

Department of
Accounting News

Fall 2007

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A Message from the Accounting Chair—Looking Forward

by Parveen P. Gupta, Professor of Accounting

BusinessWeek Ranks Lehigh Undergraduate Accounting Program #6 in U.S., Undergraduate Business Program #20

It is great to be back at the Lehigh campus and assume the leadership of the **6th ranked undergraduate accounting program in the United States**, according to the 2007 *BusinessWeek* rankings that appear at www.businessweek.com. Although I never left in spirit, for the past year I served as the Academic Accounting Fellow in the Division of Corporation Finance at the U.S. Securities and Exchange Commission, working on projects related to Section 404 SEC rule-making and Auditing Standard No. 5. I return to Lehigh with great enthusiasm and a much enlightened perspective on the future of accounting education, research and practice going forward. More than ever, I am convinced that skills learned through accounting courses will continue to provide a strong foundation for success to business leaders of tomorrow. Because change is the only constant in today's increasingly international, competitive and specialized U.S. economy, and in the global capital markets, Lehigh's nationally ranked accounting program is well positioned to educate and train future leaders to tackle these challenges with competence, confidence and conviction.

We invite your interest in our 2007 Department Newsletter, the third issue of a project begun in fall 2005 under the editorial supervision of **Professor Jim Largay**. Knowing the amount of time and effort devoted to produce a quality newsletter, I thank Jim for coordinating, editing and managing the production of this newsletter. **Deloitte LLP** graciously covered the cost of composing, printing and mailing the 2007 newsletter. As always, we are grateful to Deloitte and the other firms that support the newsletter and many other activities at Lehigh.

"Thank you" to Ken Sinclair

The superlative #6 *BusinessWeek* ranking in 2007 (#9 in 2006)

results from the collective efforts of accounting faculty, staff, and Lehigh's administration over many years but much credit goes to the almost two-decade long leadership of Ken Sinclair as the Accounting Department Chair. During this period, Ken worked tirelessly to raise the Accounting Department's profile among the academic accounting community, sustain its separate AACSB accreditation and solidify the department's relationship with accounting alumni, large and small public accounting firms, and corporate partners. For all his contributions and leadership, on behalf of the entire Accounting Department, I extend my deepest and most sincere thanks to Ken. His advice and counsel, now as a colleague and as Senior Advisor to new Dean Paul R. Brown, will be even more valuable as I work with Paul to take this department to the next level.

As in previous years, our undergraduate accounting and MSAIA graduates are highly sought after by the Big 4, regional public accounting firms, financial services and consulting firms, and industrial companies. According to the latest University Undergraduate Placement Report, four of the top ten recruiters at Lehigh University are accounting firms KPMG LLP, Ernst & Young, PricewaterhouseCoopers, and Rothstein, Kass & Co., a remarkable statistic. In the coming years, we will continue to work with these and other employers to provide them with the finest quality accounting graduates, and to develop relationships with many more employers.

Moving Ahead and Faculty Recruiting under New Dean Paul Brown

The entire College and our Lehigh administration are very excited at our prospects under Dean Brown's leadership and vision for the future. Lehigh's Accounting Department has a very significant role to play in realizing this vision. Paul embraces three overriding goals embedded in the CBE's Strategic Plan (see article introducing Paul Brown), and we in the Accounting Department intend to do everything possible within our means to help him realize these goals.

In addition to the quality students we enjoy in abundance, world-class faculty is the most critical enabler that will catapult

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Chair's Message

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Lehigh's Accounting Department to national prominence. Thus faculty expansion and increased research support are critical priorities for the Accounting Department. To that end, Dean Brown initiated an unprecedented hiring initiative in our College with a goal of adding about 15 tenure-track faculty across all disciplines over several years. The Accounting Department will recruit 3–5 additional tenure-track faculty at the assistant and associate levels within the next 2 years. College-wide, Paul's recruiting strategy is to hire in "clusters," to position us as a premiere undergraduate business college that prides itself in cross-disciplinary research and teaching. Consistent with this mission, the Accounting Department actively seeks to recruit both emerging and established scholars from a pool at top-notch colleges and universities. As part of this recruiting effort, this year we can offer a prestigious Perella Professorship to attract an accounting scholar of national repute to our faculty.

Beyond providing world-class, real-life learning experiences, faculty create knowledge through rigorous research and scholarship—the hallmark of every leading accounting program in the country. Over the years, the research profile of the accounting faculty within the academic and practicing professions increased substantially. The 2006–2007 Faculty Activities and Research section in this newsletter gives information about the accounting faculty's recent achievements.

Introducing Dean Paul R. Brown

Professor of Accounting and Associate Dean for Executive MBA programs at New York University's Stern School of Business, **Paul R. Brown**, Ph.D. (University of Texas at Austin), CPA, assumed the deanship on July 1, 2007. Paul's appointment culminated an intensive global search for an individual with the vision and skills to move the College of Business and Economics to the next level of excellence. **Lehigh President Alice P. Gast** describes Paul as a "leader in the business school community . . . a renowned scholar [and] an experienced academic leader [with] significant international and corporate experience." According to **Provost Mohammed El-Aasser**, "what resonates most about Paul is his interest in working with talented business faculty . . . and building an exemplary business program here at Lehigh."

Principal Goals Embraced by Paul Brown

Paul's excitement over Lehigh's prospects stems in part from these three overriding goals embedded in the Strategic Plan adopted by the College faculty in October 2005:

- To provide a world-class undergraduate business education
- To develop a faculty that engages in research relevant for

Accreditation Summary

It is my pleasure to report that the AACSB International (The Association to Advance Collegiate Schools of Business) has re-accredited the undergraduate accounting and MSAIA programs in conjunction with CBE accreditation. All accredited programs are required to satisfy a wide range of quality standards relating to strategic management of resources, interactions of faculty and students in the educational process, and achievement of learning objectives. These standards are mission-linked and strategy-focused. During the accreditation process, an external team visited the campus and commended your Accounting Department on the following strengths and effective practices:

- The long-running Annual Conference on Accounting Professionalism, in which junior year accounting majors and MSAIA students learn about the accounting profession and accounting professionalism directly from professionals
- Strong overall student satisfaction with their educational experience, and opportunities for participation in foreign studies programs, such as the Tauck Scholars Program
- A dedicated and active alumni base and advisory board
"Stay in Touch."

If you want to chat with me in more detail about any of the activities and articles mentioned in this newsletter, please do not hesitate to call me directly at 610-758-3443 or email me at ppg0@lehigh.edu. I look forward to working with you all.

theory and practice and that succeeds in integrating research and instruction

- To provide high-quality niche graduate programs that complement faculty research and provide opportunities for faculty interaction with business managers

Achieving the Goals

Achieving the College's strategic goals entails sustaining and enhancing the core competencies of the College, currently positioned in the context of innovative and cross-disciplinary, cross-college offerings and programs. The College's core strengths in finance and accounting, as well as marketing, management and economics, are tremendously enhanced when strongly grounded in liberal arts disciplines and complemented by interdisciplinary themes central to business and society at large.

Strategic Priorities

The College requires significant investments in personnel and facilities, with these likely being the highest priorities:

- Strategic faculty hiring to reach the goal of 65 tenured

and tenure-track College faculty and to maintain that number in the face of retirement, retention, and turnover challenges

- Maintaining an appropriate number of professors of practice, lecturers and adjunct faculty with business experience to meet our educational mission
- Enhancing educational programs through financial support for workshops, field trips and international travel, speakers, and other items central to high-quality business education

The Challenge of Recruiting and Hiring Faculty in Short Supply

With the recruiting and hiring of business school faculty being fiercely competitive across the nation, a “full-court recruiting press” of twelve searches will take place in 2007–2008 to garner positive momentum in the marketplace. The ambitious and comprehensive recruiting plan approved by President Gast and Provost El-Aasser is especially important when viewed by discipline, and enables us to promote “cluster” hires in

finance and accounting, two of the most important traditional disciplines of the College as well as the two tightest academic faculty markets.

Although faculty become aligned with program and research themes that evolve over time, and are continually under review, the general thrusts of the College are apparent enough to move ahead with this aggressive recruiting plan. The important traditional College themes, such as entrepreneurship, accounting and financial services (including real estate), and value chain management, as well as strong, established cross-college programs and initiatives, make clear the most pressing faculty needs. With the present faculty being far from the full strength appropriate for serving the students and programs currently in place, the need for massive infusions is acute.

This is Just the Beginning

Much more could be said about Paul Brown’s appointment, vision and quick start-up. Stay tuned, and note that the new dean arranged some 75 meetings with faculty, administration and staff before officially assuming his duties on July 1!

Passing the Torch— Reflections of and about Ken Sinclair

By Kenneth P. Sinclair, Professor of Accounting

When I first became chair of Lehigh’s Accounting Department in fall 1988, there were eight large international accounting firms—the “Big 8”—no 150-hour requirement, and candidates took a CPA exam without calculators. The Lehigh Accounting Department was housed in Drown Hall with an annex in Johnson Hall. Students registered for courses on computer cards and the registrar gave them their schedule. Most work was done by pencil and paper, some “typing” and no word processing.

Although change seems to be accelerating in 2007, some Lehigh characteristics resonate from nearly 20 years ago. I want to examine two constants, the major reasons I enjoyed serving the Accounting Department as chair over this long period of time: my colleagues and our students.

My Colleagues, the Faculty

The lifeblood of an academic department is the faculty. The Accounting Department has been blessed with faculty highly skilled in teaching and research. This same faculty superbly complements students’ classroom experiences with out-of-class programs that create awareness of professional issues, develop critical career success skills and foster personal development. I could not have served as chair for such a long time without

Lehigh’s outstanding accounting colleagues. When called upon, my colleagues first asked, How can I help? Then they followed through and got the job done.

The Department’s success reflects faculty excellence in the classroom. Students master specific learning objectives through our use of daily required problem assignments relying on critical thinking. To encourage learning and not memorizing, faculty often put students on the spot by engaging them in an intellectual dialogue on the key concepts and issues. Our teaching focuses not simply on answers to homework problems, but on “why and what if.” Tough exams test analytic skills and written communications skills, and resist grade inflation.

My accounting colleagues are also skilled researchers, and publish high quality discovery-, integration- and application-based research studies. Publications in top-tier accounting and business journals reflect the faculty’s intellectual prowess, enhance the Department’s academic reputation, and enable faculty to bring cutting-edge ideas and concepts into the classroom.

As times and the profession changed, my faculty colleagues worked unselfishly with me to modify the curriculum. First,

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2006–2007 Faculty Activities and Research



Paul R. Brown



Karen M. Collins



Paul N. Gordon



Parveen P. Gupta



James A. Hall



David J. Hinrichs

Paul R. Brown, Ph.D. (University of Texas at Austin), CPA, Professor and Dean of the College of Business and Economics; financial reporting and statement analysis; prb207@lehigh.edu. Having just joined us from the NYU Stern School of Business, Paul's recent writing and scholarship involved co-authorship of the 6th edition of *Financial Reporting, Financial Statement Analysis and Valuation: A Strategic Perspective* (Thomson, 2007). He serves on the Board of Directors and Audit Committee of Dassault Systemes, a software developer and PLM consultancy firm headquartered in France, and consults with corporate boards on a regular basis.

Karen M. Collins, Ph.D. (Virginia Tech), Associate Professor; financial accounting and introduction to business; kmc0@lehigh.edu. During the fall semester, Karen coordinates the college's Introduction to Business course taken by all freshman business majors. In the spring, she teaches Intermediate Accounting. Her textbook, *Exploring Business*, was published this year by Prentice Hall; it introduces students to business through an integrated case study of Nike.

Paul N. Gordon, MBA (University of Wisconsin), CPA, Professor of Practice; financial accounting and consulting; png3@lehigh.edu. Teaches financial accounting at the undergraduate level and business consulting and financial statement analysis at the graduate level. Paul was honored by being named John C. Swartley Memorial Professor for the 2007–2008 academic year.

Parveen P. Gupta, Ph.D. (Pennsylvania State University), Professor and Department Chair; financial accounting, corporate governance, risk management; ppg0@lehigh.edu. Published monographs on internal control, and Sarbanes-Oxley implementation practices, and two coauthored articles in the *International Journal of Disclosure and Governance* (2007) and *Management Accounting Quarterly* (2007). The latter paper won a Certificate of Merit award from the Institute of Management Accountants. In recognition of exemplary service at the SEC, Parveen and his project team received the Commission's prestigious Law and Policy Award.

James A. Hall, Ph.D. (Oklahoma State University), Associate Professor and Peter E. Bennett Chair; accounting information systems; jah0@lehigh.edu. Jim serves as Co-Director of the Computer Science and Business Program. His recent publications appeared in the *Journal of Management Information Systems* and *Communications of the ACM*. Revisions of Jim's two textbooks—*Accounting Information Systems* (6th edition) and *Information Technology Auditing and Assurance* (2nd edition)—are now in print.

David J. Hinrichs, MBA (Lehigh University), Lecturer; financial and managerial accounting; djh404@lehigh.edu. Dave is a member of the MBA core team and co-teaches Managing Information in the MBA program with Business Information Systems Professor Oliver Yao. Dave also teaches Introduction to Managerial Accounting and Accounting Information Systems in the undergraduate program.

James A. Largay III, Ph.D. (Cornell University), CPA, Professor; financial reporting and statement analysis; jal3@lehigh.edu. Published "The Consolidation Dilemma: Understanding the Issues" (with Michael Davis), *Journal of Theoretical Accounting Research*, Fall 2006; papers accepted are "The Role of Accounting Information in Revenue Management" (with Ronald Huefner), forthcoming in *Business Horizons*, and "Major Changes Coming to Consolidated Statements?" (with Michael Davis), forthcoming in *The CPA Journal*. New Director of MSAIA program; was quoted in *The Wall Street Journal*, *Dow-Jones Newswires* and *Compliance Week*.

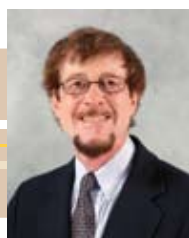
Erin A. Moore, Ph.D. (University of Massachusetts), CPA, Assistant Professor; financial accounting; eam205@lehigh.edu. Erin's research focuses on accounting restatements, pension accounting as an earnings management tool, and the perceived effectiveness of the PCAOB's inspection process. She is a regular presenter, moderator, and/or discussant at American Accounting Association (AAA) regional and national meetings. Erin has been named the AAA's Financial Accounting and Reporting Section's Mid-Atlantic Regional Program Coordinator for the upcoming year and will teach in the MSAIA program for the first time in spring 2008.



James A. Largay III



Erin A. Moore



Jack W. Paul



Heibatollah Sami



Kenneth P. Sinclair



William S. Zhang

Jack W. Paul, Ph.D. (Lehigh University), CPA, Professor; managerial accounting and auditing; jwp1@lehigh.edu. Currently studying how professional accountants view the criteria that public accounting firms use to evaluate their professional employees (with Parveen Gupta), and writing a monograph dealing with related party transactions. Jack teaches UG introductory managerial accounting and Analyzing Accounting Information, the MSAIA program capstone course that uses Harvard Business School cases to illustrate how internal management decisions impact financial markets. He integrates finance topics to reinforce the linkage between accounting and finance.

Heibatollah Sami, Ph.D. (Louisiana State University), Mercy Professor; financial/international accounting; hes205@lehigh.edu. Two papers are forthcoming in *Contemporary Accounting Research* and the *Journal of International Financial Management and Accounting*; presented papers at the 2006 AAA Annual Meeting, the 2007 meetings of the *Journal of Contemporary Accounting and Economics*, the European Accounting Association, the Canadian Academic Accounting Association, and the University of Illinois International Accounting Symposium; editorial boards of *Advances in Accounting* and *Gadjah Mada International Journal of Business*.

Kenneth P. Sinclair, Ph.D. (University of Massachusetts), Professor and Senior Advisor to the Dean; cost and managerial accounting; kps1@lehigh.edu. Ken finishes a long tenure as department chair, having served since 1988, and continues to teach the much-feared cost accounting course. Ken directed the re-accreditation efforts of the Accounting Department and the College. The recipient of several teaching and service awards, Lehigh honored Ken in 2006 with Lehigh's Robert and Christine Staub Faculty Award. He serves as Audit Committee Chair of the Board of Directors of Lannett Company, a manufacturer of generic pharmaceuticals.

William S. Zhang, Ph.D. (University of California at Irvine), Assistant Professor; auditing and financial accounting; wsz206@lehigh.edu. Bill specializes in earnings management

research and how bond markets use accounting information. His coauthored study, "Tightening Credit Standards: The Role of Accounting Quality," is forthcoming in the *Review of Accounting Studies*. Bill presented "Accounting Restatements and the Cost of Debt Capital" at the 2007 AAA conference, and has another coauthored paper to be presented at the 2007 Academy of Management Conference and the 2007 *Strategic Management Journal* Conference.



LEHIGH UNIVERSITY

MISSION OF THE LEHIGH UNIVERSITY ACCOUNTING PROGRAM

Recognizing the importance of accounting information to the efficient allocation of resources in the American economy, the mission of Lehigh's Accounting Program is:

To provide rigorous accounting education that prepares high-quality undergraduate and graduate students with diverse backgrounds for lifelong learning and positions of leadership in the business community, and to emphasize faculty research efforts that contribute to the body of knowledge in accounting.

Consistent with the mission of the College of Business and Economics and Lehigh University, the mission of the Accounting Program is offered with the intent of being recognized as one of a select group of programs in the United States where an educational experience of the highest possible quality is obtainable in pursuit of applicable professional requirements.

we began the innovative M.S. in Accounting and Information Analysis Program (MSAIA) in 2001. Second, in 2004 we reengineered the undergraduate major to include three alternative tracks—assurance and tax services (public accounting), financial services and corporate accounting, and information systems. These changes resulted from well-functioning teamwork within the Accounting Department.

My Treasures, the Students

There has always been something special about the Lehigh accounting majors that I noticed not too long after arriving at Lehigh in 1972. Yes, they are bright, and come to us with high SAT scores and analytical ability. Equally important, they are hardworking, knowing that the instructional approach they will face is not for the faint of heart.

Another characteristic that makes interacting with Lehigh accounting majors a joy while they are on campus, and guides them to success after graduation, is that they possess the leadership skills needed for success. Through activities—sports, the arts, student government, or the Greek system—our students mature, develop good work habits, self-confidence, social skills and a sense of humor. But most of all, they are good people.

These comments by three major employers demonstrate how successful Lehigh's accounting graduates with the above characteristics are at entry-level and as seasoned professionals:

“It is my pleasure, on behalf of **Ernst & Young**, to share with you our firm's criteria for designating a college/university as a National Priority School . . . Our experience with Lehigh graduates is that within each of these categories [numbers, tenure, flexibility and adaptability of recruits, Annual Performance Ratings, values and “doing the right thing”], Lehigh alumni are frequently among the highest performers . . .” (Bob Watters, E&Y partner)

“We routinely perform analysis of our human capital to determine where we obtain our best professional talent—key to this analysis is our quality study. Lehigh University has been designated as a Priority School of **PricewaterhouseCoopers** for many years, owing to its consistent high performance in the quality study. Lehigh is a strategic source for entry-level recruits and the next generation leaders in the firm.” (Griff Welton, PwC partner)

KPMG LLP and Lehigh University have long enjoyed a mutually rewarding relationship. “Because of our strong relationship and the prominent role your program plays in our hiring goals, Lehigh continues to be designated a National Key School for KPMG. This designation also reflects the outstanding quality and size of your undergraduate and graduate programs.” (KPMG Statement of Commitment)

My mother taught us that humility is a quality that she expects in her children, but I hope you will allow this one exception

to the rule. As a follow-up to its annual Lehigh University undergraduate business school rankings, *BusinessWeek* announced in April 2007 that Lehigh's Accounting Program captured sixth place in its national undergraduate specialty program rankings. This year's No. 6 ranking represents a three-place move up the charts for our program, up from No. 9 in 2006.

I leave the chair position feeling very content that the program's prognosis is excellent. Longtime colleague Professor Parveen Gupta is the perfect choice to replace me. My most sincere thanks go to all my colleagues, faculty and staff, for their cooperation and hard work, and to our students and alumni, who did so well at Lehigh and after graduation. It has been a privilege and joy for me to chair the Department. I now look forward to teach, resume a research agenda, and do whatever service is needed to help the Department, the College and University.

Editor's Note: Faculty and staff colleagues offered these reflections on Ken and his service.

“Ken was a strong leader for the department, a positive person with a subtly assertive personality and he always made you feel good about whatever you were doing.”

“Several of us lunch in the faculty lounge. Usually by the time I arrive Ken is already there. Although there are plenty of empty seats around the table, Ken's unique easygoing manner causes him to quip, ‘I saved you a seat!’ When I unwittingly say, ‘Thanks,’ he quickly retorts, ‘It was nothing!’ Never negative when a delicate topic arises during the lunch conversation, if Ken does comment on a ponderous subject, he'll typically say, ‘I was just making conversation!’ immediately returning us to the lighthearted mood that started when he saved me a seat.”

“Ken is an excellent colleague and mentor. He is always willing to share his time with students, faculty, and staff regardless of the many demands on his time.”

“Between ‘You get what you deserve’ and ‘I need to digest this so I can consider all the angles’ and ‘Your chairman is working for you’ and ‘Let me ask a naïve question,’ Ken is never at a loss for words.”

“I never realized how good a *summa cum laude* graduate of the Fletcher School of Diplomacy could be until I saw Ken Sinclair in action.”

“Ken's effect on the department was enormous. Things won't be the same without his leadership.”

“Ken has been an outstanding advocate for the Accounting Department. He is the most organized man I know, an A+ for this Department and our majors. When I reflect on Ken, the first word that comes to mind is ‘happy.’ He loves his family, enjoys his teaching and is always upbeat. He is a very dependable friend and colleague.”

Another Accounting Senior's Great Story

By Karilyn Anderson '07



The past four years at Lehigh could not have passed more quickly. Although I am sorry to say “good-bye” to my undergraduate years, I feel that Lehigh provided the opportunities, experiences and lessons that enable me to succeed as I enter the accounting profession.

I decided to major in accounting after my two sophomore-year introductory accounting courses. My professors were great, constantly encouraged me, and explained the benefits and opportunities that go with the accounting territory, including a likely potential job offer by the beginning of your senior year! After committing to the major, I joined the accounting club to learn about the opportunities and careers open to Lehigh accounting majors.

My most memorable and cherished experience as an accounting major was my participation in the Tauck Scholarship program. I applied to the program after hearing about it from Professor Sinclair. This competitive program allows students to do an internship abroad in the country of their choice and covers all expenses. After being accepted in the program, I took my internship in London with PricewaterhouseCoopers, working in summer 2006 on audits of financial services companies around London. My manager considered me, an accounting student, to be highly credible and gave me an amazing amount of responsibility! I learned much over the course of the summer and became friends with students from many nationalities. London's fantastic diversity gave me the priceless opportunity to meet and work with a wide spectrum of people from many religious and cultural backgrounds. As a result, I discovered how they felt about Americans and other controversial issues at the time.

I was also active in Greek life at Lehigh, becoming president of my chapter of Gamma Phi Beta sorority my junior year and president of the Panhellenic Council my senior year. Wow! The Panhellenic presidency kept me extremely busy with meetings and other work while also trying to do well in my classes. After coping with the first few rough weeks, I learned about time management, and delegated many tasks so I could maintain my focus on academics. These leadership roles in the Greek community and my accounting knowledge made me feel, well, successful, especially in job interviewing and in my ability to apply my skills in different ways and in dealing with difficult situations. I feel well prepared to begin my career.

Both retrospectively and looking to the future, I am proud to have graduated from Lehigh's highly ranked and highly competitive accounting program. Not only was Lehigh a rewarding experience, it provided a sound education basic to whatever career path I choose. I am glad that I had time to take many non-major classes, such as entrepreneurship and the engineering minor, resulting in a very well-rounded education. I really thrived on the challenge of the accounting program and the many other opportunities at Lehigh. Although I will miss Lehigh greatly, my four undergraduate years make me want to come back because I cannot stay away for very long!

Looking Back at Lessons Learned

Joseph E. Decilveo, Jr. '75

The world of 1975 seemed a lot less complex than the one we live in today. Dramatic changes were underfoot, but few realized their ultimate magnitude and effects on our future daily lives. The Soviet Union was a feared military power and turmoil in the Middle East was a concern, but not a large daily component of the American news diet. Words and acronyms like air bags, ABS, flat screens, cell phones, Ipods and PCs were virtually unknown. Today, the Soviet Union no longer exists, Iraq and Iran are in the news daily and virtually everyone in the world has or wants a cell phone or Ipad.

Despite much change in the past 30+ years, many things are just as true today as they were in the 1970s. Furthermore, the lessons learned by **Joe Decilveo '75** at Lehigh University are as valid and useful today as when first presented. Having majored in accounting and finance, Joe often reflects on how important principles and skills learned at Lehigh impact his life today.

Joe Decilveo began his career in August 1975 with Arthur Andersen, at the time the smallest of the Big 8 accounting and tax services firms; it later grew to be the largest before ceasing to exist in 2002. Although when he joined Andersen it had fewer professionals than other national firms, "The size or revenues of the firm were less important to me than the principles for which the firm stood and the conviction that professionals had in those principles." Joe learned in his accounting courses that good principles survive over time, and decided that Andersen's positions on certain accounting and auditing issues led him to accept employment there.

After being admitted to the Andersen worldwide partnership in 1987, Joe worked in several capacities. He served as engagement and quality assurance partner on some of the firm's largest and most noteworthy clients, led industry programs, and managed several practices and offices.

The multitude of client, internal management, and geographic responsibilities can make for a nerve-racking day. Although Joe admits to being challenged at times, he attributes the time management skills learned at Lehigh as key to his success in managing his career. "I can remember arriving at Lehigh and thinking that I would have an abundance of free time." That thought quickly faded as the very competitive academic environment, abundance of social events, fraternity life, and the like, unfolded. "Lehigh and the business program taught me how to juggle, to set priorities and to be efficient and effective in what I do." Joe realized later that Lehigh had prepared him for the real world and the extensive daily demands eventually placed upon him.

In today's highly competitive and complex professional financial services world, it is impossible to effectively compete without a team of professionals focusing on a common solution for client needs. Joe recognized the need for teamwork and

collaboration from his days working with colleagues in various courses at Lehigh. "One upper-level business course in particular is memorable for me, as it brought together students with multidisciplinary skills in accounting, finance, management and marketing to solve local area business problems."



Such group efforts focused on a single problem taught him a clear lesson about professional services: "The need for and the power of teamwork continues in virtually every situation I deal with today, such that my success was as much linked to my own ability as it was to the ability to work harmoniously with others on a common goal."

Following Andersen's demise in 2002, Joe joined Huron Consulting Group, LLC. Formed from the ashes of Andersen in May 2002, Huron provides financial and operations consulting services. Training and developing younger professionals is an integral part of the long-term success of any organization, but more so in a newly formed business. Joe believes that mentoring, coaching and training can have a profound effect on the performance of professionals and the firm's success, and is "very proud of Huron's commitment to the mentoring program." While in the Lehigh accounting program, Joe saw firsthand the power of effective mentoring. When upperclassmen took the time to assist him with his academic challenges in Accounting 315 and 324, "I will never forget the insight and guidance I received and quickly realized how essential mentoring is to the success of individuals, both academically and later professionally."

Now the managing director of Huron's New York office, Joe focuses primarily on matters relating to financial statement investigations and disputes. Since joining Huron in 2002, Joe has watched the New York office explode and grow from less than 30 professionals to about 300 in mid-2007! Such a remarkable accomplishment in a short period requires considerable effort and management. Joe learned that achieving the proper balance between personal and professional activities is difficult, beginning with his Lehigh accounting classes. "The competition between academic and non-academic responsibilities taught me to develop the discipline needed to better balance my personal and business obligations today." Some compartmentalization is needed to focus on the immediate tasks at hand, but "whether the multiple activities involve my children or my profession, the most important element is the quality of time spent, not the quantity."

Joe currently resides in North Jersey and his four children, including Jennifer '06, help to keep him evenly balanced between personal and professional goals.

Update and Reflections on the MSAIA Program

By Professor Jack W. Paul, Outgoing Program Director

I don't honestly remember when I officially became director of our new accounting masters degree program. Recently rummaging through my old files, I found a copy of a letter I sent to Tom Frecka in September 1998. At that time, Tom was the chair of Notre Dame's accounting department and a former director of Notre Dame's extremely successful masters program. That letter got the ball rolling by getting Tom to Lehigh to lead a workshop that gave our faculty invaluable advice and many pointers on how to develop a quality masters program in accounting.

Development of the Program

A flurry of activity ensued—faculty retreats, surveys of current Lehigh students, alumni, employers, and other colleges and universities. All this led to the development of an innovative curriculum, agreements with public accounting firms to “partner” with us by supplying individuals to teach some classes, and several articulation agreements with other colleges intended to attract their students to our program. We named our degree Master of Science in Accounting and Information Analysis (MSAIA) to emphasize the program's analytic content and valuable skills imparted for the “long haul,” not just the first job.

Although I wanted to give us plenty of time to “get it right,” and planned to accept our first class in academic year 2002–03, the dean at the time had other ideas. He wanted to accelerate our time table and begin accepting students for academic year 2001–02. Thus in May 2002 we graduated our first class—7 students—but the numbers have grown, and in recent years about 20 students receive their MSAIA degrees in May. In these times of high demand for talented accountants, our program makes a significant contribution to the profession by attracting many students who otherwise might not have entered the accounting field. In addition to many accounting majors, the undergraduate backgrounds of MSAIA students range from English to biology, chemistry, anthropology, and engineering.

Challenges and Opportunities

The program faces many challenges in the near future, the most substantial being a lack of financial aid to attract highly talented students and use them as research assistants to the faculty. Because a fully-subscribed class would have 30 students, the current numbers are not where they should be. Despite our cutting-edge curriculum and high-quality students, we have been unable to attract as much funding from public accounting firms as Notre Dame and other highly ranked programs. KPMG provides more support for the MSAIA program than the other three Big 4 firms combined. Although the program faces challenges, it also provides many opportunities for students to



MSAIA Class of 2006–2007

overcome the consequences of the shortcomings in the typical accounting education, discussed next.

It is unfortunate that many practicing accountants still do not see the need for high-quality graduate education not available in CPA firms' training programs, despite all the signs that cry out for more highly educated accountants with a better understanding of how the world works. After teaching auditing for almost 25 years before becoming director of the masters program, I concluded that accountants need more accounting and business education than could fit in a 4-year undergraduate program. Each audit failure I read about convinced me that accountants need a more solid understanding of the theoretical underpinnings of accounting and finance, including financial markets. Accountants were no match, it seemed, for the high-powered MBAs that populate the ranks of management and who continually appeared to outgun auditors from the other side of the table.

Whenever I read the rather bewildering and Byzantine rules dealing with consolidation of variable interest entities, transfers of financial instruments, conditions that constrain a holder of beneficial interests in a qualifying SPE, and so on, I am more convinced than ever that students require a solid grasp of the conceptual basis underlying accounting and finance. Students do not get this knowledge in a 4-year undergraduate program, nor will they get it in public accounting. Although they obtain excellent experience in public accounting, without a solid theoretical basis much of the meaning can be lost while attempting to get the rules right. We know that practical experience without a theoretical foundation often leads to big mistakes. The MSAIA program makes a concerted effort to provide our graduates with a solid theoretical foundation, tempered by practical experience gained through case studies and by working with actual businesses.

I leave the program in good hands. Jim Largay became the new Director on July 1, 2007. With his considerable knowledge and experience, Jim is well equipped to address the challenges faced by the program and move it forward. I am rooting for his every success.

Accounting Program Advisory Board Members: 2007–2008

The Advisory Board serves the Accounting Department as an idea generator and sounding board, and works with us on development initiatives and making our case to the University administration.

Timothy Armstrong '91	Vice President/Accounting Policy, Freddie Mac
Allan Frank '76	President, Answerthink, Inc.
Christopher Lovasz '94	Senior Manager, Deloitte LLP
David Martin '69	Partner, KPMG LLP
Robert Parry '79	Professor of Accounting, Indiana University (Bloomington, IN)
Sarat Sethi '92	(Chair) Portfolio Manager/Equity Analyst, Douglas C. Lane & Associates
Stephen Smith '81	Executive Vice President/CFO, Elizabeth Arden
Bob Watters '85	Partner, Ernst & Young LLP
Griffith Welton '88	Partner, PricewaterhouseCoopers LLP
Janet Williams '85	Personal Products Co. Franchise Controller, Johnson & Johnson Consumer Products Co.

Accounting Student Groups in 2007–2008

Beta Alpha Psi and the Accounting Club serve our students by arranging with accounting and business firms to present professional and recruiting-related programs. Beta Alpha Psi is open to junior and senior accounting majors who meet its academic requirements, whereas the Accounting Club targets sophomores and juniors but serves all students interested in accounting. Here are the officers and faculty advisors. The email addresses (in parentheses) are all followed by @lehigh.edu.

Office	Beta Alpha Psi	Accounting Club
President	Janice Archibald (jla304)	Brian Szilagyi (bjs409)
Vice President	Bridget Clancy (bjc204)	Anna Tenenbaum (ant209)
Secretary	NA	Scott Sokoly (sgs209)
Corresponding Secretary	Jessica Yang (jey204)	NA
Reporting Secretary	Jessica Andrews (jla204)	NA
Treasurer	Libby Gill (epg204)	Sofia Khobot (sok209)
Editor	Ashley Dwyer (asd204)	Rob Bowne (rtb209)
Webmaster	NA	Brett Rieders (bmr210)
Faculty Advisor	Karen Collins (kmc0)	Parveen Gupta (pgg0)

Upcoming Events

Accounting Department Research Colloquium

The Fall semester features two research presentations by visiting scholars, the first by Steven Balsam, Professor of Accounting at Temple University, on Friday, September 7. Professor Balsam discussed "Does Separating the Positions of CEO and Board Chair Enhance Firm Value?" This research finds that firms with various characteristics have better performance when the CEO and board chair are different individuals. Then on Friday, November 2, Regina Wittenberg-Moerman, Assistant Professor of Accounting at the University of Pennsylvania's Wharton School, visits us. Tentative start time is 10:30 am.

You are invited to the presentation on Friday, November 2.

Contact information: Kathy Smith (kcs0@lehigh.edu, 610.758.3451)

16th Annual Conference on Accounting Professionalism: October 12-13, 2007

This weekend conference for junior accounting majors is unique among accounting departments. Students network with business professionals and learn about the importance of professionalism in accounting, career opportunities, and how to improve team-building, communication and leadership skills. Tentative start time for the reception is 5:30 pm.

You are invited to the October 12 reception, panel discussion and dinner.

Contact information: Kathy Smith (kcs0@lehigh.edu, 610.758.3451)

New York City Area Accounting Alumni Reception: Wednesday, October 17, 2007

Please join in the fun at the 3rd annual New York City Area Accounting Alumni Reception, to be held at KPMG LLP, 345 Park Avenue, New York, NY 10154. About 50 junior accounting students who will have visited firms in the city during the day will be there. In the evening you can meet these students and reconnect with other New York City area accounting alumni and with faculty. Start time is 6:30 pm.

You are invited to the October 17 reception.

Contact information: Kathy Smith (kcs0@lehigh.edu, 610.758.3451)

Would You Like to Help?

We begin by thanking those who responded to our 2006 appeal for financial support; we appreciate your generosity.

The Accounting Department continues to positively impact the professional lives of students and graduates. We take great pride in the fine education and preparation for professional accounting offered at Lehigh. **Being cited in the 2006 and 2007 *Business-Week* undergraduate specialty rankings as a top-10 undergraduate accounting program** moves your Accounting Department closer to its goal of being recognized as one of the handful of excellent professional accounting programs in the United States. **Strong graduate programs and research prominence also characterize the best professional programs.** Working with our Advisory Board, we identified two priorities beyond continuous improvement in the undergraduate program: (1) enhance the faculty research environment and (2) strengthen the M.S. in Accounting and Information Analysis program.

Accounting Department activities, and the University as a whole, benefit from donations by alumni, friends, and employers. Donations add to the University's budget allocation and help support faculty and course development by funding travel to professional meetings and research conferences, and databases like COMPUSTAT (financial reporting) and CRSP (stock prices). All gifts, large or small, uphold the people and programs that make Lehigh exceptional. In 2004 Lehigh launched the \$500 million "Shine Forever" campaign, with a focus on building academic endowment and increasing annual Lehigh Fund giving. (Visit www.lehigh.edu/giving for details.)

Because continued success of our M.S. program is critical to becoming nationally recognized, a priority is to financially support exceptional students in the program who will serve as research assistants (RAs) for faculty members. It now takes \$5,000 to fund a half-time RA for 5 hours per week over the academic year. We need your help. Contributions of any amount to the Accounting Department will assist us in becoming nationally recognized, are welcome and are highly valued.

Designating Gifts

When making a contribution to support Lehigh's Accounting Department, please **designate the gift as "restricted to the Accounting Department"** on your check, transmittal letter, or on the form below. If you or your employer (matching gifts) do not indicate "restricted," the gift will not go to the Accounting Department, and we will not even know about it. Gifts of \$1,000 or more are recognized with membership in the University's Asa Packer Society.

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Again, Thank You Very Much—Your Gift Is Greatly Appreciated!



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We'd Like to Hear from You:

Please take a minute to update us on your activities. You may send your information via email, fax, or snail mail to:

Lehigh University
Department of Accounting
Rauch Business Center
621 Taylor Street
Bethlehem, PA 18015-3117

Email: Kathy Smith (kcs0@lehigh.edu); Fax: 610-758-6429

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