



The Association of  
Accountants and  
Financial Professionals  
in Business

The global  
body for  
professional  
accountants



ACCOUNTANTS FOR BUSINESS

# Finance leaders survey report: December 2012



## About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

We support our 154,000 members and 432,000 students throughout their careers, providing services through a network of 83 offices and centres. Our reputation is grounded in over 100 years of providing world-class accounting and finance qualifications. We champion opportunity, diversity and integrity, and our long traditions are complemented by modern thinking, backed by a diverse, global membership. By promoting our global standards, and supporting our members wherever they work, we aim to meet the current and future needs of international business.

## About IMA®

IMA® (Institute of Management Accountants), the association for accountants and financial professionals in business, is one of the largest and most respected associations focused exclusively on advancing the management accounting profession. Globally, IMA supports the profession through research, the CMA® (Certified Management Accountant) program, continuing education, networking, and advocacy of the highest ethical business practices. IMA has a global network of more than 65,000 members in 120 countries and 200 local chapter communities. IMA provides localised services through its offices in Montvale, N.J., USA; Zurich, Switzerland; Dubai, UAE; and Beijing, China.

## About Accountants for Business

ACCA's global programme, *Accountants for Business*, champions the role of finance professionals in all sectors as true value creators in organisations. Through people, process and professionalism, accountants are central to great performance. They shape business strategy through a deep understanding of financial drivers and seek opportunities for long-term success. By focusing on the critical role professional accountants play in economies at all stages of development around the world, and in diverse organisations, ACCA seeks to highlight and enhance the role the accountancy profession plays in supporting a healthy global economy.

The work in this area is also informed by the ACCA and IMA Accountants for Business Global Forum, which focuses on the issues that specifically impact the corporate sector.

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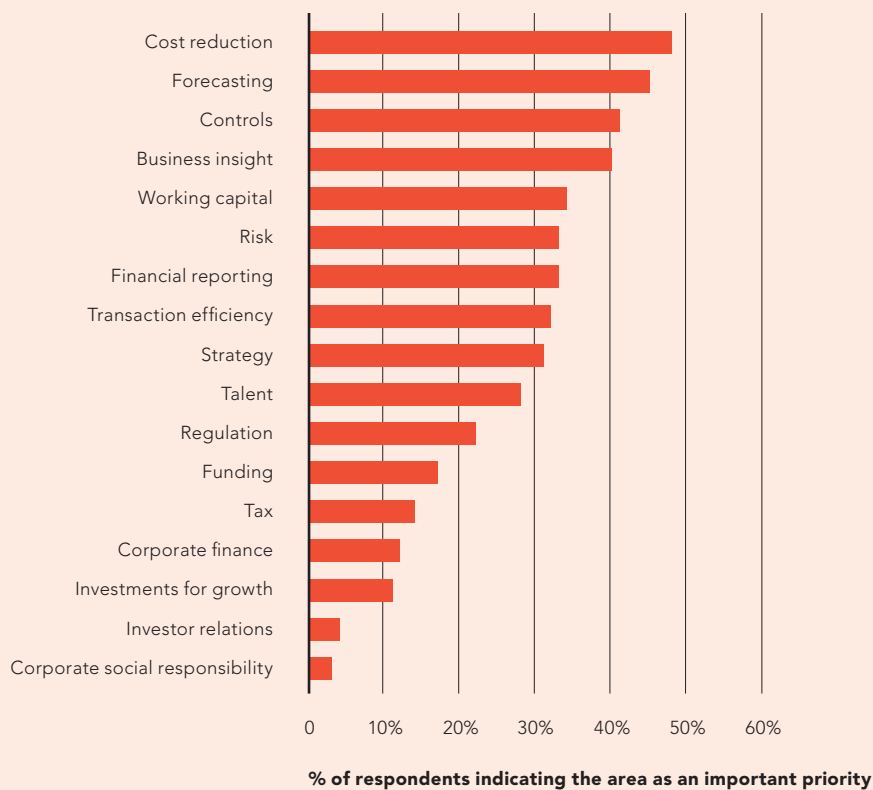
This report presents the results of a survey of finance leaders jointly commissioned by ACCA and IMA. It outlines views on six key issues:

1. current priorities in the finance function
2. the effectiveness of the finance function
3. finance function challenges
4. the importance of different skills
5. identification of key stakeholders
6. how finance leaders apportion their time.

This is the first of a series of surveys that ACCA and IMA intend to conduct every six months to track how these finance issues are evolving.

# 1. Finance function priorities

Figure 1: The current priorities of the finance function



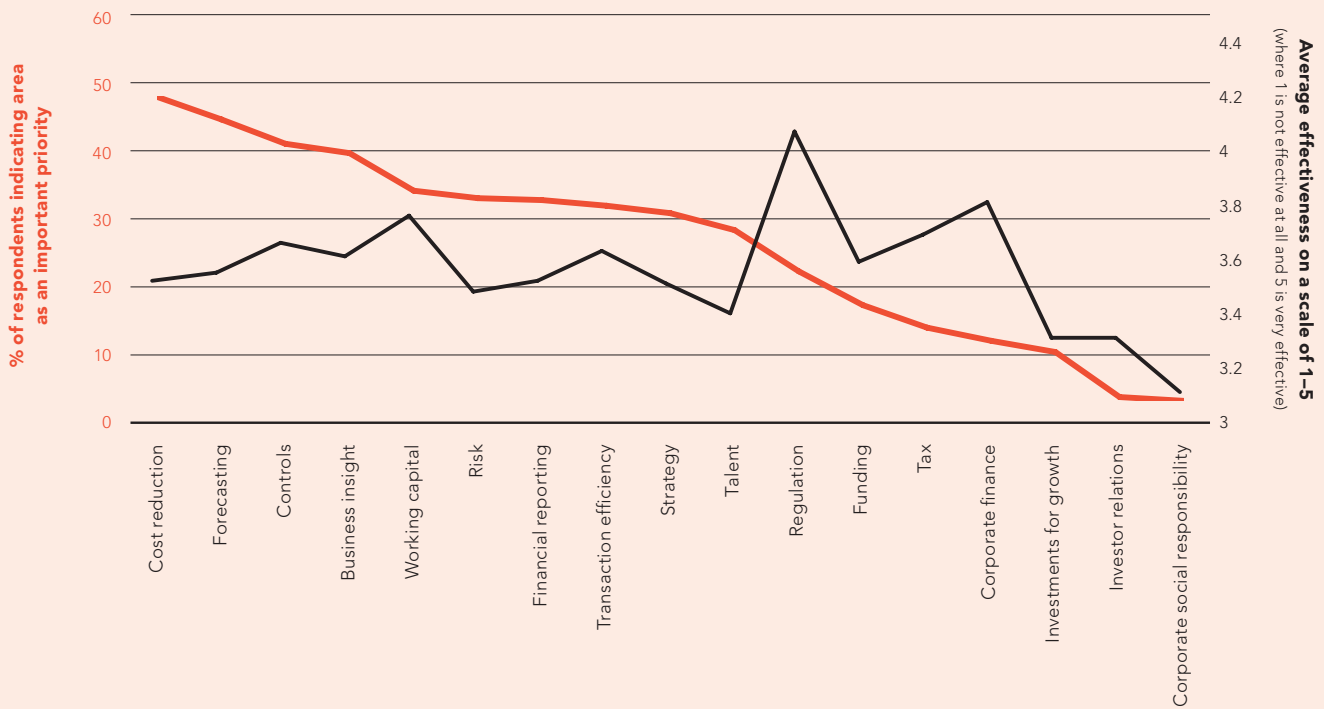
The survey results suggest that finance leaders identify a number of fundamental areas as key priorities. They suggest that finance leaders are counterbalancing some traditional gatekeeper responsibilities – including cost reduction, shoring up the control environment, ensuring appropriate levels of working capital, and managing risk – with emerging responsibilities in such areas as financial forecasting and providing business insight to support decision making.

These results reflect the continuing uncertainty and volatility in the global economy, with finance leaders recognising the need for continuing fiscal constraints while also seeking a role for the finance function in supporting the business to drive growth strategies by providing better insight and financial forecasting, and increasing investment in analytical decision-making capability. This is a difficult balance to master, as the danger of over-zealous cost reduction can lead to capability deficiency.

The survey results also suggest that, relatively speaking, the regulatory agenda, corporate finance and tax issues are regarded as slightly lower priorities. Investor relations is also further down the priority list, as is corporate social responsibility reporting. This is a reflection of the emphasis that finance leaders are placing on the day-to-day operational business priorities rather than those issues falling entirely off the agenda.

## 2. Finance function effectiveness

Figure 2: Importance versus effectiveness

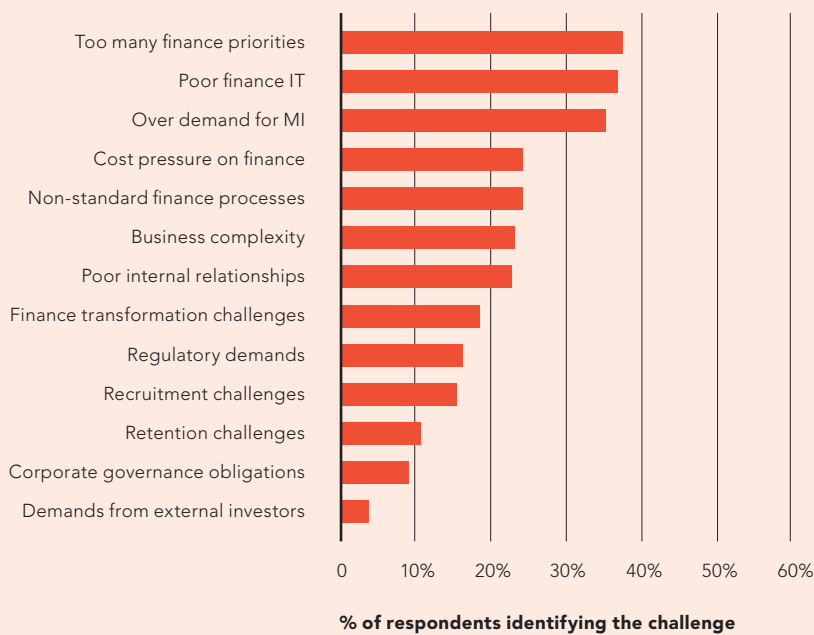


So how effective do finance leaders perceive the finance function to be in dealing with current priorities? This survey reveals some interesting results – in areas of priority such as cost reduction, financial forecasting and providing business insight, finance leaders perceive the effectiveness of the finance function to be less than in other areas, particularly in comparison to traditional areas such as regulatory matters and corporate finance issues.

Risk management also stands out as an area identified by finance leaders as not being the most effective, but still being a reasonably high priority. The results suggest some rebalance may be due to align the priorities of the finance function to ensuring capability in key areas. It also shows the need for the function to continue to understand its evolving role to develop the skills needed amongst finance staff.

### 3. Finance function challenges

**Figure 3: Finance function challenges**



What barriers currently inhibit finance function effectiveness? At the top of the list is the existence of too many priorities for the finance function. This finding is entirely consistent with roundtables that ACCA and IMA have recently held in key locations around the world to discuss the changing role of the CFO. As one participant at the Moscow roundtable indicated, 'The key question now is: how do I, as a CFO, prioritise when I have all these issues facing me? I can't do all this all the time'. The key challenge for today's CFOs is prioritising the multiple expectations placed on them.

Poor finance IT infrastructure is also a key barrier, as many finance functions continue to work across multiple ERP systems, and continue to spend more time manually reworking system data

rather than on providing insight into the implications of the numbers for the business. This barrier is related to another barrier to effectiveness: the need to meet the increasing demands for management information, through both traditional analysis and newer techniques such as the use of predictive analytics.

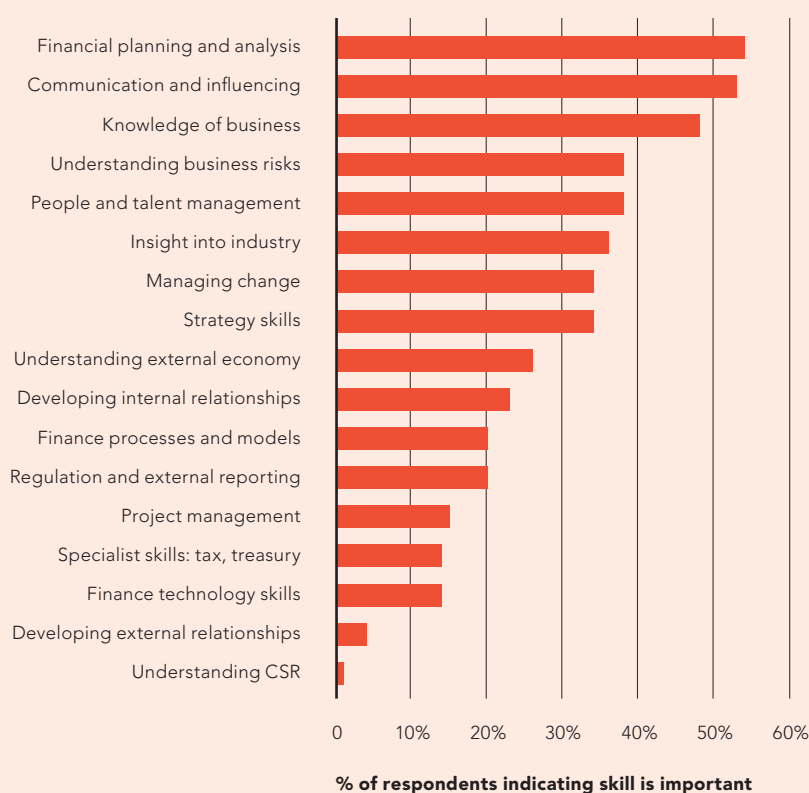
As a participant indicated in the recent CFO roundtable in Shanghai, 'We need to be able to rely on our data to a much greater extent, to get out of it insights to take our conversations to the next level, especially in an increasingly global and competitive environment.' Investing in better finance IT systems will help enable the finance function to provide these insights. Overcoming this barrier will provide finance leaders with an opportunity to assume the role of

business partner with senior management as they provide the information needed to compete in an increasingly competitive business environment. It will require true partnership between finance and IT leaders.

The increased demand for management information from the organisation, the need to cut through complexity and help with decision making, together with cost reduction pressures on the finance function combine to present a challenging environment for finance leaders. What is again interesting about the survey results is the relative de-prioritisation of issues relating to regulation and external requirements (governance and investor relations).

## 4. The importance of different finance skills

**Figure 4: The importance of different finance skills for finance leaders**



What are the skills deemed most important by finance leaders now? In line with the findings on the priorities of the finance function, financial planning and analysis skills are identified as the highest priority for finance leaders. This is followed by communication and influencing skills as finance leaders seek to extend the reputation and role of the finance function in supporting the business. These findings again correlate with results from the recent CFO roundtables held by ACCA and IMA, where communication skills were cited as highly important, and the breadth of stakeholder engagement for finance

leaders required an ability to 'speak the same language'. Finance leaders also clearly see a need to bring a knowledge of the business to their role. This is not surprising given the volatile environment and the pressure on the finance function to support the organisation in decision making. Insight into an organisation's industry as well as understanding business risks were both identified as being important. This reinforces the point that finance leaders need to understand a business and its environment to help increase value, particularly as the markets in which organisations operate continue to evolve.

Traditional finance skills, including finance technology skills, knowledge of regulatory and external reporting requirements, and specialised skills in tax and treasury, were deemed to be of relatively less importance. In part, this is a reflection of the changing role of the CFO in the organisation, from the traditional reporting role to one where decision analysis and support have a much greater part. It is also a reflection of current priorities in response to the external environment.

## 5. The most important stakeholder relationships

Figure 5: The most important stakeholder relationships

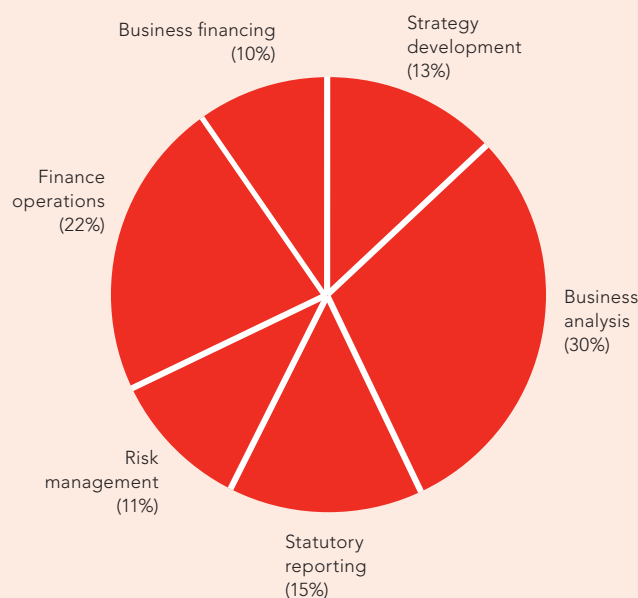
1. Auditors
2. Bankers
3. Customers
4. Suppliers
5. Investors
6. Tax authorities
7. Regulators
8. Government
9. Analysts
10. Regulators
11. Media
12. CSR groups

Who are the stakeholders finance leaders see as most important? Here there is some change from what one might expect. While the most vital relationships are those with traditional finance stakeholders – auditors and the banks – customers and suppliers are also high on the priority list, the implication being that CFOs and other finance leaders need the business interface and interaction with broader business stakeholders to perform their

roles effectively. The increasing desire of organisations to drive efficiencies through their entire supply chain is expected to accelerate this change. Equally of note is that media and CSR groups are identified as the least important stakeholders. While there has been growing recognition of the increasing breadth of stakeholder engagement required in senior finance roles, these results suggest that finance's traditional partners remain important.

## 6. How finance leaders apportion their time across finance activities

Figure 6: How finance leaders apportion their time across finance activities



Given the priorities of the finance function, how are finance leaders apportioning their time across the different areas of the function? The survey suggests that finance leaders are spending almost one third of their time on business analysis issues such as financial planning and insight for decision making. Again these findings correlate with the priorities of the finance function that finance leaders see and is further evidence that they are heavily focused on helping manage the businesses day to day operational priorities and decision making.

Finance operations is the second key area where time is spent, which aligns to the priorities of continuing to control cost, providing effective forecasting and managing working capital.

These findings really suggest a primary focus for finance leaders around the core priorities of finance operations and driving insight and analysis to support decision making, reflecting the challenging environment. The remainder of finance leaders' time according to the survey is spent almost equally across the other areas of risk

management, statutory reporting, strategy development and business financing.



## 7. About the ACCA and IMA finance leaders survey

The survey, jointly commissioned by ACCA and IMA, was undertaken in October 2012.

In total 361 finance leaders including CFOs, finance directors, vice presidents of finance, and finance controllers responded to this survey, representing 46 countries. Respondents from organisations with a turnover of \$1 billion or more made up 14% of the sample.

The survey sought views on six key issues:

1. current priorities in the finance function
2. the effectiveness of the finance function
3. finance function challenges
4. the importance of different skills
5. identification of key stakeholders
6. how finance leaders apportion their time.

This was the first survey in a planned tracking study to be conducted every six months, which will investigate how perceptions of these issues are evolving.

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