FUTURE-FIT ACCOUNTANTS

CFO & FINANCE FUNCTION ROLES FOR THE NEXT DECADE

IFAC International Federation of Accountants®
THE WORLD IS CHANGING FAST, AND SO ARE THE ROLES OF FINANCE AND ACCOUNTING PROFESSIONALS.

IFAC’s focus is on inspiring confidence in the profession and preparing it for the future. By understanding how professional accountants working in business and the public sector can continue to contribute to successful and resilient organizations, the accountancy profession can better advocate for, and prepare professional accountants to deliver in future-fit roles.

Building on A Vision for the CFO and Finance Function: From Accounting for the Balance Sheet to Accounting for the Business & Value Creation, IFAC also identified the finance and accounting roles needed to remain integral to organizations in the coming decade. These future-fit roles are based on the experiences of business and finance function leaders represented on IFAC’s Professional Accountants Business Committee, as well as interactions with the customers of finance: CEOs, board directors, and other stakeholders.

1 See A Vision for the CFO & Finance Function: From Accounting for the Balance Sheet to Accounting for the Business & Value Creation for additional detail.
From the perspective of the CFO and finance function, these future-fit roles focus on identifying how finance and accounting professionals contribute to success.

Most professional accountants work in commerce, industry, government, public sector, or not-for-profit organizations. They have a range of professional designations—including CPAs, chartered accountants, management accountants, expert comptable, or contador public—and can work in a wide range of functional areas within and beyond finance and accounting.

Professional accountants’ education and training pathways traditionally provide a variety of skills and competencies that enable a career in business, with a focus on supporting decision making through provision of relevant information, analysis, and insight.
PREPARING FOR THE FUTURE

- Both the nature of work performed by professional accountants and the nature of their contributions to the organizations for which they work are rapidly evolving in response to significant trends.

- No one knows for certain what the future holds but it is important to prepare for it. It is clear that professional accountants’ profiles and skillsets are changing and will continue to evolve.

- All types of organizations are disrupting or being disrupted. Digital and data transformation means organizations are investing more in transformative technology and working practices that drive greater value to customers and society.

- Value is created primarily from intangible assets which are not fully reflected on balance sheets.

- Talent and skills shortages can hold organizations back from achieving their goals. The skills and competencies needed change rapidly, and increasingly include relationship building, effective communication, problem solving, innovation, and being able to leverage data and technology.

- As organizations focus on developing and retaining key skills, the training pathway for professional accountants must prepare them for a business career and prioritize the skills needed to attract talent and new generations into the profession.
Beyond financials and a longer-term lens of success and performance

• A multicapitals perspective to decision making and reporting helps to ensure that value created over the long term extends beyond the value delivered to companies and their shareholders to other stakeholders, including employees, customers, society, and the natural environment.

• Financial reporting does not provide all the information required by funders, capital markets, and other stakeholders. Greater transparency involves communicating about the strategic assets and financial and non-financial capitals that drive long-term value and cash flows.

• The proliferation of data and information about companies drives complexity rather than insight.

• Companies need to consider how their purpose and strategies help address economic and social issues, including the Sustainable Development Goals—which address a range of critical global issues like climate change, poverty and education.

Unprecedented levels of regulation and uncertainty

• Spiraling regulatory and compliance requirements increase the cost of doing business, and lead to cross-border fragmentation. More rules and regulatory complexity lead to organizations acting defensively, focusing on compliance at the expense of the bigger picture of how they are going to be successful.

• Emerging and significant sources of risk, such as climate change, cybercrime, fraud and corruption, and modern slavery, increase uncertainty and complexity in decision making.

Business model disruption

• There is significant—and increasing—pressure on commercial and public sector organizations to deliver greater value to their customers at a lower cost. Digital disruption and significant investment in technology are driving new and innovative business models, reinventing how value is delivered.
FUTURE-FIT ACCOUNTANT ROLES

- The Adaptive Cycle is a way of exploring how complex adaptive systems—in this case the accountancy profession and accounting & finance professionals—can adapt to their changing environment, and ultimately transform to ensure relevance in the future.

- Eliminating manual-based accounting roles provides the opportunity to shift to broader value-added roles. These roles can be “growth” areas, which build on current areas of importance, “germination” areas that are becoming critical, and “conservation” areas involving cornerstone roles that remain fundamental to being a professional accountant.

- Using the Adaptive Cycle, IFAC has identified seven key roles for finance and accounting professionals to retain relevance and enhance their contribution to strong, sustainable organizations, financial markets, and economies. Some roles will be more relevant to specific leadership roles, such as the CFO or controller, while others are more relevant to other roles in the finance function, accountants working in commercial-facing and operational roles, or in internal audit.

- The roles are not necessarily mutually exclusive, and professional accountants in smaller organizations might perform multiple roles.
CO-PILOT

LEADS STRATEGICALLY, FACILITATES CHANGE, AND INFLUENCES PEOPLE AND DECISIONS. ACTIVELY INVOLVED IN ALL SIGNIFICANT BUSINESS DECISIONS AND MAJOR INITIATIVES TO DRIVE CHANGE AND GROWTH.

Requires a strategic mindset in leadership roles, such as CFO or vice president of finance, to:

• Inspire and lead others outside of and within their own finance teams.

• Develop overall vision, direction, and strategic framework, and deliver major change initiatives, such as digital and business model transformations.

• Align business and finance strategy to drive growth and development of the organization.

• Identify growth and value-creating opportunities in the context of stakeholder expectations and market changes.
STEERS AN ORGANIZATION TOWARD VALUE CREATION AND SUSTAINED PROFITABILITY BY PROVIDING DECISION-RELEVANT AND ACTIONABLE INSIGHTS.

Requires a focus on supporting decisions to:

• Identify trends and uncertainties, opportunities and risks, trade-offs and implications such as through scenarios, forecasting and predictive analytics.

• Provide timely insights on market trends, customers, products and suppliers, critical resources and dependencies, and financial performance.

• Align strategy, value-drivers and performance measurement with resource allocation.

• Improve connections between people, processes and systems to develop an integrated view of performance, incorporating both financial and non-financial information.
BRAND PROTECTOR

PROTECTS AN ORGANIZATION AND ITS REPUTATION THROUGH STEWARDSHIP OF TANGIBLE AND INTANGIBLE ASSETS AND FINANCIAL AND NON-FINANCIAL PERFORMANCE.

Requires safeguarding the organization’s reputation through effective governance and control, taking into account key stakeholder expectations and social license to operate by:

• Protecting value and safeguarding critical financial and non-financial assets and data.

• Ensuring decisions are based on sound financial and sustainability criteria at all levels.

• Leading risk management and facilitating a risk-aware culture.

• Promoting key values, such as integrity and stewardship.

• Ensuring the right people and processes are in place to support compliance.
ENLIGHTENS INTERNAL AND EXTERNAL STAKEHOLDERS ON THE ORGANIZATION’S NARRATIVE, HOW IT CREATES VALUE OVER TIME, AND THE OPPORTUNITIES AND CHALLENGES IT FACES.

The need for effective storytelling and communication transcends roles. It is critical for senior finance leadership as well as for others working in decision support or in specialist areas.

Telling an authentic and useful story requires:

- Understanding and effectively communicating how value is created over time, across all capitals and resources, and in a way that covers all aspects of the business model and financial strategy.
- Explaining the business model and performance beyond the numbers.
- Using data, insights, and experiences to effectively convey meaning and provide understanding and foresight as well as hindsight.
To ensure an organization can survive in today’s disruptive digital environment requires digitally enabling business and operating models, and transforming the finance function to become a digitally enabled workforce by:

- Possessing technology understanding and skills to take advantage of new digital and tech tools.
- Collaborating effectively with information and technology experts to enhance existing systems and tools and seize new opportunities that can boost productivity and deliver value.
- Enabling a data-driven culture with a focus on data governance, modeling, acquisition, and analytical tools.
ENSURES EFFICIENT AND EFFECTIVE END-TO-END PROCESSES AND WORK FLOWS WITHIN AND ACROSS FINANCE AND THE ORGANIZATION.

Digitalization disrupts and challenges existing processes. Processes within and beyond finance need to be re-configured with corresponding workflows to drive efficiency and greater value to customers. The process expertise of accountants needs to be applied so that:

- Processes are understood on an end-to-end basis and are configured to drive value in a digital age. Effectively deploying technology to enable a more effective and efficient finance function requires connected processes and workflows.
- Integrated end-to-end business and finance processes more effectively support business objectives and customer value and deliver more efficient control.
CHALLENGES THE ORGANIZATION, AND THEMSELVES, WHEN NEEDED WITH PROFESSIONAL OBJECTIVITY.

Being a trusted professional requires living the fundamental ethical principles of professional accountancy to ensure responsible business practices and build greater trust in the organization. Being a trusted professional involves:

• Using professionalism as a platform to ensure the organization lives its values and facilitates ethical leadership in decision making across the organization.

• Applying professional challenge and objectivity to help ensure responsible risk taking and unbiased consideration of all information.

• Building strong relationships across the organization, pushing ideas forward, and influencing others’ behaviors and actions.

• Ensuring the right systems and processes are in place to protect the organization from fraud, corruption and misdemeanors.