



## Opening Session — Report to Stakeholders on the CEO Vision Roundtables

Samuel DiPiazza Jr., CEO, PricewaterhouseCoopers, opened the first discussion panel by noting that the roundtables (10 held in major cities around the world) created a unique opportunity for the accounting profession to listen to many different perspectives on what is needed in the development of business reporting. “Each dialogue was a little bit different,” he said, “but it was great for the profession to take it all in and adjust our point of view as we went along.” Overall, he said the accounting profession representatives learned a lot about what is on the mind of its various constituencies—in particular, fraud mitigation, deconstructing complexities, the strong commitment to a principles-based system, and how important financial concepts can widely vary in interpretation depending on national circumstances. Stewardship, for example, can mean something very different in China or Latin America than it means in the U.S. or Europe. “At times, the intensity surprised us, but the subjects covered were not remarkably different from what we expected,” he said.

Moderator Humphrys inquired as to whether emerging markets seem to share the enthusiasm for a principles-based approach to international standards as has been expressed by the international accounting networks. DiPiazza said he believed they do, but the issue is that “everyone interprets what principles-based means in different ways.” Noting that the main objective everyone shares is decreasing complexity in financial statements, DiPiazza acknowledged that the “hard part” is getting to the how. “We need to understand better what exactly investors are looking for in the information they seek. A principle that allows too broad a set of choices,” he offered, may not provide the right solution, because it may not deal with the economic reality that is important to investors. “And their point of view is the ultimate point of view,” he observed, “because they provide the funding for the capital markets.”

Beth Brooke, Vice Chair, Strategy and Regulatory Affairs, Ernst & Young, observed that every roundtable formed a kind of interesting “mosaic” of all the key constituencies from academics to investors, regulators, and accounting professionals. This produced what she called a robust and interesting exchange of ideas and opinions and drew sharply into focus the differences that do exist between developed and emerging markets. “Emerging markets are especially focused on the impact of global convergence of standards on small- and medium-sized enterprises,” she noted, in particular as to how implementation of these standards will impact the cost/benefit ratio of accounting services.

Everett Santos, Co-Founder and Chairman Emeritus, Latin American Venture Capital Association, noted that it would be hard to continue business globalization at its current pace without a globally converged set of standards. The question becomes, “How do you best and most accurately reflect what is going on (in the business world) and respond to that?” It will take time, he said, to discuss all the issues and reach public consensus—



and then there will be the whole problem of dealing with change, but it must be done in order to maintain the trend of globalization.

Anne Simpson, Executive Director, International Corporate Governance Network, who represents a body of shareholders, said that this type of open exchange has had an impact on the perception by investors that action is underway. She also said the roundtable exchanges and the past three symposia have surfaced some distinct points of view that are of interest. For example, a survey of her organization members showed that for all the “weeping and handwringing” over Sarbanes-Oxley legislation, there was a strong sense that financial reporting has improved as a result of the Act’s passage. “Shareholders want simple things,” she maintained, including “to understand what they’ve been told, to have comparability, and to see relevance.”

The fact is, Simpson noted, emerging markets need investor money. “If you want to attract capital, you will have to be able to report in a way that reassures investors. This is about creating a common framework that will give them access to that capital. Many are coming to realize that they must prioritize their resources to accommodate supporting this convergence process.”

The panelists agreed that the roundtables had promoted important discussion about liability and accountability, too. DiPiazza pointed out that his profession is “not looking to escape accountability, but to have it been proportionate to impact.”

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