

Drivers of change

Everything may change, but not trust and integrity agreed the panellists at a recent CFO Breakfast Talk that aimed to discuss the forces shaping the role of the modern accountant



What are the major drivers of change for business in the near future? And how will these impact the roles and expectations of finance and accounting professionals, especially chief financial officers who are now tasked not only with managing the finance function but driving business value and transformation?

These were among the issues raised at the first instalment of the CFO Breakfast Talk Series 2013 organised by ACCA in collaboration with PwC, which highlighted key findings from the recent ACCA report *100 drivers of change for the global accountancy profession*. According to Faye Chua, ACCA head of future research, some of the primary forces shaping the profession are: trust and reporting; regulatory expectations; standards and practices; intelligent systems and big data; and organisational

remit, where the finance function is entrusted with broader strategic and executive responsibilities.

▲ BREAKFAST TALK

(From left) Faye Chua moderating the panel with Mohammad Faiz Azmi, Nik Mohd Hasyudeen Yusoff, Ahmad Nordin Bin Mohammad and Jason Crimson

III 'WE HAVE TO LOOK AT THE ENVIRONMENT WE ARE WORKING IN AND ASSESS WHAT KIND OF VALUE AND INNOVATION WE BRING TO OUR ORGANISATION'

Unsurprisingly, business leaders participating in the panel discussion following the presentation of the key findings identified information technology and big data as key catalysts, albeit not fully optimised.

Data analytics

'IT is a key enabler, and it is hard to draw a line between the IT scope and the finance scope. Going forward, data analytics can provide a lot of value to the business. How can we evolve towards an on-demand approach to enable information to be available to decision-makers? How do we synthesise data and put it on a palatable platform?'

asked Jason Crimson, Asia Pacific shared services director at Kimberly-Clark Regional Services.

Along with quantity, the robustness and security of data are vital. Mohammad Faiz Azmi, executive chairman, PwC Malaysia and chairman of the Malaysian Accounting Standards Board (MASB), asked: 'How do you contain and cleanse this data? We see clients struggling to make sense of meaningless data. Don't just hang the pipes to collect it; the quality of data matters too.'

Accountants can respond to the opportunity to add value to this information by

becoming 'story-tellers and data stewards to manage the data and tell the story behind it,' said Chua.

Using analytics and automation to drive process efficiency is a key business driver for the shared services and outsourcing sector, added Crimson. 'The more efficient the process the more successful we are.' While the sector is not 'at the stage where robotics will take over, we are exploring various new software and tools to help us detect exceptions and opportunities. Humans can do this, but it takes a lot of time compared to data analytics,' he said.

Regulatory expectations are closely tied to standards and compliance, which are traditionally parked under the finance function. Faiz said: 'In Malaysia, CFOs struggle to apply standards unfamiliar to them.' But a compliance focus could pigeonhole finance. 'CFOs face difficulties in getting the finance function recognised as part of the business, as opposed to being simply a compliance function,' he added.

Diverse role

As financial roles converge with other roles, such as IT and governance, CFOs can expect much more diverse responsibilities. Ahmad Nordin Bin Mohammad, CFO at Boustead Heavy Industries Corporation, started out by streamlining accounting processes at Boustead but ended up also driving forward IT, disaster recovery and upcoming shared services for the finance function.

'CFOs have a much larger remit nowadays,' conceded Crimson. 'We have to look at the environment we are working in and assess what kind of value and innovation we bring to our organisation.'

Furthermore, the broader remit and evolving expectations pose a serious challenge in terms of sourcing the right talent, which was also singled out as a key business driver.

'We are talking about skillsets that aren't part of the accountant's remit,' Faiz said. For example, Islamic sharia standards require accountants to understand sharia compliance, and integrated reporting means accountants have to be comfortable with non-financial disclosure as well as financial data.

How can these skillsets be acquired? Is diversity one solution? 'We have a tendency to hire accountancy graduates. In future, we may need to hire biology graduates to handle sustainability,' said Faiz.

Diversifying exposure and training across all dimensions of business is integral for finance professionals, said Ahmad Nordin. 'Apart from exposure to accounting processes, get them involved in discussions early on so they understand the business and technology.'

Despite the pressures of change, panelists were adamant that the profession must defend its fundamental principles of integrity and trust. Nik Mohd Hasyudeen Yusoff, executive chairman, Audit Oversight Board, Securities Commission Malaysia, said that from the capital market perspective, trust and confidence are very important. Preparers and auditors are both accountable for ensuring the quality and assurance of the information provided. 'IT capabilities will be very important because we are moving towards real-time auditing and real-time regulation in response to users' needs,' Nik Hasyudeen added.

At the core, 'integrity is the foundation for accountants. Integrity cannot come from regulations but from the profession. Everything can change, but not integrity,' stressed Nik Hasyudeen.

Enhancing trust

Faiz agreed. 'Trust is an overlooked asset, especially among CFOs. How do you get the CEO to recognise this? As auditors, we need to enhance trust through integrity and evolve our skillsets in light of our challenging global environment,' he said.



MAKING SENSE

Mohammad Faiz Azmi sees clients genuinely struggling to make sense of lots of meaningless data

'Expectations of integrity must permeate from the top down,' said Crimson. 'The message must be constant and management must set baseline expectations of integrity.'

Meanwhile, Ahmad Nordin recommended that automation and robust structures be put into place. These might also help resolve the inherent conflict between the roles of CFO as strategic business leader and preparer of accounts and financial watchdog. 'Automate processes to leave a proper audit trail. Perhaps start delegating day-to-day mundane accounting functions to enable the CFO

to move towards strategic decision-making and business transformation,' he suggested.

Finally, Nik Hasyudeen said that being alert to trends and business drivers will be meaningless if CFOs and businesses are unable to craft the appropriate strategies and tactics. 'In talking about the challenges and impacts of technology and other business drivers, we are failing to ask: does your business model work? Some companies are not even clear on their business model,' he said. ■

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FOR MORE INFORMATION:

100 drivers of change for the global accountancy profession can be downloaded at www.accaglobal.com/futures

