**CAN A NEW ACCOUNTING CHIEF SAVE GROUPON’S ACCOUNTING**

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[Monday September 10 Groupon named a new Chief Accounting Officer](http://investor.groupon.com/releasedetail.cfm?ReleaseID=705897), Brian Stevens, formerly a partner with KPMG. The question, of course, is whether this move is enough to save face with the investment community, after the many fiascos we have discussed, such as our “[Still Accounting Challenged](http://blogs.smeal.psu.edu/grumpyoldaccountants/archives/742)” and “[First 10-K](http://blogs.smeal.psu.edu/grumpyoldaccountants/archives/597).”

So, in a move to provide some constructive advice, we offer Mr. Stevens a few simple suggestions. First, do not merely mouth “transparency” as some sort of mantra, but embrace financial reporting transparency, believe it, live it, and report transactions and events as if your economic life depended on it. That means no more gross/net revenue games, no more peculiar or low quality gains, as investment gains can be, and no more disclosures about inventory management systems when there is no inventory account on the balance sheet.

Second, make accounting quality a strategic choice and not a matter just for public consumption. Be conservative in your measurements, especially when they involve Level 3 idiosyncratic data. Write down deferred tax assets fully and completely and not in driblets. Record impairments of goodwill and other intangibles. And show merchant payables as a financing cash flow instead of an operating activity.

Third, while GAAP has its problems, it is better than the alternatives. Quit reporting the non-GAAP performance metrics that cast doubts on the quality of Groupon’s financial statements and makes us wonder about the rest of the SEC filings. You might need to explain that to your CFO.

In short, remember that the investment community is a key player for your firm. Instead of trying to find ways to exaggerate the good stuff and hide the bad stuff, just tell it like it is. Not only will you regain trust from investors and creditors, but then the management team can concentrate its efforts on rebuilding and growing the business.

*This essay reflects the opinion of the authors and not necessarily the opinions of The Pennsylvania State University, The American College, or Villanova University.*