ADVANCING THE STATE OF THE ART IN BUSINESS MEASUREMENT

An Invitation to Submit Proposals
Second Submission Period 2004

SUBMISSION DEADLINE IS FEBRUARY 1, 2004
During the program’s first submission period in 2003, seventy-four proposals were received requesting funds totaling approximately $5,940,000. Twelve proposals were selected for funding. More information on these twelve proposals, and other important program information referenced elsewhere in this document, may be viewed on the program Web site: http://www.business.uiuc.edu/kpmg-uiucresearch/index.htm

Program Objectives
The Business Measurement Research Program promotes and supports research having potential for significantly improving information for decision making by business managers and other stakeholders in the twenty-first century business environment. The program seeks to advance knowledge for a variety of business measurement topics and issues, including risk measurement and control, business process performance, internal and external business reporting and transparency, assurance, corporate governance, and enabling technologies. The program supports research by competitive processes as described in this announcement, and by commissioning specific projects.

Business measurement is defined broadly under this program to include the design, implementation, and validation of financial and non-financial measures to address decision-makers’ needs for information on business model causal factors. Consistently, business measures should be determined using a business model context that embodies management strategies, critical success and risk factors, and any other decision-relevant objects and events and their relations within the entity’s broad economic web (e.g., relationships and interactions among the entity and its suppliers, customers, competitors, labor markets, financial markets, regulators, and alliance partners). In this second round we are especially interested in research proposals focused on the linkage between business measurement and fraud detection.

The program strongly encourages a collaborative research approach with each research team, preferably consisting of academic researchers, business managers knowledgeable in the research domain of interest, and accounting professionals. In addition, the program encourages the use of multidisciplinary academic teams whose members can contribute novel and complementary perspectives to research.

*A business model may be thought of as a simplified representation of the network of causes and effects that determine the extent to which the entity creates value and earns profit (Bell, T.B., and I. Solomon, Cases in Strategic Systems Auditing, KPMG LLP, 2002 p. xi).
Consistent with the program’s *global* reach, proposals are invited from research teams domiciled anywhere in the world. Also, we welcome research teams whose individual members are from different regions of the world.

**Project Funding Alternatives**

Proposals must designate a *Principal Investigator* who will have the primary contractual responsibility for the research project. Payments for research projects selected for funding will be made in installments based on milestones negotiated with the Principal Investigator.

The program offers a variety of flexible funding arrangements to meet the needs of the research team members. Some examples of possible funding arrangements are:

- Direct payments to the Principal Investigator.
- Direct payments to the individual members of the research team.
- Arranging with the employer (department, school, college, or university) of the Principal Investigator a payment plan that allows funding to be provided through the employer (e.g., for release time from teaching and other duties or a combination of release time and a partial stipend).

All payments for funded projects will be made in U.S. dollars. Total funds requested in your proposal must be in U.S. dollars, and should your proposal be selected for funding the amount will not be adjusted when exchange rates fluctuate.

**Proposal Requirements**

There is no requisite proposal length and format. Proposals should, however, be concise and succinct while containing sufficient information for the proposal to be evaluated in terms of the program’s scope and the likely impact and quality of the research. Proposals must contain the following information:

- The name, affiliation, and contact information for the designated Principal Investigator who will have primary contractual responsibility for the research project.
- Clear definitions and description of the:
  - Research problem or question
  - Research objectives
  - Research method that will be employed (All research approaches and paradigms are welcome, including archival, experimental, field analysis and applications, and modeling.)
- **Description** of proposed research activities.
- **Placement** of the proposed project in an academic or professional context by referring to leading extant studies on the topic. Attach a reference list not to exceed three pages.
- Indication of the *novelty* of the topic.
- Indication of the expected *contribution* and *benefit* of the proposed research project to academia, business management, and the accounting profession.
Discussion of the significance of the project for the field and for the researchers’ own professional development.

Detailed description of the resources needed to complete the project, including an itemized budget. Please note that KPMG does not pay university overhead costs, including the costs of professors’ retirement and health benefits, computer equipment, or travel to conferences.

Arrangements for co-sponsorship or use of other funds should be described in the proposal if any member of the research team is obtaining additional support from other sources.

Statement of key project milestones that must include the following information:

- Expected project start date
- Brief description of each milestone and related research activities
- Indication of the expected completion date for each milestone
- Stipends and expenses to be paid upon completion of each milestone
- Ideas on interim deliverables that will accompany each milestone report
- Indication of expected date of delivery of the final report for the completed project
- Total project funding proposed (in U.S. dollars)
- Description of the skills of the members of the research team
- A commitment to sign the standard program contract within 30 days after the date the funding decisions are announced (Authors are advised to review a copy of the standard contract form and other program policies and procedures in the Program Manual on the program’s Web site.)

Curriculum vitae for each member of the team.

Proposal Evaluation

The evaluation process will be structured to facilitate identification of proposals that have the potential to make significant contributions. A broad spectrum of knowledge will be required to appraise the proposals that are submitted for funding consideration. Consequently, the evaluation process will have two steps:

- Evaluation by knowledgeable persons selected from academia. This evaluation will be conducted as a double-blind review process. Reviewers will be chosen, guided by the knowledge required to judge the quality of the proposed research with particular regard to their international or regional orientation.

Reviewers’ reports will be considered by the Program Advisory Board (PAB), whose members will have responsibility for placing the research proposals into one of three categories:

- Fund as proposed or with modifications
- Seek additional information prior to making a decision
- Neither fund nor seek additional information

Reviewers’ reports are made under a guarantee of anonymity and, consistent with KPMG’s policy, neither reviewer reports nor other evaluative
commentary will be provided to persons whose proposals are not funded.

**Submission Periods and Deadlines**
The program’s second submission period **deadline is February 1, 2004**. Future submission periods will be announced by the PAB as appropriate either for specific topics or in a more general call for proposals.

**Teleconferences for Proposal Authors**
Two teleconferences are planned for the second submission period to facilitate the efforts of prospective authors of proposals. Members of the PAB will respond to inquiries about the program and the submission process. The teleconferences are tentatively scheduled for:

- Friday, November 21, 2003, 11:00 a.m.–12:00 p.m. U.S. Eastern time
- Friday, January 9, 2004, 2:00 p.m.–3:00 p.m. U.S. Eastern time

Confirmed dates, teleconference details, and teleconference registration information as well as transcripts of past teleconferences will be posted on our program Web site before November 1, 2003.

**The Program's PAB members are:**

- **A. Rashad Abdel-khalik**  
  Professor of Accountancy, Director of the Zimmerman Center, University of Illinois at Urbana-Champaign

- **Timothy B. Bell**  
  Director, Assurance Research, KPMG International's Assurance & Advisory Services Center

- **Martin P. Finegan**  
  Managing Director of Strategy and Research, KPMG International's Assurance & Advisory Services Center

- **Avijit Ghosh**  
  Dean, College of Business, University of Illinois at Urbana-Champaign

- **D. Scott Showalter**  
  Industry Sector Leader, Public Sector, KPMG LLP (Formerly Managing Partner of KPMG International's Assurance & Advisory Services Center)

- **Ira Solomon**  
  Robert C. Evans Endowed Chair in Commerce, Head of the Department of Accountancy, University of Illinois at Urbana-Champaign

**Funding Decision Announcements**
Funding decisions will be announced as soon as the evaluation is complete, but no later than May 15, 2004.

**Contact and Submission Addresses**
All proposals must be submitted electronically to the **Program Assistant**, Michelle Loyet, at the following email address:

**mloyet@uiuc.edu**

Proposal text and all supporting materials must be in a single electronic file in either Word or PDF format. Multiple files or files in other formats will be returned to the authors for reformatting.

Applicants who have questions about the program or proposal process should send their inquiries to **Timothy Bell** at tbell@kpmg.com or **A. Rashad Abdel-khalik** at rashad@uiuc.edu. Other inquiries should be directed to **Michelle Loyet** at mloyet@uiuc.edu.
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