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"Too much devil in the details" – but convergence likely anyhow

In her confirmation hearing , newly appointed SEC Chair Mary Schapiro signaled that she'd fold, for now, the IFRS roadmap proposed by the SEC last November. "I will take a big deep breath and look at this entire area again carefully and will not necessarily feel bound by the existing road map that's out for comment," she said.

Accountants, corporate executives and bankers are applauding. "I think there's too much devil in the details," one banker says of the 165-page Roadmap.

One of the biggest problems is the fact that the existing Roadmap doesn't really lead anywhere. The SEC itself said it wouldn't make a final decision about what to do until 2011. "If they'd set a deadline, people might not have liked it but they would have had something to work for. Tentative leaves you in no man's land," says John B. (Jay) Morse, former CFO of The Washington Post Company and an audit committee member at Host Hotels and Resorts, AES and Home Shopping Network.

So Mary Schapiro has effectively folded a Roadmap that wasn't very useful anyhow. But does that mean that IFRS will go away as a concern for U.S. companies? Is it the end of accounting convergence?

Not likely. Paul Munter, a partner at KPMG, points out that, "Ms. Schapiro began her remarks by noting that she supports the objective of a single set of high-quality globally-accepted accounting standards."

Gary Kabureck, vice president and chief accounting officer of Xerox and a member of the AICPA Business and Industry Hall of Fame, says he sees market forces pushing the world toward one set of accounting standards. But he says there are different ways to get to that point. "Look at the working agendas and agreements between the IASB and the FASB – given enough time, all of the important standards will be the same or close, anyway."

Although the SEC's Roadmap only applied to publicly held companies, private companies have also been watching developments closely. "I think IFRS is not as high on the SEC radar screen as it was. They have to deal with immediate crises like Madoff, and I think they're going to be really careful about making a move until they're sure those standards will provide safeguards to the public. And think about the retraining and retooling companies would have to do. With the huge layoffs, I don't know who'd do it. Their staffs are as lean as they could possibly be and they may even get leaner," says Judy O'Dell, chair of the FASB's Private Companies Financial Reporting Committee."

So what should companies do? Wait and see. Even people who advise and train companies in IFRS say that this is no time to invest much in an IFRS transition. Gary Illiano, national partner-in-charge of domestic and international accounting at Grant Thornton says, "I think that we are inevitably going to be moving to IFRS but I don't think we'll be able to predict the timing very well." Companies that have to make decisions about allocating resources won't want to act too soon. But Illano recommends that companies make an effort to understand how the transition to IFRS would affect them. Karine Benzacar, managing director at Knowledge Plus, Inc., agrees, "Companies might have gained a bit more time to bring themselves and their staff up to speed on the new standards and this should be seen as an opportunity."