rogo. "Now we're looking forward to becoming part of the Hoosier family!"

They spend much of their vacation time in Brazil visiting with family, but when they're in Bloomington, they will love having friends and colleagues over for Brazilian BBQs.

Bridget Stomberg

Bridget Stomberg joins the Kelley faculty from the University of Georgia, where she began as an Assistant Professor in 2013 after earning her Ph.D. in Accounting from the University of Texas. She comes to Bloomington with her husband, Derrick, three-year-old daughter, Blake, and her Labrador retriever, Lito.



After completing her B.S. and M.Acc. in accounting at the University of Florida, Stomberg moved to Phoenix, Arizona, to work in the tax department of PwC for five years before taking a job at P.F. Chang's China Bistro as Senior Tax Manager. She also served as Tax Director at Insight Enterprises before moving to Texas to start her doctoral program.

"I was part of the inaugural class of Accounting Doctoral Scholars Program, which was created by the AICPA Foundation and several large public accounting firms to increase the number of tax and audit professors with real-world experience," says Stomberg, whose research focuses on the intersection of tax and financial reporting rules and how they shape individuals' actions. Stomberg was selected as a Lilly Teaching Fellow at UGA. The Fellows Program recognizes ten tenure-track faculty across the University each year for their demonstrated passion for a commitment to excellence in teaching.

This fall, she will be teaching Taxes and Decision Making at Kelley and is looking forward to integrating her work experience and research findings into the curriculum.

"In my free time, I watch sports—especially football—run, read, do art projects with my daughter, and savor my husband's delicious cooking!" says Stomberg.

Donnie Young

Donnie Young comes to Bloomington with his wife, Amy, from Atlanta, where Young taught both undergraduate and graduate financial reporting courses at the Georgia Institute of Technology. They are joined by their four children, Sydney, Jaxon, Charlotte, and Carsten. They enjoy sports, reading, theater, and being outdoors.

Born and raised in Nampa, Idaho, Young is the youngest of six children—all of whom received business degrees.

“We worked a number of agricultural jobs from a young age that persuaded us to take an interest in commerce,” recalls Young. “I’m grateful for the opportunities business and education have provided me, and I hope to help students become excited about those same opportunities.”

Young received his Bachelor’s and Master’s degrees in Accounting from Brigham Young University in Provo, Utah, and his Ph.D. from Emory University in Atlanta, Georgia. Young’s research examines judgment and decision-making issues in auditing and financial reporting. Current projects examine how managers make complex reporting estimates and how auditors and investors evaluate those estimates.

Young, who says he’s always known Kelley for its faculty expertise across research areas and methods, was beyond impressed when he stepped foot on IU’s campus for the first time in the fall of 2016.

“I was amazed by the faculty’s intellectual curiosity and the constructive feedback I received from people outside my research area,” says Young. “I look forward to being part of such a collegial department that is interested in everyone’s personal and academic success.”



Teaching Highlights

Indiana University Trustees Teaching Awards

(all nominees listed; award recipients shown in bold)

Jeff McMullin Joe Pacelli **Rick Schrimper** **Brian Williams**

Other Teaching Awards:

Jamie Pratt and **Jim Wahlen** each received the MBA Program Teaching Excellence Award.

Joe Schroeder received the Sauvain Teaching Award.

Amy Sheneman received the Panschar Teaching Award for Associate Instructors.

Julie Head received the Panschar Teaching Award for Lecturers and Clinical Professors.

Kathrine Glass received the Innovative Teaching Award.

Vivian Winston received the Alpha Kappa Psi 2017 Legacy Teachers’ Excellence Award as well as the Office of Disability Services for Students 2017 Excellence in Education Award.

Terry Campbell and **Pat Hopkins** each received the Tom Bowers Teaching Excellence Award in the Graduate Accounting Programs.

Ph.D. Placements

Eric Holzman



Eric Holzman grew up in Maryland and completed his undergraduate degree in business at Virginia Tech and his Masters in applied economics at Johns Hopkins. After working in forensic accounting for nine years in D.C., he decided to return to school for a change in career.

"In my prior work experiences, I found myself asking an abundance of questions about how capital markets operated, but I didn't have the proper foundation to begin to answer those questions," says Holzman. "A research-intensive doctoral education at a top business school seemed like the best way to start to build that foundation."

"The people in this department have been exceptionally generous with their time, and I will always be appreciative of that gift," says Holzman, who is particularly grateful for the guidance from the members of his dissertation committee as well as the support and friendship from his fellow doctoral students.

In 2015, Holzman received the prestigious Deloitte Foundation Doctoral Fellowship Award to support the writing of his thesis. The study finds that short-term investors erode the informativeness of market prices for future fundamental value, and that

these effects are most salient around public disclosures of information.

"My findings help to inform the debate on the costs and benefits of regulation that favors investors with different horizons, a topic that has become increasingly important at the SEC in recent years," explains Holzman, who is eager to begin the next chapter of his life at The Ohio State University (OSU) in Columbus.

"I'm excited to collaborate on innovative research topics with my new colleagues at OSU, and to continue to grow as a scholar and teacher," says Holzman. Additionally, his wife, Megan, and their boys, Max and Sam, are thrilled to be living close to their grandparents, also residents of Columbus.

Amy Sheneman



Hailing from Michigan, Amy Sheneman earned her Bachelors of Arts in Economics Summa Cum Laude from DePauw University in Greencastle, Indiana. After starting her career with Deloitte Consulting in New York City, Sheneman became a Senior Manager with Ernst & Young in their Risk Advisory practice.

In 2012, Sheneman joined the Ph.D. program at Indiana University as an AICPA Accounting Doctoral Scholar.

Being [immersed in] the IU community has been a wonderful experience from both a personal

and professional perspective," says Sheneman. "I'm extremely grateful for the guidance and encouragement provided by the IU faculty and am honored to be a part of the Kelley legacy."

Sheneman's research interests focus on the intersection of finance and accounting. In her dissertation, she quantifies an indirect, but measurable, cost of firms failing to protect and control proprietary data: an increase in the cost of capital. Her dissertation won the Gilbert Geis Memorial Ph.D. scholarship from the Institute for Fraud Prevention.

Despite "bleeding blue," the Sheneman family, which includes her husband, Andy, daughter Riley, and sons Krey and Bodey, are thrilled about moving to Columbus, where Sheneman will join the faculty at The Ohio State University.

"I'm happy to join a vibrant academic environment where I can pursue my research interests, mentor the next generation of students, and continue to shape the profession," says Sheneman.

Barrett Wheeler



A Virginia native, Barrett Wheeler earned his Bachelor's degree in commerce from the University of Virginia in 2002.

After graduating from UVa, he spent ten years in practice, both in public accounting and banking, prior to joining the Ph.D. program at IU in the fall of 2012. Wheeler now heads south as he takes a position as an Assistant Professor of Accounting at Tulane University where he will teach a course on auditing.

“Leaving is bittersweet as the faculty and doctoral students at IU are terrific, and my wife, Tyler, and I have made lifelong friends in Bloomington,” says Wheeler. “But we are very excited for this next step, living in New Orleans and joining the Tulane family.”

Wheeler’s research focuses on issues in financial accounting and standard setting, with a specific interest in bank accounting. His dissertation is motivated by a coming change to bank accounting that will require banks to estimate and report the lifetime losses expected for their loan portfolios. He finds that while this new standard is likely to have a significant impact on bank regulatory capital, investors already incorporate information about lifetime expected credit losses into stock prices under current accounting standards. The results of his paper should provide insights to accounting standard setters, bank regulators, and investors.

Wheeler, his wife, their two daughters, Caroline (3) and Ann Kempter (5 months) and their dog are looking forward to the warm weather and rich culture that New Orleans has to offer.

Visiting Faculty: Dawn Drnevich

Dawn Drnevich, a CPA with over eight years of public accounting and private industry experience in both audit and tax, completed her doctoral studies in Accounting at Texas Tech University and holds an MBA and Bachelor of Science degree in Accountancy from the University of Wisconsin System. Her research interests focus on archival and behavioral approaches to studying accounting and taxation, specifically looking at implications resulting from changes in the tax law and cross-cultural issues related to comparability and consistency in financial reporting.



Drnevich will be teaching cost accounting and taxes and decision-making courses while visiting at IU.

“I’m excited and honored to be joining the Accounting Department,” says Drnevich. “I’m looking forward to working with outstanding faculty and students and becoming part of the Hoosier Bloomington community.”

Outside of academia, Drnevich enjoys spending time with family and walking. She also likes to hike, practice yoga, read inspirational works, and experiment in the kitchen.

“I like to bake tasty organic vegan healthy desserts,” says Drnevich. “I promise—there really is such a thing!”

Visiting Scholar: Brian Bratten

Brian Bratten earned his Ph.D. in Accounting from the University of Texas at Austin in 2009. A CPA, he also holds a BBA in Accounting and a MS in Finance from Texas A&M University. Currently the Clark Material Handling Company Associate Professor of Accountancy at the University of Kentucky (UK), Bratten has published research on financial accounting and auditing topics in several leading accounting journals. He teaches financial accounting courses and a doctoral research seminar at UK. Outside of the classroom, he enjoys an active lifestyle with his wife, Kristy, co-managing their busy household of six children: Benjamin (13), Elliott (11), Joshua (8), Oliver (5), Rosalie (2), and Tobias (6 months).



Bratten will be joining the Department in the spring of 2018 as a Visiting Scholar while on sabbatical from the University of Kentucky. His time here will be spent conducting research and interacting with the faculty and doctoral students.

“I’m excited about the visit [because] I know several of the accounting faculty members from conferences and other events,” says Bratten. “I’m looking forward to engaging with them more regularly while I’m in Bloomington.”

Crowe Horwath Accounting Leading Scholar Seminar Series: Professor Mary Barth

Accounting faculty members and doctoral students gathered on October 13–14, 2016, to hear Professor Mary Barth, one of the most prominent and accomplished accounting scholars in the world, share her insights on financial accounting and reporting research, particularly areas of interest to standard setters. Barth, the Joan E. Horngren Professor of Accounting at Stanford University, was on Bloomington's campus for the Accounting Leading Scholar Seminar Series (ALSSS), an intensive two-day research seminar designed to offer exposure to current research development and increase opportunities for younger faculty and doctoral students to network with leading academics in the accounting profession.

Barth's focus on issues of interest to standard setters comes from personal experience. She served on the International Accounting Standards Board (IASB) from 2001 to 2009 and as an advisor to the IASB from 2009 to 2011. She has also been a member of the Accounting Standards Executive Committee of the American Institute of CPAs, and the Financial Accounting Standards Advisory Council of the Financial Accounting Standards Board. Prior to her academic career, Barth was a partner in the San Francisco office of Arthur Andersen.

During Barth's two-day visit, she presented on publishing in high-quality journals, the future of financial reporting, and the evolution of research on the value relevance of accounting information. She also provided feedback to doctoral students and junior professors on their research ideas.

"I really enjoyed my time at IU, and the small group sessions were great," says Barth. "I feel like I have a whole new set of friends and colleagues."

Professors Patrick Hopkins (Sungkyunkwan University Professorship) and Leslie Hodder (Dean's Research Professorship) held a welcome dinner for Barth that approximately 30 faculty members, doctoral students, and spouses attended. Several individuals from Crowe Horwath also joined one of Barth's sessions and attended the reception and dinner that followed.

Eric Holzman, a Ph.D. student who does research in financial accounting and reporting, was thrilled to meet Barth. "She's the closest thing to an accounting rock-star that there is," says Holzman, noting that Barth's talk highlighted the importance of helping students learn valuation techniques in order to increase the demand for their services in the marketplace. "Hearing Barth speak about current and approaching issues the profession is facing was enlightening. She's also a tremendous writer and research scholar, so learning about her research process will help me identify new research ideas going forward."

Jessie Watkins, a fourth-year Ph.D. student whose focus is financial-archival and capital markets research, attended Barth's talk in which she gave an overview of accounting research and highlighted the direction in which she saw accounting research heading.

"It was fascinating to hear her perspective given her vast experience in accounting research, standard setting, and the editorial process," says Watkins.



Professor Mary Barth

Crowe Horwath Accounting Leading Scholar Seminar Series: Professor Terry Shevlin

On May 17–19, 2017, Professor Terry Shevlin came to campus as the leading scholar for the second ALSSS of the school year. Professor Shevlin is the Paul Merage Chair in Business Growth, Associate Dean of Research and Doctoral Programs at the University of California-Irvine Paul Merage School of Business.

Shevlin's research focuses primarily on the effect of taxes on business decisions and asset prices but also includes capital markets-based research, earnings management research, and research design and statistical significance testing issues.

Shevlin has published over 40 articles in top accounting and finance journals and has served as editor for three academic journals, *Journal of the American Taxation Association* (1996–1999), *The Accounting Review* (2002–2005), and *Accounting Horizons* (2009–2012). In addition to his stellar contributions to accounting research, Shevlin is one of the preeminent scholars in accounting academia and has received numerous awards for his work in research, mentoring, and teaching.

Shevlin held several presentations while he was at IU, including a Q&A session with the junior faculty and doctoral students, an overview of tax accounting research, and the presentation of one of his current working

papers “Determinants and Consequences of Differences Between Corporate Income Tax Expense and Tax Paid.”

Doctoral student Junwei Xia, whose research interests overlaps with Shevlin's, says she most enjoyed the interactive session when the assistant professors and Ph.D. students presented their research proposals and Shevlin provided feedback.

“Professor Shevlin was encouraging and accessible,” remarks Xia. “His feedback was honest but constructive. For example, when discussing my research proposal, he not only pointed out issues of concern but also motivated everyone participating in the session to brainstorm for some possible solutions to the issues.”

“The accounting faculty and Ph.D. students were grateful to be able to interact so closely with these leading scholars in our field,” says Professor Patrick Martin. “Sharing their knowledge and career experiences with us will have a profound effect on our future research, teaching, and academic endeavors.”

Adds Professor Joe Schroeder, “The Accounting Leading Scholar Seminar Series keeps improving over time, and we are truly grateful to Crowe Horwath for their support of this event.”

Xia appreciates the ALSSS because, she says, “unlike other large-scale conferences, each ALSSS allows me to get to know the presenters as both a scholar and as a person.”



Professor Terry Shevlin

Helping Small Businesses and Building Relationships: The GLOBASE Program

by Christy Heitger-Ewing

The Global Business and Social Enterprise (GLOBASE) program, founded in 2009, offers free consulting services by graduate MBA students, who are trained in areas such as marketing, finance, strategy, and operations to help small businesses in developing countries take advantage of opportunities, solve problems and improve processes. Having served more than 50 small business and nonprofit clients in Latin America, Africa, and Asia, each GLOBASE consulting team is overseen by a second-year MBA student leadership team and a faculty advisor from the Kelley School. In 2017, Brian Miller, Associate Professor of Accounting, oversaw the experience in Guatemala to ensure that students' work met high standards of quality.

"Traveling by bus around a developing country for 16 days with 19 MBA students provides a tremendous bond," says Miller, noting the special nature of the program. "The ability to put the skills the students are learning in the MBA program into practice is phenomenal and, in my opinion, almost impossible to create in a classroom setting."

Miller oversaw four projects in Guatemala: Food Machine, Centro Educativo ASA, Laboratorios Alvarez, and Industria Majusa. As in the previous four years, all clients involved in GLOBASE were located in Quetzaltenango (nickname Xela), the second largest city in Guatemala.

Food Machine is a family-owned company, which distributes food industry equipment to restaurants and bakeries. Employee turnover had become particularly acute in the last year so the goal of this project was to come up with a strategy for improving employee retention.

"None of the students came in with much of HR background, so this was a stretching experience for many of them, who learned how to put structure to an HR system in an entirely different culture," says Miller. "The most impressive part of this team's accomplishments was that they were able to achieve success in implementing a HR process with a client that had no English speakers."

Centro Educativo ASA is a private school founded in 2006 that has been growing rapidly. As a result, the principal had been spending more time on administrative duties than on teaching and leading the school. The team's objective was to create and implement a system that would track the information that the principal desired and significantly reduce the time she spent on creating reports.

Laboratorios Alvarez, a privately-owned company, performs a variety of clinical procedures, including diagnostic tests and a blood bank at several locations throughout Xela. This project examined ways to improve revenue growth, which has been flat for the past several years.

Industria Majusa is a family-owned company that manufactures and distributes high-end dress shoes throughout Guatemala. The client had faced some manufacturing backlogs and missed production of orders. The company identified a bottleneck at the molding station where they believed limited capacity. The team explored several options for resolving this bottleneck such as additional equipment and manpower.

Miller praises the GLOBASE experience, calling it the most impactful teaching he has ever done. "Our students were able to apply their learnings in an uncertain environment," says Miller. "When we left, we not only helped several businesses but also built lasting relationships with our clients."

Professor Jim Wahlen, Chair of the Accounting Department, launched the GLOBASE Program in 2009, when he was Chair of the MBA Program. Wahlen lead GLOBASE projects in India for four years from 2011-2014.



Impacting the World One Course at a Time: A569 and A505

by Christy Heitger-Ewing

For the past 20 years, Jim Grandorf, Clinical Professor of Accounting, has guided his graduate students through the A569 Learning Labs course, managing up to 36 project teams at a time. The semester-long course engages students in consulting projects for local area businesses, nonprofits, and community government units, in order to hone their accounting and project management skills.



Jim Grandorf

At the conclusion of the semester, BKD funds a banquet where they award scholarships to the top three outstanding teams. This year first-place winners included Khushboo Amarnani, Ryan Burton, Michael Holzinger, Jessica Mielke, and Beijia Zhou. The five-member team consulted on a wage analysis project for the Dubois County Government.

“[Dubois County] tasked our consulting team to perform a compensation analysis of current employees who serve the county,” explains Grandorf. The team classified each position within the county, analyzed corresponding wages and certain benefits, and compared them to those of other counties within Indiana. They created job descriptions by interviewing employees and classified the jobs using the Factor Evaluation Classification System.

“Our most important contribution was providing that non-biased perspective in our analysis of [our client’s] current compensation packages,” says Mielke. “This was beneficial in helping them make long-term budgeting decisions.”

Second-place honors went to Monica Funk, Kyle Galovich, Gerry Grant, and Helen Wang, who developed an improved strategic plan process for Craine House, a residential facility for women serving jail time for various non-violent offenses. The strategic plan defined corporate success, established key performance measurements, and outlined short-term and long-term objectives. In order to excel in producing a high-quality deliverable for Craine House, the team needed to conduct strong due diligence of the balance scorecard, work-release programs, and early childhood development.

“We applied strong analytical skills in categorizing Craine

House’s operations into four core areas—funding, program success, brand awareness, and internal business processes,” says Galovich. “We developed key indicators to measure success within each of those four core areas and critical objectives to improve performance in specified areas.”

Mielke praises the unique nature of the Learning Lab’s real-world applicability.

“In most class projects, [students are] generally given all the data we need in a controlled environment, but the Learning Lab highlights the reality of messy and incomplete data, which is a valuable experience,” says Mielke. Amarnani agrees.

“A569 threw us out in the real world to make our own mistakes out of the safe environment of a classroom,” says Amarnani. “Any mistakes that we made would have impact on other people, and that really developed a sense of responsibility and professionalism in me.”

The International Field Study (IFS) also continues to be a signature element of the 3/2 MBA program for graduate accounting students. The number of the projects and global locations continues to increase. In 2017, 33 students worked on projects in Shanghai, Cheng Du, Hong Kong, London and Bucharest.

Students continue to receive academic credit for their efforts but receive no compensation for their IFS. They also pay their own airfare to the location. The vast majority of students find this experience to be transformational to them, both personally and professionally.

“Students who do not consider themselves leaders find themselves playing the leadership role,” notes Campbell. In 2018, IFS sites will continue at each of the above locations; Taiwan will also be added.

For further information about these courses, contact Pat Hopkins (peh@indiana.edu), Terry Campbell (terrcamp@indiana.edu), or Chris Cook (cookchs@indiana.edu).



1st Place Winners

Inaugural Accounting Alumni And Friends Recognition Banquet

On Friday, September 23, 2016, the Accounting Department hosted the inaugural Accounting Alumni and Friends Recognition Banquet, in beautiful Presidents' Hall.

The Kelley School of Business has the largest living alumni base of any business school in the U.S., with over 100,000 living alumni. Of those, roughly 10,000 are graduates of Kelley's accounting programs!

The inaugural banquet was an enjoyable evening, creating an opportunity for alumni to reconnect with the faculty, the campus, and one another. In addition, the banquet gave us all a chance to recognize and honor some of the individual alumni and friends who are making or have made major contributions to the accounting profession, to accounting academics, to Kelley and Indiana University, and to the community. We would like to thank Crowe Horwath, KPMG, Grant Thornton, and PwC for their support of this event.

We established six recognition categories and recognized the following honorees at the inaugural banquet:

Recognition of Lifetime Achievement:

- Ron Cohen, retired CEO of Crowe Horwath

Recognition of Professional Excellence:

- Greg Chester, PwC, Office Managing Partner in Indianapolis
- Mark Shaffer, KPMG, Office Managing Partner in Indianapolis

Recognition of Four Under Forty:

- Derek Bang, Partner and Chief Innovation and Strategy Officer, Crowe Horwath
- Cathy Bedrick, Partner in Transaction Services, KPMG
- Jay Preston, Office Managing Partner, Grand Rapids, EY
- Terumi Katano, Partner, San Jose and Tokyo, EY

Outstanding Friend of the Kelley School of Business:

- James R. Hodge, Permal Asset Management
- Holly McKenzie, Partner, Advisory Services, PwC

Recognition of Academic Excellence:

- Professor Jamie Pratt, Kelley School of Business, Indiana University

Recognition of Community Service Excellence:

- Michael Alerding, Alerding CPA Group
- Professor Jim Grandorf, Kelley School of Business, Indiana University

Unfortunately, space in this newsletter is limited and does not permit us to properly highlight the accomplishments and contributions of this extremely impressive group. However, we highlighted several of the honorees in the following pages.

The inaugural banquet, which included well over 100 attendees, brought together recent and non-so-recent graduates from near and far (at least one traveled from as far away as Japan). We were especially delighted that two members of the class of 1961 attended, Felix McDonald and David Pearson; neither had been back to campus in over 50 years!

The banquet recognized extraordinary contributions and accomplishments of some of our alumni, including Greg Chester, Office Managing Partner of PwC in Indianapolis and one of the Professional Excellence honorees.

"Being recognized at the Accounting Alumni and Friends Recognition Banquet was truly an honor," Chester said. "I am humbled by the contributions of the many other professionals involved with the accounting program at Kelley. Being considered for recognition, let alone receiving an award, is quite special to me in light of the 13 years I have had the pleasure of leading PricewaterhouseCoopers' relationship with Indiana University and the Kelley School of Business."

We will hold the next Accounting Alumni and Friends Recognition Banquet in April 2018, on the Bloomington campus. For this event, we need your help. Please nominate Kelley Accounting Alumni and Friends for consideration for recognition, including yourself (self-nominations are welcome). You can access the nomination form through the department's website, or the link below will take you directly to a page with descriptions of each of the recognition categories, along with the nomination form. Nominating is quick and easy. Please submit your nominations no later than November 1, 2017.

<https://kelley.iu.edu/Accounting/news/newsItems/page53620.html>

Please plan to join us at the next Accounting Alumni and Friends Recognition Banquet!



*Greg Chester (R) with
Professor Jim Wahlen*

Recognition Spotlight: Lifetime Achievement—Ron Cohen

by Christy Heitger-Ewing

“It’s been quite a journey,” says Ron Cohen (IU, ’58), recipient of the Lifetime Achievement Award at the Accounting Department’s first awards banquet. Though Crowe Horwath LLP is currently the eighth largest U.S. accounting firm with well over 3,000 employees, when Cohen started working at the firm in 1958 (then Crowe, Chizek and Company LLP), he was one of a dozen employees.

What started out as a small northern Indiana accounting firm branched out in the early 1960’s to include Michigan City and Elkhart. In the early 1980’s, they extended to Indianapolis, Grand Rapids (Mich.), Columbus (Ohio), and Oak Brook (Ill.), which provided an entry into the Chicago market. Getting into the bigger markets set the stage for dynamic expansion as the firm leveraged their specialties.

“More importantly, this gave some of our people who had joined us in South Bend the chance to get out on their own and fly,” says Cohen, reflecting on the philosophy that triggered a rapid, ongoing growth pattern at Crowe Horwath. Cohen attributes the success of the 75-year-old thriving firm to attracting good people, turning them loose, and letting them take risks.

“The thing that drove the firm forward most successfully was a strong culture that was maintained from small firm to large firm,” says Cohen, CEO from 1982–1994. “That culture remains today. It’s what both attracts and retains employees, and it certainly is what drives the firm forward.”

Cohen worked at Crowe for a whopping 45 years before retiring in March 2003. Often asked how he could stand to do the same thing for so many years, he says the truth is that his life was full of diversity.

“I probably had seven different careers within Crowe,” says Cohen, who embraced his varied responsibilities, which ranged from face-to-face client interactions to management issues and on-site campus recruiting. “There’s a misconception in the general public about what CPAs do. The days of sitting with a green eye shade on and a rubber band around your sleeve are long gone,” says Cohen with a chuckle.

Technology is likely the thing that has most significantly changed the practice.

“Back when I started at Crowe, there were no computers. Then early on we had a couple of clients who got these big clunky card readers, and that was the first we saw of the computing age,” recalls Cohen.

Cohen and his wife of 57 years, Nancy, spend half of the year in South Bend and the other half in Naples, Florida, where they enjoy golfing, reading, and visiting with their children, Phil and Doug, and their four grandchildren.

Honored to receive the Lifetime Achievement Award, Cohen offers the following piece of advice to newbies entering the profession.

“Accountants aren’t typically perceived to be big risk takers, but you have to be willing to risk failure in order to move forward,” says Cohen. “Making mistakes is the way you learn.”

Ageless advice from a timeless classic.



Ron Cohen (R) with Professor Jim Wahlen

Recognition Spotlights:

by Christy Heitger-Ewing

Professional Excellence: Mark Shaffer

Mark Shaffer (IU, '88) was recognized in the "Professional Excellence" Category. "Knowing just in my own firm how many talented people had come out of Kelley and out of the accounting program, I was surprised and honored to be part of the inaugural class," says Shaffer, an audit



Mark Shaffer (R)

partner and managing partner of the KPMG Indianapolis office, who has been with KPMG since he graduated from IU nearly three decades ago. Through the years, he has played a crucial role in building strong recruiting relations, ensuring that Kelley is now one of the top sources of new employees for KPMG.

"Success breeds success, so the more Kelley grads we place in other offices, the better because they bring with them all the talent and the training they learned at Kelley but more importantly, the work ethic, the ability to work with others, and to get things done," says Shaffer. "We've also really diversified as a firm. When I graduated, it was two choices—audit or tax."

Shaffer says the award is so special because the university itself is so special. His sophomore year, he met his wife, Gerri, in K201—the computers and business class. In addition, all four of his children are either IU graduates or current students.

Academic Excellence: Jamie Pratt

Jamie Pratt, Indiana University Professor of Accounting and Alva L. Prickett Chair, was recognized for the "Academic Excellence" honor.

"I feel honored and humbled, primarily because the pool of possible candidates included a number of successful accounting academics," says Pratt. "It makes me feel appreciated [as I have] enjoyed every minute of my academic career. Appreciated and fun

[is a] nice combination!"

Pratt, who received his doctoral degree from IU in 1977, started his career at the University of Washington (Seattle) and after a few visits to various universities along the way, landed back in Bloomington in late 1990.



Jamie Pratt (2nd from L) with wife Kathy (L), son Jason, and daughter-in-law Aleksandrina

"I was a full professor at the time and immediately became deeply immersed in trying to build the national and international quality and reputation of the Accounting Department," recalls Pratt. "One great hire after another created the outstanding faculty we now have, and it has been a real honor being part of that sustained growth and development."

Pratt's passion for teaching is evident. Every day when he walks into class, he admits that he's eager to see how it will go.

"Will I cover everything I want to cover? How will the students react? Will I be able to keep them engaged? Can I coax the students to cover the material themselves through strategic questioning?" says Pratt. "The uncertainty makes the experience exciting because sometimes it works, sometimes not so much."

Pratt is now transitioning into a part-time teaching role, assured about the state of the current accounting department.

"There's strength at the full, associate, and assistant professor levels. Plus, research, teaching, service, and attractive culture are all thriving," says Pratt, noting that IU has one of the strongest accounting faculties in the world. "To think that I might have had a little to do with that success makes me feel really good. I'm leaving my full-time position with nothing but a big smile on my face, confident that the department is in good hands."

Four Under Forty: Terumi Katano

For Terumi Katano (IU, '01), one of the “Four Under Forty” award-winners, life was an adventure when she first arrived on Bloomington’s campus the summer of 1998 with nothing but high hopes and a single suitcase.

“I didn’t even have a blanket for my dorm room,” recalls Katano, who slept with a worn bath towel she’d brought from home. Things were rough at first as she acclimated to her new life. “I cried in my first class after everyone had left because my English wasn’t good and I wasn’t able to understand the class.” With time, however, the intense language barrier dissolved and she tasted success. Katano remained under intense pressure because she had left her Japanese university in the middle of her junior year without finishing her degree. “In Japan, quitting a university is a big deal. No one does it,” says Katano.

She was beyond relieved when she was accepted into the MBA in Accounting program, enabling her to pursue her dream of becoming a liaison in international business.

Katano moved to New York City in October 2001 after graduating and began her career at Ernst & Young (EY) following the 9-11 terrorist attacks that shook the world. Life continued to be challenging due to an unstable economy. Through every challenge, however, Katano chased her lifelong dream of working in international business. Finally in 2016, after 16+ years with EY, she was made an audit partner in the firm’s San Jose, California, office, serving both U.S. and Japanese clients.

“My vision finally came true!” says Katano, who is now completing a two-year international assignment in Tokyo. “I’m enjoying the adventures.” This time with plusher blankets.



Terumi Katano

Friend of Kelley: Holly McKenzie

Holly McKenzie (IU, '00), recognized for being a “Friend of Kelley,” worked as the Associate Director of Alumni Programs and an Associate Instructor for MBA



Holly McKenzie

Consulting Skills at the Kelley School of Business. Now an advisory partner with PwC, she frequently returns to campus to speak to the Kelley School to share her insights on Cost Allocation Methodology.

“My two years in the MBA accounting program were truly transformational,” says McKenzie. “I began with the foundation of a sound Kelley Accounting academic education and left with an understanding of the ‘real world’ that [enabled me] to transition from an external auditing career to an Advisory position.”

McKenzie has remained involved with PwC’s efforts at Kelley and, specifically, the 3/2 program.

“I’m keen on introducing 3/2 candidates, students, and graduates to the type of career I’ve enjoyed for the past decade,” says McKenzie.

McKenzie advises current students to begin networking now.

“Your professors, your classmates, guest speakers, recruiters—they will serve you well past getting your first job,” says McKenzie.

“So, I think just as [we alumni] invested in our educations while on campus, [we should] invest in the brand of our degrees by spending time with current students, professors, and recruiters. We control the legacy we leave. Make the Kelley School a part of yours.”

Construction on the Conrad Prebys Career Services Center Moves Forward

by Christy Heitger-Ewing

Construction on the two-story Conrad Prebys Career Services Center is nearing completion and is set to be finished in December 2017 with a move-in date of January 2018. Philanthropist Conrad Prebys, a 1955 Kelley alumnus, was president of Progress Construction and Management in San Diego prior to his passing in July 2016. In 2015, he donated \$20 million to the university. “This generous gift will allow us to create new titled positions for our faculty, increase student scholarships, and with the help of added investments from others, build a new career services center to accommodate our increasing number of students and recruiters,” says Idie Kesner, Dean of the Kelley School of Business. Corporate partners for the Prebys Center include KPMG, Grant Thornton, AbbVie, PwC, and Deloitte.

The new career services center will provide both undergraduate and graduate Kelley students one destination for all career counseling and recruiting. The new facilities will replace those that have resided on the first floor of the Kelley undergraduate building for decades. Kesner says Prebys’ gift also ensures that Kelley’s job placement activities, facilities, and services continue to receive “A-plus” grades by corporate visitors and recruiters.

The need for the space was so great because the number of students served has doubled in the last decade and the current undergraduate career facilities at Kelley have remained unchanged for nearly 35 years. Once completed, the addition will nearly double the amount of space where recruiters will be able to meet with students. It will include more than 70 private interview rooms (an increase of over 25%), each of which will be light, bright, spacious, and inviting. The center will also house a dining area for recruiter lunches, over two dozen staff offices, conference rooms, and three multi-purpose areas that, when combined, will provide recruiters with a venue for over 400 attendees. Susie Clarke, Director of the Undergraduate Career Services Organization, notes that the new Career Center will reflect the Kelley standard of excellence and leadership.

With the increase in rooms and overall floor space, an electronic interview notification system, which is similar to flight-boarding screens at airports, will facilitate getting the student from the welcome area to the recruiter.

“We want to aid the recruiter so precious interview minutes are not lost in finding the student and returning to the interview location,” says Clarke.

During a visit to campus in October 2015, Prebys spoke about the school he cherished and the students who attend. “I love Indiana University, the beautiful Bloomington campus, and it’s exciting to be able to make this gift to the university,” Prebys said. “I am very proud to help the Kelley School build on its strong foundation and further its profound promise to students and their futures.”



Groundbreaking Ceremony Fall 2016. From L-R Dan Smith, Michael McRobbie, Idie Kesner, and John Lewis

Undergraduate Program: IU Kelley School's Undergraduate Program ranked #2 Public University and #7 Overall by *Poets & Quants* and #9 by *U.S. News & World Report*

The Kelley School of Business Undergraduate Program was ranked second among public institutions and seventh overall in a new ranking of undergraduate degree programs by *Poets & Quants*, the leading online publication for business education news.

Kelley ranked #1 among public institutions in the alumni survey about the quality of their academic experience. The undergraduate program also ranked fourth among public institutions in terms of employment success.

Poets & Quants acknowledged the rigorous standards for acceptance into the Kelley School.

"We want to give the best possible experience to our students while providing a rigorous, relevant, and personalized education, and these rankings reflect that," said Idie Kesner, Dean of the Kelley School of Business and the Frank P. Popoff Chair of Strategic Management. "Our students know they have to work hard, but they understand the rewards of that when they set out on their internships or careers and are able to make an impact right away."

For the fourth consecutive year, *U.S. News & World Report* ranked the undergraduate program at IU's Kelley School of Business in the top 10. This year, it is tied for ninth.

Ten specialties in the Kelley School are ranked in the top 20. The Accounting Program was ranked #8.

Study abroad programs at IU Bloomington were cited by *U.S. News & World Report* as a "stellar example" nationally.

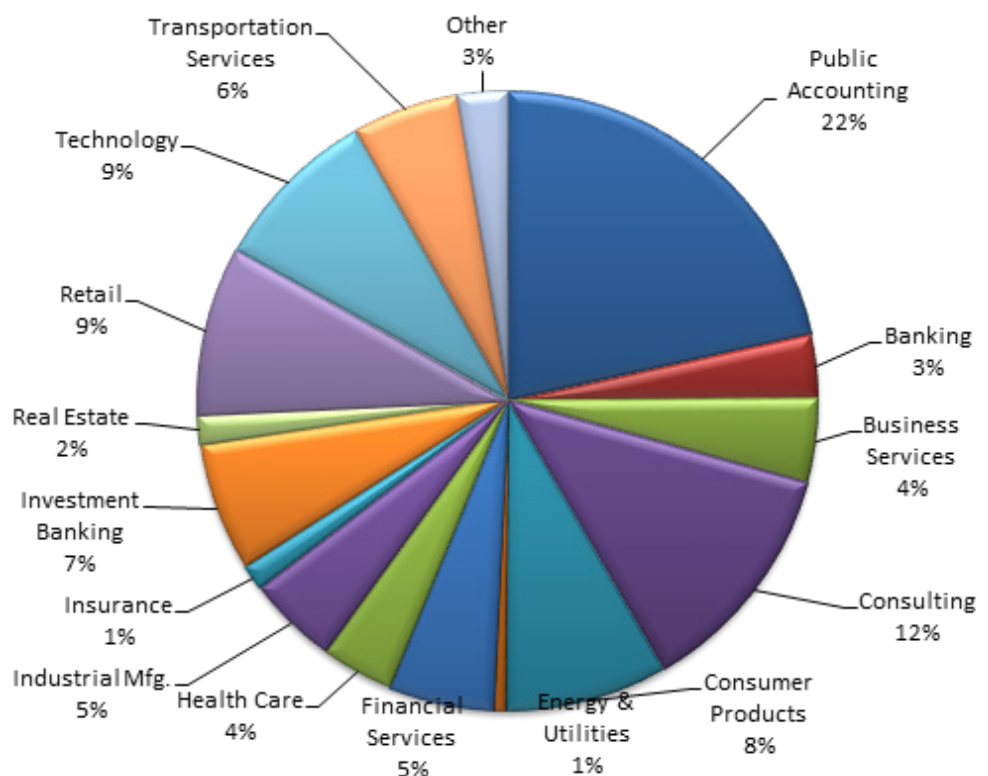
"We've worked really hard to create a customizable, flexible curriculum that allows students to choose from a really diverse menu of disciplinary avenues," Joshua Perry, Glaubinger Chair for Undergraduate Leadership and undergraduate program chair, told the publication. "These include everything from traditional business disciplines to more cutting-edge opportunities, like sustainable businesses, international business, business analytics and many others."

During the 2016–2017 academic year, the top hiring industries were public accounting, consulting, retail, technology, investment banking and consumer products (see graphic). The top full-time hiring companies were EY, PwC, Oracle America, Inc., Deloitte, and KPMG LLP. Average starting salaries increased by about 1% overall.

Starting salaries for accounting majors averaged \$61,500. In addition, Kelley School of Business accounting majors also received an average signing bonus of \$6,050. Employment opportunities for accounting graduates in 2018 will likely remain steady.

NOTE: All data is as of 6/23/2017 and preliminary to the UCSO Annual Report.

Full-Time Employment by Industry



BAP Summary of Activities Fall 2016—Spring 2017

Beta Alpha Psi (BAP) had a very busy year! We kicked off the school year with our annual BAP Accounting/Finance Career Fair in September. The two-day fair is held in conjunction with the Undergraduate Career Services Office (UCSO). Over 100 companies participated, including numerous recruiters and BAP alumni.

Popular professional events held during the year included “How to ace an interview” and “The importance of culture and what it can mean for your career.” BAP also hosted the Accounting Profession Night in conjunction with the UCSO. More than 135 students attended the 4-panel discussions with 16 public accounting and corporate firms.

BAP members continue to provide tutoring sessions for students enrolled in the introductory accounting courses and participate in the national VITA (Volunteer Income Tax Assistance) program.

The Kelley chapter took pride in winning first place in the BAP Best Practices Community Outreach Competition (judged by Deloitte) at the BAP Midwest Regional Meeting. Roc Wu, Angela Marchessault, and Wentao Xu represented the chapter and shared highlights of the Accounting for the Future (AFF) program. Through the AFF program, IU-BAP students introduce high school students to the field of accounting. The AFF program culminates with a case competition held at the PwC offices in Indianapolis.



Beta Alpha Psi VITA Spring Break Trip



SAS picnic chef Professors Joe Schroeder, Chris Cook, Pat Hopkins, Jason Brown, Joseph Pacelli, and Brian Miller

Named Fellowship for Ph.D. Students

This past spring, Idie Kesner, Dean of the Kelley School of Business, announced a wonderful opportunity for the Kelley School to generate more support for its doctoral students. As part of IU's Bicentennial Campaign, Kelley has created two programs through which current and retired faculty donors can create fellowship funds. The returns from the funds will be used to provide additional fellowship money to doctoral students.

"Personally, I strongly support this idea," says Chair Jim Wahlen. "It sends an incredibly strong [message] to prospective doctoral students about how much we, as a faculty, support our doctoral students' education and career success."

For a new named endowment (\$25,000 pledge minimum commitment, payable over 5 years from a donor/household), it will pay out 9% annually for Ph.D. student fellowships (4.5% from the returns on the fund + 4.5% matched by IU). Alternately, for a multi-donor endowment (\$50,000 minimum commitment from multiple donors/households), it will pay out 9% annually for Ph.D. student fellowships (4.5% from the returns on the fund + 4.5% matched by KSB for 20 years).

Professors Leslie Hodder and Patrick Hopkins have invested a great deal of their time and energy supporting the doctoral programs as a way of continuing these efforts, they are establishing the Leslie Hodder and Patrick Hopkins Doctoral Fellowship.

"Scholarship is the center of any discipline, and the development of intellectual thought leaders requires individualized programs of study and one-on-one teaching and mentorship," says Hodder. "Because of this, doctoral programs require significant time and resource commitments from the schools that offer and support them."

"We are leading by example in establishing this personal gift to the accounting department at Indiana University," says Hodder. "We hope that others will follow."

For more information regarding the fellowship program, contact Diana Dupree, Executive Director Kelley School of Development and Alumni Relations at dupree@indiana.edu.

News from Graduate Accounting Programs

Graduate Accounting Programs (GAP) had another excellent academic year during 2016–2017. In May, 42 students from the 3/2 Accounting Master of Business Administration (MBA) program and 38 students from the Master of Science in Accounting (MSA) program, earned their degrees.

During the Spring 2017 graduation recognition ceremony, GAP announced that the A569 Field Consulting Project course will be renamed the "Jim Grandorf Field Consulting Program" in honor of the retirement of longtime instructor in Graduate Accounting Programs, Jim Grandorf. Grandorf joined the faculty 20 years ago after a highly successful 30+ year career at Exxon. "I believe the annual A569 Field Consulting Project is where Grandorf left his most indelible mark during his tenure as an instructor," says Hopkins. "Jim took a loosely organized program with some ambitious goals and turned it into a highly consistent, highly structured program that extended its scope to include charitable and not-for-profit organizations, in addition to our traditional for-profit clients."

Under Grandorf's guidance, the field consulting teams provide actionable and transformative recommendations to many organizations that otherwise could never afford consulting assistance.

Finally, over the next two years, Graduate Accounting Programs will be celebrating the 20th anniversary of the 3/2 MBA (or, if you're old school, the AMBA, MBAA, or MBA/a) and the MSA (some might remember it as the MPA) programs. It will be a two-year celebration because Fall 2017 is the 20th anniversary of the start of the first entering class in the 3/2 MBA program, Fall 2018 is the 20th anniversary of the start of the first entering class in the MSA program, and Spring 2019 is the 20th anniversary of the first graduating classes of both programs.

"We will be hosting additional events and conducting special alumni outreach over the next two years, so GAP alums should be sure to stay up-to-date on GAP's social media feeds," says Hopkins. As always, we welcome continuing dialogue with our alumni, students, and friends. If you would like to discuss any element of our programs, please get in touch with the GAP Director, Gretchen Handlos (gchandlos@indiana.edu), or GAP Chair, Pat Hopkins (peh@indiana.edu).

Research Highlights - Publications and Accepted Articles

Messod Daniel Beneish, C.D. Marshall (IU Ph.D. alumnus) and **J. Yang** (IU finance faculty member). "Explaining CEO Retention in Misreporting Firms." *Journal of Financial Economics*

Brown, Jason, S. Farrington, and **Geoff Sprinkle**. "Biased Self-Assessments, Feedback and Employees' Compensation Choices." *Accounting, Organizations and Society*

Brown, Jason, Joe Fisher, Sean Peffer (IU Ph.D. alumnus), and **Geoff Sprinkle**. "The Effect of Budget Frame and Budget-Setting Process on Managerial Reporting." *Journal of Management Accounting Research*

Brown, Jason, and D. V. Moser. "Does Investors' Desire to Punish Misreporting Affect Their Litigation Decisions and Managers' and Investors' Welfare?" *Behavioral Research in Accounting*

M.J. Thornock, and **Brady Tvedt**. "The Internet as an Information Intermediary." *Review of Accounting Studies*

K. Bentley, T. Omer, and **Brady Tvedt**. "Does Business Strategy Impact a Firm's Information Environment?" *Journal of Accounting, Auditing, and Finance*

S. Bonsall and **Brian Miller**. "The Impact of Narrative Disclosure Readability on Bond Ratings and the Cost of Debt Capital." *Review of Accounting Studies*

S. Bonsall, A. Leone, **Brian Miller**, and K. Rennekamp. "A Plain English Measure of Financial Reporting Readability." *Journal of Accounting and Economics*

S. Bonsall, **Eric Holzman**, (IU Ph.D. student) and **Brian Miller**. "Managerial Ability and Credit Risk Assessment." *Management Science*

K. Merkley, R. Michaely, and **Joseph Pacelli**. "Does the scope of the sell-side analyst industry matter? An examination of bias, accuracy and information content of analyst reports." *The Journal of Finance*

M. M. Frank, L. Lynch, **Sonja Rego**, and R. Zhao. "Are Corporate Risk-Taking Practices Indicative of Aggressive Reporting Practices?" *Journal of the American Taxation Association*

C. Gleason, M. Pincus, and **Sonja Rego**. "Material Weaknesses in Tax-Related Internal Controls and Last Chance Earnings Management." *Journal of the American Taxation Association*

Craig Nichols (IU Ph.D. alumnus), **Jim Wahlen**, and **Matt Wieland** (IU Ph.D. alumnus). "Pricing and Mispricing of Accounting Fundamentals in the Time-Series and in the Cross-Section." *Contemporary Accounting Research*

Erickson, Devon (IU Ph.D. alumnus), **Max Hewitt** (former IU faculty) and **Laureen A. Maines**. "Do Investors Perceive Low Risk When Earnings are Smooth Relative to the Volatility of Operating Cash Flows? Discerning Opportunity and Incentive to Report Smooth Earnings." *The Accounting Review*

B. Bratten, R. Jennings, and **Casey Schwab**. "Financial Statement Disclosure Accuracy: Evidence from Reported Stock Option Fair Values." *Accounting, Organizations and Society*

B. Ayers, A. Call, and **Casey Schwab**. "Do Analysts' Cash Flow Forecasts Encourage Managers to Enhance Real Cash Flows? Evidence from Tax Planning." *Contemporary Accounting Research*

The 2016—2017 Research Seminar Series

The following list shows our schedule of research workshops and seminars during the 2016—2017 school year. As you can see, we had a very active and productive seminar series!

<u>Date</u>	<u>Presenter(s)</u>	<u>University Affiliation</u>
8/26/2016	2 nd year Ph.D. Students	Indiana
8/30/2016	Xiaoyun Yu (faculty)	Indiana
9/9/2016	Stephanie Sikes	Pennsylvania
9/16/2016	Donnie Young	Georgia Tech
9/23/2016	Andy Leone	Miami
9/27/2016	Barrett Wheeler (Ph.D. Student)	Indiana
10/07/2016	Andy Call	Arizona State
10/13/2016	Mary Barth	Stanford
10/14/2016	Mary Barth	Stanford
10/18/2016	Eric Holzman (Ph.D. Student)	Indiana
10/21/2016	Amy Sheneman (Ph.D. Student)	Indiana
10/28/2016	Bridget Stomberg	UGA
11/4/2016	Rani Hoitash	Bentley
11/11/2016	Darren Roulstone	Ohio State
1/04/2017	Ethan Rouen	Columbia
1/06/2017	Matt Bloomfield	Chicago
1/10/2017	Edward Sul	UNC
1/13/2017	Nayana Reiter	Michigan
1/17/2017	Sara Toynbee	Washington
1/20/2017	Rafael Rogo	UBC
1/24/2017	Andrew Stephan	Northwestern
2/03/2017	Ben Van Landuyt	UT Austin
2/07/2017	Kim Ikuta-Mendoza	Washington
2/17/2017	Donnie Young	Georgia Tech
2/24/2017	Ayung Tseng (faculty)	Indiana
3/03/2017	Jackie Hammersly	Georgia
3/10/2017	Jaron Wilde	Iowa
3/24/2017	Margaret Christ	Georgia
3/31/2017	Ed deHaan	Washington
4/07/2017	Bryce Schonberger	Rochester
4/14/2017	Joe Weber	MIT
4/28/2017	K Ramesh	Rice
5/02/2017	Jessie Watkins (Ph.D. Student)	Indiana
5/18/2017	Terry Shevlin	UC Irvine
5/19/2017	Terry Shevlin	UC Irvine

Accounting in the Movies

by Jim Wahlen

The role of accountants and accounting information is profoundly important in many economic contexts. Through our research, we know a lot about the essential role accounting information plays in the markets for equity and debt capital. For example, we know that when firms announce earnings that are higher or lower than the market expects, share prices tend to jump or fall on the news.

Through our research in managerial accounting, we have important insights about the essential role accounting information plays in corporate management, decision-making, and control. Through our research in auditing, we appreciate the importance of the audit and internal controls in corporate governance, and how auditing enhances the reliability of accounting information for external stakeholders. And, of course, through our research in tax we understand the impact of taxes on corporate and individual behavior and decision-making, as well as on governments.

Economic historians have documented insights about the important role accounting information has played in the rise and fall of nations and empires, and the development of civilization. For example, *The Reckoning*, by Jacob Soll, provides some very interesting insights about the role of accounting information in the rise and fall of the Roman Empire, the French Revolution, and the founding of the U.S. Constitution.

But the essential role of accountants and accounting in **entertainment** has not received the attention that I think it deserves. Hollywood, and film makers around the world, have been exploiting us accountants for our entertainment value for years. I, for one, think it is high time that we, as an accounting profession, embrace and celebrate the important impact we have in the world of entertainment (far beyond just being trotted out for ten seconds during awards ceremonies for tallying the votes).

A recent example is, of course, *The Accountant*, a Hollywood film released in 2016 starring Ben Affleck and Anna Kendrick. In this strange story, Affleck plays an accountant with savant skills in math. He uses his skills to help people, like an older couple at risk of losing the family farm. But he also uses his accounting skills to help international drug smugglers and gun runners launder money, and to dole out his own sense of justice (usually harsh and fatal) to bad guys.



A much more poignant and profound movie which an accountant uses accounting skills to create hope and justice is in *The Shawshank Redemption*, starring Tim Robbins and Morgan Freeman. [If you know of a better movie about hope, please let me know.] In *Shawshank*, Robbins plays Andy Dufresne, and Freeman plays Red Redding. They develop a deep bond of friendship and trust while serving long sentences in the Shawshank prison. Dufresne has great skills and experience in accounting and financial planning, so the cruel warden uses Dufresne to keep the books of the prison. More importantly, the warden uses Dufresne to embezzle enormous sums of money from the prison. Even better, unbeknownst to the warden until it is too late, Dufresne is using his accounting skills to skim off the warden's embezzled funds. All is well in the end, thanks to good accounting and relentless hope. Dufresne escapes, claims his embezzled fortune, and starts a new life restoring an old boat on a beach in Mexico. Red is finally



Accounting in the Movies, (continued)

paroled, and finds the large sum of money that Dufresne left for him to come join him down in Mexico. Of course, it doesn't end well at all for the warden.

Sometimes accountants are used for comedic value, like the accountant played by Rick Moranis in *Ghostbusters*. Or Gene Wilder's great portrayal of accountant Leo Bloom in Mel Brooks' *The Producers*. Other times, accountants are used as the silent, courageous heroes, such as the accountant (played by Charles Martin Smith) who ultimately leads to the FBI's arrest of Al Capone for tax evasion, in *The Untouchables*. There is even an alien accountant in *Men in Black 2*.

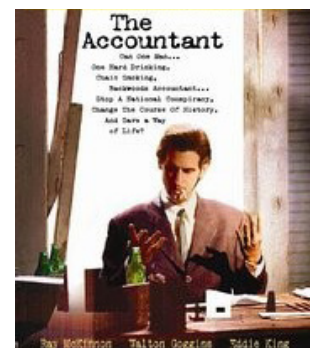
Some major stars have exploited their roles as accountants to accelerate their stardom and careers. For example, Johnny Depp played a frontier accountant, William Blake, in *Dead Man*. Even Cher played an accountant, in *Moonstruck*, opposite Nicholas Cage. Ben Kingsley played the accountant, Itzhak Stern, in *Schindler's List*. In that role, Stern uses his accounting skills to help Schindler (played by Liam Neeson) run his factory and conduct his heroic efforts to save Jewish refugees during World War II.

Sometimes, accounting lies at the core of a movie. Indeed, accounting plays a central role in the best Christmas movie of all time (my opinion), *It's A Wonderful Life*, starring Jimmy Stewart and Donna Reed. In that film, Stewart plays George Bailey. George has selflessly run the building and loan association for years, and he has made loans to help people throughout Bedford Falls achieve much happier and healthier lives. However, George's life gets turned upside down when they can't balance the books of the bank. In his despair, an angel comes to show him how terrible his town, and the lives of the people there, would have been if he had not been there to give them hope and a chance at better lives.

Accounting, particularly fair value accounting, plays a central role in a far less heartwarming movie, *Smartest Guys in the Room*. That is a

documentary film about the rise and fall of Enron, with a good portion of the movie about Enron's efforts to exploit accounting to overstate earnings, hide losses, and bury liabilities off the balance sheet. The film even contains a brief but nauseating skit mocking the importance of accounting. The movie shows a skit from the Enron archives in which Jeff Skilling, then-president of Enron, touts a new discovery of "Hypothetical Future Value Accounting," which will allow them to "add gazillions of dollars to the bottom line".

But my favorite movie about accounting and accountants is the 2001 version of *The Accountant* (no relation to the recent Ben Affleck flick). It is a delightful 35-minute film in which the accountant has both a hilarious and heroic role (well, sort of heroic). Ray McKinnon wrote, directed, and starred in this independent film that won a total of seven awards, most notably the Academy Award in 2002 for the Best Short Film, Live Action. It is a dark comedy in which a hard-drinking, backwoods accountant is on a crusade to help save a way of life (farming) in America. He uses his formidable forensic accounting skills (and some insurance fraud) to help the O'Dell brothers save their family farm. As an accountant, it is easy to like a movie in which the accountant disdains the use of a calculator because, "A man who won't add his own numbers ain't much of a man, in my book."



As accountants, we should be proud of the fact that we help corporations, governments, and the capital markets around the world function effectively. But we should also be proud of the important role we play in entertaining people!



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