



A Publication of the Jacksonville Chapter

<http://www.jacksonville.imanet.org/>

November 2007

## New Location!!

### BREAKFAST MEETING

The Jacksonville Chapter is hosting its Breakfast Meetings at a better location, and we want to make sure you come.

**7:30 a. m.**

**Wednesday, November 28**

**Holiday Inn at Baymeadows and I-95**

No need to reserve ahead of time, just come. Cliff Lane will be speaking on the ways in which the chapter can best serve its members.

See the calendar inside the newsletter for all of the upcoming events!

### Chapter e-mail Address

Contact us at  
[JaxIMA@gmail.com](mailto:JaxIMA@gmail.com)

Don't forget about the statewide IMA meeting in our backyard – St. Augustine. It will be full of great speakers, discussion topics, networking and some fun events. We would like a strong showing, and we would like for our members to get the most out of their membership.

## CMA Review Course

The Jacksonville Chapter of the IMA is holding a review course in January for the last two parts of the Certified Management Accountant designation. The CMA is the only certification in accounting that is honored worldwide.

The parts of the certification can be taken in any order, and test different knowledge, so start the year off right by advanced knowledge for your career. **This is a way to learn the material in a structured, group format with a great instructor.**

To take part in this course, **contact Jerry Jeakle at 356-7967 or [Jeakle@bellsouth.net](mailto:Jeakle@bellsouth.net).**

## December – Quarterly Dinner Meeting

The chapter is getting together for a dinner presentation at the Deercreek Country Club on December 5, 2007, at 5:30 p.m.

**Please RSVP online and come – we hope to see you.**

## From the Desk of President Jerry Roach...

Hello fellow members,

This fall is going well for our membership, with our first CMA Review session in years, college students attending our meetings in large numbers, and a leadership board that is dedicated to serving its members. Thank you to all members that plan to take part in a meeting or event this season.

In December, we have our quarterly dinner meeting on the 5<sup>th</sup>, and in January we host the quarterly Florida Council meeting. The Florida Council of the IMA is our state-wide IMA representation, and it also includes Savannah. There will be high-level CPE sessions, a planning and input session, and some of the most successful IMA members in our state in attendance. I hope you will come to our locally relevant quarterly dinner meeting, and to some of the events for the Florida Council meeting, which will be held at the Casa del Mar Hotel on St. Augustine's Vilano Beach, January 25-26.

I want to extend a special thanks to Harri Eloranta, who has been an incredible member of our organization this year. Harri has nearly every accounting designation, he teaches our CMA review course, and he is our main asset in encouraging students to come to our meetings. In some very important ways, Harri is helping to build our chapter's future. As we progress through the June, 2007 – May, 2008 fiscal year, our goal is to finish higher than our 4<sup>th</sup> place finish in the national chapter competition last year, and we are on our way. To this end, we hope our members are wondering how they can help. We receive points just from your attendance at any of our meetings. In addition, we receive points and funding whenever you renew your membership.

For anyone that is restless in their current position, and just wants to now what's out there, don't forget about several of the staffing agencies that are active in our chapter. Robert Half International, Accounting Principals, CFO Services and SDN Staffing Services have been the most active with us. They all know accounting, the needs of accountants in Jacksonville, and the opportunities that are out there.

Have fun with the season this autumn...enjoy the pleasant temperatures, the football, and your family, and I hope you see you soon.

Jerry

### IMA JACKSONVILLE CHAPTER SERVICE YEAR 2006-2007 OFFICERS AND TEAM LEADERS

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Please send general feedback to the chapter at [JaxIMA@gmail.com](mailto:JaxIMA@gmail.com)

## Meetings and Events Schedule

DATE	TYPE OF MEETING	LOCATION – TIME
<b>November</b>		
28	Breakfast Meeting	Holiday Inn at I-95 and Baymeadows, 7:30 a.m.
<b>December</b>		
5	Quarterly Dinner Meeting	Deercreek Country Club, 5:30 p.m.
12	Board Meeting – all are welcome	Intego (Richard St. and Bowden), 7:30 a.m.
<b>January</b>		
9	Board Meeting – all are welcome	Intego (Richard St. and Bowden), 7:30 a.m.
23	Breakfast Meeting	Holiday Inn at I-95 and Baymeadows, 7:30 a.m.
25-26	IMA Florida Council Meeting <b>IN JACKSONVILLE</b>	Location TBA, noon Friday – 5 p.m. Saturday
<b>February</b>		
6	Board Meeting – all are welcome	Intego (Richard St. and Bowden), 7:30 a.m.
27	Breakfast Meeting	Holiday Inn at I-95 and Baymeadows, 7:30 a.m.
<b>March</b>		
13	Board Meeting – all are welcome	Deercreek Country Club, 4:30 p.m.
13	Quarterly Dinner Meeting	Deercreek Country Club, 5:30 p.m.
26	Breakfast Meeting	Holiday Inn at I-95 and Baymeadows, 7:30 a.m.
<b>April</b>		
9	Board Meeting – all are welcome	Intego (Richard St. and Bowden), 7:30 a.m.
23	Breakfast Meeting	Holiday Inn at I-95 and Baymeadows, 7:30 a.m.
<b>May</b>		
14	Board Meeting – all are welcome	Intego (Richard St. and Bowden), 7:30 a.m.
21	Breakfast Meeting	Holiday Inn at I-95 and Baymeadows, 7:30 a.m.

<b>June</b>		
11	Board Meeting – all are welcome	Intego (Richard St. and Bowden), 7:30 a.m.
16-22	IMA National Conference, Tampa <b>A Once-in-a-Decade Opportunity</b>	Tampa Marriott Waterside

**A place for: learning - sharing - networking - fun - new experiences - mentoring - continuing education - leadership development - promoting the field - certification - community service**

## **CMA REVIEW COURSE - - ORDERING STUDY MATERIALS FROM GLEIM**

Members of the Jacksonville Chapter of the IMA receive the following discounts on materials for the class:

### **Single Exam Part**

- > Complete System (book, CD-ROM, audio CDs, Gleim Online): \$149.77 per part (30% discount)
- > CMA Gleim Online: \$87.47 per part (30% discount)
- > Book and Test Prep CD-ROM: \$60.76 per part (20% discount)

### **All Four Exam Parts – Remember, only the 3<sup>rd</sup> and 4<sup>th</sup> parts are being reviewed by our current course**

- > Complete System (book, CD-ROM, audio CDs, Gleim Online): \$503.17 (32% discount)
- > CMA Gleim Online: \$314.88 (30% discount)
- > Book and Test Prep CD-ROM: \$243.04 (20% discount)

### **TO ORDER:**

Order directly from Gleim

Contact: Matthew Cmar  
 Phone: 800-874-5346 ext 135  
 Email: [matthew.cmar@gleim.com](mailto:matthew.cmar@gleim.com)

**Institute of Management Accountants**  
 Jacksonville Chapter  
**2008 CMA REVIEW PROGRAM REGISTRATION FORM**

**NAME (Please Print)** \_\_\_\_\_

**Street** \_\_\_\_\_ **City** \_\_\_\_\_ **St.** \_\_\_\_\_ **Zip** \_\_\_\_\_

**Phone-day** \_\_\_\_\_ **evening** \_\_\_\_\_ **e-mail** \_\_\_\_\_

**INSTRUCTIONS:** Please check the appropriate box or boxes for registration. If you are not registering for both courses, please indicate the courses by course part.

**Note:** You must be an IMA member by the time the course starts. Go to [www.imanet.org](http://www.imanet.org) to join the IMA, or contact Jerry Jeakle at [Jeakle@bellsouth.net](mailto:Jeakle@bellsouth.net) or 396-9802.

**Class dates:** Classes will be scheduled soon, with a preliminary schedule of 6:00 – 9:00 p.m. on Thursday nights (beginning January 10).

**Course Materials:** See attached information for discounts on Gleim Study Guides

	<u>Course Section</u>	<u>Course Dates</u>	<u>Fee</u>
<input type="checkbox"/>	<b>III</b> Strategic Management	TBA	\$199.00
<input type="checkbox"/>	<b>IV</b> Business Applications/Summary	TBA	\$199.00
<input type="checkbox"/>	Both Sections		\$398.00
	Total due		\$ _____

**Check Payments**

Enclosed is a check **payable to IMA** for \$ \_\_\_\_\_

**Credit Card Payments**

**Circle One**            Visa    MC

Total Amount Charged to be charged \$ \_\_\_\_\_

**(Card information must be exactly as it appears on your card)**

Cardholder Name \_\_\_\_\_

Card Number \_\_\_\_\_

Expiration Date \_\_\_\_\_

Security Code \_\_\_\_\_ (3 Digit Code from Back of Visa, MC)

Authorized signature for charge \_\_\_\_\_

**Mail Registration to:**

Jerry Jeakle  
 Hartman, Blich & Gartside  
 4929 Atlantic Blvd  
 Jacksonville, FL 32207-2409

**Fax Registration to:**

Jerry Jeakle  
 (904) 396-1528

## IRS Helps Small Businesses

The Internal Revenue Service has a new Web site aimed at assisting small businesses and the self-employed. It includes an on-line classroom and a free newsletter, the "e-news for small business." To participate, visit [www.irs.gov/businesses/small](http://www.irs.gov/businesses/small).

## Small Businesses Can Trade Globally, Too

The Jacksonville Regional Chamber of Commerce is working to help small businesses take part in the global economy. "We're calling it a Gut Check session," said Cathy Hagan of the Jacksonville Regional Chamber of Commerce's Small Business Center, the agency that's determined to help small businesses participate in international trade.

Time is running out for business owners to register for the six-week "International Trade Certificate Program - Export Series," since classes start in January.

After completing the program, business owners can contact the U.S. Department of Commerce's Division of Commercial Services to put what they've learned into action.

Jorge Arce, director of the division's U.S. Export Assistance Center, said he can help businesses identify the appropriate market for their product or service and provide background checks and contact information on foreign buyers.

"We have offices in 165 cities in 80 countries," he said. "I can call the office in Lima (Peru) and say I need a list of distributors for this particular product. But you as a company have to know how to sell it to the foreigner."

Arce said he doesn't understand why more American businesses don't look to overseas trade.

"The Dominican Republic is closer to us than New York and cheaper to ship to," he said. "So why don't we think about shipping to these places?"

Typically, he said, it's the immigrant business owners or first generation Americans that, "have the vision that there's a whole world out there."

Furthermore, foreign buyers are willing to pay top-dollar — sometimes spending more on shipping than the product itself — to obtain quality, American-made goods.

The export series came together with the partnering of the Beaver Street Enterprise Center, the University of North Florida's Small Business Development Center, Jacksonville Port Authority and the Chamber. "We want these opportunities as far as growth in economic activity to benefit our home-grown businesses," said Port Director of Communication Nancy Rubin.

For more information about the International Trade Certificate Program, call Cathy Hagan at 620-2478. Anyone looking for advice or direction about selling goods or services overseas should contact Jorge Arce at 232-1270.

## Do Not Call - Again

Thanks to the Federal Trade Commission's Do Not Call Registry, 150 million Americans have enjoyed far fewer unwanted sales calls over the last few years. It hasn't been perfect, but progress has clearly been made due to this important program. But, just when you thought it was safe to eat dinner with your family, the telemarketers may be back in your life for good when your 5-year Do Not Call Registration expires in **June 2008**. The good news is, you can always re-register for another five years, and continue to enjoy the peace and quiet. Simply call 1-888-382-1222 or visit [www.donotcall.gov](http://www.donotcall.gov) to register any or all of your home and cell phone numbers. Don't forget. Telemarketing companies are counting on millions of Americans to drop the ball. Don't be one of them.

## Fraud in Nonprofit Organizations

Board members of nonprofit organizations have responsibilities beyond having a vision and goodwill for the organization. Financial oversight is maybe the most important role of a board member, and this is especially true with accountants, because they are responsible for their knowledge as a board member.

Many people are now involved in nonprofits to get something financially. But nonprofits survive on their reputation, and stealing and unfounded billing, check forgery and tampering, improper reimbursements and money laundering will have a lasting effect on donations and volunteer service received. Prosecutions are local or not at all, so as to minimize attention to the problem.

Some effective measures include:

- Clearly establishing the tone at the top of the organization
- Visible prosecution of perpetrators (on a local level)
- Stringent and highly restrictive internal controls
- Technology enabled monitoring of financial transactions
- Thorough manual quarterly audits
- Get your volunteers fidelity bonded
- Pay employees what they are worth using monetary and non-monetary benefits
- Be able to segregate the disbursement records by payer
- Provide appropriate training
- Act swiftly when firing or suspending an employee, take their access immediately
- Place a suspected employee on leave with pay, pending an investigation
- A written code of conduct
- Ethics used in annual employee evaluation criteria
- The audit committee chair should not be the treasurer
- Adequate record keeping

In a 2004 study, 62% of organizations where fraud occurred said that their board had not discussed Sarbanes-Oxley. 45.8% of the organizations had less than 100 employees. Nonprofits are supposed to have a whistleblower policy, according to Sarbanes-Oxley, and records retention policies also apply to not-for-profit.

The conditions that most frequently induce fraud are:

1. High fundraising and performance goals
2. Volunteers often handling money
3. Lack of segregation of duties in handling cash
4. Management does not react appropriately when hearing bad news from subordinates
5. Organization risks are not identified and candidly discussed with the board of directors
6. Not enough understanding of risk in the organization – risk can impact risk, risk is dynamic
7. Little understanding of the companies to whom you outsource

Boards should have constructive tension with auditors, and there should be plenty of time between the release of financial statements and their expected approval. Finally, know your employees and volunteers. Opportunity, pressure and rationalization of wrongdoing can create a vicious cycle if employee actions and work are not reviewed diligently.

## Quarterly Economic Update

The Jacksonville Regional Chamber of Commerce held its quarterly economic update in September, and did so with an all-star lineup of business leaders speaking. Here is a recap of the morning session:

### **Sean Snaith, Director of the Institute for Economic Competitiveness, University of Central Florida**

- Dr. Snaith believes that the housing market is on firm ground, with demographic considerations, low mortgage rates, low unemployment and strong economic growth on its way. Actually, just a percentage of a segment (the subprime market) is failing. This could be likened to an allergic reaction to a bee sting. He also points to how bailing people out says that risky behavior is OK.
- Oil prices, however, are not likely to go down, as the rise in prices is driven by demand, instead of driven by supply like in the 1970's.
- China has just passed Canada as the number one country from which we import.

### **Chris Frey, Executive Director for Large Enterprise (Sales) for the United States, Lenovo Group**

The Chinese government purchased IBM's PC business, and while the company is incorporated in Hong Kong (and 65% of it is owned by the Chinese government's Chinese Academy of Sciences), it is operationally based in Raleigh, NC.

Lenovo was founded by a group of 11 Chinese engineers in 1984, as Legend Group, Ltd. (Lenovo means "new legend").

Mr. Frey stresses that the sun never goes down in a global economy. Whenever business is winding down in one corner of the world, it is going full steam ahead somewhere else. The time zone that counts is "now."

A business model must be constructed around the global infrastructure. For instance, it is important to know:

- How to give a business card
- How to read a business card
- Who bows first in certain places
- ...and more

### **Evolution of World Sourcing**

- Opening of emerging economies
- Structural shifts in global demographics  
Our workforce in the United States is older than in the eastern hemisphere
- Widespread use of IT – faster communication speeds change  
Infrastructure is everything
- Increasing regulation of world markets  
Internal regulation: make sure your brand has trust and confidence
- Innovation: ideas from multiple cultures
- Senior management distributed globally
- Organized around global hubs
- Branding: global & local partnerships



## David Smith, CEO of PSS WorldMedical

PSS has 600 employees in Jacksonville, and is the largest physician supplier in the world. Americans spend \$6,000 per capita on healthcare. The causes for the higher amount are:

- ① What we eat
- ② Our wealthy economy: we live well and don't do anything for our health
- ③ We prefer sophisticated healthcare

Factors in outsourcing...it's not just product quality

- a) Language barriers
- b) Currency considerations
- c) Cultural differences
- d) Product and market understanding
- e) Logistics and safekeeping
- f) Quality control
- g) Quality assurance

The location of raw materials, technical knowledge of workforce and the labor rate are very important considerations when outsourcing.

Mr. Smith feels that we need more competition on rail cost.

Quality is achieved and monitored by validation, third party testing, laboratories, product specifications and rigorous monitoring by staff.

Word of wisdom: a company can never run out of inventory of an important product.

## David Kulik, CEO of CEVA Logistics

Mr. Kulik is in transition to more of a strategic role with the company, as he enjoys leading new initiatives within the company more than managing all aspects.

CEVA is an \$8 billion company, with 50,000 employees worldwide. It is the #4 logistics company, behind FedEx, UPS and DHL. There are 7,000 CEVA employees managed out of Jacksonville.

Apollo Management, a private equity company, purchased TNT Logistics in August, 2006, and changed the name.

TNT Logistics started out as the Dutch Post Office, and also was owned by CSX at one time.

Their corporate mission is complete logistics, "from womb to tomb."

Here are some key points made by Mr. Kulik in his presentation:

- The logistics industry is a \$770 billion industry, and will soon grow into a \$900 billion industry. With only 20% of the market penetrated, it is still the growth industry for a long time to come.
- Logistics is fast-growing even in mature markets, and is experiencing 35% growth in China.
- Manufacturers need communication and technology
- Companies can outsource anything, but they need to get the product to market.
- Japan forced the Big Three auto manufacturers to adopt the Just-in-Time concept.
- Shanghai Automotive, a state-run company in China, seeks to be the largest automotive company in the world, without making any automobiles. This is in part through their attempt at mastering logistics.
- There is no red tape in China. When the bird flu virus came out and they were forced to deal with it, they built hospitals in a week.
- Africa is building rail from ports now, and this will solve an unbelievable earnings gap between people.
- Trucks don't like to deliver to South Florida, because there is no backhaul load.
- Outsourcing margins in India are shrinking with the competition for their services.

## **Kristi Bageant-Epperson, Executive Vice President and Site Manager, Citi**

Attrition is lower in Jacksonville, and employee satisfaction is higher

Quality levels must be maintained. For instance, the voice work is better in the Philippines than in India.

Don't outsource your intellectual capital

Expense opportunity: you cannot go offshore just to save money

Benefits of an Integrated Strategy

- Customer experience
- Value
- Capital reinvestment into new opportunities
- Organizational flexibility
- Employee satisfaction
- Strategic partnerships

## **Nelson Miller, Vice President of Logistics, Bridgestone-Firestone North American Tire**

Considers Bridgestone-Firestone to be years ahead of Michelin and Goodyear, and the company is centered around low logistics cost and optimal product restocking.

The distribution centers are state-of-the-art, there is a stable, loyal relationship with a few trucking companies, the retailers manage their inventory with help from the manufacturer, and there is a focus on velocity of turnover more than storage in the distribution centers.

The Jacksonville (Cecil Field) distribution center completes the company's coast-to-coast coverage.

Relays are used, where a truck near the distribution center takes a full load of tires to meet another truck near a cluster of retailers. The second truck has an empty trailer, and they swap trailers. This way, the local truck takes the right tires to each retailer and develops a relationship with them. The truck from the distribution center returns to reload the empty trailer.

Recognition programs are used. For instance, high-performing drivers are sent to help build their truck at the truck manufacturer.

It is essential to have a third party to test products in the country where they are made. The sting of two directions of shipping and handling and a probable inventory lapse are just too costly.

Investing in a distribution center, call center or manufacturing plant overseas is more complicated than negotiating a deal at a good price on a good street corner. It bears three classes of considerations:

**Sector** - is this a business sector of our company that makes sense to place overseas?

**Currencies** - is the currency in this country strong and stable, and are there tariffs or other impediments to exporting goods and services?

**Countries** - is this country stable, is it friendly with the countries to whom the products will be shipped or supported, is it really in a geographic location that will benefit the process (even if the primary shipping route or communication lines fail)?

In China, it is necessary to connect with people who run the provinces and towns instead of the major national leaders. The national leaders will allow you to come into the country, but the local leaders will impact employee quality, employee reliability, employee wages, real estate prices, the applicable ordinances and regulations to be followed, and more.