



Business Casual

What does it mean anyway?

By Merge Gupta-Sunderji

Overheard in the accounting manager's office: "The senior vice-president's assistant just called to tell me that he's quite concerned about our 'business casual' dress code, as he just saw one of our junior accountants in the lobby wearing sweat pants, a T-shirt, and sneakers!"

Business casual attire is hard to define, and many companies are becoming disenchanted with the whole idea. Says one frustrated manager, "The business casual dress code has caused me more headaches than the toughest accounting issue. Who would have known?"

Due to the recent backlash against business casual, many organizations are reverting back to more formal dress codes. Yet removing business casual dress privileges is often viewed as taking something of value away. So what's a company to do? The answer: adopt a dress code that's broad enough to give your managers flexibility in application, yet specific enough to eliminate inappropriate attire. Here's how to make it happen in five (almost) easy steps.

First, present the dress code in the context of your company's objectives. As you will see, this is an essential step. Second, lay out the "musts" for both men and women. Third, list the taboos. Fourth, offer examples of what is appropriate for both men and women. And finally, let your staff know that you leave flexibility of application with individual managers, so long as it is within these guidelines. This last step is critical: today's fashion world is fickle, and what's in vogue changes rapidly. Without taking this step, your dress code will be out of date before you know it.

Dress Code

The truth is that people judge you based on what they see and, by extension, judge your organization on the basis of how your employees look. Research has found that visual presentation is responsible for up to 55 per cent of the total message.

Start by asking yourself what kind of organization you are and what message you want to convey. Try to place yourself in one of three categories — traditional, people-oriented, or artistic-oriented. If you run a traditional business such as law, banking, finance, or accounting, then the message you want to send will likely be authoritative, conservative, and competent. Tell your managers and employees what kind of a company you are and the message you want to put across to others. When managers

and employees know the ultimate goal, they can make better decisions when it comes to the inevitable "it isn't covered in the dress code" dilemma.

For example, an accounting firm might say: we're a traditional firm that wishes to convey a conservative and competent image. Another consulting company might make it clear to its employees that its goal is to fit into the working environment of its clients, so employees will be expected to dress slightly more formally than they do.

The Essentials

Ask yourself what you think the minimum standard should be for workplace attire. Your answers will vary depending upon your organization. Separate your list into men and women. For example, you might say that men are required to wear long pants, shirts with collars, dress socks, and dress shoes. Similarly, perhaps dress shoes, stockings, and tops that have either sleeves or a collar are necessary for women. Don't get too hung up on the details at this point, since you'll cover what isn't appropriate in the taboo section.

Expect some grumbling about the men versus women issue. Take it in stride as there's no way to avoid a difference in the dress code. As long as you are not unreasonable, there should be no problem. If you're not sure what's unreasonable, here's an example: there was a time when it wasn't appropriate for women to wear pants in the workplace. If you made that a requirement today, not only would you be considered unreasonable, you'd probably also be considered chauvinistic. Trust your judgment.

The Taboos

You'll probably want to spend some time on this part of your code. The idea is not to enumerate every single item of forbidden clothing (because that would be an endless task); rather it's to offer guidance to your managers so that they can implement the dress code without driving either themselves or your employees crazy.

Start by listing the items that are clearly unacceptable in your business environment. For example, your dress code might list jeans and running shoes as attire no-no's.

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in accordance with equivalent amendments to U.S. GAAP and international accounting standards. Under the revised section, a change in accounting policy could be made only when it is required by a primary source of GAAP, or results in a reliable and more relevant presentation in the financial statements. Furthermore, unless the primary source of GAAP contains specific transitional provisions, a change in accounting policy would have to be applied retroactively.

Non-monetary Exchanges

In the first quarter of 2005, the AcSB expects to release amendments to Section 3830. The revisions will harmonize Section 3830 with the FASB's revisions to APB 29 *Exchanges of Productive Assets* and the IASB's revisions to IAS 16 *Property, Plant and Equipment*. The revisions are intended to be effective for transactions initiated on or after the first of the month following issue. Application date is similar to that in place in the United States (transactions initiated on or after December 15, 2004) and countries following international standards (transactions initiated on or after January 1, 2005).

The key change is that all non-monetary transactions will be measured at fair value unless:

- the transaction lacks commercial substance;
- the transaction is an exchange of a product or property held for sale in the ordinary course of business for a product or property to be sold in the same line of business to facilitate sales to customers other than the parties to the exchange;
- neither the fair value of the assets or services received nor the fair value of the assets or services given up can be reliably measured; or
- the transaction is a non-monetary, non-reciprocal transfer to owners that represents a spin-off or other form of restructuring or liquidation.

Gone is the need to determine whether an exchange results in the culmination of the earnings process. Likewise, determining whether the assets exchanged are similar productive assets will no longer be necessary. The focus is now on "commercial substance." Commercial substance is deemed to exist when a transaction causes an identifiable and measurable change in the economic circumstances of an entity. Further, because the commercial substance tests require assessment of *all* cash flows, the 10 per cent cash "boot" has been eliminated.

Two tests determine whether commercial substance is present:

- Comparing the configuration of the asset-specific or service-specific cash flows before and after the transaction.
- Comparing entity-specific values.

Commercial substance exists when either the difference in cash flow configuration or entity-specific value is significant relative to the fair value of the assets exchanged. Cash flow configuration looks at the risk, timing, and amounts of the cash flows directly associated with the assets or services exchanged. A transaction will have commercial significance if there is a significant difference in any of these elements relative to the fair values of the assets exchanged. The test is a straight comparison — no PV calculations needed.

Implementation will require amendments in other Handbook sections to remove references to the culmination of the earnings process or the exchange of similar assets, as well as amendments to Section 3055 *Interest in Joint Ventures*:

- when the venturers are unrelated, transfers will be measured at fair value since there is a significant change in cash flow configuration;
- when the venturers are related, transfers are deemed related party transactions. ■

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While there is no perfect answer to how long this list should be, the danger with putting too many items on your banned list is that the question of definition will come up. What makes a mini-skirt a mini? How low a neckline is too low? These are just some of the challenges echoed by frustrated managers, tasked with implementing a business casual dress code. This is where the first step (articulating the message your company wants to send to others) becomes worth its weight in gold.

Once you've listed the specific no-no's, reiterate what kind of a company you are and/or want to be, and the message you want to put across to others. You could go even further by saying what message you *don't*

want to convey. For example, one company specifically states in their dress code: in our business environment, we are not seeking to dress for sex appeal.

Appropriate Examples

Offer examples of appropriate wardrobe choices for your business environment. For men, the example may be pants, a shirt with a collar, dress socks, and dress shoes. For women, pants or a skirt with a sleeved or collared blouse, stockings, and dress shoes are likely to be suitable, as are one-piece outfits, such as dresses or pantsuits.

Room for Flexibility

Flexibility is critical. State clearly that you leave flexibility of application of the dress code with individual managers, as long as it is within the guidelines. Here's why. The manager of an IT department knows that his staff need to look professional, but he is also well aware that many of them need to be able to crawl under desks to get at computer cords and such. Their attire needs to enable freedom of movement and to withstand occasional assaults by dust bunnies lurking under desks.

On the other hand, the sales manager knows that sending a suited-up sales rep to visit a rural client is a recipe for disaster. The sales rep may need to vary attire based on the client or occasion. When you give your managers flexibility in application, you are much more likely to have a dress code that everyone can live with.

Last Word

Once you've worked your way through these five steps, recognize that your dress code can be as simple as a one-page memo. While you could develop a policy document, it's not necessary; sending out a short reminder once or twice a year will keep the dress code front and centre in people's minds. And while you don't need to update your guidelines in step with the fashion world, you may want to include a few new pieces here and there. ■

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