EDITOR’S LETTER

Hey there,

As you flip through the pages of this, the second issue of START HERE, it’s important to remember: The right skills will prepare you for a bright future. The information in this magazine is meant to provide you with the inside information you’ll need to succeed in an accounting or business career after college.

Here at the American Institute of Certified Public Accountants, or AICPA, our members have built careers around every kind of interest possible. We can boast that a CPA has a hand in every industry, from fashion to music to sports to retail. In fact, as you read on, you’ll learn that it is our skills that tend to make these businesses run smoothly. Consider the career of Eulonda Griffith (“The FBI Files,” page 14). She translated her corporate and accounting skills to become one of 2,000 special agents that the FBI counts on to follow the money in the search for criminal and terrorist activity.

Accountants have also taken their jobs out of the office and onto the court, ice, and field (“Keeping Score,” page 22). Displaying oodles of creativity, CPAs are the professionals who work out the intricacies of collective bargaining agreements for the NBA, NHL, and MLS. Accountants with practical business sense are so in demand that it took no one short of the former head of the Securities and Exchange Commission, Arthur Levitt, to help negotiate the hockey lockout. Thanks in part to him, this season will see smooth skating for the league.

Keep in mind that these pages provide just a taste of the loads of information we have for you. Log on to our Web site, www.startheregoplaces.com/mag02, and register to read interviews, view video profiles, find professional resources, and play our business simulation games and workshops. It will help you navigate your career path—plus, it’s easy, fun, and free.

So as you flip through this issue, think about what you’re learning in the classroom and how you will apply it to the real world. START HERE, read on, and feel free to let me know what you think of the magazine by writing to me at editor@startheremagazine.com. Don’t be shy—let me know what is important to you and what you’d like to read about next time.

See you all then!

—Jill

Which class has changed your academic career? Everyone has one. Have you taken yours yet? For a future issue, we want to know about when and why your academic career found its direction. (For me, it was a “Business for Journalists” course. Who knew writers need to be armed with math skills?) Was it a professor who had an especially effective way of teaching? Or a class filled with real-life examples that let you live in professionals’ shoes? Share your stories.

If you’re still seeking your holy grail of college courses, log on to www.startheregoplaces.com/mag02 and get tons of some of the coolest accounting courses taught in schools around the country.
Have no fear, the future begins now. To move forward...

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START HERE
**KEEPING TABS**

**Tunes to go**

Whether you’re a pack rat who can’t leave the dorm without every song in tow, or simply someone who knows which tunes inspire greatness on the way to a final, START HERE has identified an MP3 player for you.

**SONY NETWORK WALKMAN NW-HD5**

Keeping tabs on your tunes is par for the course in Professor Ira Solomon’s Assurance and Attestation accounting course. That’s because he’s created a “gold market” in a computer lab, where students buy and sell the valuable commodity in an attempt to make a profit and win the grand prize: dinner at a restaurant with their professor.

But who has the fool’s gold and who has the real thing? Only the sellers know for sure. The buyers have to rely on the program’s auditing feature to determine if the seller is on the level or trying to unload the fake stuff.

**THE GREAT E-MAIL SWINDLE**

If you’ve had an e-mail account for any length of time—say, a day—you’ve probably had your inbox invaded by chain letters alleging such dubious truths as the great Bill Gates cash giveaway. The message has been making the rounds since 1998 and goes something like this:

> “Bill Gates is sharing his fortune…. For every person that you forward this e-mail to, Microsoft will pay you $245. For every person that you send it to that forwards it on, Microsoft will pay you $243, and for every third person that receives it, you will be paid $241. Within two weeks, Microsoft will contact you for your address and send you a check.”

If you’re still waiting for your check to arrive, you may want to find a comfortable chair. Like a solar eclipse, such junk e-mail messages reappear every few years. This one’s off-the-wall, even suggesting a “merger of AOL and Microsoft.” As if, in fact, when it first started making the rounds, Microsoft and Bill Gates issued separate statements refuting it.

**THE GREAT E-MAIL SWINDLE**

Then there’s the e-mail that warns that your cell phone number will soon become part of a national directory accessible to telemarketers. In short, your minutes could be eaten by solicitors pumping timeshares, telehawkers offering deals on “411” directories, or just going for a walk at a restaurant with their professor...

**60GB IPOD PHOTO**

The mothership of MP3 players remains the top dog. We were going to recommend the 20GB model, but for $100 more you get three times the space. The iPod has gotten sleeker and smarter over the last few years—the newest incarnation can hold up to 15,000 songs or 25,000 pix, or any combination thereof. Seamless integration with iTunes only makes it more desirable. PRICE: $399

**CREATIVE MUVO TX FM**

Say you want to listen to the game, but it’s only on the radio. quaint, no? The MuVo TX FM from Creative holds up to 1GB of music—about 500 songs—and gives you the option of tuning in to your favorite station. Need to leave yourself a voice reminder? You can do that, too. Want tunes during your workout? This tiny player can be worn anywhere and you’ll barely know it’s there. PRICE: $150
Bucks for Bytes

Mobile games are hot and JAMDAT Mobile is one of the biggest players in the arena. Start Here caught up with Zack Norman, senior vice president and cofounder of JAMDAT Studios, to discuss how he got the game—specifically, how he helped develop JAMDAT Bowling, one of the best-selling mobile games to date.

IDEAS ARE EVERYWHERE “One night I was at a bowling alley, when I thought, I’m having fun bowling. I can make this into a mobile game.” The idea became a part of Norman’s “backlog of notions,” ideas for cool things he plans to game-enable.

WRITE IT DOWN, RIGHT AWAY The next day, Norman went to a white board and mapped out the game’s basic structure, look and feel.

IDEAS ARE FREE. IT’S THE FOLLOW-THROUGH THAT COUNTS It took two to six weeks to build the fundamentals of the game. “The devil is in the details,” says Norman. Meanwhile, the engineers ramp up work on prototypes.

IS IT FUN? This is when a game is green-lighted or killed. It’s also when the studio checks for the “mercurial and elusive stuff of fun.” IOW (in other words), am I going to want to play this game again...or is it boring?

TEST AND RETEST THE PRODUCT Game Killas bang on the new game in ways you can’t imagine. At this stage, it is feature but not content complete—art or audio may be missing.

AND TEST AGAIN! Ruthless gamers dig for defects. Assuming it survives, the game is finished.

CHECK IT OUT Handset Roulette is code for “this game has to be tweaked to work on 100 handsets by the time of launch.” Hey, no one said this was easy.

READY, SET, MARKET Time for the marketing department to take over and sell it.

TOTAL COST: The first six steps in the process average from $80,000 for a stand-alone title to $450,000 for a complex, 3D-rendered, multiplayer game that can connect to a network...and be downloaded for $.99.

Percentage of new accounting graduates who are women. Incentives include job flexibility, a high level of respect, and attractive financial rewards (Source: AICPA)
His past summer, Patricia Bowen, CPA, went out to lunch at the Palms Casino Hotel, in Las Vegas, when suddenly her 14-year-old daughter and lunch companion, Jessica, gasped. There was singer Ryan Cabrera—at the table right next to them. Jessica beamed but Bowen wasn’t so impressed. This is Vegas, after all—and she’s used to seeing celebrities on a regular basis.

“You can walk outside and see famous people any day,” Bowen says nonchalantly, as if watching one of the hottest young rock stars stuff French fries into his mouth was no big deal. But then to her it’s all part of her gig as the executive director of internal audit for Las Vegas Sands Corporation, which owns, among other things, the Venetian Resort Hotel Casino in Vegas and the Sands Macau, about a 45-minute ferry ride from Hong Kong. Yeah, it’s a lofty title, and there’s a lot of responsibility that goes along with it. When she’s not chasing down potential criminals like those portrayed by George Clooney and Brad Pitt in Ocean’s Eleven (I wish!” she jokes), she’s keeping tabs on the financial goings-on in the company, which took in a mind-numbing $398.8 million in the second quarter of 2005, up from $326.7 million in the same period in 2004. (Do the math: That’s over one and a half billion dollars in annual revenue.) Bowen supervises 10 people in Vegas and another 10 in Macau—not bad for a girl who grew up in Kansas and California and majored in accounting at Brigham Young University, in Utah.

“Accounting appealed to me because it’s based on common sense and it’s applicable to the real world,” she says. “I liked that. I liked that accounting could be so flexible—even though I work full-time, I think if I wanted to stay home with the kids, I could.”

In 1988 Bowen moved to Las Vegas—after holding accounting positions at one of the major public accounting firms in Los Angeles—and worked in the health care field (yes, there’s more to Nevada than craps and roulette). Since she switched to the $40-billion-a-year gaming industry in 1990, Bowen has been employed by some of Las Vegas’ biggest properties, including Caesars Palace, the Flamingo, and the Las Vegas Hilton. She came to the Venetian three years ago.

So what’s it like working amid the sounds of coins sliding into metal slots and the clack of dice rolling against table tops? Is it as gloriously as it sounds?

“Some people get used to it,” says Bowen, who’s not much of a gambler. “I don’t care that much about poker, but blackjack can be kind of fun.”

(Pray! You have to be over 21 to gamble in the state of Nevada.)

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In a way, think of her as Nancy Drew trying to figure out which bartender accidentally-on-purpose shoved a wad of $100 bills in his sock—which does happen, albeit infrequently. “I’ve never personally caught anyone stealing, but you do hear stories of employees stealing money out of the soft-count room (casino lingo for the room where they count the money),” says Bowen. Not that it’s easy to do so; casinos are filled with surveillance cameras, and “in the gaming industry, if you’re caught stealing you’ll never work again,” she says. “Usually management will say, ‘We caught someone doing something funny,’ so we look into it. We’re in the business of keeping everyone honest, which is not a bad thing.”

Working in Las Vegas can lead people to imagine Bowen’s lifestyle as nothing short of glamorous. This is hardly surprising, because she works in a city that really doesn’t sleep—but some people apparently do. “I’ve gotten some funny questions like, ‘Which hotel do you live in?’”

Answer: none. Las Vegas actually has real suburbs with homes and schools. “It’s a good place to live, with a good economy,” says Bowen. “A lot of other industries are growing up around the casino industry—construction, linen, food. Because Nevada has a business-friendly tax climate, it’s been a popular place to relocate manufacturing and warehousing divisions. There are a bunch of credit-card processing companies here, because banking is a 24-hour business and this is a 24-hour town.”

Unlike their portrayal in Ocean’s Eleven (or Twelve, for that matter), most casinos don’t keep billions of dollars of cash on hand. Nor do the bosses resemble Tony Soprano, with copious gold chains around their necks. “Las Vegas is more of a corporate town these days; it’s definitely changed since the 1980s. At that time there were more individual owners who ran the casinos. But now the industry is consolidating and being taken over by big corporations. I think consolidation means it’s getting more mature and more competitive, and so it can be a tougher business climate to be in.”

When someone wins big—which happens on a fairly regular basis, Bowen says—casinos usually have to hit the banks. Hundreds of thousands of dollars change hands every day, and it’s up to her to make sure that everything goes as smoothly as possible and that nothing goes missing.

“Because gaming is largely a cash business, and a lot of money passes through a lot of hands, it’s pretty easy accounting-wise,” says Bowen. “What we really focus on is controls, like having a certain number of people present when money is counted.”

www.starttheregoplaces.com/mag02
Pop star Ashlee Simpson is carrying a lot of weight on her shoulders. At a time when the music industry is hurting for hits and cash, the success of the 21-year-old’s multiplatinum 2004 album, Autobiography, is a recording rarity. In today’s market fewer than 1 in 20 CDs even earns back what a label spends to record and market it. So hit-makers like Simpson end up helping the music industry produce thousands of less popular albums, most of which stagnate in the sale bin.

“Just one superstar like Ashlee pays for a whole lot of bands you’ve never heard of,” says Myra McCaskill, a CPA responsible for the marketing planning and administration at Simpson’s label, Geffen Records. “And when you sell that many albums, you become captain of your own ship.”

Because of her proven ability to sell CDs—and her manager father’s negotiating skills—Simpson most likely owns more than 20 percent of the recording royalties on her next album (**I Am Me**) due this October. A new or unknown artist, by contrast, may make less than 10 percent of any money left. Before royalties are paid out to the artists, the record company recoups its expenses, including studio time and video shoots. But CD sales are just a fraction of how so-called “superstar” artists like Simpson, whose albums sell more than 750,000 copies, pay for their club-hopping lifestyles. In fact, the main asset a chart-topping CD buys an artist these days is clout.

For artists who pen their own tunes—as Simpson has—songwriting royalties are not offset against any expenses incurred by the company. For every artist the mix of revenue sources is different. For the Dave Matthews Band, a jam band with a cult following, touring is the biggest money-maker. For punk-pop faves Blink-182, merchandising—Blink babydoll t-shirts, anyone?—can play a key role. It’s the job of a CPA like McCaskill to ensure the economics of a CD add up for the record label. “I have to make sure we’re making wise financial decisions,” says the University of California at Berkeley grad, whose first accounting job was at an international public accounting firm. Because her company’s primary product is music, McCaskill’s job is somewhat unusual for a CPA. “Our offices are loud,” she says. “There is always music playing, videos playing. We go out late to see bands, so we start later in the morning.”

A CPA who sees the music industry from the other side is Glenn Milus. Milus cofounded the three-year-old Los Angeles company MindLab, which handles financial planning for entertainers and pro athletes. He and his partner witness firsthand how, for more and more artists, the music industry has become a jumping-off point for other career paths. In addition to singing, Simpson has her own reality show on MTV, a starring role in the recent film **Undiscovered**, and an ad campaign for Pantene shampoo. “She sees herself as an entrepreneur and more than an artist,” says Milus, whose firm once managed the finances for Apple Bottoms, a clothing line created by the...
rapper Nelly. Nelly also has a sneaker line, an energy drink, a NASCAR team, a basketball team, and a fledgling acting career (he just starred with Adam Sandler and Chris Rock in a remake of the football film The Longest Yard). "Artists are getting savvier," says McCaskill. "They're making themselves into brands. It's the record companies that can't figure out how to make money anymore."

There are plenty of reasons why the economics of record companies have become increasingly grim over the last decade. Ten years ago, Alanis Morissette was the rebellious brunette sitting on top of the charts with a hot-selling album, Jagged Little Pill. In many ways, the recording industry was a much simpler place then. Unlike Simpson, Morissette didn’t have a reality show to attract listeners. She also didn’t have to compete with the Internet for CD sales. She simply had to get her catchy tunes played on the radio. Since Morissette’s ascent in 1995, illegal file-sharing Web sites have attracted more users, getting music fans accustomed to obtaining songs for free. And instead of whiling away the hours listening to the radio or going to concerts, a lot of the 16-year-olds who normally propel CD sales are busy spending time with cell phones, text messaging, and video games.

When she released a 10-year anniversary, acoustic edition of Jagged Little Pill in June, Morissette circumvented some of the hurdles of the current music landscape by trying a new distribution technique—she sold her album exclusively at Starbucks for six weeks. "Creative marketing, targeting the right consumer, and knowing your audience is more crucial than ever," says Jeff Fenster, senior vice president of A&R for Arista Records. The Starbucks model is one Fenster and others in the industry are watching closely. If an acoustic rocker sells well while throngs of teens wait for their soy lattes, maybe Linkin Park will fly off the counter as 16-year-olds wait for their Taco Supremes.

While album sales have dropped, the companies have had to cut costs. Record labels still have to pay A&R execs to frequent clubs and find new bands. They still have to employ studio engineers and the latest mixing equipment to make artists sound their best. But their biggest expenses are in marketing an album, pushing it to radio stations, music video channels, retailers like Best Buy and Wal-Mart—and, of course, the record buyers themselves. Some of the costs that have gone down recently, says McCaskill, are among the industry’s largest outlays—the video shoot from the $1 million video budgets artists get so accustomed to in the late 1990s have dropped to a more typical $300,000.

Though it hasn’t added up to much yet, record companies are hoping to see new dollars flow into their coffers from online music purchases. Until then, they are continuing to crack down on the pirates and trying to get younger consumers, in particular, to change their attitudes. But how record companies can pull out of their slump may have more to do with an almost intangible factor—whether a crop of new artists will come along to excite and invigorate listeners. Who can predict who the next Gwen Stefani or 50 Cent will be? In the meantime, CDs from safe bets like Ashlee Simpson—and reality checks from CPAs like McCaskill—will keep the industry humming along.
Supervisory special agent Griffith is one of 2,000 law enforcement officers at the Federal Bureau of Investigation who, along with their traditional gumshoe detective training, have accounting or CPA backgrounds in their investigative arsenals. Among the more than 300 types of crimes and acts of terrorism, from embezzlement to identity theft, financial crimes are at the heart of the FBI's work.

She's pulled a gun at work, carried a hidden camera in her handbag, and posed as someone's wife. Safe to say, Eulondra Griffith, CPA, is not your average college graduate who holds an accounting degree; the weapons and the subterfuge are just part of another day at the FBI office for Griffith, except her office is the FBI and the subterfuge are just part of another day at the CPA.--Griffith is not your average college graduate who holds an accounting degree; the weapons and the subterfuge are just part of another day at the office for Griffith, except her office is the FBI. She's pulled a gun at work, carried a hidden camera in her handbag, and posed as someone's wife. Safe to say.
corporate fraud, and terrorism financing (a special unit now pursues the money trails that help fund terrorists).

Griffith says her accounting degree has proven indispensable at the FBI, whether she’s analyzing complex financial statements, tracking the proceeds of fraud schemes, or deciphering money-laundering transactions. In her 15 years with the bureau, she’s chased down identity thieves, investigated crooked CEOs, and traced money trails throughout the Middle East and Switzerland.

[The FBI] looks for accountants because they’re known to possess strong analytical and cognitive skills,” says Griffith. "It’s a big deal, going from a desk job to being responsible for your own cases where someone might go to jail at the end.”

Griffith applied even though she told the recruiter she was worried because she’d never handled a gun before. No problem, he said, the FBI would train her to shoot.

Seven months later, Griffith, then 27, arrived at the FBI’s training headquarters in Quantico, Virginia, where like every incoming agent she spent 16 weeks getting schooled in weapons, self-defense, and how to grill a suspect. It wasn’t long before her accounting skills were put to use, though. In her first posting she was assigned to the financial institution fraud squad in Dallas, where she began investigating bank crimes like false claims, identity theft, and fake accounts. One of her bigger cases involved busting a ring of identity thieves who were stealing from credit unions across the country. The thieves would rummage through the dumpsters of these establishments to retrieve bank records of account holders whom they would impersonate to withdraw money. Griffith and her squad figured out the scheme and issued fraud alerts to warn the credit unions. Their work paid off after a three-year investigation, when the thieves were caught red-handed by the police.

Griffith’s accounting skills also helped when she worked in the bankruptcy squad at the bureau’s Los Angeles field office, tracking people who had helplessly tried to hide assets in U.S. and overseas bank accounts after declaring bankruptcy.

White-collar crime isn’t the only area where having an accounting degree can give you a significant leg up at the FBI. In the wake of 9/11, the FBI formed a terrorism financing operations section that coordinates the financial side of investigations of key Al Qaeda operatives. At a congressional hearing last year, the head of the section, Michael Morehart, described how agents glean vital clues by tracing financial records connected to terrorists. The goal is to block terrorist assets worldwide; agents look at money laundering, shell corporations, and informal money transfers. Whether the terrorists and their networks derive their money from legal or illegal activities, “it usually leaves a trail that can be exploited by law enforcement,” says Morehart.

These days Griffith is based at FBI headquarters in Washington, D.C., where she oversees the bureau’s corporate fraud cases against companies like WorldCom, Tyco, Adelphia, and yes, her former employer Enron. Griffith says much of the corporate fraud the FBI investigates usually leads to the top of the executive food chain, where the head honchos devise schemes to falsly inflate their revenues, like hiding expenses in order to increase their incomes.

So how does the FBI track down these crooked CEOs? They follow the financial clues, watching for earnings corrections and stock downturns, both of which can indicate that the books have been cooked. Often they work with the Securities and Exchange Commission, which looks at possible civil violations, while the FBI focuses on criminal activity.

Griffith says that individuals with accounting skills are highly sought-after for special agent positions, and not just in the white-collar unit. While all incoming agents receive the same basic training, the special skills you bring to the job help set you apart.

In more recent years, following the money has played a key role in the barrage of major corporate fraud cases. Top executives from companies like Enron, WorldCom, HealthSouth, and Adelphia Communications have been hauled on charges ranging from conspiracy to securities fraud to insider trading. But behind the headlines-making arrests were months, sometimes years of legwork, as the FBI traced the money trail of illegal activity. The result netted convictions of CEOs like Bernard Ebbers of WorldCom, Dennis Kozlowski of Tyco, and Adelphia founder John Rigas.

You too can follow the money and test your skills as a forensic accountant by playing “Catch Me If You Can” at www.startheregoplaces.com. Register to role-play as a CPA forensic accountant. Sift through information and decide which clues you can present to best make your case.

Griffith, “It’s a big deal, going from a desk job to being responsible for your own cases where someone might go to jail at the end.”
BARBARA BABBIT KAUFMAN, CPA, HAS STARTED FOUR SUCCESSFUL BUSINESSES, BEEN CROWNED NATIONAL BUSINESSWOMAN OF THE YEAR, WRITTEN A BOOK, RAISED TWO CHILDREN, HOBNOBBED WITH SCORES OF CELEBRITIES, GOTTEN FIRED FOUR TIMES, AND WON 10 DUAHTLONS (RACES THAT COMBINE RUNNING AND BIKING). TODAY SHE SPLITS TIME BETWEEN PUBLIC SPEAKING AND RUNNING HER LATEST COMPANY, BBK CONSULTING—THROUGH BOTH OF WHICH SHE SHARES THE WISDOM SHE’S ATTAINED FROM STARTING AND RUNNING HER OWN BUSINESSES.
Coady's success also has positioned her to give back to her community. "I told my dad I loved accounting. And he said, 'If you like accounting you should major in it, because with an accounting degree you can accomplish anything in life.'" She quickly changed her tune, thanks to a required accounting course. "I told my dad I loved it," she says. "And he said, 'If you like accounting you should major in it, because with an accounting degree you can accomplish anything in life.'"

"If you told me 25 years ago I would have accomplished all this, I would have said 'no way.' But you never know where life's going to take you. My accounting degree has given me the ability to locate here because the South is illiterate." Looking back at her considerable achievements, Kaufman says, "If discounts decreased our revenues, then to hit our growth targets we had to cut back our expenses by the same amount." For example, Kaufman negotiated leases with Jedi-like intensity. "That kept down one of our biggest expenses," she says. "It allowed us to compete on price with the big guys." Such accounting-based lessons came in handy in 2002, when a media company hired BBK Consulting to fix an accounting department that, in Kaufman’s words, was "a complete disaster." The job included reorganizing a dysfunctional department so that it could produce essential financial statements as quickly and on time. Kaufman turned around the department in six months. "It wasn’t hard to fix the situation," she says. "But that was because I had the accounting training and experience to get the job done."
For some sports fans the best action doesn’t happen on the field, the court, or the rink—it goes down in the boardroom. That’s where the action that dictates the action takes place. Salaries are negotiated. Trades are proposed. Numbers are crunched. And nowhere was that more apparent than this past summer, as both the NBA and NHL hammered out new deals between the owners and players.

While league and union lawyers dotted the final i’s and crossed the final t’s, it was really the guys behind the scenes—the creative thinkers who are armed with accounting and business skills—who provided the nuts and bolts of the new contracts in both sports. “There never could have been a new NBA collective bargaining agreement (CBA) without the financial people, because the league office would not have known what kind of numbers to look for and how tough they had to be in the negotiations,” says Irwin Mandel, the Chicago Bulls’ senior vice president for financial and legal matters and a certified public accountant.

For the NBA, a deal came quick this time, with both sides barely breaking a sweat—quite a change from 1999, when the owners locked out the players, canceling almost half the season.

It was a different story for the NHL, where a new agreement was finally hammered out only after the league had missed an entire season and failed to award a Stanley Cup champion for the first time since ... epidemic to keep the players off the ice. This time the Cup fell victim to greed, arrogance, and avarice.

PAUL KARIYA

KEEPING SCORE

Financial execs help the NHL and NBA stay in the game. By Alex Gordon
season, the players realized they were probably better off earning $2 million a year skating in Madison Square Garden than freezing their butts off skating on a pond in Saskatoon, and finally capitulated on the cap.

This year each of the NHL’s 30 teams will be allowed to spend a maximum of $39 million and a minimum of $21 million on players’ salaries. The salary cap number is tied to league revenues, guaranteeing that the players will receive no more than 54 percent of those monies. In past seasons the players had received as much as 75 percent of revenue, a figure that was much higher than their brethren were getting in the other major sports.

A huge contention in years past was exactly what constituted league revenue. When a company like Comcast owns the Philadelphia Flyers franchise, the team’s arena, the cable network that airs its games, and the cable boxes audited and clearly defining what is and isn’t hockey-related team then had to sign its own restricted free agents, making the new league minimum of $450,000, it’s hard for most fans to feel much sympathy for the players. But the owners haven’t garnered much sympathy, either. Despite enduring seasons of losing both money and games, they continue to see their franchise values escalate, especially with billions in the money they make from arena profits, naming rights, and television network deals.

“One thing is certain, though. Thebrains in the front office of each of the 30 teams will continue to have a more and more prominent role in shaping each team as they try to interpret the dense rules of each league’s new labor deals and figure out exactly how to give their team the edge it needs to win. It all begins lighting the red light after a goal or staying out of red ink.”

The importance of accountants in sports has grown dramatically,” says David Carter, a sports marketing consultant and professor at the University of Southern California’s Marshall School of Business, in Los Angeles. “Accountants are becoming more and more vital, and are moving their way up the sports food chain.”

“Accountants [in sports] are becoming more and more vital, and are moving up the sports food chain.”

—David Carter

In the league’s defense, it hired Arthur Levitt, the respected former head of the Securities and Exchange Commission (the federal agency that oversees the integrity of the securities markets), to look over standardized numbers following the 2002-03 season. What he found was sobering: 19 teams lost money that year, with the league ending the season a collective $273 million in the red. For many, the Levitt report really legitimized the issues that were at hand and showed the dire straits the league was in.

Under the new deal, the NHL Players Association was able to get the league’s owners to reveal about $100 million in hockey-related income from things like stadium naming and broadcast rights, which will add to the players’ slice of the pie. “The players are now holding ownership to higher accounting standards by forcing teams to be independently audited and clearly defining what is and isn’t hockey-related revenue. This will make it harder for teams to ‘fudge’ their financial situation,” says Dr. Patrick Rishe, an associate professor of economics at Webster University in St. Louis and the founder of Sports Impacts, a sports consulting firm.

In the wake of labor peace, the immediate challenge for NHL general managers and their “money people” was trying to figure out how to build a team under the new set of rules. “Any time the IRS makes a ruling, the accounting world is in shambles,” Rishe says. “Now I have a reason to go watch Nashville with Paul Kariya.”

Now with the NHL salary cap, it’s up to the accountants and finance department to figure out how they are going to work within those new constraints and confines,” says Carter. “The salary cap reinforces that you better have financially savvy people there to make sure that the money you are able to spend is spent in the most prudent way possible.”

The Boston Bruins, for instance, had exactly four players under contract at the time of the new deal. With a sudden flood of free agents on the market (all contracts from last season were voided, leaving twice as many players as usual, about 300, without deals), the Bruins rushed to sign players, locking up five marquee names to the tuke of $15.25 million. The team then had to sign its own restricted free agents, leaving the Bruins with about $15 million left for the remaining 12-15 players on its roster. Boston might actually have to cut some of its newly signed players during camp in order to sneak back under the cap. Inevitably, teams will make these kinds of mistakes as they try to learn the new system.

So far, the cap appears to be pretty fail-safe. For instance, under the new deal, players’ contracts are not allowed to be front- or back-loaded, meaning even if a player signs a three-year, $9 million deal, it counts as $3 million against the cap every year regardless of whether the deal is set up that way.

The player affected most by the NHL’s new deal is New York Rangers winger Jaromir Jagr, who was due $3 million against the cap every year regardless of whether the deal is set up that way.

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If the NHL’s labor battle was akin to the Hundred Years War, the NBA’s recent negotiations were only as heated as the Hilary Duff-Lindsay Lohan feud.

The owners received many of the concessions they wanted, and players with low name recognition like Brian Scalabrine (five years, $15 million), Jerome James (five years, $28 million), and Bobby Simmons (five years, $47 million) scored deals that will keep them knee-deep in bling. No complaints there.

The NBA’s “soft” salary cap this season stands at $49.5 million per team, up more than $5.5 million from last year’s figure. The more important figure for NBA front offices, though, is $61.7 million. A team that exceeds that figure (NBA teams are regularly over the soft cap thanks to the Larry Bird exception that allows them to re-sign their own players to deals that exceed the cap) have to pay a dollar-for-dollar luxury tax penalty, which is dispersed to teams under the tax limit.

For the first time this season, teams know ahead of time where the luxury tax penalty kicks in, giving them a better idea of the real cost of adding talent for a championship drive. Previously teams had to estimate the luxury tax number. Guessing wrong meant either paying millions in penalties or not maximizing your payroll in order to hold that last piece of the puzzle, placing just as much importance on people that could judge figures as people who could judge talent.

“In the past we were so adamant about not going over the tax limit that we were conservative in estimating what we thought the tax might be,” says Mandel, the Bulls’ salary cap guru. “Now we know what the tax is, we can right up that number and not have to worry about paying a tax.”

Perhaps the most unusual provision of the collective bargaining agreement was a Get Out of Jail Free Card for some of the NBA’s biggest spenders in the form of an amnesty clause allowing teams to cut players with hefty contracts in an effort to get under the tax threshold. Some decisions were no-brainers, like the Los Angeles Lakers’ decision to waive forward Brian Grant; despite owing him nearly $30 million over the next two seasons. Better to pay Grant that astronomical figure to not suit up than pay him that amount and then give another $30 million to the league in penalties for exceeding the tax limit.

Sometimes the bottom line just proved more important than the free-throw line. The Dallas Mavericks, for instance, struggled with their decision to get out from under the $51 million they owed all-star swingman Michael Finley over the next three seasons. Despite the sting to Finley’s ego, he will still receive his salary and is free to sign with another NBA team, one that will benefit from his ability to play like he has something to prove again.

The new CBA also will make it easier for NBA teams to make trades. In the past, teams looking to deal had to match players’ salaries within 15 percent, meaning a $1 million player needed to be traded for a player earning between $850,000 and $1.15 million. Now players must match within 25 percent, a seemingly small increase that will allow general managers a lot more flexibility to get deals done.

“That extra 10 percent means a lot. It makes it a lot easier,” Mandel says. “There have been trades the Bulls thought about making previously, where the numbers just didn’t jibe, but now they would.”

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While the WNBA has proven to be viable in certain markets, its chances for long-term success are hard to predict. Carter, though, applauds the move away from centralized NBA control. “There should be a fair amount of fan concern when they know the league itself is concerned with where to place players and what financial restrictions to put on franchises, because it gives the perception that the outcomes are predetermined,” he says. “It’s a great way to start your league, but it’s going to be very difficult long-term for centralized operations to really work. At some point, you have to let the market sort it out. No sport rises or falls on the strength of its collective bargaining agreement.

Still, with the NHL following the NBA’s lead in making the players full partners in the league’s success—both leagues’ critical new labor agreements are predicated on the belief that the players owners, and fans can now concentrate on doing the best product on the court and the ice. The only way to succeed in sports these days is to consider everyone a strategic partner; whether it’s a TV network, a sponsor, or a union,” Carter says. “Anything absent that can be disruptive.”

And back in the corridors of the front offices there will continue to be a demand for smart, creatively thinking accountants and CPAs dedicated to exploring every angle, dodge, and sidestep in the labor contracts’ terminology in order to give their team an edge in acquiring the best players while still maximizing profits. “A new accounting graduate with a passion for sports and the savvy to market him or herself should seize opportunities to get into professional sports,” says Rishe.
YOU SEE SUCCESS IN YOUR FUTURE. YOU SEE YOURSELF MAKING A DIFFERENCE IN THE WORLD—and hopefully making a few bucks at the same time. BUT WHERE TO START? THERE’S SO MUCH TO CHOOSE FROM OUT THERE.

Wouldn’t it be great if you could foresee what a career has to offer? See how it feels to be an entrepreneur, create a product, climb the corporate ladder? Well, now you can.

Check out StartHereGoPlaces.com/mag02. It’s a Web site designed to give you a glimpse of your future in the business and accounting worlds. There are interactive games and workshops where you can try your hand at making decisions that land you in the corner office—virtually speaking of course. Nab the bad guys by tracing a money trail as a forensic accountant. Or see if you have what it takes to be the CPA who puts a struggling record label back in the black. Sure, they’re just games. But isn’t that what they say about life, too?

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PUZZLING MATTERS

FIT FACTS

CAN'T MAKE IT TO THE GYM?

LET THIS NOT-SO-SIMPLE PUZZLE WORK OUT YOUR BRAIN.

BARRY WEIGHS 60 POUNDS MORE THAN HIS ROOMMATE, KEVIN.
THEIR COMBINED WEIGHT IS 420 POUNDS.
HOW MANY POUNDS DOES BARRY WEIGH?

Q:
BARRY WEIGHS 60 POUNDS MORE THAN HIS ROOMMATE, KEVIN.
THEIR COMBINED WEIGHT IS 420 POUNDS. HOW MANY POUNDS DOES BARRY WEIGH?

ANSWER:
BARRY WEIGHS 240 POUNDS (HE'S TALL!) AND KEVIN WEIGHS 180.
TO CALCULATE THE ANSWER USE THIS EQUATION:
B+K=420, AND B-60=K. SO, B+(B-60)=420 AND 2B-60=420, WHICH MEANS THAT 2B=480 AND B=240.

THE EXPECTED ANSWER: K=180.

ON AVERAGE, COLLEGE FRESHMEN GAIN ABOUT 0.3 POUNDS A WEEK—20 TIMES MORE THAN THE AVERAGE WEIGHT GAIN OF ALL AMERICAN ADULTS IN A YEAR.

On average, college freshmen gain about 0.3 pounds a week—20 times more than the average weight gain of all American adults in a year.

Get your dukes out because a recent study shows that male students consider themselves to be in better shape than females.
Maybe that’s because they report they hit the gym more often.
So how to explain guys skipping breakfast four out of seven days, while girls miss it just three times a week?

To be successful in academic studies, a person should “give about two of them [that’s hours], every day, to exercise; for health must not be sacrificed to learning. A strong body makes the mind strong.” —Thomas Jefferson

PLAIN OR PEPPERONI?

Seems orders for the more fattening pepperoni pizza dropped by nearly 10 percent during a study conducted at Penn State, in which a simple sign was posted listing the nutritional information of both kinds of pies.

Do guys have the edge over girls?

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If people had told me when I graduated from high school that I would be an accounting major, I would have called them crazy. But three years ago I took an accounting class as a requirement for a different major and instantly I was hooked and decided to change. Before that, I was a typical commuter student; I drove to class and drove home. But soon after this decision, my life changed in more ways than one.

At the same time I was introduced to the varied and exciting world of accounting, I was recruited to compete in accounting principles, one of the more than 40 competitive events offered by my local Phi Beta Lambda chapter, which is the collegiate division of Future Business Leaders of America. I competed in my first Texas State Leadership Conference and then was lucky enough to move on to the National Leadership Conference competition, where I placed sixth. From the moment I experienced my first National Leadership Conference, Phi Beta Lambda was surging through my blood. It is so important for students to network while in college, as well as gain as much leadership experience as possible, and student organizations are essential to this. I have been honored to serve as Texas State PBL President for three terms, as well as National Treasurer and National President last year. Finding an organization that offers worldwide networking, leadership opportunities, a competitive event program, and the chance to plan and to participate in chapter events will definitely help to beef up your résumé.

When I meet people and they ask me what I am majoring in and I answer accounting, sometimes I get a reaction tainted with, “that sounds boring.” But what people do not realize is that accounting is more essential to business and the world than it has ever been; it is certainly not just bean counting. For example, forensic accounting is one of the field’s fastest-growing areas, and it defies all of the traditional stereotypical notions of accountants. Forensic accountants have been playing a pivotal role in the fight against terrorism by tracing money used to finance terrorist activities. This field requires strong accounting skills and the ability to be a good detective. Who wouldn’t want a career where you can utilize accounting knowledge to solve crimes, while helping businesses to prevent future criminal activity and ensuring that they remain a little more honest? As long as there is financial crime, there will be a demand for CPAs with forensic accounting skills.

I have learned several valuable lessons as a student, but the most important one is to find a career that you love. Start by becoming involved in a student organization that will not only help you further your career goals through networking but will enrich your skills as a leader. 📖