What Does a Future-Ready PAO Look Like?
Reflections from the IFAC PAO Development Committee
October, 2018
IFAC serves the public interest and strengthens the accountancy profession by:

- Supporting the development of high-quality international standards;
- Promoting the adoption and implementation of these standards;
- Building the capacity of professional accountancy organizations; and
- Speaking out on public interest issues.
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WHAT DOES A FUTURE-READY PAO LOOK LIKE?

The world is becoming increasingly more complex and uncertain. We know that the accountancy profession will need to change to meet future needs and demand. We also know that PAOs will be essential in stewarding that change but that challenges might stand in the way.

Against this backdrop and in light of the new IFAC strategy that encompasses the strategic objective of preparing a future-ready profession, we held an interactive workshop at our latest PAODC meeting in New York, to explore in a new and interesting way, what a future ready PAO might look like.

Working with The Systems Studio Associate Tanya Birl-Torres, a former broadway dancer, the session was designed to open hearts and minds and to move committee members from thinking about their day-to-day work, towards seeing new possibilities. A summary of the most significant and moving themes and patterns of the workshop are captured here.

A central theme of the discussion at the workshop centered on the importance PAOs shifting mindsets in order to create change and be future-ready. We also took that to heart in organizing our workshop and experimented with multiple ways of shaking up ‘business as usual’ in our committee meeting. We broke the room up into smaller tables so participants could interact and talk in an informal setting. Tanya led the group in a short meditation, asking participants to ground their feet on the floor and to use mindfulness as a way of envisaging a different future. We drew pictures and frameworks, we used post it notes and flip chart paper to write down our collective ideas. We shouted ‘Bingo’ to collect and cluster responses on the wall so that the whole room could see what we thought together. There was much debate, conversation and, laughter. Those people who were normally quiet participated equally with those who usually spoke.

If one of the things that needs to happen for the profession to thrive in the future is a shift in mindset, this meeting gave us a glimpse into how we might begin to operationalize that dream. By designing more democratic meetings and allowing people to express their creativity, people think and act differently.

MESSAGE FROM ARJUNA HERATH, PAO DEVELOPMENT COMMITTEE CHAIR

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Arjuna Herath
Chair
IFAC PAO Development Committee
What does the future professional accountant look like? If we do not have this picture in our minds, how can PAOs be prepared to support these professionals? And so, we began the workshop with a visioning exercise. Tanya lead the committee in a short meditation and then asked members to work together at their tables and draw their vision of a future professional accountant.

Meet Pat

A favorite drawing from the session was Pat (side). Pat is young, casual, (no need to wear a suit to a meeting), but also intelligent and sharp. Pat has a global in outlook and develops her/his expertise through technology and virtual learning tools and is recognized for her/his strategic outlook and advisory skills. Not simply a number cruncher, Pat has a sense of purpose and cares deeply about her/his impact on the world. Pat is a central part of the business, known for creative and critical thinking.

Other key characteristics of the future professional accountant also highlighted in the session included being nimble, mobile, and a life-long learner. A professional accountant who works in the public interest, acts ethically and influences initiatives like the Sustainable Development Goals, building trust as a result. The professional accountant of the future, the committee argued, would be a problem solver, able to drive value and innovation in businesses. They would come from varied backgrounds and be ‘less of an accountant’ and more multiskilled with knowledge of technology and data analytics. On top of having excellent core-accountancy skills, they would be able to understand branding and be able to communicate well.
To explore how the PAOs need to change in order to support this vision, we used the Panarchy cycle framework.

The framework, based on the life cycles in nature, has four components:

- **Germination**—the seedling, the birth of ideas
- **Growth**—ideas and concepts that are beginning to take root, gain momentum and grow
- **Conservation**—things that will stay the same
- **Creative Destruction**—what needs to die in order for new shoots to grow?

Results of the session are represented in the model below:

This exercise brought about extensive discussion around ‘Creative Destruction’. For some groups, even admitting that parts of the profession need to die was difficult and felt disloyal. But as discussion progressed, it was clear that in order for the profession to move forward and be future-ready, some things needed to be given up.

Some of the most controversial conversations included the idea of PAOs letting go of standard setting, (whilst keeping discipline and education regulatory functions). Another was the idea that very small PAOs could merge together, even if they had to work across borders, when they simply didn’t have the resources to offer as much value as they’d like to on their own.
ROAD BLOCKS

Next we asked the committee, ‘What’s hindering PAOs in being ready to support future ready professional accountants?’

Groups gathered, had a table discussion, and captured notes. They were asked to come up with just 5 key points representing their views as a table, and to write each individual idea down on a post-it note.

We gathered these points by asking each group one at a time to read out their post it notes. If other tables had a similar point, they shouted ‘Bingo’ and we clustered similar points together on the wall, creating a clear picture of the major roadblocks the committee felt stood in the way of progress.

There was broad agreement on these roadblocks. The committee came up with the following:

- Mindset - presently there is a lack of willingness to change, a culture of rivalry, a culture of clubism/elitism, and an aging membership and/or governance structure.
- Resources - PAOs are frequently scarce on financial resources since they do not have a sustainable financial model and lack ability to scale up.
- Human capital - Likewise, PAOs can lack the right staff to drive internal operations that serve the membership and society.
- Strategic visioning - PAOs might struggle to level up their awareness and knowledge to create a clear strategy for the future.
- Performance - As related to the governance structure, PAOs might focus too much on ‘conformance’ and not enough of ‘performance’ due to a lack of diversity (i.e. non accountants) in governance structures or disempowered executive management.
- Credibility - When PAOs lack legitimacy amongst stakeholders or a solid, legal framework, they may be hindered in progressing and building capacity to execute key activities.
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Next, we asked the committee to use their, now finely tuned, drawing skills to explore what kind of a capacity building framework might guide PAOs to be future-ready and support their members more effectively.

The committee came up with a range of interesting models that built upon existing knowledge of capacity building elements and incorporated some new considerations for the future.

To bolster competitiveness between groups, we asked individuals to vote using sticky dots on their favourite. The winner by far was the “sun-approach” below.

Why was this winner? The group liked the symbol of a sun. It was light, the accountancy profession is all about transparency and it supports the idea of working in the public interest. The importance of good communication, of continuously understanding the operational environment and context, of an open and inclusive mindset, and of the need to support members around new technology, were also popular points. These are key elements that PAOs must begin addressing in order to be future-ready and might not have been up for discussion 10 years ago.

HOW TO GET THERE

NEXT STEPS

Ideas and key reflections from this session will feed into the ongoing strategy development around the future-ready PAO in IFAC and used to develop key messaging for outreach and engagements throughout 2019. Our PAODC Chair will also share the insights from this workshop as part of his introduction on the same topic at the 2018 World Congress of Accountants in Sydney, Australia in November.

Committee members and staff are additionally working on thought leadership pieces for the IFAC Gateway to distill and dig deeper into some of the discussions and themes that came up during the workshop. Sharing these insights on the Gateway will help reach an even wider audience, planting seeds to help grow some ideas presented here.

We are grateful for the openness and enthusiasm the committee showed in participating in this workshop and look forward to exploring these themes with them at future meetings.

IFAC’S PAO DEVELOPMENT COMMITTEE

The IFAC PAO Development Committee is tasked with helping IFAC achieve strong, sustainable professional accountancy organizations around the world—the most effective, efficient, and sustainable source for advancing the accountancy profession—as part of the IFAC Capacity Building Program. The committee serves as an important strategic advisor to IFAC, actively contributing to IFAC’s strategic goals and assisting with implementation.