

# Operation Telescope

by

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*Ah, but a man's reach should exceed his grasp, Or what's a heaven for?*  
—Robert Browning

## A Personal Statement

*Tomorrow is going to be wonderful because tonight I do not understand anything.*

Meeting Paul was one of the biggest thrills of my life. Words cannot begin to describe how I feel about the contribution he and Results has made to my profession. I have observed this contribution from the sidelines—by talking with colleagues and watching the changes they go through after attending Boot Camp.

Being an inveterate student of human behavior, history has taught me that revolutions always take place from the outside. The buggy whip manufacturers did not invent the automobile and the slide rule manufacturers did not invent the calculator. I have tremendous respect and admiration for Paul and RAS and their quest to better the accounting profession.

It is interesting how paths cross. C. G. Jung's classic, "Synchronicity: An Acausal Connecting Principle," defines synchronicity as "a meaningful coincidence of two or more events, where something other than the probability of chance is involved." I believe this describes what is taking place between myself and RAS. It is as if fate has brought us together.

But only a mutual calling will keep us together. When Paul and I discussed how I could work with RAS, he asked something that absolutely resonated with me: "I can see you doing the easy stuff—boot camp, processes, procedures, writing, etc.—but where does it lead? I don't just want a hired hand?" That is profound. And it really made me think about this relationship on a much deeper level than being involved in ad hoc projects.

Teaching and writing has taught me the important distinction between a career and a vocation. A career is goal oriented, it is something you choose—I became a CPA by having goals—but a vocation focuses on the purpose for your life, and it is *discovered*. Vocation originates in the Latin *vocare* meaning to *call*. It calls you to contribute your talents and energies to work you love and believe in. That is how I have always viewed teaching, speaking and writing. It has, increasingly, become my main purpose in life.

So when Paul asked me how we could possibly work together, I began to fantasize about my vocation and how it is aligned with RAS, and how we could join together and create something that is bigger than the sum of the parts. I am not looking for a job, and RAS is not looking for a "hired hand." I am looking for a *change*, and a *chance* to make a profound difference in the accounting profession.

I kept asking myself: *What would I do if I knew I couldn't fail?*

After meeting with Paul and cogitating on this question and his Telescope story, I began to peer into the heavens myself and dream of the ultimate contribution I believe I could make. And I came up with this: If RAS and Ron Baker are going to align, then it has got to make complete sense for three distinct parties—RAS, Ron Baker and the accounting profession. I am sure you expected me to write RAS' customers; but I do not view it in those terms. Certainly, it includes RAS' customers, but it is much broader than that, encompassing the entire profession, worldwide.

And that brings us to where we are right now: Operation Telescope, which I have been working on since meeting Paul in San Diego. What you are about to read is how I believe I can make a contribution to RAS, and the accounting profession. It is not intended to be the final blueprint, but rather a survey of the foundation. It would be the height of hubris to think I could formulate such a bold idea into a concrete reality. I am keenly aware of my limitations.

The Spanish poet A. Machado once wrote: "Wanderer, there is no path. You lay a path in walking."

Let us now begin that walk.

## The Past vs. The Future

*I like the dreams of the future better than the history of the past.*  
–Thomas Jefferson

George Gilder, author, economist—and my mentor—wrote of the ultimate conflict in *Wealth and Poverty*:

In every economy, as Jane Jacobs has said, there is one crucial and definitive conflict. This is not the split between capitalists and workers, technocrats and humanists, government and business, liberals and conservatives, or rich and poor. All these divisions are partial and distorted reflections of the deeper conflict: the struggle between past and future, between the existing configuration of industries and the industries that will someday replace them. It is a conflict between established factories, technologies, formations of capital, and the ventures that may soon make them worthless—ventures that today may not even exist; that today may flicker only as ideas, or tiny companies, or obscure research projects, or fierce but penniless ambitions; that today are unidentifiable and incalculable from above, but which, in time, in a progressing economy, must rise up if growth is to occur.

How we feel about the future tells us who we are as individuals. Do we seek *stasis*—a regulated, engineered world? Or do we embrace dynamism—a world of constant creation, discovery, and competition? These two views, stasis and dynamism, increasingly define our political, intellectual, business and cultural landscape. The central question of our time is what to do about the future.

Dynamism represents, in the words of its most important theorist, the late economist and social philosopher Friedrich Hayek, "the party of life, the party that favors free growth and spontaneous evolution." Its central value is learning, which unlike stability and control is an open-ended process. As individuals, dynamists may have very strong opinions about the best way to do things—from running a company to raising children. But they also realize that they may be wrong, and that someone may come along with a better idea tomorrow.

Being a dynamist is different than being a "futurist." George Gilder responds this way when he's accused of being a seer: "People accuse me of being a futurist, but I am not a futurist. I look at what's out there right now, and determine the implications. How can you project beyond that?!"

Peter Drucker explains it this way:

I don't speculate about the future. It's not given to mortals to see the future. All one can do is analyze the present, especially those parts that do not fit what everybody knows and takes for granted. Then one can apply to this analysis the lessons of history and come out with a few possible scenarios...Even then there are always surprises.

Knowledge is at the heart of a dynamic civilization—but so is surprise. Put simply, only people who know they don't know everything will be curious enough to find new things out. To celebrate the pursuit of knowledge—and ideas—we must confess our ignorance. Dynamism gives individuals both the freedom to learn and the incentives to share what they discover. It not only permits but encourages decentralized experiments and competitive trial and error—the infinite series by which new knowledge is created.

Necessity is not the mother of invention—only of improvement. A man desperately in search of a weapon or food is in no mood for discovery; he can only exploit what is already known to exist. Discovery requires curiosity, not logic, for new things can acquire validity only by interaction in an environment that has yet to be. Their origin is unpredictable.

As George Gilder profoundly points out: "The driving force of the economy is not dollars in people's pockets, it is the ideas in their heads—what they plan to do now. The dollars in their pockets reflect what they did before. What matters about the future is people's current projects and ideas."

## Mind Over Matter

*Ideas have consequences.*

–Richard Weaver

If we ignore the evolutionary prehistory of man and consider only the 100,000 years since biologically modern human beings first appeared, the era of rapid change driven by industrial growth is altogether new. For perspective, consider this: If we collapse these 100,000 years down to one 24-hour day, the first 22 hours (until 10 p.m.) were spent as hunter-gatherers. From 10 p.m. to 11:57 p.m., people survived by subsistence farming and crafts. All of modern industrial life has unfolded in the last three minutes. We are new to change, and it is new to us.

The evolution of the global ecosystem and the emergence of modern industrial society are studded with striking parallels. In sum, information is the essence of both systems. In the biologic environment, genetic information, recorded in the DNA molecule, is the basis of all life. In the economic environment, technological information, captured in books, blueprints, scientific journals, databases, and the know-how of millions of individuals, is the ultimate source of all economic life. Today, technologic change happens roughly one million times as fast as genetic change.

George Gilder explains it best in *Microcosm*:

The central event of the twentieth century is the overthrow of matter. In technology, economics, and the politics of nations, wealth in the form of physical resources is steadily declining in value and significance. The powers of mind are everywhere ascendant over the brute force of things.

This change marks a great historic divide. Dominating previous human history was the movement and manipulation of massive objects against friction and gravity. In the classic image of humanity, Atlas bears the globe on stooped shoulders, or Sisyphus wrestles a huge rock up an endless slope. For long centuries, humans grew rich chiefly by winning control over territory and treasure, slaves and armies. Even the Industrial Revolution depended on regimented physical labor, natural resources, crude energy sources, and massive transport facilities. Wealth and power came mainly to the possessor of material things or to the ruler of military forces capable of conquering the physical means of production: land, labor, and capital.

Today, the ascendant nations and corporations are masters not of land and material resources but of ideas and technologies. Japan and other barren Asian islands have become the world's fastest-growing economies. Electronics is the world's fastest-growing major industry. Computer software, a pure product of mind, is the chief source of added value in world commerce. The global network of telecommunications carries more valuable goods than all the world's supertankers. Today, wealth comes not to the rulers of slave labor but to the liberators of human creativity, not to the conquerors of land but to the emancipators of mind.

Indeed, the origin of the word capital—*capita*—which referred to heads of cattle, and the major form of economic capital lay in the ownership of land, a throwback to the pre-Industrial Revolution era. Today, the Latin *caput* (head) might offer a better description of what truly comprises capital—the distinctive human traits of insight, discovery, enterprise, inquiry, creativity, innovation and invention.

Ideas have consequences. Indeed, man is ruled by little else. One of the most profound ideas ever developed was the United States of America's Constitution. All revolutions require both fighters and thinkers. It has been said that while George Washington *fought* for the American Revolution, Thomas Jefferson *thought* for it. Perhaps this is why Winston Churchill once said: "The empires of the future are the empires of the mind."

Every cause needs its thinkers and foot soldiers. Practice without theory is *incompetence*, while theory without practice is *impotent*. In fact, ideas need to be worth taking risks for—and in some cases, even worth dying for—in order for the process of discovery, innovation and enterprise to function.

In the final analysis, risk is where all profits come from. Risk in Italian—*risicare*—means "to dare." The importance of "early adopters" is widely acknowledged. Without a certain minority of individuals willing to pay higher prices, the masses would never be able to afford such items as cellular phones, Compact Disc players, VCRs, computers, and a host of other technological wonders. But money isn't the only currency that finances new ideas. Other early adopters pay by willingly taking risks on unproven innovations, whose benefits are unknown, or possibly nonexistent. These risk takers provide critical feedback both to the innovators and to potential later adopters. The information they supply helps determine whether a new idea will fail or get a chance to prove itself to a wider public.

Given the importance of mind over matter, how can any one institution harness the intellectual capital needed in order to add value and sustain itself into the future? Intellectual capital has been defined as "intellectual material that has been formalized, captured, and leveraged to produce a higher-valued asset." Thomas A. Stewart, in *Intellectual Capital*, describes it thus:

Intelligence becomes an asset when some useful order is created out of free-floating brainpower—that is, when it is given coherent form; when it is captured in a way that allows it to be described, shared, and exploited; and when it can be deployed to do something that could not be done if it remained scattered around like so many coins in a gutter. Intellectual capital is packaged useful knowledge.

Will Rogers once quipped: “Buy land; they ain’t makin’ any more of it.” This is the confining limitation of tangible capital, subject to the scientific laws of entropy and the economic law of marginal diminishing returns. If I give you the tie off my shirt, now you have it and I don’t. But if I give you an idea, now we both have it, can expand upon it, and rather than causing marginal *diminishing* returns, it actually creates marginal *increasing* returns. Purchase a cake and the baker no longer has it; purchase a recipe for the same cake and now both parties have it. Intellectual property enables humans to have their cake and eat it too.

Is there a model that exists to capture, harness, and disseminate intellectual capital? Yes, there is, and the model may not be as obvious as it seems.

## The Ultimate Intellectual Institution

*The most intensely cultivated and the most productive intellectual corporations the world has ever seen.*

–T.H. Huxley, 1868, describing the German University

I am a firm believer in studying success. This is not to say one cannot learn from failure; certainly failure provides lessons to the capable and curious student. But so does success, and arguably more so, if one studies it closely enough. One cannot study intellectual institutions and not be quickly drawn to the university. Peter Drucker lucidly explains the university's history:

Entrepreneurship is by no means confined solely to economic institutions. No better text for a History of Entrepreneurship could be found than the creation and development of the modern university, and especially the modern American university. The modern university as we know it started out as the invention of a German diplomat and civil servant, Wilhelm von Humboldt, who in 1809 conceived and founded the University of Berlin with two clear objectives: to take intellectual and scientific leadership away from the French and give it to the Germans; and to capture the energies released by the French Revolution and turn them against the French themselves, especially Napoleon. Sixty years later, around 1870, when the German university itself had peaked, Humboldt's idea of the university as a change agent was picked up across the Atlantic, in the United States. There, by the end of the Civil War, the old "colleges" of the colonial period were dying of senility. In 1870, the United States had no more than half the college students it had in 1830, even though the population had nearly tripled. But in the next thirty years a galaxy of American university presidents created and built a new "American university—both distinctly new and distinctly American—which then, after World War I, soon gained for the United States worldwide leadership in scholarship and research, just as Humboldt's university had gained worldwide leadership in scholarship and research for Germany a century earlier.

People from around the world flock to American universities, which have earned the reputation of being the finest in the world. Universities have their useful place in society as learning institutions, and this is perhaps why they have been emulated by many corporations—observe Disney, McDonalds, Motorola and Nordstrom Universities. All viable and excellent learning and teaching organizations that effectively transmit knowledge and skills.

But nothing in this world is static. In the 1980s, a certain institutional creation ascended from relative obscurity and began to eclipse the university in the marketplace of ideas. The British journal, *The Economist*, summarizes this recent trend:

In the 1960s it looked as if universities would establish a monopoly over the life of the mind, providing policies for politicians, sinecures for writers, ideas for journalists, and breakthroughs for industrialists. The 1980s changed all that. Governments in search of advice looked to think tanks such as the Institute of Economic Affairs in Britain and The Heritage Foundation in the United States, rather than to Oxford or Harvard.

The historic 104<sup>th</sup> Republican Congress chose The Heritage Foundation rather than Harvard's Kennedy School of Government to receive its orientation on how Washington works. Today's politicians do not walk around with academic journals and studies in their briefcases, but rather white papers, monographs and books published by the leading think tanks. No one asks anymore what Harvard and Yale think; they ask what the Cato, American Enterprise, and Hoover Institutes think.

According to James Smith, in his definitive study of think tanks, *The Idea Brokers*, there are three generations of research institutions:

- 1) The first policy research institutions emerged in 1910 as an outgrowth of Progressivism and the “scientific management” movement. They operated in an era when the federal government had limited intellectual resources of its own and welcomed outside knowledge and counsel. The Brookings Institute, founded in 1916, is the foremost example of this first generation of think tanks, completely sustained by private philanthropy.
- 2) The second generation—the first to carry the label “think tank”—was created in the years following World War II when the government openly sought “sophisticated technical expertise” for the Cold War and the War on Poverty. Their services were primarily underwritten by federal funds. The RAND Corporation is the prototype of this post-World War II generation of research institutes.

- 3) The third generation of think tanks was founded in the 1970s, and was an outgrowth of the ideological battle between conservatives and liberals that has characterized American politics for the past several decades. The Heritage Foundation, The Cato Institute, The Discovery Institute, The Hoover Institute, is the exemplar of this newest generation which spurns government money and is deliberately more political than previous research organizations.

The think tank is a uniquely American institution, which seeks to link knowledge and power and turn ideas into public policy, bringing ideas to life; and it has been emulated around the world. The inevitable result was an explosion of public-policy organizations. By the mid-1990s, in the United States alone, over one thousand private, not-for-profit think tanks were in operation, one hundred of them in the greater Washington D.C. area. During the Reagan years, The Heritage Foundation placed more than two hundred conservatives a year in government jobs, implementing one of president Ed Feulner's favorite maxims: "People are policy." The late Marshall McLuhan advised that "the medium is the message." For think tanks, the mission is the message.

There is no doubt that in the area of social policy, economics, politics and social studies research, the think tank has eclipsed the university. On a personal note, I can say, emphatically, that I have learned more from think tank fellows than I did from my university professors. Writing *The Professional's Guide to Value Pricing* was the result of significant influence of think tanks, not universities.

### **Does A Model Currently Exist?**

Many private sector corporations have universities, or training centers, dedicated to transmitting the culture of the corporation to its employees, customers, suppliers, and even beyond to the general public (some were started, no doubt, because of the horrendous results the American public schools are achieving). This is all well and good. But is there a private sector think tank, created by a corporation, which has a similar mission, and similar objectives, as the major think tanks?

One obvious example is the Institute for Research on Learning, IRL, in Palo Alto, California, founded in 1987 as an eleemosynary spin-off of Xerox's Palo Alto Research Center. Its mission is to study how people learn; and they claim that learning is a social activity, it happens in groups.

Another excellent example is the McKinsey Global Institute, which exists to cogitate over questions that reach far beyond whether any company will buy into a McKinsey proposal for consulting services. McKinsey associates—usually its best thinkers—serve one-year fellowships at the Institute, and are measuring world economics from the broadest perspective they can create. Here is how James O’Shea and Charles Madigan describe MGI, in their book *Dangerous Company*:

If one thinks of McKinsey as its own kind of nation, then this is its intelligence agency, a well-funded think tank that studies world economics in depth, then issues reports available to anyone who wants them. They are free of charge, but worth their weight in whatever currency you want to spend. They buy goodwill and page after page of publicity for McKinsey and help create the consulting relationships that will carry The Firm well into the twenty-first century.

All the big consulting companies have think tanks that grind out reports. [Led by the collapse of the Soviet Union, and the move towards free markets and privatization] what we realized as a firm is that we were either going to have to invest to get better informed and to understand better what was happening in the world’s economy and the global economy and really help our CEOs, or we were going to have to get out.

The Firm had two options: It had to buy into the study of economics in a big way, or it had to leave the field to the collection of academics and macroeconomists who were already talking to the business leaders of Europe. Ultimately what that meant is that it would have to abandon the potentially profitable path of consulting on economics and just stick to business.

Some of the partners were confused. *Why should McKinsey spend to create something new when it was already doing very well?* The answer rests partly in The Firm’s inherent sense of curiosity about how the world operates, since it now operates on the same level. The unspoken answer, speculation invites, is that The Firm did not at all like the feel of being bested by a collection of economists and academics.

Why do anything different? That is always a challenge for successful organizations. Of course, what we tell our clients is that that is just the time when you invest and do something different to maintain that success. In a narrow sense, we were taking some of our own medicine.

And so the MGI was born and now runs on one tenth of 1 percent of McKinsey’s revenues. It is deeper than the CIA in the sense that it can call on McKinsey partners everywhere in the world for their special expertise. It is aimed at making certain McKinsey never again faces

questions about the global economy from savvy CEOs for which it has no answers. On the surface, it might seem like an academic exercise. But if it follows the course of [The Firm], undoubtedly it will become a magnet, not only for clients eager to take advantage of McKinsey's special expertise, but also for the consultants of the twenty-first century who will want to make their start, and perhaps their careers, at a company that presents truly global opportunities.

Does anything similar to the McKinsey Global Institute exist in the accounting profession? If it does, I haven't heard about it, let alone been able to find it. Does the AICPA, the various State Societies, or private accounting associations fit this model? Not in my opinion. The AICPA and state societies are much too bureaucratic and political, and though they certainly transmit intellectual capital, it is not their main objective. The private accounting firm associations certainly add value to their members—why else would any firm join?—but they, too, have a limited reach and scope as to intellectual capital.

I envision an institution that has as its main purpose to systemically innovate, generate, disseminate, and refine intellectual capital within the accounting profession. This organization would have no boundaries, and therefore it would not be able to function within an existing entity. Boundaries don't just keep information in, they keep it out, too. Any one organization is much too parochial to have such a mission.

In other words, let us, together, establish a think tank for the accounting profession.

## The RAS Institute

*If wisdom were offered me with the proviso that I should keep it shut up and refrain from declaring it, I should refuse. There's no delight in owning anything unshared.*

–Seneca, First Century AD

One of the most quoted lines from Karl Marx's writing is "Philosophers have only interpreted the world. The point, however, is to change it." This quote has obvious appeal to young revolutionaries who set out to remake the world in their image. But as any serious social scientist, economist, psychiatrist or other student of human behavior will tell you, before you *change* the world, you must first *understand* it.

Understanding human behavior is, all by itself, a Herculean task. To understand the dynamics of a profession is just as daunting. Think tanks have certainly had their part in changing the world. But they have done so because they set out to understand, first and foremost, how that world works.

The marketplace for a think tank is the arena of ideas. And these ideas are sought out from anywhere and from anyone. It is the ultimate virtual organization. It is based on mind power, not status and hierarchy. It is an environment where the marginal contribution—meaning the next idea—is more important than the past contribution. It is an environment where there are no superiors or subordinates, just older and younger minds. Intellectual capital is not defined by quantity, or costs. Money may talk, but it cannot think. Knowledge work is defined by its results.

The RAS Institute would be an intellectual organization for the entire profession, not just RAS Corporate. It would seek out knowledge beyond the boundaries of RAS—and outside of the confines of the accounting industry—for the benefit of the entire accounting profession, not just RAS customers. The RAS Institute would be a not-for-profit organization, thereby making it less threatening and allowing it to focus on its main mission: The development and dissemination of new intellectual capital. Peter Drucker explains the importance of being externally focused in the *Effective Executive*:

What happens inside any organization is effort and cost. To speak of "profit centers" in a business as we are wont to do is polite euphemism. There are only effort centers. The less an organization has to do to produce results, the better it does its job. That it takes 100,000 employees to produce the automobile or the steel the market wants is essentially a gross engineering imperfection. The fewer people, the smaller, the less

activity inside, the more nearly perfect is the organization in terms of its only reason for existence: the service to the environment.

This outside, this environment which is the true reality, is well beyond effective control from the inside...But it is the inside of the organization that is most visible to the executive. It is the inside that has immediacy for him. Its relations and contacts, its problems and challenges, its crosscurrents and gossip reach him and touch him at every point. Unless he makes special efforts to gain direct access to outside reality, he will become increasingly inside-focused. The higher up in the organization he goes, the more will his attention be drawn to problems and challenges of the inside rather than to events on the outside.

I would add another Drucker axiom: being inside-focused means an organization is spending too much time solving problems and not enough on pursuing opportunities, thereby creating a very costly mediocrity. The RAS Institute would be an opportunity think tank, not a problem solving institution, and it would seek out ideas from *anyone*, anywhere, based on the validity of the contribution—and the measured results it achieves—rather than on status or competitive position. In other words, RAS Institute would be open to anyone, even direct competitors to RAS Corporate, because nobody has a monopoly on intellectual capital. Walt Disney was fond of saying “I use the whole plant for ideas. If the janitor has a good idea, I’d use it.”

Because it will deal in intellectual property, the RAS Institute will be able to capture and disseminate value to a much broader base than any one organization’s customer list. When the concept is to better the entire profession, the leverage is enormous. Consider this profound insight from Robert K. Elliott, vice chairman of KPMG Peat Marwick:

If every person were able to capture the full value of his services, there would be no corporations. What makes the corporation possible is the fact that it pays its staff—in aggregate—less than what they are worth. Or, to put the point more kindly: When people work together, they create something that is worth more than the sum of their individual efforts. The difference is profit, return to capital. Take away that surplus, no company: Indeed, where individuals are able to capture for themselves almost all the value of their human capital, they often become independent contractors. For most of us, though, there is some economic value that is created by our being part of an organization, a reason why the work we do is more valuable when we do it with a group than when we go it alone. That value belongs to the organization. In a similar way, there is intellectual value that is more than human capital, and that belongs to shareholders. It is structural capital.

Imagine the return on intellectual capital produced by a think tank, accruing to the benefit of the entire profession—and those who serve and work with it. It is based on a dynamist's view of the world: Rather than competing over a shrinking, or static, pie, we help provide a recipe for a better (and bigger) pie where everyone concerned will reap the benefits of the additional prosperity generated by new ideas. This is because intellectual capital is not subject to the laws of entropy or marginal diminishing returns.

## **Co-opetition, Not Competition**

*There are two ways of spreading light: to be the candle or the mirror that reflects it.*  
—Edith Wharton, 1862-1937

If you owned a bookstore in a town, would it be wise to lobby for the construction of a new, up-to-date, library? I believe it would. I would lobby for it, because what we witness in communities around the world is those that possess thriving libraries also have thriving bookstores. They are *complements*, not competitors.

In fact, on a global scale, most businesses succeed only to the extent other businesses succeed. Microsoft thrives when Intel does well. From airlines and hotels, hot dogs, buns and mustard, rental car companies and auto manufacturers, and a plethora of other complements, business is based on mutual success, not destruction. It is not about war, it is about peace, and capitalist acts between consenting adults.

The rise of the think tanks in the 1980s provides the perfect example of the power of complements and the lessening importance of competition. Yes, Cato and Heritage compete for members, sponsors, etc. But there are over 1,000 think tanks in the United States alone, all thriving and prospering because of the increasing returns of intellectual capital. It is no different with RAS and its competitors. Indeed, RAS Institute would seek out the competition, put their ideas into the arena—for the marketplace to test their results—on the theory that it is not a direct threat to RAS, but a complement. A forum to increase the prosperity of the profession as a whole will benefit all concerned.

Start with the premise that RAS could never have a 100% market share. My conjecture is even a tripling of the existing market share would cause much internal strain on the company's capacity. That being the case, the RAS Institute would approach the marketplace from a different perspective. It would seek out the ideas and contributions of competitors—such as Ian Fletcher, David Maister, et. al.—and disseminate what they have to say. Would it help RAS' competitors? My guess is definitely so. In addition, it would add to the prosperity, and notoriety, of RAS.

However, unlike the McKinsey Global Institute, that would not be the main purpose of the RAS Institute. The main purpose is to better the profession, and as a result, RAS will prosper.

## **The Mission**

The RAS Institute's mission is to make a positive vision of the future practical. Founded in 2000, the institute is a research and learning organization—a think tank—whose mission is to formulate, generate, disseminate and promote ideas and intellectual capital throughout the accounting profession. Toward that goal, the Institute strives to achieve greater involvement of the intelligent and concerned members of the business community in questions of the role of the accountant.

The Institute conducts original research and develops substantive points of view on the critical economic issues facing the accounting profession. The Institute's work is a unique hybrid of two distinct disciplines: economics and management. Economists have scant access to the real life problems facing senior managers, while managers often lack the time and incentive to look beyond their own situation at the larger issues in the global economy. Both suffer because of this. We strive to remedy this situation by combining the academic rigor and breadth of economics with the deep industry knowledge and management understanding of accountants worldwide. The result is something that neither economists nor senior managers could produce on their own, but is invaluable to both.

The Institute pursues this mission by performing timely accurate research addressing key trends in the accounting profession. Our mission is promoted through books, monographs, reports, legislative testimony, articles, public conferences and debates, and the Institute's own publications and Internet web site.

Fellows, members, board advisors and staff of RAS Institute constitute a distributive intelligence community, connected through cyberspace, with headquarters in Pleasanton, California. Fellows are multi-disciplinary in background and approach. A research and advocacy project is selected when it is in harmony with RAS Institute's mission, when the Institute can make an original and significant contribution to the issue's development and when it is within the Institute's resources.

Governed by an independent Board of Trustees, The RAS Institute is a non-partisan, tax exempt institution. In order to maintain an independent posture, RAS Institute accepts no government funding; rather, it relies on the private financial support of the general public—individuals, foundations, corporations, and the sale of books—for its income, and performs no contract work. RAS Institute is a non-profit, tax-exempt educational foundation under Section 501(c)3 of the Internal Revenue Code.

## The Sponsors

In order to broaden its base of financial support and expand the dissemination of intellectual capital throughout the accounting profession, the RAS Institute maintains a Sponsors Program, through which individuals may make tax-deductible annual contributions ranging from \$50 to \$5,000. In addition to receiving numerous studies and reports on Institute conferences and activities, Sponsors are encouraged to exchange ideas with the RAS Institute's staff.

- **Benefactors (\$5,000)** receive all RAS Institute's publications and invitations to all major events, including the annual Benefactor Summit resort retreat, featuring internationally renowned speakers and senior Institute staff.
- **Patrons (\$2,500)** receive all of the Institute's publications and invitations to all major events.
- **Sustaining (\$500)** Sponsors receive all of the Institute's publications, a discount on all books, and the memo on all of the Institute's activities.
- **Basic (\$100)** Sponsors receive selected publications and the memo on all of the Institute's activities.
- **Introductory (\$50)** Same as Basic Sponsor. Available only to first-time supporters of the Institute.
- **Students (Free)** Students receive all publications, and a substantial discount on books and conferences.

The above list relates to Individual Sponsors. A Firm Sponsor, at similar levels, would also be offered.

## The Institute's Activities

*The real voyage of discovery consists not in seeking new landscapes but in having new eyes.*

–Marcel Proust

*There ain't no rules around here! We're trying to accomplish something!*

–Thomas Edison

In order to fulfill its mission, the RAS Institute will engage in a variety of activities, all with the purpose of promoting intellectual capital throughout the accounting profession. It will not seek out Team Members, per se, but rather *allies*, in its quest for ideas. It won't have rules, or even goals (“Today's goal is tomorrow's rut.”). Rather, it will promulgate *standards*. In other words, standards convey the message, Here's what we *stand for*, the ground we *stand upon*, how we *stand apart* and *stand out*.

The following is by no means meant to be an exhaustive list of the activities the RAS Institute would carry out. Rather, it is provided in order to get us to think about the possibilities. Here are some ways in which the RAS Institute could pursue its mission:

- Publish papers, reports and monographs
- Publish books
- Report on various policy and governmental regulations affecting the accounting profession, and the wider business community
- Track economic and business trends affecting the profession and the organizations it serves
- Hold conferences around the world in order to innovate and disseminate intellectual capital throughout the profession
- Provide speakers for AICPA, state societies, governments, universities, accounting associations and other organizational

groups that are interested in learning about the accounting profession

- Help to promote the image of the profession by becoming more visible at the high school and college level, and showing today's youth that tomorrow's accounting profession is a dynamic and exciting career choice
- Promote leadership development within the profession
- Be the profession's attic for intellectual capital, allowing it to be "pulled down" by interested parties on a "as needed" basis
- Establish and maintain an interactive web site devoted to soliciting and disseminating intellectual capital to the profession and the organizations it serves
- Offer one year sabbaticals to RAS Corporate Team Members to work on projects they are interested in (e.g., a research study, writing a book, etc.)

The conferences would be an enormous way to solicit and disseminate ideas within the profession. As the Institute for Research on Learning, IRL, in Palo Alto, California has stated, learning takes place in social settings. Bringing the best minds of the profession—and outside of it, for that matter—under one conference to discuss, debate and disseminate ideas would generate a prodigious amount intellectual capital. Also, this would be the venue to measure the results of previously applied ideas and fine-tune them as necessary. As Sid Caesar put it: "The guy who invented the first wheel was an idiot. The guy who invented the other three, *he* was a genius." These conferences would achieve the true ancient meaning of the word dialogue: (*dia* • *logos*) "flow of meaning."

The important characteristic of a think tank is that it does not rely on status, position, experience, or seniority. It relies on intelligence, free thought, creativity, and results. It is not a bureaucracy, does not accept government funds, and does not pander to various members. Rather, it thinks, innovates, creates, disseminates, debates, promotes, and applies intellectual capital from anywhere, from anyone, to anybody who seeks it out.

## The Legacy

*No person was ever honored for what he received. Honor has been the reward for what he gave.*

–Calvin Coolidge, 1872-1933

In *The Seven Habits of Highly Effective People*, Stephen Covey lays out the Second Habit: “Begin with the End in Mind.” He has you imagine being at your own funeral. What would you want people to say about you?

I have been thinking about this quite a bit lately. It was one of the primary motivations for writing my book. Who doesn’t want to leave a legacy—a living symbol that their presence here on earth made a difference?

When I read what Paul wanted on his tombstone—“Dunn changed the accounting profession from the outside”—I was amazed. That was precisely what I had been saying about Paul even before I met him. It was based on the observed transformation that was taking place from my colleagues who had attended the Boot Camp.

I don’t want this to sound macabre. But if I were to eulogize Paul Dunn Tomorrow, I would say he has achieved his epitaph. Through RAS, I truly believe he has started an unprecedented transformation in this rather staid profession. I will continue to express my gratitude to him—and RAS—for the trailblazing work already accomplished.

But I also sense from Paul that he wants to make an even wider and deeper contribution. He has said as much to me in his conversations and e-mails. And I understand that feeling completely. The joy I experienced from holding the very first book I wrote is indescribable.

But now I find myself asking, “What’s next, Ron?”

Someone very wise once wrote “The aftertaste of affluence is boredom.” I am by no means bored with my life, but I know I can make a larger difference to my profession, and the world I live in. Walt Disney expressed it best:

You reach a point where you don’t work for money. I have little respect for money as such; I regard it merely as a medium for financing new ideas. I neither wish nor intend to amass a personal fortune. Money—or, rather the lack of it to carry out my ideas—may worry me, but it does not excite me. Ideas excite me.

In fact, Walt was once asked by a little boy what, exactly, was his role in the company? Here is the result of that dialogue:

‘Do you draw Mickey Mouse?’ I had to admit I do not draw anymore.  
‘Then you think up all the jokes and ideas?’ No, I said, I don’t do that.  
Finally, he looked at me and said, ‘Mr. Disney, just what do you do?’  
Well, sometimes I think of myself as a little bee. I go from one area of the Studio to another and gather pollen and sort of stimulate everybody. I guess that’s the job I do.

If you study business history, you quickly discover that successful cultures have been the result of original thinking. And it is precisely those cultures where original thinking is stimulated and encouraged that leave behind the richest legacies. Think of Walt Disney and the impact he still has on the company he founded, embodied in the continuously asked question: “What would Walt do?”

What would Paul’s eulogies sound like after 35 years of ideas and intellectual capital flowing from the RAS Institute?

## **Ron's Telescope**

*Whatever you can do, or dream you can, begin it. Boldness has genius, power, and magic in it.*

–Goethe

*I could never convince the financiers that Disneyland was feasible, because dreams offer too little collateral.*

–Walt Disney

### **RAS Institute**

Not to think *like* us, but to think *with* us

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*Some things have got to be believed to be seen.*

–Ralph Hodgson