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Creating Strategic Responses to Critical Risks Facing Accounting Education

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ABSTRACT: Recently many accounting programs have simultaneously faced declining enrollments and administrative/practitioner pressures to update curricula. Each of these issues requires accounting educators to carefully consider the strategic direction and operating structure of their programs. This paper illustrates how KPMG's Business Measurement Process (BMP) can be used to identify and manage the major risks affecting accounting education at the college and university level. It also demonstrates the BMP's usefulness in meeting the strategic-planning requirements of the AACSB's new, mission-based accreditation process. The BMP's holistic framework specifically focuses accounting educators on controllable risks and educational processes, and unmasks potentially hidden opportunities to deliver lasting, substantive, and effective curriculum change.

INTRODUCTION

Recent declines in accounting student enrollments have adversely impacted many undergraduate business programs. Several recent high-profile studies document this trend and discuss the potentially distressing implications for accounting education (Albrecht and Sack 2000; Russell et al. 2000). Confronted with this and other difficult issues (e.g., 150-hour requirement, new accreditation standards, etc.), accounting faculty must craft strategies that ensure the future viability and competitiveness of their accounting programs (Nelson et al. 1998).[1] This paper describes how KPMG's Business Measurement Process (BMP) can be used to assess department-level risks and improve existing educational processes and functions. By specifically applying the BMP to the "accounting major decline" issue, this paper illustrates how the model can be used in the strategic-planning process to shape and execute future curricular agendas.

This paper is organized in five major sections. The first section introduces the BMP and discusses its relevance to accounting education. The next three sections demonstrate the usefulness of the framework in identifying strategic, process, and measurement risks. The concluding section illustrates how the BMP can be used in a strategic-planning exercise and offers feasible solutions for managing critical risks.

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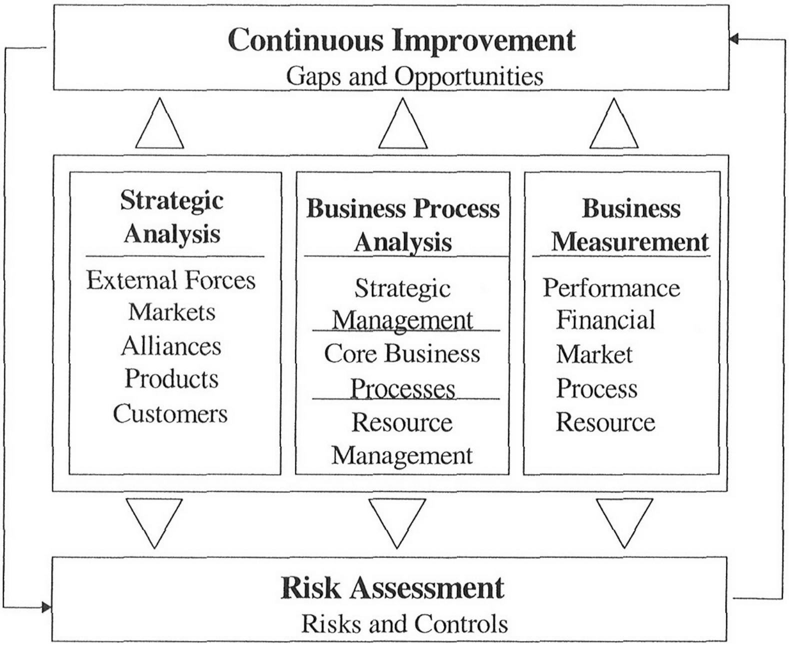
[1] Albrecht and Sack (2000) encourage accounting departments to engage in strategic-planning exercises. They state that "faculty in each department must decide for themselves what their response will be." Moreover, they indicate that no one solution is likely to fit all institutions in addressing the precipitous national decline in accounting majors.

THE KPMG BUSINESS MEASUREMENT PROCESS

Most major accounting firms have formalized risk assessment models that they use when delivering assurance services to their clients. Bell et al. (1997) describe how one such model, the KPMG Business Measurement Process, is used to analyze risks associated with a client's strategy, key business processes, and performance measurement procedures. The BMP allows KPMG to determine if their clients are adequately monitoring and managing the risks that threaten strategy execution and achievement of business objectives. Although initially designed primarily to assist auditors in meeting their engagement responsibilities, the BMP also is a powerful tool that organizations can use to manage risk and identify process improvement opportunities.

As illustrated in Exhibit 1, the BMP classifies risk into three main categories: strategic risk, business process risk, and business measurement risk. *Strategic Analysis* focuses on the identification of risks that arise from forces external to an organizational unit (e.g., markets, regulation, competition, etc.). *Business Process Analysis* addresses the quality of three management activities

EXHIBIT 1
The KPMG Business Measurement Process



Adapted from Bell et al. (1997, 34).

Strategic Analysis focuses on the identification of risks that arise externally to the organization. For accounting educators, such risks might arise from such factors as technological innovation, accreditation or licensing authorities, or changing consumer expectations. See Table 1 for specific examples.

Business Process Analysis refers to the evaluation of the quality of an entity's strategic management, core business processes, and resource allocation or management. For accounting educators, this analysis might include a review of a department's mission, key educational delivery processes, and resource acquisition and allocation strategies. See Table 2 for specific examples.

Business Measurement requires model users to assess the completeness and credibility of measures used to evaluate the performance of the organizational unit. Accounting educators might focus on such things as fundraising, student placement, and teaching effectiveness. See Table 3 for specific examples.

internal to the organization: strategic, business process, and resource management. Finally, in the *Business Measurement* phase, the BMP requires users to assess the completeness and credibility of performance measures employed by the organization (i.e., both financial and nonfinancial indicators). The BMP seeks to improve organizational performance by highlighting those risks that management can control and by motivating strategies to mitigate specific risks.

While the BMP was developed primarily to evaluate and manage risks of commercial enterprises, the robust nature of this framework lends itself to application in many noncommercial settings including accounting education. The next three sections of this paper demonstrate how the BMP can be applied in an academic setting to help accounting departments assess strategic, process, and measurement risks in the context of the "declining major" issue.

USING THE BMP TO ANALYZE STRATEGY

The BMP's *Strategic Analysis* phase is designed to assess the nature of the environment in which an organization operates. For accounting educators, this process can help faculty identify those risks over which they have little or no control. Common strategic risks often result from external forces, markets, alliances, products, and customers. Table 1 summarizes these risks and provides examples of how each can affect an accounting program.

External Forces

Although accounting departments continue to be impacted by numerous environmental factors, the operating risks associated with the 150-hour requirement and existing and proposed accreditation standards can be used to illustrate the usefulness of the BMP. In recent years, the 150-hour requirement has created significant concern among many accounting educators. In fact, many faculty argue that the requirement provides huge disincentives for students to pursue an accounting education, and ultimately professional certification.[2] The inconsistent and diverse position of individual state boards of accountancy on the 150-hour issue further complicates a student's decision to major in accounting. For these reasons, the 150-hour requirement has been and continues to be the subject of much debate in the accounting education community. Yet, there is little that individual institutions can do to *change* or *eliminate* the requirement.

The BMP helps educators recognize the 150-hour requirement (and associated enrollment risks) as an externally imposed constraint. Treating it as an external force redirects faculty discussion from whether the requirement is appropriate to how accounting programs will react to its implementation. In short, the BMP halts the debate and initiates action. To meet its students' educational and certification needs, will an accounting program respond with a five-year-program option, align itself with another institution's graduate program, or retain the status quo? How will these and other potential responses affect accounting enrollments?

The AACSB's standards for accounting accreditation, as well as individual state licensing regulations, also can impact accounting program structure. These standards often impose requirements that affect curriculum flexibility, particularly as they relate to course offerings. As with the 150-hour requirement, faculty at individual institutions generally cannot modify or eliminate these external forces. However, ignoring them can create operating risks for an accounting program. Again, the BMP focuses the debate on *how* or *if* faculty will change curricula to address these external influences, rather than on whether these regulations/standards are appropriate or correct.

Markets

As with external forces, individual faculty generally cannot control important issues that arise in today's dynamic business marketplace, many of which can influence whether a student will choose

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[2] Boone and Coe (2002) attribute 38 percent of the decline in accounting enrollments during the 1990s to the 150-hour requirement.

TABLE 1
Strategic Risks Facing Accounting Departments

Driver	Factor	Related Issues
External Forces	150-Hour Requirement	Additional study potentially creates disincentives for majoring in accounting.
	Accreditation and Licensing Standards	Accreditation standards and regulatory licensing requirements impose constraints on curriculum flexibility and course offerings.
Markets	Attractiveness of Accounting Careers *vis-à-vis* Other Disciplines	Relative appeal of technology, finance, and consulting careers may predispose students against accounting.
	Health of the Economy	Fewer employment opportunities in other business disciplines may increase the attractiveness of the accounting major.
	Recruiting Practices	Employers' willingness to hire nonaccounting majors and reluctance to compensate for accounting degree(s) can reduce appeal of majoring in accounting.
	Public Perceptions of Accounting	Traditional stereotypes and recent scandals decrease the overall attractiveness of the profession.
Alliances	Other Departments' Operating Policies	Commitment to rigor, grading standards, and teaching styles drive student perceptions of accounting.
	Inconsistent Pursuit of College or University Mission	Nature of curriculum, extent of integration, and overall workload affect interest in accounting courses.
Products	Socio-Economic Incentives	Parental exposure to professionals and employment expectations can drive students' major selection. Tuition increases may drive students toward more "lucrative" fields.
	Learning Style Expectations	Student preferences for "traditional" lectures versus "active" learning courses that promote critical thinking affect choice of major.
	Advising and Counseling	Reliance on upper-division students to counsel freshmen and sophomores affects course and major selection. The background, majors, and experience of the "peer" counselors can influence student decisions.
Customers	Student Demographics	University admission standards drive the "quality" of student entering the business school (i.e., SAT levels, socio-economic background, personal goals, career aspirations, GPA incentives).
	Student Activities	Appeal of extracurricular activities, "double" majoring, in-semester employment, and study-abroad programs consume student time.

accounting as a major. The BMP encourages accounting educators to direct their attention to creating responses to market conditions, rather than simply discussing them. Technology, the economy, recruiting practices, and public perceptions of the accounting profession all challenge faculty in promoting the accounting major. The rising appeal of technology and finance careers certainly has affected students' interest in accounting. While the recent downturn in the economy may have temporarily driven some students back to the major, faculty must determine how advancing technology and growing global employment opportunities will affect their enrollments, program design, and delivery in the long term.

Today's labor markets also can discourage students from pursuing a rigorous accounting program. A casual review of recruiting brochures shows that many accounting and auditing firms do not financially reward students for becoming accounting majors, nor do they even require an accounting background (much less a major) to join many of their consulting-related practice lines. Exacerbating this problem is the growing disparity between what college seniors believe their first accounting job will pay and what employers are actually offering.[3] What strategies will accounting educators use to motivate accounting majors given these short-term economic disincentives?

Finally, many students and their parents simply do not understand how dramatically the role of accountants and their education has changed during the past decade (Barsky and Catanach 2001). Few realize that the accountant's role has evolved from that of financial accounting and tax advisor to one of consultant who offers advice on a variety of management issues, including performance improvement, human resource systems, and other financial matters (IMA 1999). In fact, a recent Harris Poll (2001) on the "prestige of professions" rated accountants 16th out of 17 listed professions. While such perceptions may not seem "fair" to most academics, they are widely held and therefore cannot be ignored. Recent crises in the profession (e.g., Enron and the related Andersen demise) project the image that accounting may no longer be such a stable profession. The related risk of legal liability, criminal prosecution, and pressure for unethical behavior also may dampen student interest in accounting. Ironically, none of these external factors is under faculty control; however, they do create risks for accounting programs and make "selling" the accounting major a formidable task. Clearly, a convincing message must be communicated to students and their parents to dispel the negative perceptions attributed to accounting.

Alliances

College and university initiatives also impose external constraints that can affect program delivery and even major selection. In fact, administrators may provide incentives for departments (either individually or collectively) to pursue behaviors that adversely affect both accounting faculty and students. For example, deans may introduce new majors or programs of study that clearly fall within traditional definitions of accounting. To promote these new offerings, rigor, grading standards, and workload may be lowered (either intentionally or unintentionally) relative to the accounting major. Additionally, to market these new programs, teaching styles and course delivery may be tailored to student learning preferences rather than to educational objectives. This can be particularly harmful to those accounting programs that that have opted for more rigorous Socratic, writing-intensive, active learning approaches, rather than lecture-based education models.

Such conditions can create inconsistencies in how departments pursue college or university missions and may drive students away from accounting. As with the previously mentioned external forces and market constraints, alliances with and within the college and university can create conditions that simple debate and discussion cannot address. The BMP again can help accounting faculty recognize such alliances as external, often irreversible forces that must be managed in their curricula.

Products

Increasingly, the interaction of external and market forces is also impacting the faculty's control over product: the nature and quality of accounting education. Three key forces affecting the design and delivery of accounting education (the product) as well as the decision to major in accounting are socio-economic incentives, learning style expectations, and advising and counseling.

Socio-Economic Incentives

As more institutions increase admission standards to meet market pressures, more of their students are highly motivated individuals with impressive academic credentials who may not perceive an accounting career as an attractive outcome to the years of education and effort. At private

[3] In 2000, KPMG reported the results of a survey of 1,743 college students on starting salary expectations: 4 percent expected between $20,000 and $30,000; 22 percent expected between $30,000 and $40,000; 24 percent expected between $40,000 and $50,000; 32 percent expected between $50,000 and $60,000; and 10 percent expected between $60,000 and $70,000 (*Public Accounting Report* 2000).

institutions and many large state schools, students increasingly are products of two-income, baby-boomer working professionals, who frequently employ accountants as service providers in their businesses or for personal tax. While these upwardly mobile families appreciate the services accountants provide, they may not view such "accounting servitude" as a worthwhile career option for their sons and daughters, particularly given today's high tuition costs. Such a perspective is in stark contrast to previous generations, in which accounting was a well-regarded profession and often viewed as a "step upward" in the socio-economic ladder, particularly in those families where the child was the first member ever to earn a college degree.

Clearly, such perceptions affect how the accounting education product is configured and delivered. The fact that socio-economic characteristics can affect both student and parent perceptions of the accounting profession and the related major is particularly troublesome, since accounting faculty generally are powerless to change such factors or influence institutional admission standards. How a department's faculty will respond to such threats is a question the BMP can be used to address.

Learning Style Expectations

Many students cite the rigorous nature of the accounting major as a reason for not choosing it. Although such comments are not new, this attitude may have been magnified by several recent structural developments. Over the past decade, the academic and professional accounting bodies have issued many calls for a curriculum that better aligns accounting education with practice. These pronouncements have called for increasing the breadth, depth, and quality of accounting education.[4] As a result, many accounting programs have engaged in an active redesign of their curricula that may have made what were already rigorous programs of study (relative to other majors) even more challenging to students. If students are naturally averse to pursuing fields of study that challenge them to think, they may be gravitating to other majors where little content or pedagogical change has occurred, particularly given the increased time management pressures today's students feel (e.g., employment, double-majors, extracurricular activities, etc.). Consequently, the redesign of accounting curricula actually may have contributed to students leaving the major, particularly if other majors have maintained a status quo with regard to program content and/or rigor. Educators should be careful to identify how consistently the business school's mission has been implemented across disciplines. By considering how learning style expectations affect their product, accounting faculty may gain insights into why students do (or do not) choose accounting as a major.

Student Advising and Counseling

Another product related problem also may be complicating the accounting major problem. At some schools faculty are not rewarded for their advising, while at others, the advising role has been reduced to paperwork processing (e.g., approving registration forms, etc.). This can create an impersonal, uncaring experience for the student. Increasingly, colleges are relying on student advising programs in which junior or senior students help freshmen and sophomores with course and major selection to reduce the administrative burden on faculty, while making the process appear more "student friendly." However, this decreased reliance on faculty advising and the increased use of "student" or "peer" counselors can potentially be devastating to the survival of accounting departments in undergraduate programs.

While student advisors generally are selected from among the "best" students, it never can be certain what criteria these student advisors *actually* employ in recommending majors and courses in the business school. Additionally, it is questionable whether student advisors are adequately prepared to discuss the dynamics of the changing profession and its complex educational requirements

[4] The Accounting Education Change Commission (AECC 1990) called for a curriculum that moves beyond technical accounting competence to address communication, analytical, and critical-thinking skills. The AECC Position Statement Number One was followed by a series of similar pronouncements from the IMA, the AICPA, and accreditation bodies (i.e., AACSB).

with their advisees. Moreover, if student advisors perceive accounting or the major's increased course rigor negatively, or are uncomfortable answering their advisees' questions about the profession, they may counsel students away from the accounting major. The BMP's identification of products as drivers of strategic risk clearly can lead to improvements in the design and delivery of accounting education.

Customers

Several customer specific factors (i.e., student demographics and activities) also potentially affect accounting education and future enrollments in the major.

Student Demographics

Most accounting departments do not play any role in the university's admissions process. Therefore, the demographic make-up of students attracted to a college or university generally are not controlled by accounting faculty directly. Yet, a number of student profile issues, including part-time employment (while in school) and socio-economic status, can affect a student's choice of major. For example, as tuition costs increase and as student appetites for consumer goods escalate, more and more students work while pursuing their education.[5] Since most students attempt to balance work with their studies, it is logical for them to gravitate toward majors whose time and effort requirements appear to better fit their overall workload and time schedule. Given the rigor and workloads of most accounting programs, this *may not* be the accounting major.

Student Activities

A phenomenon recently has appeared that is decreasing accounting student enrollments: *the increased pursuit of the "double major."* Deans, parents, and teachers increasingly are encouraging business students to attempt multiple majors and minors to enhance their job prospects at graduation. In fact, today's labor market has prompted more and more students to combine accounting, finance, and information systems into some double major and minor package. This is a reasonable strategy for the very best students who usually possess many advanced placement credits. However, it is not likely to be a preferred course of action for those students without "extra" college credits. To "double major," the typical student must take additional courses each semester (above the traditional five-course load), while also working and/or pursuing a variety of extracurricular activities. Choosing to "double major" assumes that all fields of study are similar in pedagogical approach, quality, and rigor within a college or university. Unfortunately, this rarely is the case, and accounting is frequently found to be the more rigorous and time-consuming program of study. Consequently, to more easily achieve the double major goal, students have incentives *not* to choose accounting as one of the double major combinations. Once again, the BMP helps accounting educators recognize the impact that externally imposed customer factors (e.g., double majors, foreign travel study, etc.) have on existing programs and student enrollments.

There are many external forces that create disincentives for students to select accounting as a major. These include such factors as accreditation and licensing requirements, market forces and perceptions, college and university initiatives, product expectations, and customer demographics. The BMP highlights these externally imposed risks and helps faculty focus on what they can control: the key educational processes. Such a focus encourages faculty to creatively develop and execute strategies that modify educational processes to manage these external risks. In summary, the BMP forces action on (rather than discussion of) critical environmental influences.

[5] The American Council on Education (1999) reports that 79 percent of all undergraduates worked either full- or part-time while taking classes. Working students reported spending an average of 25 hours per week on the job and nearly 37 percent reported that employment negatively impacted their grades.

TAILORING CORE PROCESSES TO THE OPERATING ENVIRONMENT

With an initial *Strategic Analysis* of the operating environment complete, the BMP turns attention to specific processes that organizations use to deliver their products and/or services. The BMP models three primary management processes: *Strategic Management*, *Core Business Processes*, and *Resource Management*. Strategic management involves setting and monitoring a department's mission, strategic initiatives, and primary objectives. In an accounting education setting, the *Core Business Processes* are those associated with preparing students for the accounting profession. These processes often include course advising, career counseling, course offerings and delivery, and marketing/promotion initiatives. A final challenge in tailoring core processes to the operating environment is managing resources. Like any business, an accounting department relies on human, physical, and financial capital. Unlike the externally imposed risks arising from the *Strategic Analysis*, *Business Process* risks usually can be completely controlled by the accounting faculty who create and deliver curricula. Table 2 summarizes some of the risks accounting educators may encounter when analyzing their business or educational processes.

TABLE 2
Business Process Risks Facing Accounting Departments

Process	Factor	Related Issues
Strategic Management	Mission and Objectives	Lack of SWOT analysis and clear strategic direction complicate decisions. Curriculum offerings may not reflect risk analysis.
Core Educational Processes	Advising and Counseling	Students may lack information about how accounting complements other disciplines (majors and minors). Department may poorly communicate career alternatives relative to other departments. Inconsistent follow-up with students deprives faculty of key insights into student major decision process.
	Flexibility of Major/Minor	A greater number of required courses and limited schedule flexibility may create disincentives for top students to major in accounting.
	Delivery Methods	Courses may appear "harder" than they actually are due to lack of consistency, poor integration of technology, or weak organization.
	Promotion and Marketing	Department may not have a systematic plan to "market" the major to all students. Course offerings may be geared only toward certification requirements and may lack market relevance and appeal to students. Course titles may not be reflective of current content.
Resource Management	Human Capital	Faculty age, attitude, incentives, expertise, work ethic, and health can impact a department's ability to meet objectives and attract majors. Availability of competent support staff also can affect core processes.
	Financial Capital	The availability of adequate financial resources directly affects the acquisition and maintenance of human and physical resources needed by core processes.
	Physical Capital	Classroom facilities/location and educational resources may impair program appeal.

Strategic Management Processes

Organizations rely on strategic planning to set direction, communicate expectations, and provide guidance for employee actions. Interestingly, effective strategic planning still is not the norm at many business schools, much less for accounting departments.[6] To address the market-driven changes in accounting education, Nelson et al. (1998) propose a sequential, ten-step planning process to deliver effective curriculum change. More recently, Albrecht and Sack (2000) suggest strategic planning as critical to addressing the fundamental weaknesses that currently threaten the survival of the accounting major. In fact, they view weaknesses in curricula and pedagogy as the process risks that most directly threaten accounting education.

Clearly, the BMP's strategic management emphasis can play a role in accounting education by encouraging a mission- and action-oriented approach to curriculum reform. A department that has not conducted a SWOT (strengths, weaknesses, opportunities, and threats) analysis or that has no clear mission may experience difficulty executing change. Absent clear purpose and monitoring, curriculum change will likely fail with faculty "drifting" through a series of ineffective attempts to implement change.

Core Educational Processes

Once departments have articulated a clear strategy, they must next decide how to execute the educational or business process. Although many view curriculum and course delivery as the primary functions of accounting education, several other processes and factors also significantly influence the student major decision including advising and counseling, flexibility of the major/minor, delivery methods, and program marketing. Each of these internal processes creates risks that can be directly controlled by accounting departments.

Advising and Counseling

Providing course advice and counseling students on their career opportunities are two key activities in which accounting faculty engage. Both are particularly critical to attracting students to the major and retaining their interest. As previously noted, however, college and university initiatives often can create pressures for an accounting department's advising and counseling activities (i.e., student peer advising). Therefore, both educational processes must be analyzed to determine if they meet the needs of students. For example, do departmental advising activities provide adequate information for students to evaluate the accounting major? Do students understand how the study of accounting supports/complements other business disciplines? Does departmental counseling accurately and completely communicate the diverse career alternatives available in accounting? Are these activities organized, systematic, and delivered to all students, or are they a function of the faculty member assigned to a particular student?

Advising and counseling also benefit the department by providing insight into student preferences, needs, and interests. All too often there is little follow-up with students on why they either choose or abandon the major. Such information can be useful in improving advising and counseling activities and other core processes.

Flexibility of Major/Minor

The way accounting departments structure their programs of study can also influence the educational process. Many departments have adopted fairly rigid guidelines to major in accounting, presumably because of certification and licensing requirements. In fact, students often find that the accounting major has more required courses and fewer electives. Additionally, some programs may

[6] This trend is expected to decline as more business schools seek AACSB accreditation that requires documented evidence of a meaningful strategic-planning process.

not offer certain courses frequently enough to attract or satisfy student needs. Unfortunately, previously discussed market forces and customer preferences are creating demands for more flexible program structures, which ultimately creates more risks for accounting educators.

Internships also can magnify inflexibility in an accounting program. Today, undergraduate accounting programs frequently encourage students to participate in some type of "experiential or service learning" program (i.e., internships). In these programs students work as salaried, full-time employees at firms during a full academic semester (usually spring or fall) while receiving limited course credit toward their degree. Such experiences are intended to provide students with insights into their chosen profession and frequently result in employment offers for highly regarded students. However, students participating in such programs are usually required to enroll in three or four summer classes to complete coursework missed during their internship. Increasingly, students are unwilling to sacrifice a summer for such an educational experience.

Instead, many students prefer using one of their university semesters to travel and study abroad rather than working on audit engagements or preparing tax returns. Given these changing attitudes, students may not select accounting as a major if they perceive that a semester-long internship is *required* for either successful completion of the accounting degree or obtaining a job.

Addressing the flexibility issue can be quite challenging for accounting faculty as they struggle to balance the changing educational needs of the profession with certification requirements and resource constraints. For most institutions the answer is likely to be more complicated than simply adding more courses.

Delivery Methods

The process of course delivery (i.e., the way courses are taught) can not only affect learning, but also a student's choice of major. As previously noted, accounting courses are often perceived as more rigorous relative to other disciplines. Recent curricula changes in accounting that promote critical thinking, group work, and simulation at the expense of traditional lectures may have contributed to students leaving the major, particularly if other majors have not changed program content and/or rigor.

Ironically, nonaccounting business school disciplines that *have* participated in curriculum change also pose a threat to the longevity of the accounting major. For example, most finance programs have historically presented introductory-level finance classes in a highly theoretical and mathematical fashion. Today, however, many undergraduate finance classes teach what have generally been considered accounting topics: preparation of the statement of cash flows, basic ratio analysis, and financial reporting. Such topical redundancy in an undergraduate program can confuse and mislead students as to the "true" nature of a particular discipline and make selection of a major more difficult.

Finally, students who once were attracted to accounting by its rule focus and standardization may now be disappointed by the subjectivity and uncertainty that today's accountants must address in their daily activities. Many of these students now find their appetites for certainty and structure satisfied by information systems majors that focus on programming tasks that are somewhat analogous to the bookkeeping emphasis in accounting's "old" curricula. Nevertheless, course delivery can attract students to the major initially and ultimately prepare them for successful and dynamic careers.

Program Marketing

Businesses generally rely heavily on their sales and marketing function. However, many academic accounting departments have no systematic plan or process for marketing their major at all. At many schools, the promotion of the major is relegated to student club or society meetings where recruiters address career opportunities. However, student organizations often miss good students who already have filled their schedules with study, part-time employment, and other extracurricular activities. Moreover, presentations at such meetings only "re-affirm" the choice of major and do little, if anything, to attract new students to the discipline.

Many accounting departments incur additional marketing process risk because the courses they offer are no longer appealing to students, either in substance or title. Traditionally, departments have been reluctant to change requirements for the major or re-title courses, due to certification and licensing requirements. Consequently, the description and scope of course offerings in many accounting programs are CPA-focused and very similar. Titles such as "Intermediate Accounting I and II" and "Advanced Accounting" are drab and unappealing and offer little insight into the market relevance of course content. These course titles actually may "undersell" courses and discourage students from enrolling in the courses. Clearly, greater attention to the marketing process offers accounting programs significant opportunities to attract new students to their courses, as well as the profession.

Resource Management Processes

The final set of business processes that accounting educators must evaluate relates to managing resources. As in any organization, the success of an accounting program depends on how it marshals and uses its human, financial, and physical capital. This BMP element helps faculty determine exactly what educational processes they can effectively deliver.

Human Capital

The primary resources of any accounting department are its faculty and staff. The attitude, age, interests, health, work ethic, commitment, and incentives of faculty all play major roles in the ability of a department to meet its objectives. It is critical that faculty resources be evaluated objectively along each of these seven dimensions to determine if core educational processes can be executed as planned. If faculty resources are found to be wanting, then departments will likely have to revise their educational mission or strategy. Limited faculty resources can be particularly damaging to the accounting major. For example, if faculty are unwilling to acknowledge and address the strategic and process risks listed in Tables 1 and 2, accounting majors surely will decline. Equally problematic are departments where the tenured faculty's age and training hinder curriculum reengineering and execution. Students may not find such programs suited to their expectations or needs.

When considering core processes, departments also should carefully consider the availability of a competent support staff. Administrative staff, graduate students, and technical specialists (e.g., computer, library, etc.) all can affect the success of core educational processes. The competency, commitment, and availability of such personnel create resource risks that departments must candidly evaluate and manage.

Financial Capital

Faculty also must determine if sufficient financial resources exist to pursue strategic initiatives. Some departments have authority to generate discretionary funds through donations from alumni, professional firms, and other organizations. Others have created alliances with these groups to leverage resources. For example, some accounting firms actively encourage their staff to work as adjunct professors to increase the firm's access and exposure to students. Since most colleges and universities are notorious for inadequate funding, financial constraints can be raised as a barrier to virtually every new initiative. Therefore, departments must be creative in attracting funding for strategically important initiatives. As accounting departments compete for student enrollments, the importance of financial capital to process execution has never been greater.

Physical Capital

Although human and financial capital often first come to mind when thinking about the resource risks facing a department, physical resources can significantly influence students considering accounting as a major. For example, the condition and location of classrooms can project an image about the degree of professionalism of the program. Additionally, some departments do not have priority for classroom scheduling, which can negatively affect the number, offering times, and location of accounting classes. This may diminish the appeal of the major if classes are scheduled at unattractive times in unappealing or inconvenient locations.

The distinguishing feature of the BMP's *Business Process Analysis* module is that departments generally can control their own destiny with respect to educational process. This is in direct contrast to the *Strategic Analysis* phase where faculty only can react to externally imposed pressures. Through *Business Process Analysis,* administrators and faculty can use strategic management, core process evaluation, and resource management to address curriculum issues facing the department.

MEASURING BUSINESS PROCESS PERFORMANCE

The final component of the BMP addresses the completeness and credibility of measures used by an organization to evaluate its performance. The BMP evaluates organizational performance using Key Performance Indicators (KPIs) (Bell et al. 1997, 53). KPIs are quantitative measures that assess performance in terms of an organization's strategic objectives. The BMP identifies four specific measurement areas to be considered: financial, market, process, and resource performance. Table 3 summarizes these dimensions, factors, and related KPIs. The next section reviews each of these and provides specific examples in an accounting education context.

TABLE 3
Performance Measurement Risks Facing Accounting Departments

Dimension	Factor	Key Performance Indicators (KPIs)
Financial	Monetary Support	Extent and regularity of monetary support from accounting alumni, professional services firms, and other organizations.
Markets	Student and Parent Satisfaction	Satisfaction of student and parent expectations of the accounting major (educational quality, job placement, counseling, etc.).
	Graduate Placement Rate	Accurate, complete and timely tracking of student job placements, salaries, and certification exam success.
	Alumni Successes	Successes and profiles of recent alumni.
	Employer Satisfaction	Assessment of quality, preparedness, and professionalism of student interns and full-time hires.
Educational Processes	Counseling Data	Utilization, satisfaction, and complaints.
	Student Pipeline Data	Majors/minors by specialization by graduating class. Student preference and perceptions of the major versus other disciplines.
	Course Delivery	Supplemental assessment of classroom delivery beyond traditional teaching evaluations to assess mission delivery, technology integration, topical content, and instructional methods (i.e., surveys, focus groups, peer review). Differences in course rigor, GPA, and quality across and within departments.
Resources	Faculty Effectiveness	Allocation of faculty time to research, teaching, and service activities.
	"Returns" on Financial Resources	Results of use of discretionary funds. Student and faculty assessment of usage, quality, and adequacy of physical infrastructure and technology.

Financial Performance

Of the four performance dimensions, most accounting departments can accurately measure their financial successes and failures. This generally involves regularly evaluating the level of monetary support received from both internal (university, college) and external (alumni, professional firms, and other organizations) sources. This evaluation is typically performed in conjunction with the departmental budgeting process and highlights how well (or poorly) financial resource management processes are working. Financial performance KPIs generally answer the following questions: Where did the resources originate? How were they used? Were resources sufficient for the educational processes required?

Market Performance

Accounting departments serve many markets including students and their parents, as well as alumni and employers. Monitoring the perceptions of departmental performance, each of these constituencies provides insight into whether and how core educational processes are meeting market expectations. Yet, reliable data on such perceptions are generally not formally captured on a regular basis at the accounting department level. Additionally, when market performance data is captured, often it is too general to be of much use in program improvement.

Student and Parent Satisfaction

Since students interact with the department's "products and services" the most, their feedback, as well as that of their parents, is critical to evaluating the appropriateness of strategy and quality of delivery. In addition to traditional course evaluations and generic graduation surveys, departments can learn much from carefully crafted instruments delivered annually to students at all levels (i.e., freshmen through senior levels). Periodic focus groups and random interviews also are useful tools for gathering performance data.

Graduate Placement Data

Accounting graduate placement rates can be particularly useful in attracting majors. However, it is essential that these data be accurate, complete (i.e., not drawn from a sample), and timely. Such data should include all employers (not just major accounting firms), salary levels, and historical certification exam pass rates (including comparisons to national averages), if relevant. Any reluctance to make such data public to prospective majors and their parents may signal problems with the department's educational process, ultimately contributing to a decline in student enrollments.

Alumni Successes

Alumni accomplishments provide instant recognition of program quality that departments can use to promote the major. Surveying alumni about their satisfaction (and frustrations) also identifies ways to improve current departmental processes. In addition to the obvious fund-raising opportunities, some successful alumni can serve as "role models" who can be invited to speak at campus events and appear in departmental promotional materials. Successful alumni provide the tradition and legacy upon which departments can build their future.

Employer Satisfaction

Employers also can provide valuable feedback about the quality of education students in a program are receiving. Employer satisfaction surveys about internships and recent full-time hires can help faculty evaluate both student preparedness and professionalism. These data also can be used to benchmark a program with peer schools and provide an excellent opportunity to network more closely with recruiters. Likewise, these data may be useful in promoting employment opportunities with prospective majors. Operating without such data provides departments with little insight as to why a particular firm may be curtailing its recruiting efforts at a particular institution.

Process Performance

A department's major educational processes include advising and counseling, course delivery, and marketing and promotion. Yet, the only consistent data that most schools collect about these processes are end-of-semester teaching evaluations. This section identifies other data faculty can collect to monitor process performance.

Advising and Counseling Data

Businesses routinely track the development and delivery of client service from beginning to end through their value chains. However, few academics collect and maintain detailed "pipeline" information about potential and current accounting majors by class (i.e., freshman through senior). In addition to creating potentially huge classroom scheduling and staffing problems, this lack of data may actually shrink the pool of possible majors if insufficient sections of key courses are not available. After students have elected (or not elected) to take a course, there is little departments can do to attract additional students into the major and minor. Since accounting departments generally interact with first- and second-year business students in the principles of accounting course, they have a unique opportunity to initiate and maintain student contact. Monitoring student educational preferences, interests, and concerns through detailed "pipeline" data provides prime opportunities to promote the major and ensure that students maximize their college learning experience.

Course Delivery

To assess quality of instruction, the traditional, lecture-based end-of-semester course evaluation should be supplemented with questions that evaluate such things as mission delivery, technology integration, topical content, and instructional methods. Focus groups, as well as faculty peer reviews, also provide useful performance data.

In addition to tracking metrics of instruction quality, faculty may want to investigate differences in course delivery across departments. For example, course GPAs may differ across departments leading students to "downgrade" more rigorous offerings. Differences in rigor, teaching style, and mission delivery among departments can provide insights into enrollment changes not found in traditional student evaluations.

Resource Performance

Since accounting departments often suffer from limited resources, it is essential that they adequately monitor resource acquisition and use. Faculty effectiveness in teaching, research, and service, for example, can be measured along several dimensions. While it is difficult to devise an "ideal" model for the multifaceted job expectations of faculty, a strategy for how faculty should use their time provides a benchmark to evaluate the faculty as a whole. Metrics might include number of course preparations over time, pedagogical innovations, counseling activities, hours spent with recruiters, refereed and practitioner publications, etc.

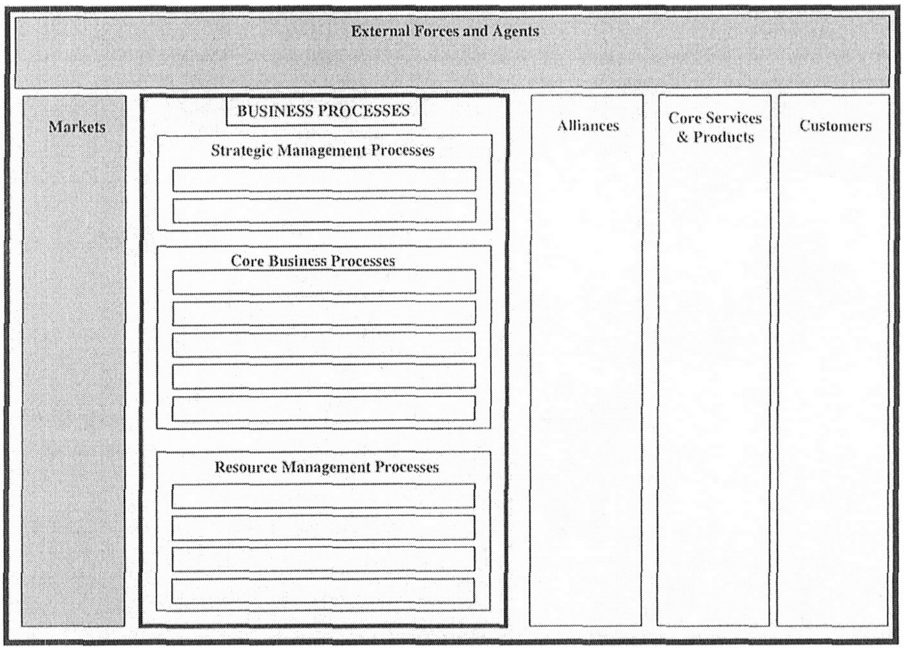
Likewise, "returns" (or tangible outcomes) on departmental spending also can be monitored. Can the department's travel resources be traced to actual outcomes such as research publications and teaching innovations? Faculty also can evaluate usage of physical and technological resources (e.g., classrooms or Internet servers) to determine how well a department has utilized its capital to meet specific strategic objectives. Such data provide insight for key decisions.

PRACTICALLY ASSESSING RISK USING THE BMP

Sample Risk Assessment Worksheet

Each department must decide for itself what its major risks are and how it will address them. The BMP worksheet presented in Exhibit 2 can be used by faculty to create strategic responses to risks they consider critical to their programs. The worksheet allows faculty to identify the business process activities (either strategic management, core business, and/or resource management) that

EXHIBIT 2
BMP Departmental Risk Assessment Worksheet



they consider most critical to their department. The worksheet intentionally shades out *markets* and *external forces and agents*, since these generally are beyond faculty control. While faculty can note relevant external influences in the shaded boxes, greater attention should be paid to controllable issues in the *Business Process* column. In fact, faculty should complete the second column of the worksheet.[7] This structure allows faculty to focus on specific activities that they can control.

Next, faculty should be asked to consider how the department could mitigate these risks. Potential "solutions" should be listed in the appropriate remaining columns (Alliances, Core Services and Products, and Customers) and linked to a specific business process risk. Alliance solutions may involve partnering with other disciplines or external constituents. Service and product solutions might include new programs and curriculum changes. Customer solutions can address student satisfaction issues and benchmarking. While not every suggested solution may be feasible, this approach has proven to be effective in initiating discussion and formulating viable strategies to improve core processes. The worksheet does not incorporate any process measurement, as it is intended solely to help educators focus first on process risk and potential solutions.

Results from Usage in an Accounting Education Context

Over the past two years, the application of the BMP to accounting education has been presented to over 200 faculty and senior administrators in various forums across the United States. The feedback has been highly positive and each session has generated many possible solutions to help manage the "declining major issue" facing accounting education today. Often these suggestions are based on successes that individual institutions have experienced or witnessed. Table 4 summarizes these proposed solutions and each is subsequently discussed.

[7] If used in a departmental strategic-planning session, faculty can be asked to rank their risks. A member of the department should then consolidate these results to identify the "weighted" consensus across the group. The risk perceived as being the greatest should receive first attention, and so forth.

TABLE 4
Proposed Solutions to Risks Facing Accounting Education

Driver	Suggestion	Intended Benefit
Alliances	Partner with finance and information technology programs	Creating alliances can: (1) increase the demand for accounting courses and faculty, (2) promote the value of accounting to students in all business disciplines, and (3) benefit accounting majors by diversifying their educational experience.
Core Services	Increased communication with parents (email, career day, houses, etc.)	Preparing and delivering low-cost communications and programs demonstrate the department's "personal interest" in students and stimulates parents and students to favorably discuss accounting as a major.
	Utilize "best" teachers in principles courses	Delivering a positive and meaningful learning experience in one of undergraduate students' first business courses may attract students to accounting.
	Expanding counseling protocol to include career planning and compensate "best" advisors	Expanding advising role beyond course selection may differentiate the department in the business school and promotes the many career options in the accounting profession. Incentives will encourage certain faculty to invest time and effort into advising activities.
	Program development (undergraduate or graduate)	Offering new courses, curriculum tracks, and programs may increase enrollments.
Customers	Employ student satisfaction surveys	Incorporating student feedback to improve core educational processes aids departmental decision making and projects an image that student perceptions matter.
	Utilize AACSB educational benchmarking services	Utilizing recognized benchmarks provides standardized feedback on how programs compare to national and peer averages on a variety of dimensions.

Alliances

Many program participants suggested the value of partnering with finance and information technology departments. Possible structures ranged from each major requiring an upper-division course from another discipline to offering new courses tailored specifically to students in the other fields (e.g., financial-reporting fundamentals for technology professionals). Such alliances promote increased student marketability by combining accounting major/minor with other disciplines.

Core Services and Products

In terms of core services and products, participants offered several noncurriculum suggestions. Many pointed to the value of increased communication with parents (open houses, career day, email, etc.) in marketing the accounting major. These low-cost ideas create an environment that actively involves parents in the major selection decision. By promoting a positive and professional image to parents, departments can rely on them to encourage their daughters and sons to select accounting as a major.

Traditionally many of the "best" teachers have been assigned to upper-division and graduate courses. Participants recommended assigning these faculty to the introductory principles courses to help promote the accounting major to freshmen and sophomores. This idea suggests that departments also may wish to revisit how their principles courses are currently being taught (content and delivery), since these introductory courses represent an excellent opportunity to interest students in accounting.

Faculty also suggested expanding course advising to include more detailed, in-depth career counseling. By catering to student concerns, the accounting department may differentiate itself from other departments that offer only advice on course requirements and scheduling. Such counseling allows faculty to personally communicate the diversity of long-term career opportunities in the accounting profession. One drawback to this approach, however, is that quality advising and counseling are rarely rewarded adequately in most current faculty incentive structures. Therefore, several participants recommended that departments find monetary and/or nonmonetary ways to compensate superior advisors.

The final set of suggestions made by session participants is the most costly and involves undergraduate- and graduate-program development. Offering new undergraduate and/or graduate courses consumes considerable resources and creates a significant risk if demand does not materialize. Unsuccessful implementations consume precious resources and can undermine department credibility with the dean and university administrators.

Customers

Many participants shared their success in monitoring student, alumni, and employer satisfaction. Several departments issue annual student satisfaction surveys to a sample of accounting and nonaccounting majors. These surveys provide feedback on all of the major services offered by the department and greatly assist planning and resource allocation decisions.

A few individuals mentioned the benchmarking services offered by the AACSB. In particular, the Educational Benchmark Instrument (EBI) provides standardized feedback from students, alumni, and faculty. The drawback to this tool is its cost, which will likely require approval and "buy-in" from senior college administrators. Nonetheless, the EBI provides results that are benchmarked against national and peer results.

Collectively, these suggestions illustrate how the BMP can lead to constructive discussions that yield practical solutions for improving strategy, process, and measurement.

CONCLUSION

Many accounting programs are facing unprecedented challenges raised by declining enrollments and dynamic changes in the profession. These forces have dramatically threatened the survival of some programs and accounting education as a whole. These pressures have become particularly salient as the AACSB has simultaneously adopted new "mission-based" accreditation standards. In recent years, many prominent pronouncements from the profession and noted academics have called for substantive change in accounting education.

For example, Albrecht and Sack (2000) emphasize the importance of strategic planning and addressing the weaknesses in curricula that most directly threaten accounting education as a whole, as well as individual accounting programs. This paper addresses that call and builds on Nelson et al.'s (1998) strategic-planning framework by illustrating how KPMG's BMP model can be adapted for use as a strategic-planning and process-improvement tool in the context of managing accounting programs and the "declining accounting enrollments" issue. The BMP is particularly applicable in transforming strategic planning from a linear, sequential set of activities into a dynamic, interactive, action, and process-oriented approach.

The BMP classifies risk into three main categories: strategic risk, business process risk, and business measurement risk. The BMP's *Strategic Analysis* phase is designed to assess the environment in which an organization operates and where risks arise from external forces, markets, alliances, products, and customers. For accounting programs, these risks include the 150-hour requirement, university and college initiatives, parental expectations, student demographics, and competing extracurricular activities (i.e., employment, study abroad). Highlighting these risks (over which faculty have virtually no control) allows departments to focus on key process and measurement issues that can be addressed.

The *Business Process Analysis* component of the BMP focuses faculty on three primary management processes: *Strategic Management*, *Core Business Processes*, and *Resource Management*. Strategic management includes crafting and monitoring a department's mission, strategic initiatives and key objectives. For accounting programs, *Core Business Processes* include course/career counseling, curriculum delivery, and marketing/promotion initiatives. *Resource Management* relates to an accounting department's development and use of human, physical, and financial capital. Collectively, these risks can be completely controlled by the accounting faculty who create and deliver curricula. This paper describes in detail each set of those risks and related issues.

Finally, the BMP's *Business Measurement* phase directs users to assess the completeness and credibility of measures used to evaluate group and individual performance. The BMP identifies four specific measurement areas to be considered: financial, market, process, and resource performance. For accounting programs, these measures include funding, graduate placement rates, satisfaction scores (students, employers, and alumni), and resource utilization. Such data enable faculty to make informed and critical decisions about core process and strategic issues.

In conclusion, this paper demonstrates how the BMP can be a critical tool for accounting educators to manage departmental risks. The BMP's value in the context of accounting education stems from its usefulness in highlighting those risks that faculty *can* control and by motivating strategies to mitigate specific risks. While there are no uniform solutions, ultimately each department must decide for itself what its major risks are and which strategies to employ to address them.

The BMP worksheet and related strategic-planning exercise presented in this paper can be effective tools to guide faculty discussions and the selection of the appropriate strategic responses to risks most critical to their programs. These tools, when presented to accounting program leaders in a variety of forums, have generated constructive conversation, meaningful debate, and feasible and validated solutions. Ideally, employing KPMG's dynamic risk framework at the individual department level will stimulate faculty to craft desirable and rewarding futures for their programs and help to reverse the national decline in accounting majors.

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