

2011

INDUSTRY LEADERS SERIES
HUDSON ACCOUNTING & FINANCE

THE CHANGING FACE
OF ACCOUNTING
AND FINANCE

Hudson

ACCOUNTING &
FINANCE

FOREWORD



The last decade has seen immense change in the world of accounting and finance. The economic downturn was the latest in a string of events to generate calls for yet more regulatory reform and increased compliance. The advent of Information Technology has, almost by default, presented finance with ownership of crucial operational information. The combined effects of these developments on the profession have been myriad and require the accounting and finance professional of today to bring new skill sets, capabilities and attitudes to the table.

Identifying, finding and fostering these new skills is no small task. It is for this reason that Hudson Accounting & Finance has brought together a diverse group of CFOs, industry bodies and leading

academics working across Australia and New Zealand, to explore these influences in greater depth. Through extensive roundtable discussions and interviews we have worked to identify the factors, both internal and external, that are influencing the accounting and finance profession within business. We uncover the true complexity of the skills crisis and investigate methods that organisations and the profession as a whole might adopt in order to ensure they have the right people in the right roles to sow the seeds for a successful and competitive future.

On behalf of Hudson Accounting & Finance, I would like to extend warm thanks to our roundtable participants and contributors for the time and detailed insights they have contributed to this project. The findings of these discussions are contained in the following report which we trust will prove a useful resource in your own strategic workforce planning.

A handwritten signature in black ink, appearing to read 'Dean Davidson', with a long horizontal stroke extending to the right.

Dean Davidson
National Practice Director
Hudson Accounting & Finance

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THE CHANGING FACE OF ACCOUNTING AND FINANCE

“ACCOUNTANTS NOW HELP TO MAKE MANAGEMENT DECISIONS FAR MORE FREQUENTLY. THEY’RE A CRITICAL PART OF THE TEAM AND THE BUSINESS.”
PROFESSOR PETER LITTLE





Chief Financial Officers (CFOs) and their teams of accounting and finance professionals face an expanding and complex realm of responsibilities. The last decade has seen fundamental changes to regulatory systems, business models and management philosophies. With every high-profile corporate collapse comes increasingly strict corporate governance. Leaps in the sophistication of Information Technology and the depth of data now delivered demand a greater understanding of overall business. The economic downturn has spurred a new wave of regulatory reform. All these factors are driving inexorable change and contributing to the evolution of a new genus of finance professional in business today.

The last decade has seen significant changes to the environment within which the accounting and finance profession operates. Change peaked during the recent economic downturn. Throughout this time Chief Financial Officers were predominantly concerned with navigating their organisations through the crisis. Corporate survival was top of the agenda and attention necessarily directed to guarding the bottom line. With the worst of the downturn now over the accounting and finance profession is once again looking forward but the fallout of the financial crisis has served to place compliance centre stage.

Alex Malley, CEO of CPA Australia, highlights the need for regulators to be judicious in developing frameworks for reform. "Regulators up the ante on the volume of regulation, which then becomes an inheritance for our profession. If Australia and New Zealand are to become increasingly competitive we need to contribute and debate the issues to ensure the balance between compliance, risk management and entrepreneurship is right."

"With prevailing regulatory, market and global pressures many businesses tend toward the protection argument – let's review the business and let's batten down the hatches and manage all the risks. When one looks at relevant data, organisations excelling post downturn are those that moved relatively quickly to normal business drivers."

Graham Meyer, CEO of the Institute of Chartered Accountants Australia (ICAA) concurs. "Whether you're referring to 2010 or 1990, you look at each period of downturn and the resulting regulation is often what stifles business and it stays there forever, it never goes."

Compounding increasingly complex compliance requirements is strong global political momentum towards integrated reporting. This style of reporting provides greater context for performance data, clarifies how sustainability fits into operations or a business, and may help embed sustainability into company decision-making. "That's added another dimension which is literally the marriage of financial and non-financial information in a manner that's very different to traditional reporting," says Malley.

There is no doubt the landscape has shifted and this means that the role of the accountant has also morphed. Professor Peter Little, Executive Dean of the Faculty of Business and Law with Queensland University of Technology (QUT) says significant changes over the last couple of decades have increased the divide between traditional accountant functions, which businesses need, and real strategic thinkers. "Accountants now help to make management decisions far more frequently. They're a critical part of the team and the business, as well as having the responsibility of managing increasing compliance demands – over the last 20 years that has been a big driver of change in the profession."

The demands on accounting and finance professionals have and will continue to expand. Finance itself needs to grow – in focus, capabilities and contribution – if it is to meet the imperative to add business value while fulfilling its increasingly complex roles and responsibilities. As Jason Bull, CFO of Alcatel-Lucent puts it: "Change is not going to go away – it's the only constant."

THE EVOLVING SKILL SET

“MANY OF THE CHALLENGES WE FACE
REMAIN THE SAME BUT BOTH EXPECTATIONS
[FROM THE BUSINESS] AND OPPORTUNITIES
TO BE STRATEGIC ARE INCREASING.”
ANDREW FLANNERY



CATALYST FOR CHANGE

It is clear that the era when accounting and finance professionals were relegated to a backroom simply to crunch through numbers and create reports is over. Without doubt, today's accounting and finance professional can no longer be viewed as one-dimensional.

Historically, the perception of accounting and finance has been based upon flat files and ledgers, but as business systems have evolved, so too has the finance professional's strategic value. Gerard Hutchinson, Executive Director of Finance A/NZ for AECOM points to IT as the catalyst for this evolution. "We've always had ownership of IT almost by default because most of the early applications were finance. Accountants had to evolve to understand the business a lot more – where interfaces occur and where value is created. The benefit of this ownership of data is that we can walk into that data and find value for the business. Before this, our opportunities to be strategic were limited."

Brian Armstrong, Microsoft's Director of Finance, charts a clear progression in the role of finance from when he first started working through to the present day. "Initially the business would just ask for its numbers, make sure they're accurate and we simply delivered them. Then it changed to 'give me my numbers and set some targets for me and hold me accountable for them – you can tell me where some of my group business drivers are missing the mark or potentially could do better'. Then finance came to the point of saying 'we spot some opportunity over here' and the business replying 'maybe we can give you some empowerment if you're willing to sign up for more'. Finance can be a catalyst for change because we can influence the business."

All agree that the basics remain the same but the accounting and finance professionals' remit has broadened. Andrew Flannery, Global CFO of Flight Centre points out that the tools have certainly changed but the base level of technical skills has not. "We've got more sophisticated technology and methods but debits are still debits and credits are still credits. So, many of the challenges we face remain the same but both expectations and opportunities to be strategic are increasing."



Clearly, finance has always been an important function in terms of compliance and sign-off and communicating to various markets but according to Hutchinson there is now a greater internal focus in delivering value within the organisation as well as to external stakeholders. "That requires a whole different skill set to the traditional 'black, white, look it up in the standard, come up with a definition' approach."

Sue Parcell, Managing Director of Finance with New Zealand Tourism concurs. "If you produce reports that don't add up it's a total loss of credibility and you can never get past that. The base level is a given, but it's the next layer of skills – someone who can talk to the business, deal with the business and change with it – that are harder to find."

SPLIT PERSONALITIES



“THE PROFESSION MAKES THE MISTAKE OF
KNOCKING EVERYONE TOGETHER;
EFFECTIVELY SAYING WE NEED ONE SORT OF
PERSON, WHEREAS IN FACT WE NEED SEVERAL.”
SUE PARCELL

Greater compliance requirements combined with imperatives for business growth is driving the need for very different skill sets in today's accounting and finance employees. As risk competes with entrepreneurialism and strategy with logic, a bifurcation of the profession is appearing.

Today's finance teams look very different to those of a decade ago. According to Parcell, the profession is yet to fully appreciate their true complexities. "Because of increasing compliance requirements you end up splitting your team into two groups. You have those that produce the annual reports, which now take months to work through – that's their role and they'll tick the boxes and make sure everything is done. Then you have the other side of finance – those who are forecasting, looking forward, moving with the business."

"They're both key requirements but both have distinct groups of skills which need to be developed. The profession makes the mistake of knocking everyone together, effectively saying we need one sort of person, whereas in fact we need several."

"This has added another dimension – literally the marriage of financial and non-financial information in a manner that is and will go on challenging the very foundations of traditional reporting," says Malley.

This has been a focus for Malley's organisation. "In recent times we have reviewed our finance team in the context of our strategic plan and the skills mix required to support it. We've rebalanced the team around compliance, risk management and entrepreneurial needs." He notes that this rebalancing of the team better reflects the skills mix required to run the overall business. "We've now got a much better balance between those who study the information and innovate information, so we can use it to drive our business forward for our membership."

Hutchinson also recognises this diversification of skills and sees the finance function while flatter than before, is also much broader. "Where there used to be a silo we now need a far more integrated spread of people. "I have one team for transactional functions and statutory accounts and they are all about compliance. Alongside that I have another team, some of whom may not have any accounting qualifications whatsoever, who are change agents – IT people or analysts who work on bringing our analytics together.

Organisations must look to their structure to ensure that silos are not hampering progress. Flannery says one impediment can be created unwittingly by CFOs themselves imposing reporting lines. "In our organisation the finance people deliberately have to sit within the operations and their reporting line initially is directed to the operational leader and not to the finance leader.

**"WE REALLY NEED COMMERCIAL SKILLS FIRST TO DRIVE THE BUSINESS AND IDENTIFY OPPORTUNITIES WITHIN THE BUSINESS BUT WE ALSO NEED REALISTS WHO KNOW WHEN TO PUSH BACK."
KEN CHRISTIE**

SPLIT PERSONALITIES

"It's brought us a lot of advantages because there's a trust that exists between operations and finance. As a consequence, finance makes up five per cent of our population but actually represents 40 per cent of our operational leaders."

Ken Christie, CFO for the Bank of New Zealand understands the need for very different strengths in management accounting and statutory accounting. "We recognise the differences between a team that is proactively driving the business through management accounting and the right metrics and really understanding the commercial aspects of the business, and a team that focuses on statutory or regulatory accounting, which has less commercial knowledge but a far deeper technical knowledge."

The skills may be varied but again a cohesive approach creates benefits and Christie points out that he brings his teams together regularly "at the end of every quarter to do a reasonable sense check on our statutory numbers by the management accounting team to ensure these reflect business movements that occurred".

Christie's team is not solely made up of traditional accountants but rather a mix of people from different backgrounds and divergent skill sets. "It used to be much murkier but now there is a lot of speciality in both management accounting and statutory accounting and that has been a big changeover the last 10 years."

He deems business communication skills to be important in the statutory side of accounting but critically important in the management accounting teams where they are part of the business leadership team. "These days management accountants are regularly on the road talking to their business teams throughout the year, whereas previously they would stay in the office and 'do' the numbers. There's an expectation now for them to be out talking to different parts of the business face-to-face."

Christie says the profession needs more people with management accounting expertise. "We really need commercial skills first to drive the business and identify opportunities within the business, but we also need realists who know when to push back."

The potential conflict of the risk manager versus the entrepreneur is a tough challenge for CFOs and their teams. The Australian New Zealand standard on risk defines it as both opportunity and risk, there are negative and positives risks, but risk is more obvious than opportunity in traditional training in finance.

According to Flannery, many come into the profession assuming that all risk must be eliminated. "They think their job is to make sure there's no risk. That is just not the reality of commercial life."

Bull concurs that the profession often talks of risk but less frequently about opportunity. "Every company has a risk and opportunity schedule. You can identify where the risk sits, but risk today may be an investment and opportunity in the future. However, there is an implied assumption that investment belongs to the entrepreneurial world."



For Hutchinson, this again supports the need for a wide spectrum of skills. "It's a challenge working with someone who has a purely black-and-white mentality because business is about taking on risk and making sure you get the right return. A business can take on a lot of risk as long as it's paid for and it's quarantined in a part of your business that's not going to tear down the foundations. If you put someone in that role who says 'I could make a formula for that' it simply doesn't work."

A broad spectrum of people and skills are clearly needed to fully meet the needs of business. Ultimately, a strategy that pulls in skills and experience from varied industries and career backgrounds in addition to traditional training is needed for the profession to realise its full potential.



“[ACCOUNTANTS] THINK THEIR JOB IS TO MAKE SURE THERE’S NO RISK. THAT IS JUST NOT THE REALITY OF LIFE.”
ANDREW FLANNERY

STRATEGIC RESOURCE ADVISORS

Increasingly, accounting and finance professionals are being viewed as strategic resource advisors within business. As the role evolves and broadens, so too do the skills required to meet expectations, and it is hard to find the requisite range and depth in the current market.

According to Dean Davidson, National Practice Leader, Hudson Accounting & Finance, while accountants' roles at the junior levels of the profession remain much the same, the role broadens rapidly to what he terms the 'superstar'. The superstar is the accountant who also has both communication and commercial skills. "You need to do mid-level work, debits and credits, do a trial balance, general ledger and those sorts of things. Yet within 10 years you need to evolve into a commercial superstar with all these other skill sets."

"It's a challenge for the profession to juggle the technical needs of the starting point and the commercial business needs along the journey."

As the profession unfolds and its reach continues to grow, Malley works on the premise that the finance person is the strategic resource advisor. "Some aspects of the role haven't changed, but what has changed is the nature and range of the 'resource' under our management. Our world used to be primarily about the management of tangible resources. In contemporary times the majority of resources under the profession's management are intangible yet we still adopt tangible resource measurement and reporting practices."

"The range of resources under our various control have broadened to the point where many principles - environment, sustainability - are now within our purview." His concern is that the profession stays ahead of the game and develops the skills, reporting and assurance mechanisms needed to maintain its leadership position as strategic resource advisor. "I think that's a real challenge that we have to keep our eyes on."

There is no doubt that today's CFO is looking for a wider range of capability in their teams. Flannery requires his accountants to be able to produce an accurate and timely set of figures as the basic requirement of their roles. After that he looks to see if they can develop business acumen as well.

Bull also looks to his team to address the basic issues first. "They need to be able to tell me whether there's enough cash on hand, whether the staff can be paid, whether there's a backlog of invoices, whether there are enough resources to invest in growth and so forth. But after that I want them to be able to think strategically and advise me on the possible outcomes of alternative opportunities."

"THE RANGE OF RESOURCES UNDER OUR VARIOUS CONTROL HAVE BROADENED TO THE POINT WHERE MANY PRINCIPLES - ENVIRONMENT, SUSTAINABILITY - ARE NOW WITHIN OUR PURVIEW."

ALEX MALLEY



CASE STUDY: GETTING THE BEST RECRUITS AT FLIGHT CENTRE

Flight Centre Global CFO Andrew Flannery explains how Flight Centre picks out accountants who have ambition and drive to go further in the organisation, during early recruitment.

“The way Flight Centre works, you agree to a target remuneration with an individual during the year.

“But when you sit down and have that recruitment conversation you have to explain to them that only 70 per cent of that target is guaranteed. The remaining 30 per cent is a function of you achieving certain outcomes.

“That’s the sales pitch. It’s like if you really back yourself, there’s an upside here, you’ll make significantly more than the agreed 30 per cent if you are achieving outcomes above expectations.

“For you to achieve the remaining 30 per cent that you would otherwise achieve in another organisation, you have to get predefined monthly outcomes. This ensures that Flight Centre is getting the expected return from your work and allows the individual to have a clear understanding of what is expected of them.

“It also acts as a really effective recruitment device because what we find is as soon as you have that conversation, they realise that there’s an element of risk associated with that, but with any risk there’s also an upside.

“So all of a sudden you have people that aren’t necessarily that motivated or don’t have the skills don’t come to the next interview or they don’t get past the conversation because they say I’m not going to work for any organisation like that.

“No doubt we’ve lost some good people because that’s just too scary a proposition for them, but more often than not we attracted highly motivated and capable people who are prepared to back themselves and they are the people we want in our organisation.”

STRATEGIC RESOURCE ADVISORS



“WE DEFINITELY HAVE A SKILLS GAP, BUT PART OF THAT IS SELF-IMPOSED WITHIN OUR COMMUNITY, IT’S A CHALLENGE GETTING PEOPLE TO REALISE THEIR POTENTIAL.”

MARK LEIGH

The new bundles of skills needed are a far cry from simply filling in the boxes. Accounting and finance professionals today clearly need communication and people management skills, the ability to engage and interact with others, to obtain acceptance, build consensus, provide leadership, show active empathy. They need to have listening and negotiating capabilities and all these are hard to find.

Additionally, as the profession becomes more deeply embedded in the wider business, general business skills and industry knowledge become more important.

Spong expects that over the next five to 10 years the profession will become strongly industry specific. Moving from telecommunications into, for instance, general consumer goods will require stepping into an operational area in a new sector before moving again into a CFO-type role in that second organisation.

“We delineate between people particularly in our engineering field and also accounting fields who want to become subject matter experts as opposed to general management type resources.”

Parcell says in her experience not enough accountants read the daily business news to broaden their business knowledge. Keeping up to date with what is happening with the economy, on the policy front and in business generally, she has found, is an efficient skills broadening tool.

Mark Leigh, Chief Financial Officer for Hudson Australia and New Zealand adds “I think there’s a challenge for us to help people expand their horizons about what they’re capable of, what will make their jobs more interesting. We definitely have a skills gap, but I would say part of that is self-imposed within our community. It’s a challenge getting people to realise their potential.”

“Finding people who can and want to think outside the square rather than saying I’ve always produced this report this way – it’s a difficult skill set to find,” Parcell says.

All are in agreement. According to Spong there is a massive shortage of skilled accountants at a senior level. “I went out to market 18 months ago and really struggled to find someone that could be a real manager within the organisation. Someone who could build rapport and build trust. I believe there is a really big shortage of highly capable accountants within the current marketplace.”

Hutchinson often discusses the requirements for staff within the profession and how to address the skills shortage going forward. “It’s a real constraint within our profession.”

Little concurs and cautions that the skills gap will be an ongoing issue. “We’re currently seeing a shortage and a demand for skilled accountants and this continues to remain strong and will continue for the foreseeable future.”

COMMUNICATING CULTURAL CHANGE

Strong leadership, change management and communications skills are key if the accounting and finance profession is to change views of the value finance delivers to an organisation.

More leading financial professionals are being asked to communicate results to the public and shore up investors and analysts on their organisations' behalf. They are also speaking to internal stakeholders such as the board and employees on the company's strategy and financial performance. Not only are they expected to be transparent with information, they are also expected to understand its internal operations and defend business decisions and strategies undertaken by the company with financial projections of future profits.

In other words, in many cases finance professionals have become the company's voice, tasked not only with reassuring stakeholders but also with attracting funds by telling a compelling story with numbers.

"The key word is communication," says Hutchinson. "A real sign of good leadership is the ability to transport people's thinking, take them to a new place and get their buy-in along the way. Whether its internal or external, to do that you need to be a good communicator."

Malley's view is that given the influencing capabilities of the profession it has a leadership responsibility to materially effect cultural change. "It's not naturally going to happen. An organisation is not naturally going to embrace the concept of accounting and finance – changing attitudes utilising exemplary communication skills is what we should expect from our profession. The opportunity is in our hands."

Davidson points out that the average employee often has very little to do with finance on a day-to-day basis, so communicating change and capabilities is crucial if the overall business is to truly understand the strategic value that finance delivers.

Hutchinson says it is the leader that changes the mindset of an organisation. "Often the accounting function isn't even invited to executive committee meetings – the view is that they simply produced the reports. They didn't understand the underlying numbers, didn't understand where the variances came from, so there was no point including them. This mindset has to shift and it's the leader that has to effect that change."

**“A REAL SIGN OF GOOD LEADERSHIP IS THE ABILITY TO TRANSPORT PEOPLE’S THINKING, TAKE THEM TO A NEW PLACE AND GET THEIR BUY-IN ALONG THE WAY.”
GERARD HUTCHINSON.**



He highlights a naming issue as being a potential barrier to shifting outdated views. "For many, accounting is just that – accounts. Internally we use the term finance. So we've got corporate finance that is in charge of all those regulatory compliance issues and we've got operational finance, which is the embedded people. Finance sounds a little bit more creative than accounting which is still viewed as very staid."

Change management and managing projects raises the question of what leadership looks like in the profession. Whether or not one views the role of CFO as a path to CEO roles there are conflicting views on the importance of this progression. Flannery highlights how the view that finance is ultimately risk averse is deeply ingrained in business. "I think it's important for CFOs to become CEOs but the perception out there is they don't have the qualities. It doesn't mean they don't have the qualities, but organisations look at external CEOs before they look at internal CFOs."

There is a certain risk averseness associated with the mentality of being a CFO and I think that boards probably acknowledge that, rightly or wrongly."

Throughout the accounting and finance profession, from top to bottom, from CFOs all the way down, its members suffer the same assumptions that they lack creativity and entrepreneurialism. Ultimately, the profile of the successful 21st century finance professional is of one who has the trust of people and the courage to act for the good of the company.

CASE STUDY: WIDENING ACCOUNTANTS' SKILLS

Gerard Hutchinson, Executive Director of Finance for AECOM in Australia and New Zealand has found that no two organisations are the same when it comes to recruiting and nurturing accountants to the point where they are potential CFO material.

"There is still bridging that needs to happen within organisations and of course, no two organisations are the same.

"So you know, the more you get involved, whether it be a public accounting firm where you're working across a number of different clients, you assimilate the good and bad and I think that's a very useful process to build people's capability and understanding of different environments and markets."

Hutchinson says he thinks that tertiary education is too tailored and focused on the practice side of the profession, and as such needs rounding off with a range of other skills, namely soft skills.

He thinks that the psychology course he did at university gave him more value than the accounting training subjects.

"I probably did it for different reasons but it was very much the most useful course I did at university.

"Whilst everything else became a foundation point, that became something that I continually use, whether it be leadership or change management, communicating. It just provided a great area of thinking."

GROWING THE WORKFORCE

“WHAT WE NEED TO DO IS OPEN OUR MINDS IF WE’RE GOING TO TRULY EMBRACE THE BROADER CHURCH OF PEOPLE WHO CAN BE QUALIFIED TO WORK WITH US.”
ALEX MALLEY

ROLE OF EDUCATION

To turn the ship of accounting and finance and head into increasingly strategic waters is no small task. As a recognised profession requiring specific qualifications the danger is that the range of people coming into the profession narrows too far.

Choosing an accounting career generally means committing to the appropriate subject streams during school years in order to move onto an appropriate undergraduate course. Flannery says in Australia students make this choice, go to university for three years and often think their careers are made when they graduate. Spong agrees: "A university education is not a guarantee of success. Too many graduates believe because they have this qualification it means they're going to succeed. It's a ticket to the gate not a ticket to success."

More flexible entry points into the profession are clearly needed. "The problem for accounting in Australia is that you have to decide at a very early age that's where you want to get to and unless you've done that, it's very hard to get into the industry. As a consequence of that we're losing a lot of people with the right communication skills and a lot of strategic thinking and creativity because they haven't made that decision early enough in their career," says Flannery.

Meyer concurs that the problem with the system at present starts with schools. "Career advisors at some schools have little idea of the range of skills and scope of work required of accountants and so do little to assist them to understand the opportunities available in the profession."

However, more flexible routes to entry are slowly becoming apparent. "If you look at the Big Four's graduate recruitment program, a significant number are not actually accountants. They're looking for engineers and a whole range of other skills. Then if it's required, they'll put them through accountancy. Multiple paths to entry are a really good thing. If someone's got a degree in engineering or fine arts and they say they want to be in accounting, they clearly have a desire to do it."

Malley highlights the benefits of flexibility: "If you agree with the concept of the accounting and finance professional as the strategic resource advisor then anyone who has an interest in those principles of measurement, assurance and reporting – an engineer for instance – has a potential skill set to succeed."

"But more to the point, if there's a motivation to join a group, why wouldn't you want to give them a chance? The reality is that we need to be very self-effacing about our own inflexibility, in our own minds, about how we see ourselves. And what we need to do is open our minds if we're going to truly embrace the broader church of people who can be qualified to work with us."

Armstrong's view is that the profession is too strongly geared towards public accounting. "They don't necessarily address or understand the needs of the corporations. I definitely see a gap on the private side, on the corporate side."

Meyer says that the professional bodies are beginning to recognise this issue. "Because the profession's been based on practice, everything gets thought about from a practice point of view. Often courses are geared to a specific area, audit for instance, and someone goes through it but then says 'what

about corporate?' and the course is then replicated for corporate and they are two totally different things. The key is to embed corporate into every course so it has equal importance."

But Malley rails against suggestions that public accounting is the only focus. "The vast majority of professional accountants in Australia and, indeed, around the world are located within businesses and don't perform public accounting services. Yes, the majority of regulation of the profession occurs at the public accounting level and so this forms the bedrock of CPA Australia's advocacy and quality assurance agendas."

"But if one reviews our certification program, professional development and our publications, they have a mix of corporate, public sector, and SME material."

Hutchinson agrees with Meyer and says the split that we see in teams within business mirrors a split in education and professional bodies. "In the same way we see splits between compliance and strategy, risk and entrepreneur, within our organisations there are two streams in tertiary education. The skills we say we need – softer skills, leadership, change management, IT skills – they're just not catered for."

However, he says it is not purely the responsibility of professional bodies or educators to provide this breadth of exposure. "What we learned from those programs and getting out there with people from other industries and other disciplines, cross-fertilised our learning experience. If you tried to achieve this with only accountants, for instance the national accounting body MBA, it's not going to get that richness. We have to work side by side."

CAREER INCENTIVES

Sharing the responsibility of learning and development is not only essential to empowering accounting and finance professionals with the skills and competencies they need but also judicial on the part of business. As competition for good graduates and candidates intensifies organisations must take a more creative approach to demonstrating themselves as a great place to develop a career.

Most organisations understand the need for ongoing learning and development programs to provide clear career paths for employees and therefore improve retention but they are equally important in the initial recruitment process.

Armstrong is looking to internal programs to solve the supply issue. "We've developed an internship program which goes out to universities directly. We offer them six-month internships and if they turn out to be good we offer them a job. I think we'll start to see this trend really picking up in corporates going forward."

Armstrong also points out the benefits of internal programs in bringing in a wide range of people and skills and the ensuing strength this can add to business. "Microsoft is a big brand so we don't have so much difficulty in attracting people but we run these programs anyway because of the calibre of talent they unearth. We don't necessarily say they will be working in finance, we might put them in a different part of the business and eventually we'll put them in finance if it plays out that way."

He cites a recent program where he brought in a group of interns and tasked them to launch an office within the student community. "They developed an entire program of competitions across universities as the solution. It is amazing to see the energy and talent that interns bring. It's like a breath of fresh air in our organisation. We're now putting more emphasis on this program because of the quality of candidates that we're getting."

The pool of available candidates is clearly small and demand is strong so candidates today have the luxury of choice. This is a profound shift from 20 years ago and underscores the importance of organisations clearly demonstrating what they can offer.

Meyer highlights an increasing return to the traditional cadetship. "The larger, better known organisations tend to get the pick of the graduate crop – it's where they tend to head first. But if you're a smaller corporate or practice you run the risk of missing out. With the cadetship model organisations can snap them up out of high school, bring them in, pay for them to go through university and get to them first."



According to Malley research indicates that the most important consideration for a young person joining an organisation is what happens to them after they become an employee. "They want to know what the development plan for them is – they have a greater comfort in discussing such matters with employers. They appear to make their decisions based on how far they think they will be able to progress within a business. This comes through in our feedback all the time."

Meyer is in complete agreement. "Information and choice is at their fingertips. Today people sit down before they go for an interview and analyse the company, the culture, the opportunities. They twitter, they Facebook people who are there – I find it extraordinary the amount of detail they have about not only businesses but the individuals within the business, and particularly around the culture of the organisation."



Meeting the needs of candidates does not, of course, stop at the intake level. Ongoing learning and development is crucial to keep people within an organisation long enough to start to deliver real strategic value. Leigh widens this out to encompass an employee's experiential growth. "From Hudson's own research we recognise that training is about 10 percent of someone's development. This other 90 per cent is all going to be experiential around what we can offer them and how we can develop them. I think we've got the 10 per cent covered, there's lots of compliance courses, presentation skills, communication skills, leadership skills, but ensuring we provide people with the experiential opportunities to apply and execute on their training is crucial."

It can be a struggle, particularly for smaller organisations, to provide this kind of stimulation every day. "They've got a day job, there's only so many experiential opportunities they can enjoy," say Leigh.

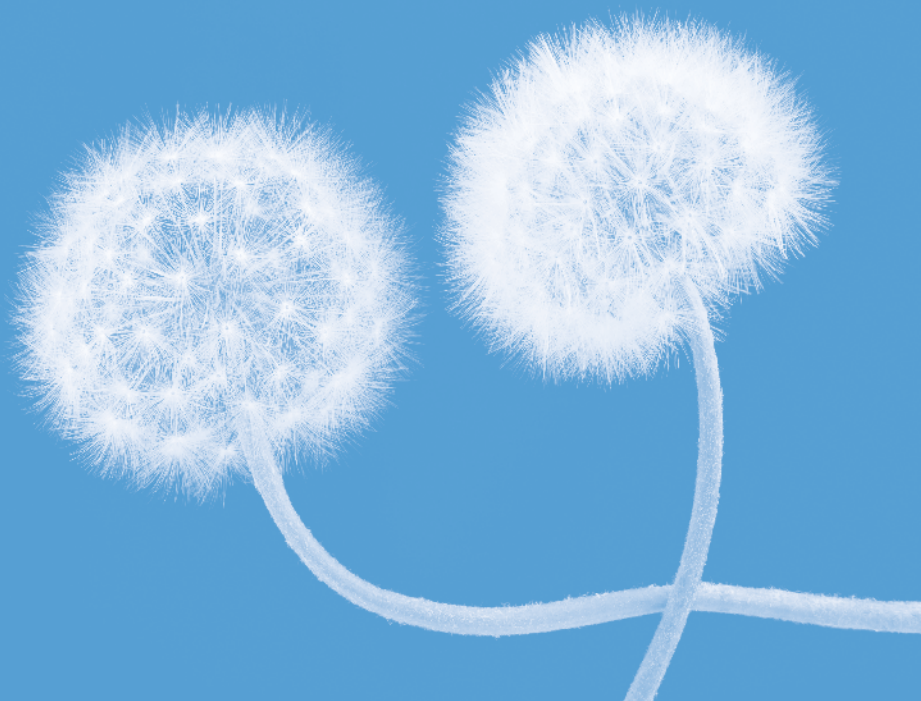
Hutchinson says it is hard to strike a balance between time spent on development and the day-to-day work. "When you try to address a need with a training or development program and you don't get the buy-in from employees it becomes hard to justify commercially. I see it as a pull rather than a push process. Mentoring can provide them with the inspiration to actually go out there and do it themselves because there's nothing like a self-starter. You don't want to be dragging them to the table – they need to start that journey in their own way."

Christie agrees. "We lose a lot of our top finance people to other areas of the business but it rarely moves the other way. The biggest challenge we have had is building and retaining the commercial skills within our team. Last year we ran 130 different courses for the team from business knowledge right through to technical accounting, to treasury. But upskilling is totally their responsibility; we give them the opportunity and it is up to them to take it, we don't force them in any way."

Hutchinson also provides a financial incentive for accountants in his organisation who undertake further study. He reimburses part or all of the cost of post-graduate study courses, depending on their results. "I think one of the greater benefits out of doing study while you're working full time is time management. It makes people brilliant in pulling this together – where their work output doesn't decrease but they're also studying and are able to add value to themselves, as well as the organisation. I use that as a bit of a tool to motivate them."

"What that does and the opportunity it creates for them, and for people below, is a type of vacuum effect. It's others saying 'oh hang on, that sounds exciting and I've seen the opportunities opening up to that person and I can see how they're growing, I'd love to get on that boat!'"

CONCLUSION



Undoubtedly the landscape of accounting and finance has changed dramatically over the last decade. Increasing governance, ongoing regulatory reform and an unrelenting drive to improve the bottom line are multiplying the realm of responsibilities that the profession must bear. But increasing demands are not a threat. They bring tremendous opportunities for those in the profession to become respected and valued strategic business partners.

The various tasks the profession must tackle will continue to diversify. Statutory and management accounting; compliance and forecasting; risk and opportunity: odd bedfellows but all crucial to the long-term viability of business and set to continue to evolve in very different ways.

Astute management of these divergent demands is crucial. Those who look for balance and cohesion in their teams and who recognise that talent and skills must be sourced from varied channels, and developed, will reap the rewards. Whilst there will always be a place for the traditional fundamentals of reporting there is also a place for finance to be the driving force of change, growth, opportunity and innovation.

Innovation is not a word that is generally associated with accounting and finance. For this to change the profession from top to bottom – through education, the professional bodies, and the wider business community – must acknowledge and embrace its new personalities and learn to communicate clearly the value that finance delivers to organisations.

By opening our minds to new possibilities, opening our doors to people from different backgrounds, changing our own attitudes and prejudices and fostering a greater breadth and depth of skills in our people we can secure the long-term success and future of the profession.

BIOGRAPHIES

ROUNDTABLE PARTICIPANTS



ALEX MALLEY FCPA
CEO of CPA Australia

Alex Malley is the CEO of CPA Australia. He has been a board director, life coach, consultant, educator and benefactor in business, government, higher education and non-profit sectors throughout his career. Prior to his role with CPA Australia, he was CEO of an international medical organisation.

A firm believer in voluntary service, he is chair of the audit and risk committee of the Office of Police Integrity in Victoria, co-founder of the Society for Knowledge Economics, and a former board member of the Royal Institute for Deaf and Blind Children.



GRAHAM MEYER
CEO of ICAA

Graham Meyer is the Chief Executive Officer for the Institute of Chartered Accountants in Australia. He joined the Institute in January 2006 with more than 15 years' experience in managing financial services organisations. Graham began his career as a lawyer in Canberra where he ran his own practice, Meyer Boetcher & Clapham. After 10 years, he moved into corporate law at Civic Building Society, where he was the Corporate Counsel for two years before being promoted to General Manager of Operations. He was later appointed as the company's Managing Director.

Graham then moved to Advance Bank, where he operated as Deputy General Manager of Retail Banking for five years. Following Advance Bank, Graham held a variety of roles at AMP Financial Services. His last position before joining the Institute was Managing Director for AMP Sanmar Assurance in India.



GERARD HUTCHINSON
Executive Director Finance A/NZ, AECOM

Gerard Hutchinson is the Executive Director Finance for AECOM in Australia and New Zealand. He is a professionally qualified accountant with considerable financial and commercial background and has a strong belief in education to meet evolving business needs. He holds a Bachelor of Economics and a number of Masters degrees in Business Administration, Information Systems Management, Law and the Arts. He is a Fellow of the Institute of Chartered Accountants in Australia (FCA), the Australian Institute of Company Directors (FAICD) and the Australian Institute of Management (FAIM).

Gerard also Chairs the Consult Australia Finance Roundtable and has recently been appointed to his first role as a non-executive director of an exciting oil and gas services company, where he also chairs its audit committee.

BIOGRAPHIES

ROUNDTABLE PARTICIPANTS



BRIAN ARMSTRONG

Director of Finance, Microsoft Australia

Brian Armstrong has been Microsoft Australia's Director of Finance since April 2008. He is responsible for providing financial leadership to the subsidiary and driving and supporting its key strategic growth initiatives. Brian is responsible for end-to-end business profitability and ensuring full compliance with local government regulations and Microsoft's corporate policies.

Brian joined Microsoft in Redmond in 1996. Over the past 11 years, he has held positions in APAC RHQ (in Singapore), WW Enterprise Partner Group (in Redmond), Europe, Middle Eastern and African region (in Paris) and WW Sales, Marketing & Support Group and Corporate Planning (both in Redmond). He has broad experience of Microsoft's financial systems and tools and is highly regarded in the function for his people management skills.



SUE PARCELL

General Manager Finance, Tourism New Zealand

Sue Parcell is responsible for managing and leading the financial and accounting functions of Tourism New Zealand, while also managing IT infrastructure. She also oversees the strategic planning and reporting function.

Sue has considerable experience in the tourism industry and this includes senior finance and general management roles. Prior to this she worked in finance roles in business services in New Zealand and overseas. Sue has a B Comm majoring in Accounting, CA (NZ) and MBA (Henley).



ANDREW FLANNERY

Chief Financial Officer Flight Centre

Andrew Flannery is CFO for Flight Centre Limited. Andrew started his financial career with Ernst & Young (EY) in 1992. He then joined Credit Suisse First Boston (CSFB) to become a director and a member of CSFB's HR executive team. He was also part of CSFB's global budget team and the human resources business, responsible for 30,000 employees in 60 locations.

Andrew joined FLT in July 2003 as financial controller. Six months later, he was appointed CFO of FLT's Australian retail business, the company's largest individual operation. He then headed FLT's Global Operations area, which incorporated all key financial functions, including tax, treasury, banking, global reporting, IT systems, management and financial accounting, while serving as deputy CFO.

BIOGRAPHIES

ROUNDTABLE PARTICIPANTS



JASON BULL

Chief Financial Officer Alcatel-Lucent

Jason Bull is the Chief Financial Officer for Alcatel-Lucent NZ. Jason has worked in the Telecommunications industry for nine years. He worked for Alcatel-Lucent NZ, prior to heading to Alcatel-Lucent Australia where he held Financial Controller roles across various Business Units. Jason returned to NZ and was appointed CFO in January 2010. He also oversees the Supply Chain and Logistics functions.

Jason is a firm believer on the linkage between employee engagement and company results and advocates effective leadership drives engagement. He holds a Bachelor of Commerce degree with a major in Accounting & Finance from the University of Auckland.



MARK LEIGH

Chief Financial Officer Hudson Australia/New Zealand

Mark Leigh is the Chief Financial Officer for Hudson Australia and New Zealand. As a part of Hudson's Australia/New Zealand executive team, he is focused specifically on driving growth, business insight and operational excellence within Hudson, as well as the normal financial reporting responsibilities for the Australia/NZ region. Mark also oversees all aspects of information technology and property for Hudson in the region.

Prior to this Mark held senior financial leadership roles at Microsoft Corporation and Qantas Airways Limited. In those roles he undertook specific responsibility for developing and supporting growth strategies across Australia and New Zealand.



DEAN DAVIDSON

National Practice Leader, Hudson Accounting & Finance

Dean Davidson is both the National Practice Leader, Hudson Accounting & Finance and the Executive General Manager of Hudson Queensland. In this role Dean is responsible for driving growth and profitability across Hudson's Queensland business.

After joining Hudson in 2000 as a Senior Consultant within Hudson's Queensland Accounting & Finance practice, Dean transitioned into Hudson's management team taking responsibility for Hudson Queensland's Accounting, Financial Services and Legal practices. In 2006, he was appointed to the position of General Manager, Hudson Queensland.

Prior to this Dean was a Chartered Accountant with Arthur Anderson (now Ernst & Young), and Mining. Dean has a Bachelor Commerce and a Bachelor Economics from the University of Queensland and is an active member of the Australian Institute of Management and The CEO Institute.

BIOGRAPHIES

CONTRIBUTORS

DAVID SPONG

CFO & Finance Director for Ericsson's operations in Australia, New Zealand and the Pacific Islands

David Spong is the CFO & Finance Director for Ericsson's operations in Australia, New Zealand and the Pacific Islands. Prior to this David was based in Stockholm (Sweden) as the Group Country Controller in the parent company of the Ericsson Group, Telefonaktiebolaget L. M. Ericsson where he helped shape the future of the Finance function within Ericsson. In 2002, David moved to Riyadh (Saudi Arabia) as the CFO & Finance Director for Ericsson's operations in Saudi Arabia.

David studied Accounting and Human Resource Management at Deakin University in Melbourne and graduated in 1991 with a Bachelor of Business. After various positions within the Retail Industry and Wholesale Distribution Industry, David joined Ericsson in 1997.

KEN CHRISTIE

CFO Bank of New Zealand (BNZ)

Ken Christie joined the Bank of New Zealand (BNZ) in June 2007 as Chief Financial Officer. Ken has responsibility for all of the Bank's finances, including treasury and financial governance. He is also a member of the Bank's Executive Committee.

Prior to his role at BNZ, Ken was Chief Risk Officer for nabCapital (a division of National Australia Bank), managing a team of risk professionals involved in the delivery of Operational Risk, Regulatory Compliance and Credit Risk in Australia, New Zealand, Hong Kong, the UK and the USA.

Ken has also held positions with National Australia Bank Group in Australian Treasury Group Funding and trading derivatives. He has worked throughout Europe, Asia and the USA in banking, finance and consulting roles at a number of global financial institutions. He has a degree in Banking and Finance from Victoria University in Melbourne, an MBA from Melbourne Business School and is a graduate of the Advanced Management program at Harvard Business School in the USA. He also holds CPA certification in Australia.

PROFESSOR PETER LITTLE

Professor of Business Law and Executive Dean of the Faculty of Business at Queensland University of Technology (QUT)

Peter Little is a Professor of Business Law and Executive Dean of the Faculty of Business at Queensland University of Technology (QUT). He has been a Professor at QUT for nearly 20 years, was an Adjunct Professor of Law at Bond University Law School from 1989 – 1996. He holds a Bachelor of Laws, Master of Laws and a PhD.

He is a director of Ormiston College Ltd, Special Counsel to McCullough Robertson Lawyers and Councillor of the Royal National Agricultural and Industrial Association of Queensland.

Professor Little's current professional interests include corporate governance, compliance law and the law of company takeovers.

The Hudson Accounting & Finance Industry Leaders Series Roundtable event was facilitated by John Winter.

The opinions contained in this document are the opinions of participants in the Hudson Accounting & Finance Industry Leaders Series Roundtable and further contributors and are not representations of fact nor do they represent the views of Hudson or its related companies.

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