



10 February 2014

Professional Accountants in Business  
International Federation of Accountants  
545 Fifth Avenue, 14<sup>th</sup> Floor  
New York, NY 10017  
U.S.A.

**Response paper by the Singapore CFO Institute to the IFAC discussion paper on “The Role and Expectations of a CFO”**

The Singapore CFO Institute welcomes the opportunity to comment on the discussion paper *The Role and Expectations of a CFO: A Global Debate on Preparing Accountants for Finance Leadership* issued by the International Federation of Accountants (IFAC).

As a centre for thought leadership and research on issues that affect CFOs today, the Singapore CFO Institute is acutely aware of how the CFO's role has broadened in scope and complexity over the last several years. The Singapore CFO Institute's mandate is to advance the role of CFOs as strategic partners in the business community, and the institute has thus developed the Ideal CFO Framework to engender the growth and development of CFOs.

The Singapore CFO Institute is supported by the Singapore Accountancy Commission, which was established in 2013 to develop the Accountancy Sector with the goal of transforming Singapore into the leading global accountancy hub.

To better discuss the issues related to finance leadership, the Singapore CFO Institute organised a roundtable session for 27 CFOs and senior executives (Annex A) based in Singapore, coming from companies of varying sizes and operating in different sectors. Their views on the five principles listed in the IFAC discussion paper are represented in this response paper.

***A. Be an effective organisational leader and a key member of senior management***

In almost any organisation, it goes without saying that the CFO is a key member of senior management. The importance and scope of this role has increased exponentially due to the financial crisis. Today, the CFO is expected to be not just a finance leader, but a leader of the organisation as a whole, and is as such expected to take accountability for major decisions.

As an organisational leader, the CFO may be considered the number two to the CEO. If necessary, the CFO may be required to step forward and temporarily or permanently take over the CEO's role as the overall leader of the organisation. Alternatively, the CFO may also be considered the “kingmaker” whose role is to support the CEO.

In the business context, the right to be a leader is earned by knowing the business and its value drivers. The CFO must therefore have a strong grasp of how the business operates, which is

possible because of his or her unique position. Typically, the CFO is in a position to receive financial information from all parts of the organisation, and this information allows him or her to provide insights and direction to the rest of the senior management team.

On top of this, the CFO is also expected to act as a bridge between the investors and the board. As the person most often held accountable, the CFO's credibility is key to winning stakeholders' trust.

To more effectively fulfil the demands of the leadership role, the CFO needs to build relationships throughout the organisation and even outside it. This requires a certain level of interpersonal skills, which are unfortunately often overlooked. While most CFOs possess sufficient technical skills to meet the demands of their job, they tend to lack in areas such as interpersonal communication, team management and presentation skills, among others. Many CFOs could benefit from cultivating these skills, which are best developed through practice and exposure.

However, it is debatable whether the CFO can effectively take on the COO's role as suggested in the IFAC discussion paper. The two roles are disparate, with the CFO's role being more specialised and the COO's role being more operational. More importantly, the amount of work involved in taking on both roles may be prohibitive for a single person to accomplish effectively. The success of merging the two roles is highly dependent on the individual organisation's business strategy.

"We are CFOs because we aspired to be CFOs and that means that by definition, we have to be a leader. As a leader, we cannot afford to be marginalised: we have to be confident and bring value to the senior team. We must be able to step back from the numbers, make hard decisions and think of the company in the long term." Mr Nelson Lee, CFO, Sysmex Asia Pacific Pte Ltd

"We want to influence the organisation because we believe that we can add value and the organisation will be better off. So the question is, what do we focus on to become that influencer and maintain that influence? I think it comes down to three things: being technically very good, understanding the business, and building relationships throughout the organisation." Mr Richard B. Astorga, COO & CFO, Sansar Capital Management LLC

"CFOs need to be an influence, to be able to carry people along with their ideas and their commitment. Especially in regard to balancing stewardship with profitability, we have to be in a position to influence our peers in the senior management team to consider that there may be a risk, a question of ethics, and to influence them to make the right decision and balance the organisation's different priorities." Ms Hon Su Sian, Managing Director for Finance – Asia Pacific, Accenture

"Being an effective leader is not only about the business but about the organisation. It is about leadership and the competency of the team, especially the finance team. In the case of the finance team, it is about the ability to understand and meet the business's requirements. It is about communication and leadership skills as well as technical skills." Ms Chia Chey Hui, CFO, Philips Electronics Singapore

"The role of the CFO is not always defined us by and often it is defined by the expectations of everyone else...I think the challenge for some CFOs is whether or not they are also sometimes seen as the COO, and whether there may a conflict between playing both roles at the same time."

Mr Lester Wong, CFO, United Engineers Ltd

"I feel that the CFO has no choice but to be a leader. Because the environment that we are in is changing so fast, there is no way one single person can know everything. If you are not the leader, you cannot get people to work with you and give you the required data or information for making decisions." Mr Keoy Soo Earn, Partner – Financial Advisory, Deloitte Southeast Asia

### ***B. Balance the responsibilities of stewardship with business partnership***

The CFO's role begins in stewardship, and moves over time towards cross-functionality. However, stewardship of the organisation's resources continues to be the CFO's most important priority over his or her tenure. It is the CFO's responsibility to ensure that decisions beneficial to the organisation are made, that key performance indicators are met and that the budget is correctly utilised, among other functions. As a steward, the CFO has to manage risk and exercise restraint.

On the other hand, as a business partner, the CFO must be open to risk, and this is where CFOs may encounter difficulties in balancing their roles. Often, CFOs are more familiar with the governance aspect, and tend to emphasise it at the expense of innovation and potential growth – constantly rejecting the business team's proposals, for example. This may lead to the CFO being seen as a 'background leader' who does not contribute to performance, and whose only role is to make sure that indicators are met and stewardship roles are played.

To balance these dual roles, CFOs need to acquire breadth of experience and business competencies including operational and strategic planning knowledge. This overlaps with the first principle in that the CFO cannot remain only a numbers man: he or she needs to be cognisant of all aspects of the business, from human resources to IT to the legal aspect.

"You can't completely separate the business partnership and the controllership. It's very dangerous to embark on the business partnership without knowing what the rules are. If you give business advice without considering the legal and accounting aspects, you're not being a good business partner." Mr Daniel Benham, CFO, International Baccalaureate Organisation

"As a finance leader and a member of the board, there is an inherent conflict between my roles. As a director I have to be a steward of the company's resources, but as a finance leader I have to add value to the board's decisions. For me, the stewardship function is always the most important. It guides my board responsibilities and my CFO function." Mr Wayne Law, Director – Finance and Administration, Dragon Geophysical

"To balance the CFO-CEO partnership, the stage must first be set right, there must not be a wide age and experience gap between the CFO and CEO. Then the CFO must expose himself to business knowledge and strategic management experience. He must take the initiative or create opportunities to enable him to acquire such knowledge and experience. Next, the CFO's mind-set on risk tolerance level must change. He must be able to meet the CEO's risk tolerance level at least halfway with proper risk assessment within the boundaries of governance." Mr Michael Lee, CFO, CNA Group Ltd

"The senior management team looks to the CFO to play the stewardship role to help them watch their backs. They want to take risks, which are perfectly fine, but they need us to help them balance the risk." Ms Hon Su Sian, Managing Director for Finance – Asia Pacific, Accenture

"To play an authentic partnership role, CFOs are challenged to deliver value by being part of the solution, as opposed to drawing the line at identifying problems. To go that extra mile, relationships, trust and respect need to be developed over time, so that management team pauses and listens whenever the CFO flags a business issue deserving of management attention and due consideration." Mr William Tan, CFO, Metal Component Engineering Ltd

"The difference between a good CFO and an excellent one is the ability to not reject a deal because it goes against the rules but to help the manager find ways to structure the deal to avoid going against the rules and to make the deal doable. It is too easy to say no but the real skill of a CFO is to help make the deal viable" Mr Choo Chek Siew, CFO, ComfortDelGro

### ***C. Act as the integrator and navigator for the organisation***

This principle is closely linked to the first two. The CFO's ability to assume leadership stems from his or her position as the one individual who has access to numbers and other information from across the organisation, and can consolidate this information into a form understandable by the rest of the management team.

Similarly, the CFO is often responsible for tracking an organisation's KPIs, which are not necessarily restricted to numbers inside the organisation. This allows the CFO to provide updates and direction to the rest of the senior management team as and when needed.

"With our role, we can see the whole organisation's results, whereas a business leader can only see their business unit's results, and with that ability, we have an extremely important bird's eye view of the organisation together with the CEO. Therefore, if you have an effective person in the role, that CFO can provide important direction, insights and heads-up to everybody in the senior management team." Ms Lisa Liaw, Director - Financial Controller, American Express Singapore, Malaysia, Indonesia, Brunei

"The CFO's role provides a great opportunity to spread influence beyond the numbers and see different facets of the organisation." Dr Matthew Hansard, Regional Controller – Asia Pacific, Covance

"If your company grows organically, value is created by the sales people. But if your company grows by merger and acquisition, the CFO definitely has a greater role to play and more say in the decision-making process." Ms Gail Shan, Group Financial Controller, KTL Offshore

"Once, I was asked to find out how much boat owners earn...I thought to myself, is that really the role of a CFO? Do I really have to understand how much boat owners earn as it is not within my control? But when I went out and collected the data, spoke to the people on the ground and drew up financial statements for them, I found that I understood the nature of the business much better." Ms Yvonne Chan, Financial Controller, Maritime Port Authority

#### ***D. Be an effective leader of the finance and accounting function***

As finance leaders, CFOs cannot restrict themselves to just heading the finance function. Finance leadership is no longer about finance and compliance alone, but about having a broader grasp of the organisation's structure, operations and strategy, and interpreting the numbers in terms of these. It is the CFO's responsibility to interpret and analyse the numbers so that other members of the senior management team can understand the implications.

CFOs also need to bear in mind that companies focus on innovation. Typically, CFOs tend to focus on historical results and the numbers aspect of their work, but this creates an imbalance between the company's needs and the CFO's capabilities.

Not all CFOs possess finance qualifications. This is not a bad thing in itself, as the CFO may be able to rely on a qualified team to collect and present information. However, CFOs will eventually need finance training of some kind, preferably advanced finance training or at least an accounting qualification depending on the size of the company and its business strategy. A finance background will make the CFO's job easier and minimise the organisation's risk of non-compliance.

Notably, however, the CFO's ability to break away from the numbers role is contingent on how much support the organisation provides. Such support may come in the form of training, or even of greater acceptance of the CFO's perspective from the rest of the senior management team.

In addition, CFOs need to pro-actively involve themselves in the accounting standard-setting process. Rather than be content with compliance alone, they should endeavour to gain a clear understanding of the intentions behind a new accounting standard and how it will affect their own organisation and industry. Professional accountants who are finance leaders are in a strong position to provide feedback to accounting standard setters and should capitalise on that.

"As a CFO, our background is in numbers. We are trained as auditors, so we have the advantage over other members of senior management that we know how to read and interpret the numbers in greater depth, and to see what goes behind the numbers. It is our responsibility to assist our business partners to understand these financial numbers so as to enable them to make more informed decision in their day to day running of the business. That is one of our value add"  
Mr Soh Kam Giap, Group Controller & Regional Finance Officer, Neptune Orient Lines Ltd

"We have to take the numbers hat off. Our background is numbers, so we tend to see the organisation through a numbers lens, but that is not a complete picture. Financial health is a key root of the organisation, but if we believe that we have a privileged position because of that, we are wrong. We should downplay the copilot role and look at the business aspect: market analysis, new products, acquisitions and so forth." Mr Daniel Benham, CFO, International Baccalaureate Organisation

"Only if the CFO exerts good leadership to the Finance and Accounting function, will he or she be able to address current and future operational and stewardship requirements. The various different and changing requirements oblige the CFO to build-up a sense of continuous learning in his organization and to train a strong pipeline of talents. Giving aspiring talents sufficient exposure to the Business side, planning rotations and secondments and even considering non-finance professionals with the right attitude, skills, and willingness to learn continuously for a career in Finance, are key success factors to build a reliable support base for the multi-role CFO at the top."  
Mr Holger Lindner, CFO, Product Services Division, TÜV SÜD AG

"You need to be able to show the stakeholders the value of your numbers, to translate the business into numbers and the numbers into business. This is not only within the organisation, but applies to the shareholders as well. Only if the shareholders have trust in you, will you be able to make an impact on the organisation that goes beyond acting as a check and balance." Mr Viktor Leendertz, Group CFO, Dystar Singapore

"Traditionally, being trained accountants, we are seen as being very serious and stern. This is where soft skills need to come in. We are actually approachable people – it is a matter of bringing the image out to our colleagues." Mr Tan Wee Ko, Executive Director & CFO, Challenger

"After getting our professional qualifications, how many of us really immerse ourselves in learning soft skills? How many of us are public speakers? We need soft skills to follow the latest changing trends in the market by interacting, talking, mingling and bringing the best practices back to our organisation." Mr Srinivasan Venkita Padmanabhan, Global Head - Products & Senior Vice President Finance - Finance, Olam International Ltd

"The CFO's role is about integrity, credibility and trust. He needs industry knowledge, finance expertise and experience in enforcing corporate governance so as to be able to bring value to the organisation." Mr Tommy Loke, CFO, Hubei Minkang Pharmaceutical Ltd

"Companies must innovate or perish. Many CFOs today are too focused on numbers and historical information. Some are viewed as an impediment to innovative ideas. The challenge for CFOs is how to be more forward thinking, while still promoting financial discipline in their organisations. Without this balance, it will be difficult for companies to achieve growth." Ms Chan Lai Koon, Head of Institutes Group, KPMG Singapore

### ***E. Bring professional qualities to the role and the organisation***

It may be taken for granted that the CFO, as part of the C-suite, must bring professionalism to the table. Professionalism in finance leadership centres on stewardship, and the CFO's role is therefore primarily defined by ethics, integrity and credibility. The IFAC discussion paper did an exceptionally good job of highlighting ethics and integrity as the mainstay of the CFO's role, and in defining the ways in which the CFO can be an ethics leader for the organisation.

Besides ethics and integrity, a CFO's professional qualities should include the skills and knowledge that he or she brings to the table. CFOs should approach their job with the mindset that they are always learning, and should take the opportunity to improve themselves where possible.

"The CFO has to be the torch bearer for integrity for the organization. It is important to demonstrate this through high personal and professional honesty but it is more important to have this baked into the culture and policies of the organization. Integrity is so key that it must be singled out and highlighted as a requirement of the job" Mr Choo Chek Siew, CFO, ComfortDelGro

"At the end of the day, our ability to play so many roles comes down to the heart. A lot of it is conscience, integrity and ethics. If all we are doing is trying to make the numbers, people will easily see through us and the trust will be lost. We ourselves must believe that what we are doing is correct." Ms Yvonne Chan, Financial Controller, Maritime Port Authority

"Regulations in respect of ethics would definitely uplift or at least maintain the integrity of the professional. Stakeholders would generally welcome regulations that would enhance and not restrict or impair results of operation, cash flows and the distribution of dividends." Mr Michael Lee, CFO, CNA Group Ltd

"We have to invest the time to develop ourselves. I have benefited greatly from training and development, especially the mentorship in the programmes I attended. As a leader, it's quite lonely at the top, and being able to learn from others, especially where ethical areas are concerned, helps a lot." Mr Wayne Law, Director – Finance and Administration, Dragon Geophysical



## **Concluding Comments**

The five principles outlined in the IFAC discussion paper are well formulated and understandable. They are very important for defining a CFO's responsibilities and will be of great use to employers, CFOs and potential CFOs. However, the exact role and effectiveness of a CFO, and by extension the application of the principles, depends on several factors. Industry type, size and nature of organisation, and business strategy, make a great difference to a CFO's responsibilities and the requirements placed on him or her. Clearly, some CFOs may not have the opportunity or even the need to exercise all the principles.

Nevertheless, the five principles are an excellent guideline for both current and future CFOs. Even if not exposed to the relevant competencies, CFOs can and should use the principles as a basis for learning and development.

## **About the Singapore CFO Institute**

The Singapore CFO Institute aims to be a globally-recognised body of CFOs and CFO aspirants and is dedicated to advancing the role of CFOs as strategic partners in business and the community, by driving thought leadership, promoting best practices and enabling their professional development.

## **Contact Details**


Shirlynn Loo  
Executive Director  
Singapore CFO Institute  
c/o Singapore Accountancy Commission  
Tel: +65 6325 0595  
Email: shirlynn\_loo@sac.gov.sg

Low Han Siong  
Senior Manager  
Singapore CFO Institute  
c/o Singapore Accountancy Commission  
Tel: +65 6325 0531  
Email: low\_han\_siong@sac.gov.sg



## About the IDEAL CFO © Framework

The IDEAL CFO © Framework is a living document of today's CFO's skills and attributes. It was developed by the Singapore CFO Institute, with inputs by CFOs, CEOs and Board Directors. It serves as a guide to all CFOs on the competencies and attributes that are necessary to be an ideal CFO.



# The Ideal CFO Framework

---

**Attributes:**

	He or she should be	<b>T</b> rustworthy
	He or she should manifest	<b>H</b> onesty, Reliability and Consistency in presenting information
	He or she is an	<b>E</b> ffective leader with excellent talent management skills
	He or she should think and act	<b>I</b> ndependently
	He or she makes commercially sensible	<b>D</b> ecisions
	He or she demonstrates strong commitment to	<b>E</b> thics and ability to manage ethical dilemma
	He or she demonstrates a strong	<b>A</b> nalytical ability
	He or she is a	<b>L</b> eadership and influencer in shaping outcomes close to the heart of the Business
	He or she has superior	<b>C</b> ommunications skills and is attuned to cultural difference across the geographical segments of the business
	He or she is highly effective in leading the	<b>F</b> inance function to support the strategic direction and operations of the organisation
	He or she demonstrates a firm grasp of the	<b>O</b> perations of the organisation

**Competencies:**

- I. Operational Management**
  - Accounting and Finance
  - Budgeting, Forecasting and Cost Management
  - Corporate Governance and Compliance
  - Management Information Systems
  - Mergers & Acquisitions and Corporate Finance
  - Organisational and Administrative Skills
  - Right Sourcing
  - Performance Management
  - Risk Management
  - Taxation
  - Treasury and Asset Management
- II. Tactical Management**
  - Change Management and Insights
  - Communication and Presentation Skills and Executive Presence
  - Internal Stakeholders Relations
  - Financial Strategy (Shareholder Value)
  - Negotiation
  - Possessing good knowledge and understanding of the business
- III. Strategic Management**
  - Advocate/Ambassador for the Organisation
  - Vision and Goal Setting
  - External Stakeholders Relations (Investors, Regulators, Suppliers and Clients)
  - Relationship Building and Collaboration

... based on ethics & integrity

## Annex A - Participants of the roundtable

	Name	Designation	Company
1	Ms Hon Su Sian	Managing Director for Finance	Accenture
2	Ms Lisa Liaw	Director, Financial Controller	American Express Singapore, Malaysia, Indonesia, Brunei
4	Ms Anne Chua	Head, Finance	CapitaCommercial Trust Management Limited
5	Mr Tan Wee Ko	Executive Director & CFO	Challenger
6	Mr Choo Chek Siew	CFO	ComfortDelGro
7	Dr Matthew Hansard	Regional Controller – Asia Pacific	Covance
8	Mr Keoy Soo Earn	Partner – Financial Advisory	Deloitte Southeast Asia
9	Mr Wayne Law	Director – Finance and Administration	Dragon Geophysical Pte Ltd
10	Mr Viktor Leendertz	Group CFO	DyStar Singapore
11	Ms Lena Haggblom	Vice President, Head of Finance, South East Asia & Oceania	Ericsson Telecommunications Pte Ltd
12	Mr Tommy Loke	CFO	Hubei Minkang Pharmaceutical Ltd
13	Mr Daniel Benham	CFO	International Baccalaureate Organisation
14	Ms Chan Lai Koon	Head of Institutes Group	KPMG Singapore
15	Ms Gail Shan	Group Financial Controller	KTL Offshore Pte Ltd
16	Ms Winnie Cruz-Ding	CFO	LexisNexis Asia
17	Ms Yvonne Chan	Financial Controller	Maritime Port Authority
18	Dr Tham Lai Leng	Director	Meinhart-Infrastructure Ptd Ltd
19	Mr William Tan	CFO	Metal Component Engineering Ltd
20	Mr Soh Kam Giap	Group Controller & Regional Finance Officer	Neptune Orient Lines Ltd
21	Mr Srinivasan Venkita Padmanabhan	Global Head - Products & Senior Vice President - Finance	Olam International Ltd
22	Ms Chia Chey Hui	CFO	Philips Electronics Singapore
23	Mr Richard B. Astorga	COO & CFO	Sansar Capital Management LLC
24	Mr Uantchern Loh (Moderator)	Chief Executive	Singapore Accountancy Commission
25	Mr Nelson Lee	CFO	Sysmex Asia Pacific Pte Ltd
26	Mr Holger Lindner (Co-moderator)	CFO, Product Services Division	TÜV SÜD AG
27	Mr Lester Wong	CFO	United Engineers Ltd
With inputs from			
28	Mr Michael Lee	CFO	CNA Group Ltd