



The Association of
Accountants and
Financial Professionals
in Business

The global
body for
professional
accountants



ACCOUNTANTS FOR BUSINESS

Finance leaders survey report: September 2013



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 162,000 members and 428,000 students throughout their careers, providing services through a network of 89 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.

www.accaglobal.com/ri

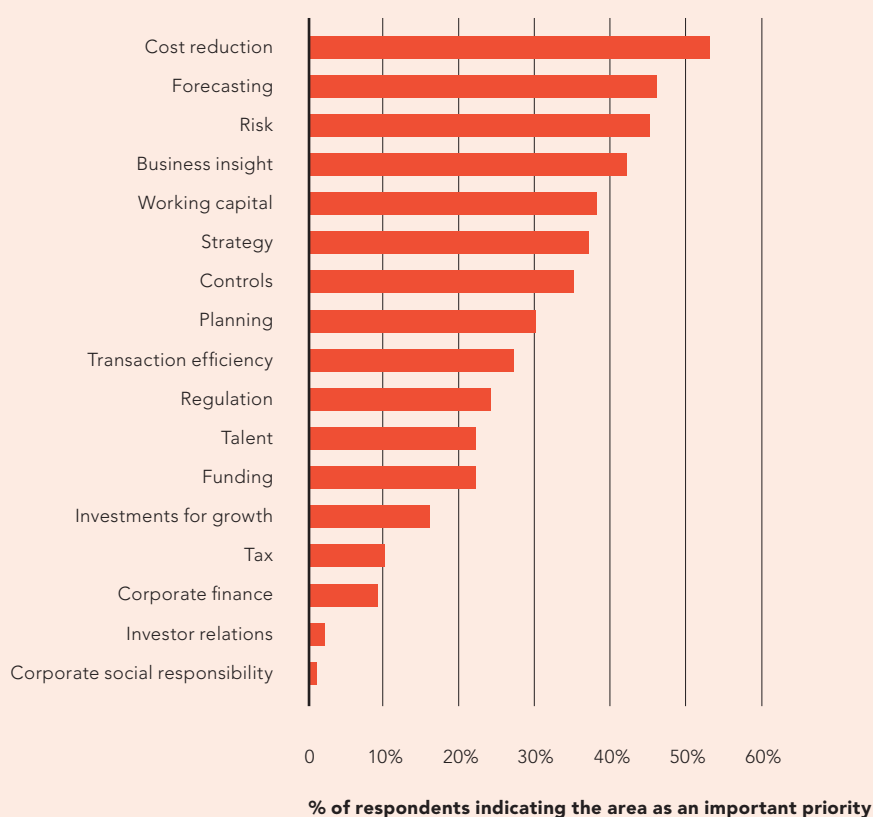
This report presents the results of a survey of finance leaders jointly commissioned by ACCA and IMA. It outlines views on six key issues:

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 third of a series of surveys that ACCA and IMA 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



For this period, the survey results show that traditional accounting - cost reduction, risk management, forecasting, working capital management and improving controls - were high priorities of finance leaders for the current period (ending December, 2013). This differs from the priorities identified in the survey for the period ending in June, 2013. The results at that time identified strategy support and

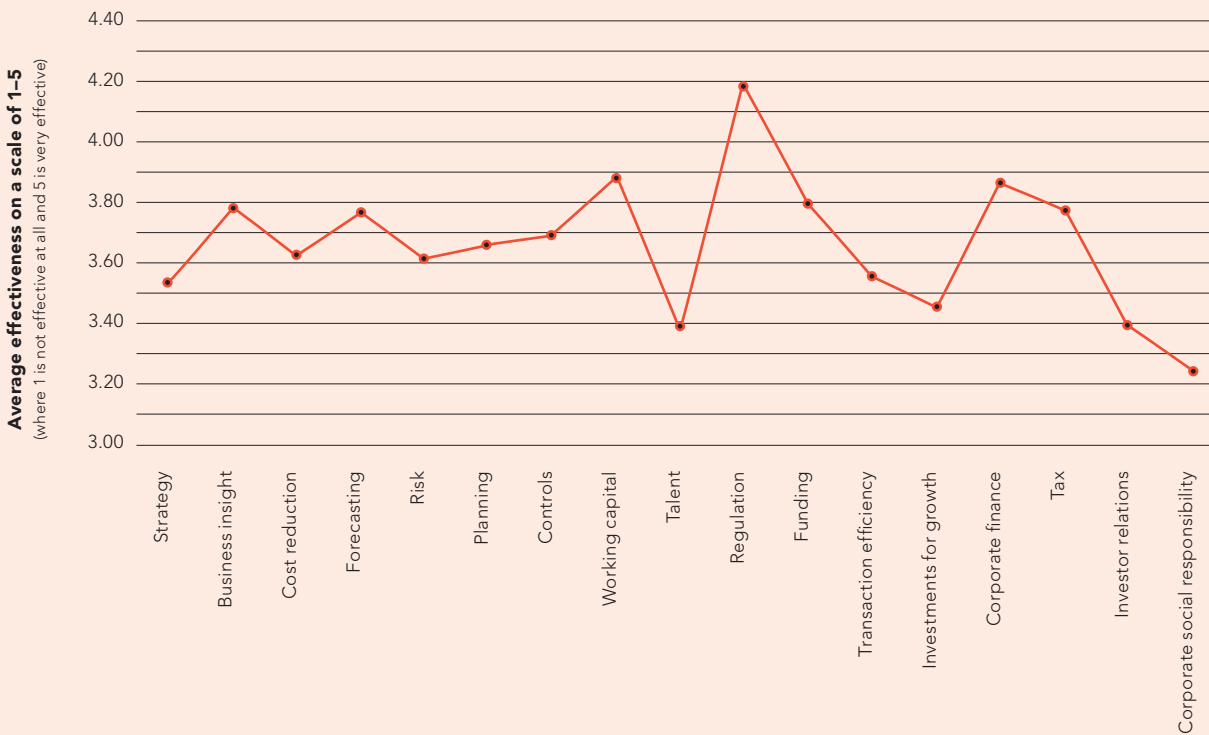
providing business insight as the top two priorities for finance leaders. In fact, the December, 2013 priorities are more closely aligned to those reported in the December, 2012 survey.

Does this point to seasonality in the function priorities for finance leaders? Traditional functions appear to have a higher priority for finance leaders as the calendar year draws to a close, while

providing business insight and strategy support were the top priorities reported by financial leaders in the mid-year survey (June, 2013). Without results for a few more periods, it is too early to confirm seasonality exists, but it something to consider as results for more periods become available.

2. Finance function effectiveness

Figure 2: Effectiveness across different finance priorities



How effective do finance leaders perceive the finance organisation to be in this latest semi-annual survey? Overall, there is a tight range of effectiveness levels expressed for the various finance functions, and this has remained consistent to the two previous half-year results. It suggests that finance leaders are satisfied, but not overly-ecstatic, with their effectiveness in these areas. Finance leaders continue to express the highest level of confidence in their ability to meet

regulatory requirements (the only function that has an average score of greater than 4 out of a scale of 5). They also perceive higher effectiveness with working capital management, corporate finance, capital structures, providing business insight, tax, and forecasting.

Of concern, is the perceived effectiveness in the ability to develop talent in the finance function (combined with its low priority). There has been little change in the perceived

effectiveness in performing the range of finance functions (do I hear a resounding 'we're doing OK, but just OK?'). To improve effectiveness of these functions, should we be looking at the resources available to perform them and pose the question 'Is it time to rethink the priority and effectiveness of the ability to develop talent?'

3. Finance function challenges

Figure 3: Finance function challenges



Echoing the results shown in the two previous surveys, too many priorities for the finance function continues to be the biggest challenge facing the finance leaders. CFOs and finance directors maintain their concern over adequately servicing the many demands placed on their organizations.

The next two most often expressed concerns contribute to a finance area's ability (or inability) to handle the volume of demands it is facing – they are poor

finance IT capability, and the over-demand for management information. Adequate technology knowledge and support can ease the ability of a finance organization to service its various priorities, and to more readily satisfy the demand for management information.

It's interesting that, in this time of advancing technology trends, eg social networks, mobile delivery, cloud technology and the emergence of big

data, many finance leaders are expressing concerns of their own ability to leverage technology and their inability to adequately provide management information. How much time must finance organisations spend reworking numbers, manually and with spreadsheets, rather than being able to spend quality time interpreting the numbers to provide new insights to help create value for the organisation?

4. The importance of different finance skills

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



The top three most important skills ranked by finance leaders are exactly the same skills and in the same order as those ranked in the two previous biannual surveys. Finance leaders rank financial planning and analysis as the most important skill. This skill enables members of the finance organisation to derive insights that will lead to better decisions for the company.

As in the previous surveys, finance leaders recognise the value of being able to communicate and to influence decisions. A desire to be able to

interpret and tell the story behind the numbers explains why, for finance leaders, communication and influencing skills are ranked as second highest priority.

Knowledge of the business remains a highly valued skill – the third most important skill identified in this survey. It's not enough to be able to report the financial results – the finance organization provides greater value when the numbers can be interpreted to explain what has happened and to recommend what will happen. Knowing the business and what drives results is

an asset that facilitates the ability to make meaningful recommendations.

A distressing finding shows that finance leaders don't place a great deal of value in technology skills, but continue to report high concerns with technology-related issues. Is it time to promote and value greater technology-related skills within the finance community – let the IT professionals provide the proper infrastructure and technology solutions that make it easier for the finance professional to own and access the data?

5. The most important stakeholder relationships

Figure 5: The most important stakeholder relationships

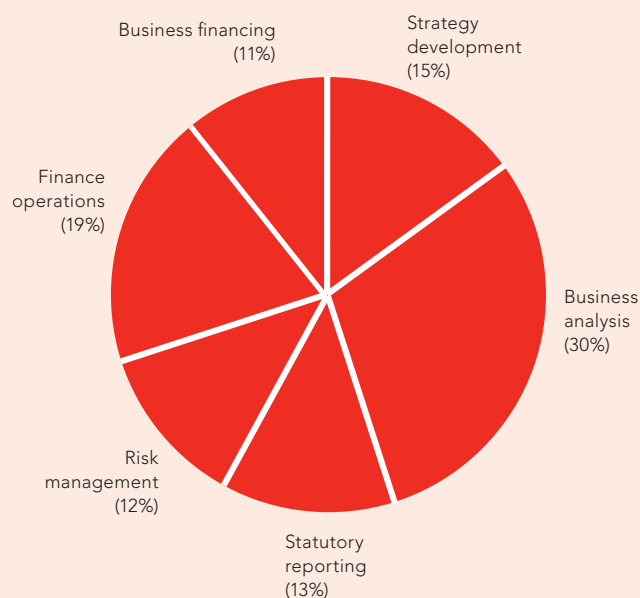
1. Bankers
2. Auditors
3. Customers
4. Suppliers
5. Regulators
6. Tax authorities
7. Investors
8. Government
9. Analysts
10. Media
11. CSR groups
12. Other

Banks and creditors, and the auditors remain the most important relationships according to finance leaders, but they have switched ranking positions from the results of the two previous surveys. It's of interest to note that the relationship with customers remains the third most important in the eyes of the finance leaders – this reflects the need

to consider the importance of customer behaviour on financial results and the impact of financial results on a broader audience. Unsurprisingly, other traditional finance relationships such as investors, tax authorities and regulators continue to be seen as reasonably important.

6. How finance leaders apportion their time across finance activities

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



There has been little change in how finance leaders apportion their time across finance activities – the reported time apportionment in this survey is almost identical to those of the two previous surveys. The results reflect the variety of priorities that CFOs and finance leaders face as they balance their fiduciary and stewardship

responsibilities with increasing strategic support demands. Finance leaders spend over two fifths of their time on business analysis and strategy development as opposed to core traditional finance responsibilities. Running finance operations continues to account for about one fifth of their time.

POL-AFB-FLS03