



The Association of  
Accountants and  
Financial Professionals  
in Business

AUGUST 2017

# MUSIC CITY NOTES

A PUBLICATION OF THE NASHVILLE CHAPTER

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### A Message from the President, Meredith Albright

I’m very excited to serve as your Nashville Chapter IMA President for the 2017/2018 year. We’re working on lining up some great speakers for this year’s monthly luncheons, as well as additional networking opportunities. I would encourage everyone to come to our Annual Social that will be held August 17th at DeSano’s Pizza in midtown. We’ll provide the pizza – just come network.

I’m looking forward to a year of meeting new people, seeing fresh faces in the IMA, and really promoting management accounting. The IMA truly is a great organization and venue for accounting professionals, and my goal is to share that message with everyone I meet. Over the years as a chapter member, chapter board member, and council board member, I have developed leadership skills and organizational skills that are beyond what I could learn in a typical work environment. If you haven’t been involved lately, join our social and one of our meetings. I would love to get to know you.

Meredith Albright, CMA, CPA

### WAYS TO GET INVOLVED –

Board Meetings are held the third Wednesday of each month at Second Harvest Food Bank or attend by conference call. All members are encouraged to attend these meetings. If you are interested in learning more about volunteering to help our Award Winning Board of Directors, we strongly encourage you to attend one of these meetings to find out more information.

2017-2018  
NASHVILLE CHAPTER

Board of Directors

President, Meredith Albright  
[meredith.albright@asurion.com](mailto:meredith.albright@asurion.com)

Susan Maddux, Past  
President  
[susanhmaddux@gmail.com](mailto:susanhmaddux@gmail.com)

Andrew Usery, Treasurer, Past  
President  
[ausery@lbmc.com](mailto:ausery@lbmc.com)

Jeannie Harrington, Director of  
CMA Program  
[jeannie.harrington@mtsu.edu](mailto:jeannie.harrington@mtsu.edu)

David Shockley, Secretary  
[financialmojo@yahoo.com](mailto:financialmojo@yahoo.com)

Karen Daniel, Director of  
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[karenleedaniel@gmail.com](mailto:karenleedaniel@gmail.com)

Chelsea Miller, Director of  
Marketing  
[chelseamiller0529@gmail.com](mailto:chelseamiller0529@gmail.com)

Ed Hodge, Director of Chapter  
Competition  
[ed.hodge@leggett.com](mailto:ed.hodge@leggett.com)

Board Member Quote:

“ I had never heard of the IMA before being asked to speak at a luncheon meeting of the Nashville Chapter IMA in 2003. I felt instantly connected with the group and joined the IMA soon after my first meeting. The IMA has given me personal, professional development and leadership growth opportunities through serving on the chapter and regional council boards, global committees and by attending chapter and council meetings and annual conferences. I cherish the friendships I have made through the IMA. ”

*Susan Maddux, CPA, CGMA*



Did you know?  
As a Member you receive Special Pricing and Offers such as:



Members can save up to 80% off on over 93,000 products and enjoy FREE next-day delivery on online orders over \$50. Shop online or print a FREE Store Purchasing Card.



UPS Savings Program –

Members can save up to 34% on UPS shipping services. To enroll and start saving today, call 1-800-MEMBERS or visit [savewithups.com/imanet](http://savewithups.com/imanet).



Budget Rent a Car –

Members can enjoy up to 20% off on every budget rental by simply mentioning that you are an IMA member. For more information visit [www.budget.com/ima](http://www.budget.com/ima)



# RULES-BASED CULTURE LEADS TO DYSFUNCTION

By Curtis C. Verschoor, CMA, CPA

July 1, 2017



An overemphasis on strict compliance with a rules-based code of ethics at United Airlines results in damage to the “friendly skies.”

In the past few years, United Airlines has seen a number of employee conduct incidents explode into public relations disasters after they went viral on social media. Perhaps the first major debacle was a music video titled “United Breaks Guitars” that showed United baggage workers carelessly handling Canadian musician Dave Carroll’s expensive Taylor guitar during a 2008 layover in Chicago on his flight from Halifax. United admitted the guitar was damaged, but denied any compensation because Carroll hadn’t filed a claim during the required period. Carroll’s fight with United dragged on for years, and by August 2015, the video had reached more than 15 million views.

Then on April 9, 2017, United had another public relations fiasco on its hands as videos recorded by passengers showed a Chicago airport security officer forcibly dragging a resisting passenger from his seat on an overbooked flight. United Express gate personnel had ordered passenger David Dao to be forcibly removed from the plane to make room for a United employee. The videos went viral, with nearly 7 million views in less than a day, and many

comments followed deriding United’s feeble initial response.

Two days later, a *Wall Street Journal* story reported on the broad backlash, particularly voices from China. “This is inherent arrogance,” said Song Hongbing, author of the best seller *Currency Wars*, on his verified Weibo account. “I don’t think a 69-year-old white doctor would be treated like this.”

## UNITED’S CODE

Each of these incidents seem to either violate or fall outside the coverage outlined in the provisions of the United Code of Ethics and Business Conduct, the company’s detailed, prescriptive, and lengthy 24-page document with three appendices, with the only obvious mention of values being the cover slogan of “Connecting integrity to everything we do.”

Two of the appendices to the code are each one-page documents dealing with procedures for employees requesting approval of employment outside the company in the airline industry and employee-owned businesses, both potential conflicts of interest with United. Linking such procedural implementation matters within an ethics code is unusual, as ethics codes don’t generally get involved with procedural matters. The third appendix is a 37-page federal

contracts policy covering some of the same topics as the code. This emphasis is apparently due to the fact that regulations issued by the Federal Aviation Administration and other agencies govern many aspects of the aviation industry.

The code states, “By complying with laws and policies we deliver a clean, safe, reliable and competitive product and create a flyer-friendly experience.” Those passengers who witnessed the physical harm inflicted on Dao while he was being forcibly removed at the request of the airline would likely take exception to a “friendly” characterization.

The code section on making ethical decisions states: “Each of us must deal fairly, honestly and ethically with customers, suppliers, competitors, business partners and others with whom we interact.” In the Dao incident, United initially offered customers an \$800 voucher to take a flight the next afternoon. No one took that offer. United said that it raised the offer to \$1,000 with no response, but it’s unclear whether the increase was communicated to all passengers or only to Dao. Given that, having a paying customer physically ejected from his seat without thoroughly exhausting all other options seems far from fair and ethical. It shows the impact of strict rules meant to compensate for a lack of faith in employee judgment.

## RULES VS. VALUES

This column has often described the many benefits of a strong, open, and ethical culture based on appropriate values. Legalistic rules that prescribe specific behaviors limit the actions workers take without adverse consequences. A value-based code of conduct instead gives employees more discretion, letting them adapt to each unique situation as appropriate and choose the best way to demonstrate the desired behavior while also resolving the issue.

The adverse effects of the rules-based and compliance-oriented culture at United Airlines have been well-known for a long time. In 2016, *Bloomberg Businessweek* chronicled United's unhappy employees, delayed flights, tech meltdowns, and gifts to public officials. A *Wall Street Journal* story on April 17, 2017, quoted various sources saying that United employees "are reluctant to make choices not in the 'book'" and "deviating from the rules is frowned upon—employees can face termination for a foul-up."

Two professors at Embry-Riddle Aeronautical University published an analytical annual report of the performance quality of U.S. airline companies. Scores are based on 15 elements in four categories that are important to consumers of air travel: on-time arrivals and departures, denied boarding, mishandled baggage, and customer complaints to the U.S. Department of Transportation. While showing improvement, the 27th annual *Airline Quality Rating 2017* report shows United next to the bottom of mainline carriers for the past two years and in last place prior to that.

The outcomes of United's misfortunes are expected to be widespread in the industry, as airlines hurried to change their practices. Both houses of Congress held public hearings to determine whether new regulations should be enacted to motivate better passenger flying outcomes. Several

airlines have decided to minimize overbooking. United has agreed to empower gate employees to offer as much as \$10,000 to motivate a passenger to give up a seat. Delta increased its maximum incentive to \$9,950 for voluntarily relinquishing one's confirmed seat. As for Dao, it was reported he reached a financial settlement with United for an undisclosed sum.

## IMA ETHICS HELPLINE

For clarification of how the IMA Statement of Ethical Professional Practice applies to your ethical dilemma, contact the IMA Ethics Helpline.

In the U.S. or Canada, dial (800) 245-1383. In other countries, dial the AT&T USA Direct Access Number from [www.usa.att.com/traveler/index.jsp](http://www.usa.att.com/traveler/index.jsp), then the above number.

The IMA Helpline is designed to provide clarification of provisions in the IMA Statement of Ethical Professional Practice, which contains suggestions on how to resolve ethical conflicts. The helpline cannot be considered a hotline to report specific suspected ethical violations.

Link to Article:  
<http://sfmagazine.com/post-entry/july-2017-rules-based-culture-leads-to-dysfunction/>



**Are you a Pizza  
Person?**

**Annual social  
kick-off**

**RSVP-  
NashvilleIMA@g  
mail.com**

**THURSDAY, AUGUST 17, 2017  
ANNUAL SOCIAL KICK-OFF**

**Join the Nashville Chapter of IMA for our annual  
social kick-off!**

Pizza and non-alcoholic beverages provided! Come mingle and  
meet IMA members and find out how you can improve your career,  
network, earn CPE and develop leadership skills!



Nashville  
Chapter

**IMA NASHVILLE  
CHAPTER**

DeSano's Pizza Bakery  
115 16th Avenue South,  
Nashville, TN

**Thursday, August 17, 2017  
6-8 p.m.**



Nashville  
Chapter

## Institute of Management Accountants August 2017 CPE Luncheon and Chapter Meeting

**Date:** August 23, 2017  
**Day of Week:** Wednesday  
**Time:** 11:30 - 1:00  
**Agenda:** Sign-in and lunch 11:30 - 11:55  
Announcements 11:55 - 12:05  
Presentation 12:05 - 12:55  
Q&A 12:55 - 1:00  
**RSVP To:** [NashvilleIMA@gmail.com](mailto:NashvilleIMA@gmail.com)

**Location:** Second Harvest Food Bank  
331 Great Circle Road  
Nashville, TN 37228  
**Room:** Conference A (upstairs)  
**Lunch:** Buffet (downstairs)  
**Cost:** Regular Members \$20  
Student Members \$10  
Non-Members/Guests \$25



**Presenter:** **Robert Wayne Wells, CPA, CFE**  
Blankenship CPA Group, PLLC  
Brentwood, Tennessee



### *ACFE 2016 Report to the Nations on Fraud*

**Learning Objectives:**

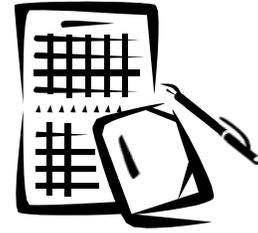
- 1) to inform participants regarding the cost of occupational fraud
- 2) to explain how occupational fraud is committed
- 3) to describe detection of fraud schemes, make participants aware of victim organizations and to understand perpetrators of fraud

**Level:** Basic  
**Delivery Method:** Group Live  
**Advance Prep:** None  
**Recommended CPE:** 1 Hour

**Presenter:**

A graduate of Austin Peay State University, Robert Wayne Wells began his career in public accounting in with the national firm of what was then Touche, Ross & Co. in Nashville, Tennessee. After a total of over 47 years of experience, he is today a Principal with Blankenship CPA Group, PLLC in Brentwood, Tennessee. Mr. Wells annually instructs numerous continuing education seminars and in-firm training classes all over the US for the major continuing education providers in the areas of accounting, auditing, fraud, and taxation. Mr. Wells is a recipient of multiple awards including the 2014 Outstanding Discussion Leader Award presented by the American Institute of Certified Public Accountants. Mr. Wells holds a Certified Public Accountant certificate in Tennessee, and is also a Certified Fraud Examiner. He is a member of the Tennessee Society of Certified Public Accountants, the American Institute of Certified Public Accountants, and the Association of Certified Fraud Examiners.

## Upcoming Events—



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### **Date for IMA Nashville Chapter Meeting and Luncheons hosted at Second Harvest:**

**Time: 11:30 AM – 1:00 PM**

- Wednesday, September 27, 2017
- Wednesday, October 25, 2017
- Wednesday, November 15, 2017

### **Dates for IMA Nashville Board Meetings hosted at Second Harvest:**

**Time: 12:15 PM – 1:15 PM**

- Wednesday, August 16, 2017
  - Wednesday, September 20, 2017
-

\*\*\*CMA SCHOLARSHIP\*\*\*



 Nashville Chapter

## CMA Scholarship Opportunity

Chapter is offering \$250 scholarship per exam part i.e. potential of \$500 per candidate (or \$250 to first 16 parts passed)

- Must be a Nashville chapter member
- Provide evidence of CMA enrollment
- Provide evidence of part completion

For more information and to request a scholarship application form, please email [nashvilleima@gmail.com](mailto:nashvilleima@gmail.com)



### *About PENCIL Foundation*

**PENCIL Foundation is the premier organization linking community resources** of both volunteers and materials with Metro Nashville Public Schools. PENCIL administers eight educational programs that involve the community as volunteers and mentors, provide academic enrichment opportunities, prepare students for graduation and get school supplies in the hands of children who need them. PENCIL is a registered 501(c) (3).

PENCIL Partners are Nashville-area businesses, organizations, and communities that partner with a Nashville public school. PENCIL Partners volunteer time and other resources to help children achieve academically, develop life skills, and make a successful transition from school to career.

**There are over 820 PENCIL partnerships in Davidson County** that serve more than 80,000 children in Metropolitan Nashville Public Schools (MNPS). PENCIL Partners include Nashville's largest employers as well as small businesses, professional and neighborhood groups, retailers, communities, and university student organizations.

#### **How It Works**

PENCIL staff works with interested businesses to find the right school, based on theme, proximity and/or how the organization would like to be involved. Each partnership has both a Partner coordinator and a school coordinator who work together to determine partnership activities for the year. Coordinators are instrumental in insuring partnership effectiveness. Coordinators are given a **Partnership Coordinator's Manual** to guide them in establishing and maintaining their community-school partnerships.

### *How **you** can help our Chapter's Partnership with PENCIL Foundation*

We have partnered with Antioch High School to assist their students & staff in following areas:

- Provide speakers to come speak with students about their profession/career
- Provide opportunities for CPE and networking for their staff/teachers and students
- Assist in locating job shadowing opportunities for students to learn more about Management Accounting

If you are willing to volunteer or know someone who is please contact our PENCIL Representative, IMA Nashville Chapter President, Meredith Albright - [meredith.albright@asurion.com](mailto:meredith.albright@asurion.com).



**CELEBRATING IMA  
ANNIVERSARIES FOR  
JULY AND AUGUST**

➤ Celebrating 1-10 years:

- Luis Rivera-8 Years
- Brad Hunter-7 Years
- Weston Cowden-5 Years
- Jason Brown-5 Years
- Anthony Bryant-4 Years
- Chelsea Miller-3 Years
- Matthew Trautman-3 Years
- Angie Ward-2 Years
- Blake Pickard-1 Year
- Chathrinie Silva-1 Year
- Jeffrey Lawrence-1 Year
- John Ricks-1 Year
- Paige Jones-1 Year

➤ Celebrating 21-30 years:

- Jay Young-27 Years
- Gehan Wickremasinghe-27 Years
- Annette Douglas-25 Years
- Beverly Halfacre-24 Years
- Timothy Wehby-23 Years
- Roger Ainley-21 Years
- Wang Fu Qin-21 Years
- John Hamm-21 Years

➤ Celebrating 11-20 years:

- Michael Gonzales-16 Years
- Charles Lawson-15 Years
- Brook Mallman-15 Years
- James Anderson-14 Years
- Angela Coble-14 Years
- Shanti Heathcock-12 Years
- Michael Black-11 Years

➤ Celebrating Over 30 years:

- Patricia Siegfried-40 Years
- Randall Poe-37 Years
- Cristi Pruitt-32 Years