

Strategic Crossroads for the Profession Institute Considers Merger Opportunity with CMAs

The CA Brand has dominated the market place for over 100 years. It has distinguished itself by dominating the top posts in public practice, government and industry. The leadership of the profession wants to ensure we maintain this dominance in the future.

Competition, demographics and CA public practice firms' declining need for CA students have caused the brand to lose market share in recent years. If our market share continues to decline, the CA dominance that we have built up over the last century may decrease or be lost as we move forward.

These are the findings of the inter-institute Strategic Planning Task Force, chaired by Steve Glover, the Executive Director of the Alberta Institute. The task force was established last summer to look at the future of the CA profession. Its mandate was to develop a strategic plan that identifies the financial and business markets for which CAs are to be leaders.

Gerry Rodrigue, in the President's Message included in the April/May issue of Folio, provided members with a summary of the preliminary findings of the task force. These findings were shared with the Institute's Council over a series of meetings this past year.

Among the more important findings of the task force was that the market opportunities for CAs, particularly in industry, is very strong as employers look to professional accountants to help meet the demands of a tighter regulatory environment. However, as a profession, we have been unable to achieve sustainable growth in the profession over the past 10 to 15 years due to the "hourglass" effect of requiring all students to train in the assurance-based model.

Based on the work of the task force, it is the view of the leadership of the profession that we must move to broaden the training base for CA students. The logical alternative is to allow for training in industry - this approach has long been the case in many other CA organizations around the world including in such countries as Australia, New Zealand, Scotland as well as England and Wales.

One of the proposed strategic initiatives recommended by the Strategic Planning Task Force, therefore, is that in the future there would be a new multi-stream education model that would allow students a choice of obtaining their education and experience in audit and assurance, management and taxation. With over 60% of the membership working in industry today, it is the view of the task force that CAs should be permitted to train in that environment.

Coincidental to, but quite separate from, the work of the task force, the leadership of CICA and CMA Canada began discussions last summer as to how the two accounting bodies might develop more strategic alliances with each other. Some joint initiatives had been successfully undertaken in some jurisdictions including Manitoba, but little had been organized on a coordinated basis across the country.

These initial talks ultimately led to discussions of going beyond developing joint initiatives to the possibility of merging the two professions. After lengthy discussions throughout the fall, it was agreed by the leadership of CICA and CMA Canada that the possibility of a merger should be discussed with the leadership of the provincial organizations as well as with the national Boards of both professions. This discussion took place in February 2004 and ultimately was shared with the Provincial Councils later that month.

The idea of merging the two professions was looked at in the context of where the work of the Strategic Planning Task Force was leading the profession and it was agreed by the leadership of the profession that the merger opportunity could be a viable option in allowing us to meet the strategic vision of the profession in a more timely manner in a very competitive market. In particular, if a merger was approved, it could result in our utilizing the CMA certification process as the training in industry program.

While the CMA certification program is different from the CA certification program in that it focuses on management rather than audit and assurance, there are many elements of the two programs that are considered comparable. Both programs require:

- a university degree;
- a series of prerequisite university courses;
- successful completion of a common national examination/evaluation;
- the completion of a professional program of studies;
- a period of practical experience.

The proposed merger is intended, therefore, to combine the strategic management strengths of the current CMA program with the corporate reporting and other strengths of the CA program.

"In the ideal world, the CA profession would have completed the development of the strategic plan and then looked at how that plan might be implemented," said Institute CEO Gary Hannaford. "However, as that plan was being finalized, the opportunity to discuss a merger with the CMAs presented itself and it was seen by the leadership as one way to address a very important component of that plan. We are now in the process of assessing, with input from the membership, whether this alternative is the best approach to pursue."

"It is important to note that the merger is not a done deal as some have suggested," said Institute President Charles Henaire. "Any decision to merge must be ratified by the membership and such a decision will not be made until sometime this fall. We are currently at the stage of communicating to members so that they can make a fully informed decision."

To that end, the Institute has held five Town Hall meetings which were attended by nearly 400 members. Additional information sessions are scheduled for August 19 and 25. Please complete and return the registration form included with the current mailing to members if you wish to attend one of these sessions.

To date member feedback on the proposed merger has been mixed. Space does not permit us to print here the questions and answers that have been raised at the Town Hall meetings and in emails received at the Institute. Please refer to the enclosed list of Frequently Asked Questions provided in the current mailing to members.

Stay tuned for further information.