

05/04/2015



TITLE OF PROPOSED UNIT:

Deloitte *Center* for Business Analytics in Accountancy (*Center*)

CONTACT INFORMATION:

Dr. Jon Davis

Professor and Head, Department of Accountancy, R.C. Evans Endowed Chair in Business

217-300-0489

jondavis@illinois.edu

PROPOSED STATUS: (*Indicate whether this proposal is for creation of a Phase 1 or Phase 2 unit. Also, describe the basis for the choice of Phase 1 or Phase 2 status and, if Phase 2, why it should not first demonstrate its value through Phase 1 status.*)

This proposal is for creation of a Phase 2 (Permanent) status Center. The proposed Center has secured stable funding, through the establishment of a \$7.5 million gift from Deloitte in 2015, which will be a combination of a \$6.5 million endowment and \$1 million in current-use funds. The long-term vision of the unit has been determined, and was a required component to secure external funding.

DESCRIPTION OF THE CHARTER:

- *Begin the proposal with an explanation of the nature of the opportunity – e.g. stating the external situation or problem which requires or has encouraged the creation of a unit as the solution. Detail the charter or mission of the proposed unit.*

The role of accountants as business partners is broadening dramatically in scope in response to the increased availability of data and concomitant changes in technology in the business enterprise. These data and technology-related changes are reshaping the accounting profession. Audit technology is rapidly evolving and the tasks that tax and accounting consulting professionals are being called upon to perform are now requiring a set of knowledge, skills and abilities that are not provided in a traditional accounting education. The changes in practice and a broad overview of the anticipated educational needs are detailed in a December 2014 PwC whitepaper, *Data Driven: How Students Can Succeed in the New Business World*.¹ The report underscores that the profession must anticipate the changing needs of business while supplementing its technical expertise with a broad understanding of the application of existing and emerging technologies and the new skills that they demand.

The changes identified in the PwC whitepaper, noted above, have also been recognized by the principal accounting education accrediting body, the AACSB. In 2013, a new accreditation

¹ See (<http://www.pwc.com/us/en/faculty-resource/assets/PwC-Data-driven-paper-Feb2015.pdf>).

standard for accounting programs was introduced, requiring coverage of business analytics in the accountancy curriculum by 2017.

That need for business analytics for Illinois accountancy graduates was also identified by the department advisory board (consisting of 15 accountancy alumni), who participated in a curriculum retreat in 2014 to provide input to the department faculty on the currency and appropriateness of the current courses required for our students. The most important change identified in the retreat was the integration of analytics education throughout the curriculum, including a mandatory three-course sequence in the masters program.

We intend that the *Center* will lead the accounting academy in the creation of new, detailed model curricula for analytic education in business and accountancy that will be disseminated to universities throughout the United States and abroad. These model curricula will be an important guidepost for accounting programs (including our own) as they begin to develop a response to the need for analytics education.²

The *Center* will act as a conduit, providing the academy with new information on the evolving role of analytics in business and the profession, along with regular updates to the model curricula. It will also be charged with providing analytics education to accountancy faculty throughout the United States and in other countries (accounting faculty currently lack requisite knowledge in this area of accounting practice), working with faculty at Illinois and other institutions to develop (and sponsoring the development of) curricular materials (e.g., cases, projects, etc.) on analytics that can be used in accountancy education, creating increased awareness among accountancy students and engaging them in analytics-related competitions, and other outreach activities related to understanding and advancing the role and value of data in the contemporary business environment.

- *Discuss the unit's alignment with the strategic direction(s) of the campus/college/school/department to which it will report.*

The Department of Accountancy has long been recognized as a global leader in accounting education (currently ranked #2 in the nation), and is committed to providing innovative learning experiences that engage the highest quality faculty and students in all aspects of scholarship. This *Center* is consistent with the Land-Grant mission of the University and is vital to training students and advancing faculty knowledge of analytics in the accounting profession. The formation of the *Center* is aligned with the mission of the Department of Accountancy, and will allow the Department of Accountancy to continue in a leadership role in accountancy education as curricula evolve to incorporate analytics as a core skill.

- *What is the proposed time period for existence of the unit?*

The *Center* is proposed as a permanent unit, funded through a permanent gift endowment.

² Note that the *Center* will not dictate the curriculum that the accounting faculty at Illinois adopt. Rather, it will serve as a resource and advocate for analytics education at Illinois and other institutions.

- *Describe the unit's proposed Research and/or Public Service activities as they relate to the charter or mission.*

The *Center* will create and disseminate model curricula and associated educational resources, educate faculty about business analytics, and engage students with the goal of leading the accounting academy in business analytics education. The *Center* will provide a mechanism to establish a national and global network of core faculty at Illinois and other institutions dedicated to advancing the knowledge base of business analytics issues. A *Center* website and social media tools will allow for rapid dissemination of information, such as educational program content and best practices. The *Center* will engage accounting and business leaders and professional organizations to ensure the model curricula and curricular resources retain currency and effectively prepare students. Members anticipated to be affiliated with the *Center* will have responsibilities for developing national conferences to encourage adoption of the new curricula and highlight both student and faculty development opportunities.

JUSTIFICATION:

- *How does the formation of this unit fulfill needs not already met by colleges, schools, departments or other entities on campus?*

While other departments and colleges are addressing opportunities in data analytics, none of these units are able to fulfill development of a curriculum specific to the accountancy profession. The *Center* can serve as a mechanism for faculty in other departments to partner with the Department of Accountancy on multi-disciplinary efforts and these partnerships are anticipated.

- *How will the unit help position the campus/college/school/department in a current or emerging field of inquiry?*

The Association to Advance Collegiate Schools of Business (AACSB) has announced a new standard requiring inclusion of business analytics in the accounting curriculum. The *Center* will enable the Department of Accountancy and College of Business to not only successfully meet, but also provide academic leadership in addressing, this new standard.

PROPOSED STRUCTURE:

- *Describe the direct reporting line(s) of the proposed unit. How will the unit be situated in the organization's hierarchy?*

The *Center* will be a unit in the Department of Accountancy with faculty affiliates interested in business analytics, accountancy and related disciplines.

- *Describe the proposed organizational structure and how the structure will permit the unit to meet its stated objectives.*

The *Center* will have a Director and an academic professional as well as Board of Advisors with two Accountancy faculty, two representatives from Deloitte and two at-large representatives drawn from units on campus and/or from accountancy practice. Faculty and at large board members will be selected by the Head in consultation with the *Center* Director. Deloitte Board members will be selected by Deloitte or its designee. Each Board member will serve for a

renewable two-year term. Board member terms will be staggered. The Board of Advisors will provide input to the activities engaged in by the *Center* and help promote the activities of the *Center*. At least one annual meeting of the Board of Advisors will be held as determined by the Board. The Head of Accountancy will have full budgetary control of the *Center*.

- *Describe the staffing needs of the center/institute and plans for the leadership of the unit.*

The staff of the *Center* will consist of a Director, an academic professional and currently utilized support staff in the Department of Accountancy. The Director will be a tenured professor. Graduate students may be involved in projects of the *Center* and may assist with the development of outreach materials and activities.

- *List all faculty (current or proposed) and their associated titles.*

Michael Williamson, A. C. Littleton Professor of Accountancy

John Chandler, Associate Professor, Accountancy

Gary Hecht, Associate Professor, Accountancy

Clara Chen, Associate Professor, Accountancy

Jessen Hobson, Associate Professor, Accountancy

Tom Vance, Assistant Professor, Accountancy

Heather Pesch, Assistant Professor, Accountancy

Mike Shaw, Leonard C. and Mary Lou Hoeft Chair of Information Systems, Business Administration

Feng Liang, Associate Professor, Statistics

Jana Diesner, Assistant Professor, Library Science

ACADEMIC IMPLICATIONS:

- *Will tenure-stream faculty hold appointments in the unit? If so, describe the structure of the appointments.*

Tenure-stream faculty will not hold appointments in the *Center*. The Director will be a tenured professor with an academic appointment in Accountancy.

- *Describe any plans for the unit to offer courses or contribute to academic programs.*

The *Center* will create, disseminate, and continue to refine model curricula providing accounting students with a comprehensive education in business analytics and to provide education resources to support business analytics education. There are no plans for the *Center* to offer courses. The *Center* will also create and host a variety of conferences addressing issues pertinent to the introduction of business analytics in Accountancy education.

- *Describe the potential impact this unit may have on other units use of campus resources (e.g., budget allocations by the Library for acquiring new materials to support the unit, increased demand on CITES' open computer labs, etc.). If applicable, include supporting letters associated with use of these campus resources.*

The *Center* will have no impact on other units' use of campus resources.

BUDGET AND FUNDING STRATEGY:

- *Detail an initial budget. Please distinguish between initial, startup, or one-time expenses and ongoing or operating expenses.*

The proposed annual budget for the *Center* is approximately \$275,000. The Head of the Department of Accountancy will have full budgetary control of the *Center*. The funding will be provided through endowed and current-use funds from the Deloitte gift and may be supported by existing Departmental and University funding sources during an accumulation period of five (5) years while the funding commitment is completed. An academic professional will be hired in the Department of Accountancy using funds from the *Center*. The Director will maintain his/her academic appointment in the Department of Accountancy and receive a stipend from the *Center* for their service. Current-use funds and endowment income from the *Center* will also be used to fund curriculum development grants, related curriculum development expenses, and expenses related to conferences and outreach.

- *Outline campus and other financial commitments for unit startup. If proposing permanent status, describe anticipated ongoing campus financial commitments and other sources of funding.*

The *Center* is intended to be created with permanent status.

- *Describe the funding strategy, including any internal or external support, and as applicable, plans for replacing internal funding support with external funds and endowments.*

Deloitte has agreed, in principle, to provide \$7.5 million in support over a five (5) year period. This support will be a combination of endowment and current-use funds. Additional funds for *Center* programs and research projects/practicum will be actively sought from private and competitive funding sources. We anticipate that the *Center* will be self-supporting after the five-year endowment phase.

OUTCOMES:

- *Describe the criteria and outcomes that will be used to demonstrate the quality and effectiveness of the unit.*

Criteria:

- Extent to which the *Center* and the Department of Accountancy are recognized as leaders in business analytics in Accountancy, using metrics developed from rankings, surveys and press coverage, regionally and nationally
- The number of institutions adopting one or more of the model curricula
- The number of faculty nationally (and worldwide) that are engaged in case and curriculum development through the *Center*
- Dissemination of relevant insights to industry leaders/practitioners

Outcomes:

- New national or global faculty and student organizations devoted to Accounting analytics
- Model curricula advancing analytics education in Accountancy
- Regular updates to the model curricula to reflect the rapid evolution of analytics in Accounting practice
- Student case competitions on analytics in Accountancy
- Educational resources for faculty in Accountancy analytics

- *Describe how the unit will be evaluated. What external inputs will be used, including methods of evaluation and frequency? Indicate, as applicable, how members of an Advisory Board (external and/or internal) will be chosen, including proposed qualifications, term of appointment, responsibilities and meeting schedule.*

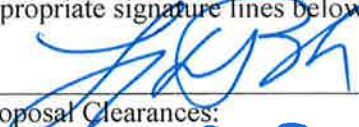
The unit will be evaluated every 5 years by the Board of Advisors consisting, as stated above, of two faculty in the department of Accountancy, two representatives from Deloitte, and two members at large drawn from other campus units and/or from accountancy practice. Metrics for evaluation will be based on the criteria for effectiveness noted above, together with qualitative inputs from professional accounting firms and faculty engaged in analytics education in accounting.

CLEARANCES:

A letter of support from the unit to which the proposed unit will directly report must be included.

(Clearances should include signatures and dates of approval. **These signatures must appear on a separate sheet.** If multiple departments or colleges are sponsoring the proposal, please add the appropriate signature lines below.)

Proposal Clearances:


Larry DeBrock

Date:

4/17/2015

Proposal Clearances:

Date:

Proposal Clearances:

Date:

UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN

Department of Accountancy

College of Business
360 Wohlers Hall
1206 South Sixth Street
Champaign, IL 61820



Jon S. Davis
Robert C. Evans Endowed Chair
Head, Department of Accountancy

17 April 2015

Dear Members of the Educational Policy Committee:

The proposed Deloitte Center for Business Analytics in Accountancy (*Center*) will address the changing role of accountants as business partners. In particular, it will focus on the role that data and technology-related changes are playing in reshaping the accounting profession. Audit technology, tax engagements, and consulting work are rapidly evolving requiring auditing, tax, and accounting professionals to be equipped with a new set of knowledge, skills and abilities that do not currently exist in accounting education. The Center will take the lead in the creation of a new curricula, faculty and development opportunities and outreach activities related to understanding and advancing the role and value of data in the contemporary business environment.

The Department of Accountancy is committed to providing innovative learning experiences that engage the highest quality faculty and students in all aspects of scholarship. This Center is consistent with the Land-Grant mission and is vital to training students and advancing faculty knowledge of analytics in the accounting profession and business. This Center will provide the mechanism to administer such innovative learning for our students and to enhance our recognition as a global leader in accounting education.

The College of Business Education Policy Committee has approved the Center proposal and the Department of Accountancy will take charge of the creation and execution of the Center strategy.

Your consideration, and ultimately, confirmation of the Center proposal is greatly appreciated.

A handwritten signature in black ink, appearing to read 'Jon S. Davis', written over the printed name and title.

Jon S. Davis
Head, Accountancy

UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN

College of Business
Office of the Dean
260 Wohlers Hall
1206 South Sixth Street
Champaign, IL 61820-6980



To: Kristi Kuntz
Assistant Provost for Undergraduate Academic Affairs
Provost & Vice Chancellor for Academic Affairs
204 Swanlund Administration Building
601 E. John, MC-304

From: Larry DeBrock
Joseph and Margot Lakonishok Endowed Dean

LDB 4/17/15

Date: April 17, 2015

Re: Approval of the Deloitte Center for Business Analytics in Accountancy

The College of Business requests approval of the Deloitte Center for Business Analytics in Accountancy.

The proposal has been reviewed by the appropriate committees at the department and college levels and approval has been recommended. I also recommend approval.

If you have questions, please call 333-2747.

/mls
Enclosures

Cc: Waqar Ahmed, Chair, College of Business, Educational Policy Committee
Jon Davis, Department Head, Accountancy

UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN

EP.15.81

Office of the Provost and Vice Chancellor
for Academic Affairs

Swanlund Administration Building
601 East John Street
Champaign, IL 61820



April 17, 2015

Gay Miller, Chair
Senate Committee on Educational Policy
Office of the Senate
228 English Building, MC-461

Dear Professor Miller:

Enclosed is a copy of a proposal to establish the Deloitte Center for Business Analytics in the Department of Accountancy.

Sincerely,

Kathryn A. Martensen
Assistant Provost

Enclosures

c: J. Davis
L. DeBrock