THE FUTURE IS BRIGHT

Despite the many challenges facing the profession, management accountants have plenty of reasons to be optimistic in a world where their skills will continue to be in demand, writes Lawrie Holmes.
Accountants are right to be mindful of what the future may bring the profession. We are living in a period of particularly rapid and unpredictable change that's starting to have a profound effect on the work of financial managers around the world. Issues that are becoming problematic for companies in this turbulent era include cyber-crime, rampant short-termism, and a lack of public trust in business, to name but a few.

But perhaps the biggest challenge facing the profession concerns technological change. Management accountants have to consider whether the latest systems will complement what they offer their organisations or compete with it. While finance teams have hitherto used IT to boost their productivity, it seems that they are starting to see it more as a rival. The task at hand, therefore, is to understand how the professional can best harness the technology.

This issue of FM recognises the rate and scale of change occurring in the financial management sphere, but presents positive ways in which management accountants can capitalise on this. In the process, we will show how CIMA and the Association of International Certified Professional Accountants (AICPA) enable them to adapt accordingly, giving members and students the skills they need to continue playing a key role in their organisations.

“A financial professional’s career can span several decades. As time goes by, the only way that he or she can keep up to speed with each successive cohort of management accountants joining the profession is by undertaking CPD,” stresses Aubrey Joachim, FCMA, CGMA, an independent consultant who served as president of CIMA in 2009-10.

Building on previous special editions of FM, which have explored themes such as leadership, risk and opportunity, and the value of human capital, this issue highlights the importance of management accountants in creating value, both for their organisations and for society as a whole. A key aspect of creating shared value is understanding and harnessing the transformational potential of emerging technologies. The remarkable development of Kenya’s Silicon Savannah as a high-tech hub for east Africa (page 26) serves as a case in point.

Many of the articles in our “Deep dive” section (pages 15-45) consider the ways in which the march of automation might affect management accountancy and discuss how financial managers should be preparing themselves for the likely changes to come. Guidance from CIMA experts and others accentuates the positive aspects of the new technological revolution, stressing that proactive and tech-savvy professionals can still be masters of their own destiny and thrive in the new era.

The imitation game
Some of the most profound technological advances in recent years have occurred in the field of artificial intelligence (AI). The term has existed since 1950, when one of the fathers of modern computing, Alan Turing, invented his eponymous test to determine whether a computer had developed human-like intelligence. Nearly 70 years on, AI systems have the power to disrupt almost every business process and reshape the global corporate landscape.

We examine the adoption of AI in the automotive industry, where some of the world’s biggest motor manufacturers are developing the technology apace – and not...
only in the obvious area of self-driving cars. Toyota’s $1 billion (£820 million) investment in an AI development centre reflects the level of commitment (page 24). We also hear about the Renault-Nissan Alliance’s ambitious AI-related plans from Jérémie Papin, its global director and financial chief.

AI is also having a transformative effect in the energy sector. Shell’s outgoing CFO, Simon Henry, FCMA, CGMA, reveals how the oil giant’s accounting function is harnessing its power. A new global technology platform is being built to help its finance teams work in a more agile and resilient way, enabling them to extract more insights from big data (page 42).

We consider the impact of robotics on the global finance industry in our interview with Sophia Steiger, FCMA, CGMA, CFO for IT, operations, real estate, and procurement at HSBC (page 18). Her appointment last year to deliver a transformational robotics programme, just as she did for her previous employer, Credit Suisse, is a sign of HSBC’s intent to make cost and efficiency savings while also improving the responsiveness of its customer service function. Steiger’s powerful commentary on the direction that HSBC is heading highlights the close relationship between cost management and technology. This is a significant link, given that cost leadership is regularly cited as one of the main priorities of CFOs.

Protector in chief
Business leaders have identified a broader set of trends that are likely to have an impact on many organisations in both the immediate future and the longer term, and the one that causes the most consternation is the threat posed by cyber-crime.

Fortunately, financial managers can make a big contribution to protecting their organisations against the ever-evolving threat of cyber-crime. Peter Simons, ACMA, CGMA, CIMA’s head of future of finance research, and Barry Melancon, CPA, CGMA, president and CEO of the AICPA, offer their views on how accountants can serve as the first line of defence (page 32).

This is one of the many crucial roles that management accountants can play in their organisations in a future that may appear daunting at first sight. It’s a theme that we address in detail in the “In practice” section (pages 55-64). Clear communication is central to effective business partnering, as other senior financial managers – including Sean Purcell, ACMA, CGMA, a veteran of various industries, and Catherina Leahy, ACMA, CGMA, internal audit chief of Irish food giant Kerry Group – attest (page 56).

The future is also bright for management accountants who can extract value-adding intelligence from a mass of data or truly understand the potential of big data. Stephen Cassidy, FCMA, CGMA, senior VP of Hilton Worldwide’s operations in the UK and Ireland, and Vasant Prabhu, former CFO of Starwood Hotels & Resorts, reveal its importance to their industry (page 58). They are joined by Andy Wells, BT’s cost transformation director, who explains how his performance analysis persuaded the UK telecoms giant to repatriate many of the call-centre jobs it had outsourced to India, leading to efficiency savings and other benefits worth £300 million ($366 million) to date. Projects such as this illustrate the idea that finance teams can – and should – ensure that their organisations create value in a sustainable way. Mervyn King, HonF-CMA, chairman of the International Integrated Reporting Council, is a strong advocate for this (page 62). His new book, Chief Value Officer, explains how “accountants can save the planet”. It serves as a powerful argument as to why the profession will continue playing a crucial role in tomorrow’s business world.