

# The Diverse Roles of Professional Accountants in Business

*Published by the Professional Accountants in Business Committee*



**International Federation  
of Accountants**

This booklet was prepared by the Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC).

IFAC's overall mission is to serve the public interest, strengthen the worldwide accountancy profession, and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards, and speaking out on public interest issues where the profession's expertise is most relevant.

The PAIB Committee serves IFAC member bodies and the more than one million professional accountants worldwide who work in commerce, industry, the public sector, education and the not-for-profit sector. Its aim is to enhance the profession by encouraging and facilitating the global development and exchange of knowledge and best practices. It also works to build public awareness of the value of professional accountants.

*The views and opinions of the author of this book and those he has interviewed do not necessarily state or reflect the views and opinions of the International Federation of Accountants.*

The PAIB Committee welcomes any comments you may have on this booklet. Comments received will be reviewed by the PAIB Committee and may influence further activities. Comments should be sent to:

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## FOREWORD

Over the years, the Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) has published a number of theme booklets in addition to an annual collection of articles of merit from published member body journals or their websites, discussion papers and studies, International Management Accounting Practice Statements (IMAPS) and various guides for practitioners. All PAIB Committee publications are available through the IFAC website at <http://www.ifac.org>.

Past theme booklets and discussion papers have included *Setting Strategic Directions in Small and Medium Enterprises*, *A Profession Transforming: From Accounting to Management*, *Managing Risk to Enhance Stakeholder Value*, *The Role of the Chief Financial Officer in 2010* and *Enterprise Governance: Getting the Balance Right*.

PAIB Committee members are often asked “What exactly does an accountant in business do?” Most members of the public have some

**Figure 1 – The Diverse Roles of Professional Accountants in Business**



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perception of the traditional work carried out by accountants but with regard to those working outside that sphere, they seem unsure. The PAIB Committee produced the diagram in Figure 1 in an effort to demonstrate the many areas in which accountants work in and for business. Professional accountants in business include those who work in commerce, industry, the public sector, education and the not-for profit sector.

It seemed sensible to expand on this and to demonstrate the variety of work carried out by professional accountants in business and the many ways in which they add value. Robert Bruce, a leading accountancy journalist, was therefore commissioned to conduct a number of telephone interviews with professional accountants and others with corporate accounting responsibility in a variety of roles throughout the world. Themes of ethics/integrity, and views on continuing profes-

sional education were interwoven into all the discussions.

The range of people interviewed has been extraordinary and in itself provides impetus to the idea that accountants in business are a hugely varied bunch. Robert talked to, amongst others, the chairman of one of the biggest banks in China and the third in command of the FBI. He talked to an accountant in a small Australian family business and the head of investor relations at one of the biggest US corporations, for example. The result is a fascinating read.

Finally, my thanks to the members of the PAIB Committee who provided names and details of people for interviewing. Many suggestions were made and the PAIB Committee had the difficult task of selecting the sixteen eventual interviewees intended to provide as wide a range of jobs and locations as possible.



BILL CONNELL

Chairman, Professional Accountants in Business Committee

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## *The Diverse Roles of Professional Accountants in Business*



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## EXECUTIVE OVERVIEW

### The Diverse Roles of Professional Accountants in Business

**Robert Bruce**

Several themes emerge from this series of interviews with professional accountants in business and others with corporate accounting responsibility. Their work, experience and responsibilities are extraordinarily varied. They feel that their roles have changed fundamentally in the last few years. The work they do today has as much to do with strategy and assurance as it has to do with the integrity of the figures. Today's accountants are under pressure over ethics, with aggressive earnings management the favorite culprit, but feel that the answer can only be to hold firm and act as an example to the rest of their corporate entity. They feel under-valued and are generally irritated, if not downright angry, that the public perception of accounting tends to be external auditing rather than what they see as the far more valuable and useful work in what one referred to as "the trenches."

#### THE VARIED EXPERIENCE

The range of experience of the interviewees was extraordinary. They include the Chief Accounting Officer at DaimlerChrysler; Philips Regional Controller in Latin America; the Chairman of the largest independent Chinese bank in Hong Kong; the Treasurer of a large Canadian financial services group; the general manager of a textile conglomerate in Malaysia; the legal director of a call center company in Bombay; the Chief Auditor at Unilever; a partner with Atos KPMG Consulting who is also a Professor at the Free University of Amsterdam; the Vice-President of Operational Excellence with Merck in New Jersey; the Global Reporting and Analysis Leader with Employers Reinsurance Corpora-

tion in Kansas City; the non-executive chairman of several pension companies; the third in command of the FBI; the Vice-President, Investor Relations with Johnson & Johnson; the financial manager, enabling functions, at BOC; the chairman of one of the UK's leading food brands companies; and the general manager of a small family company in Australia.

#### A UNITED OBJECTIVE

Given the varied experience and different responsibilities of the individuals profiled in this publication, there was a surprisingly high level of agreement concerning their objectives. Robert Koethner of DaimlerChrysler said, "We are responsible for providing assurance to the top management that everything relating to financial reporting is consistent and compliant. Our role is to provide assurance for our top management to help them sleep well over compliance with regulations." João Batista of Philips saw his objective as: "accurate information to allow better decisions." "We can provide solutions," commented Craig Warnock of ATB Financial. "The business side is focused on the shorter term, a year ahead. We focus on the longer term and provide guidance." James Duckworth of Unilever remarked, "I provide independent assurance to the board of directors. The major concern is to ensure that the governance measures are all in place in the countries around the world." Margaret Downes felt that, "As a non-executive director, one can provide an objective and independent perspective which helps in the organization's decision-making process." "We

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have to be nimble and to work at high speed,” explained Grant Ashley of the FBI. David Kappler of Premier Foods commented, “I do anything I can do to test and challenge the strategy and act as advisor to the non-executives.” “I wear many hats because it is a small business,” said Janelle Bulmer of Dynaweld in Australia. She concluded that her role “makes the business viable and long-term and guarantees the continuation of the business.”

### THE CHANGING ROLE

“The role of corporate accounting has changed in the last decade,” Robert Koethner remarked. For him, the work in listing DaimlerChrysler in New York was the catalyst. “It was a milestone for our company,” he added. “It was a change in the paradigm – the merger of accountants and controllers. It has increased the status of accountants.” As a result, “accountants have moved more and more into the role of becoming business advisors.” This is probably the biggest change.

“You become less of a pure numbers man,” said David Kappler, “and more of a salesman selling your ideas internally and externally, sometimes to a skeptical marketplace.” One interviewee looked back at his career and pointed out that, “Once I was spending 80 percent of my time looking for information and data and 20 percent of my time analyzing. Now those percentages have flipped around and it is 80 percent analysis.” “I recognized that accounting knowledge is actually fundamental to having the appropriate insights and analysis and being able to work with other managers as to what strategic decisions need to be taken in the business,” James Duckworth said. “We are much more related to business management and strategic development,” commented João Batista. “We can help the sales people be successful,” explained Craig

Warnock. “Or we can come up with products we think would be useful and help them create them and sell them.”

“People ask, ‘What’s this saving us?’ said Eileen Morrissey of Merck. “I have a sense of what affects the profit and loss account and how if I change my finance requirements, it will change my balance sheet. Other people are frustrated because they don’t understand that. Anyone in business has got to have an understanding of financial issues,” stated Margaret Downes. “It is terribly difficult to participate unless you understand financial issues and the accountancy profession is a tremendous stepping stone.”

“Within the finance function it can be a tricky balancing act helping our information management colleagues deliver against their objectives,” said Jon Fundrey of BOC. “The biggest thing in our business has been implementing business planning,” said Janelle Bulmer. “A small business can go a long way with a well-structured business plan. It was when we had the plan in place that our business took off.” Grant Ashley at the FBI said that, “Money is now an enabler for all forms of aberrant behavior from fraud to terrorism. Our accounting professionals are embedded in all aspects of the FBI.” Fifteen percent of all new FBI agents now have accounting backgrounds. “Accountants offer so much to us,” said Ashley. The old lesson dinned into journalists at an early age of “follow the money” is now a universal rule of any business. The accountants are now center stage.

### THE ISSUE OF ETHICS

There was recognition of the importance of ethics and also recognition that invariably it was the accountant who occupied the position of conscience of the last resort. The long connected litany of Enron, WorldCom and

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Sarbanes-Oxley have changed the accounting world and accountants in business now have to be more upfront about their battles. A decade ago the battles probably still raged. But they were more likely to be private matters. “There have always been people at entity level trying to do some earnings management and we have to challenge it and see they comply not just with the rules of accounting and financial reporting but also of integrity and ethics,” said Robert Koethner of DaimlerChrysler.

Some referred to events in the past. “It drives me bananas these days,” said Eileen Morrissey, at Merck. “There was a situation once at a CPA firm where I was working when an employee reporting to me had submitted bogus expense accounts, charging his Saturday evening dinners to a client. I caught the employee and the partners did nothing about it. I was appalled and it was one of the reasons for my leaving them.” Janelle Bulmer made a specific point about small businesses. “Potentially, small businesses can be badly run and have dodgy deals on the side. We deal with our customers honestly and credibly and we stick to what we have promised. You can have an edge over your competitors if you are running the business with a high level of integrity.”

Lee Ow Kim gave an insight into the pressures in Malaysia. “Political parties could approach you for contributions, for example,” he stated. “But we avoid all that. We donate to the state or the federal governments to support worthy community projects but not to political parties.” Oscar van Leeuwen of Atos KPMG Consulting gave a specific continental European example. “There are different ethics and integrity in different sectors. For example I was in charge of an engagement in Belgium, just thirty kilometers across the border, and

people were paying bribes. It felt very unethical. I have a Calvinist background, and I don’t like to compromise. There are all sorts of conflicts. People look at things differently. Equally, in the Asia-Pacific area and in Japan you encounter all sorts of problems which you don’t know about until after the fact.”

James Duckworth of Unilever gave a terrifying example. “If you work in Africa, for example, you come head-to-head with Presidents and Ministers on issues like price control and import licenses. You are sometimes dealing with corrupt governments. And you find that holding the company’s position is often to the detriment of, for example, getting the raw materials you need. We always refuse to pay bribes,” he said. “And it used to mean the head of the secret police phoning you and saying, ‘We know the route your children take to school.’ The only way you can deal with it is to hold the line. We don’t make ransom payments. It is all about internal and external conflicts where you need tough people to hold the line. If you take a strong line with governments in the end they will back down. And frankly you can always go somewhere else,” he added.

Inside companies, holding the line on ethical issues was seen as a common-sense issue. “Philips is a very serious company,” said João Batista. “Employees can report any deviation from the rules and they can do that anonymously if they want.” Bob Henn said, “We sign and renew our commitment to GE’s ethics policies annually. I’ve served as an ombudsman for integrity and ethics in GE. You can report things anonymously and without retribution. If you fail in a matter related to integrity you’re fired. There is no second chance,” he acknowledged.

There was also a view that finance was the key to holding the line. Jon Fundrey of BOC

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said, “BOC has finance as a strong point of its corporate culture. If in doubt, do what’s right,” he said. Margaret Downes remarked, “I find that the question: ‘Would you like to see this in print?’ focuses the mind. One has always to remember that a reputation and career, which has taken years to establish, can be knocked to pieces in a couple of hours.”

Craig Warnock of ATB Financial agreed. “I always felt that if I couldn’t explain it to my mother or my accounting body, then I shouldn’t do it.” Neal Morar of Capita reinforced the view that accounting and finance itself can help with the situation. “Technology can contribute massively to maintaining the ethics of the accounting profession. There are so many quality checks which you can put in place,” he said. “Accountants can contribute much more to the drive of the profession as they travel round the world keeping controls in place.”

But in the end it is tough accountants who will keep ethics on the right lines. “You need to be prepared to be aggressive but know where the line between right and wrong is,” said David Kappler of Premier Foods. “If the financial people cannot stand up to aggressive managers then you need to find different financial people.”

There is also a need for professional protection. Lee Ow Kim has just finished his term as President of CIMA Malaysia. “CIMA members wrote to me,” he said. “One wrote from a company which was going for an IPO and he was asked to jack up the figures. The member resigned. We need to protect people like that.”

Finally, Oscar van Leeuwen had a radical proposal to help the situation. “If everyone was honest, then we wouldn’t have the problems, like Sarbanes-Oxley, that we have today. Accountants went along with CEOs wanting

more profits. The accounting profession should insist that accountants don’t take up options on shares in their own company,” he said. “At present accountants can hold a financial interest in the figures. And if you do, then you are likely to influence those figures.”

## **CONTINUING PROFESSIONAL DEVELOPMENT**

Most interviewees saw the importance of continuing professional development as a given in their careers. But some did doubt the effectiveness of the more formal courses. “You cannot practice at the edge of your art if you don’t keep up,” said James Duckworth. “Every time I moved into something new I took courses that could help me learn more quickly,” said Helen Short of Johnson & Johnson. “I like to use the professional development to develop more skills,” said Janelle Bulmer. “In a small business you need to be pushed.” And it leads to greater flexibility in a career path. “In 1991 we introduced US GAAP and I did a course at the university which allowed me to become a controller,” commented João Batista of Philips. “I then decided to do an executive MBA course and subsequently became controller of the biggest consumer company in the division,” Batista said.

“Being a qualified accountant is not enough,” said Margaret Downes. “The learning curve is an ongoing and continuous process.” “Taking the courses meant that I was there,” said Craig Warnock, “already qualified for it. The accounting profession allowed me to get ready for changes in the business.” “You just need to be up to date,” said David Kappler, “without that, your value diminishes significantly.” For Jon Fundrey at BOC, the real value came from networking at conferences. “Discussing issues with your peers in industry” was, he thought, the most valuable part of the process.

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Oscar van Leeuwen, being both a consultant and an academic, was enthusiastically in favor but also noted a downside. “Because I am a university professor I have to stay in front of everything that’s new,” he said. “You have to keep up to date. That’s one of the reasons I like it. It has been very useful to me in my professional career in consulting engagements. But in management it hasn’t been any use to be at all. People tend to think you are a theorist,” he concluded.

### **THE ATTRACTIONS FOR WOMEN OF WORKING IN BUSINESS**

It was striking that the women interviewees all brought up the reasons why they had been attracted to the accounting profession and work in the corporate sector in particular. “It is about your skills and not your gender,” said Janelle Bulmer. “I felt a good fit with accounting. I liked its discipline and analytical skills.” Helen Short of Johnson & Johnson said, “I loved cost accounting because you could discover why things happened the way they did by analyzing the numbers.” Eileen Morrissey of Merck said, “I liked numbers. I liked the logic of the system.” She was unhappy in public practice. “I was extremely bored with the idea that I was uncovering problems in the course of an audit and then going off to another audit. I wanted to fix problems,” Morrissey asserted.

### **THE LACK OF RECOGNITION**

There was an underlying feeling that the actions of external auditors and the accounting firms had diverted public perception from the work that professional accountants in business were doing. “In a strange way, things like the Sarbanes-Oxley legislation

are making accountants more important in the eyes of their colleagues,” said James Duckworth of Unilever, “and we need to communicate that it is useful rather than bureaucracy.” Accountants, he said, “need to push more and be seen as the leaders of integrity while at the same time external auditors need to toughen their game. We need to bring back the trust in organizations and companies.”

“Other areas of business will learn that you can be of value to them and that you can add value to their function,” said João Batista. “The problem is that it is the very few who get into the front pages of the newspapers who tend to tarnish the rest of us,” said David Kappler. “The accounting profession is becoming more relevant to professional accountants in business,” said Jon Fundrey. “It is a question of the basic positioning of ourselves. In BOC we are clearly viewed as the control side of the business,” he said, “and we also fulfill the trusted advisor role so we have a high degree of credibility and that is valued.”

But it was Eileen Morrissey of Merck who probably best summed up the issue. “Within a company there is a huge emphasis on the CPA,” she said. “But the profession as a whole doesn’t emphasize it. The profession as a whole sees CPA firms as more important. We are downplayed to the ‘you’re just in industry’ role.” There needed to be greater recognition. “You have a far greater effect when you are working in the trenches than when an auditor from a CPA firm comes in to spread the audit fairy dust. The professional accountants in industry are the ones making the real impact.”

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## Executive Assistant Director of the FBI

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### An Interview with Grant Ashley

Grant Ashley is an Executive Assistant Director of the FBI. Ashley's responsibilities are: "To make sure the diverse portfolio of the Law Enforcement Services branch is integrated throughout the FBI and serves the 17,000 police departments and other federal law enforcement and intelligence agencies."

Ashley and the FBI are well served by the eight Assistant Directors and Special Agents in Charge responsible for the management of these components.

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*"The reality is that my accounting background underpins everything. It bridges the best of the private sector management and skills to government."*

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Ashley's responsibilities are extremely diverse. He is responsible for the Training Division for the whole of the FBI and for the Criminal Justice Information Service, which, among other things, runs the national finger-print repository and also the National Criminal Information Center. "It is," he said, "a very big operation with well over \$200 million in user fee revenue." Among other responsibilities, he lists the Laboratory Division, which services not only the FBI but the entire law enforcement community, and the Investigative Technologies Division,

which provides current and future technologies to meet their missions, or what Ashley called "a think-tank into future technologies." Finally, he is responsible for the FBI's Office of International Operations, which supports the fifty foreign offices around the world and the work they perform in another 20 countries, and for the FBI's Language Services Program.

"It is a balance of human issues and structural issues. It is important I keep every component in my portfolio focused on its mission. We need to allocate resources appropriately to the mission and we need to ensure we are employing requisite business practices. With the current rapid change, I spend a lot of my time on that," he commented.

Ashley plays a critical role in implementing change. Due to the demographics of the workforce, the FBI is in a period of relatively high turnover from retirements. "One of the most important aspects of my work-day is the identification and mentoring of future leaders of the FBI." Ashley brings his accounting side to bear also. "It is important to carefully assess the actual use of funds at a time when we are reallocating quite a bit of money to be spent on the higher priorities of the FBI," he remarked.

Ashley feels that the added value that he provides is in the need to stay focused on the mission. "We have to be nimble and to work at high speed. I have to keep a large and disparate portfolio focused on current and future threats," he said. It is a tough

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challenge. “The rate of change and velocity is now so huge and will not abate,” he asserted.

Ashley always wanted to be an FBI agent. “Ever since I was a kid and the father of one of my friends was an FBI agent,” he recollected. “I was told an accounting degree was the way in so I did that. I started as a file clerk before becoming a financial analyst in the FBI.” He did go into public practice for a year at one early point. But, by and large, he has stayed with the FBI. “I was recruited back into the FBI as a special agent twenty-five years ago. I have worked on major swindles. I worked on the 1984 and 1996 Olympics and on the criminal intelligence and violent crime squad in Chicago. The reality is that my accounting background underpins everything. It bridges the best of the private sector management and skills to government,” he reasoned.

Ashley reports that there are not really any conflicts between professional obligations and the needs of the FBI. He elaborated, “It is similar to the accounting firms. You expect them to be independent and competent and to act with high integrity and use sound judgment. It is just the same with the FBI. We have the highest ethics and commitment from rank and file right up to management. I have never had any conflicts with ethics. It is just a question of protecting the public interest.” But he does admit that his accountant palms sweat a lot when it comes to what he calls a “zero failure mission.” He explained that in cases where something has to be achieved regardless, it could be an expensive issue. “When it is so important, cost containment can’t predominate the decision making.”

As for keeping up to date with professional development, Ashley admitted that staying plugged into the accountancy profession was very helpful when he was in charge of corporate fraud and investigative work at the FBI. “Had I not stayed so current, it would not have worked so well. It is very important to bring the curriculum of accounting to public sector management,” he explained.

He also felt that “the basic tenets of accounting – the independence, the judgment and the integrity” – was what people look to. It creates public confidence. “The more we focus on that, the better it will be for those we serve,” he said.

Ashley was particularly proud about how the role of accounting had changed in the FBI. “The focus on principally using FBI accountants on white-collar crimes and the principle of ‘following the money’ has evolved,” he commented. Ashley went on to explain that, “Money is now an enabler for all forms of aberrant behavior from fraud to terrorism. Our accounting professionals are embedded in all aspects of the FBI.”

He continued, “It really has made us a much more powerful weapon and tool against these hostile forces. For example, with transnational smuggling groups, whether they are smuggling drugs or terrorists, it gives us the flexibility to look at the threat through 360 degrees. We are able to anticipate trends now more than we ever used to be.” And the accounting component of the FBI is rising. “We are now hiring at least 15 percent of new agents with accounting backgrounds. Accountants offer so much to us.”

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## A Regional Controller in Latin America

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### An Interview with João Batista

João Batista is Regional Controller for electronics giant, Philips (Consumer Electronics Division), in Latin America. Based in São Paulo, he is responsible for five major disciplines. The first is business planning, running a three-year strategic plan and on the operational side running budgeting and forecasting across a twelve-month period on a three-month rolling basis. The second is providing value-added support. This includes business performance analysis and reporting, recommending action to the Board, managing business control and risk control. “It is a very uncertain and volatile market in Latin America, dealing with currencies, interest rates and politics.” Tax planning is also very important. “In Brazil, 40 percent of GDP is the tax,” he said.

Batista is also responsible for transaction processing and reporting, accounting and financial reporting, and people management, including the all-important speed and accuracy of information management.

Batista sees the added value of his role as being “accurate information to allow better decisions,” as well as fundamental risk strategy. “It is a very risky area so that is very important. With uncertainties, you need cost analysis to lower the break-even point where you make an operating profit,” he explained. “Business controls are vital. ‘The cash-conversion cycle needs to be reduced to zero so that we are financed by our suppliers, for example. We have a ‘New Ways of Working’ initiative covering several countries, including Venezuela and Uruguay, for example, to reduce the organizational

support areas but increase sales to create growth. How to do business in a better way is the most important issue in Latin America,” he emphasized.

Batista has been twenty years with Philips. “I was at university and I had decided that I would be an accountant. A friend called saying that there was a job in the accounting department,” he recalled. “I love my profession. Accountants have become so much more strategic.”

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*“Post-Enron, the importance of the control function has increased. But our role has also changed. We are much more related to business management and strategic development.”*

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His view on ethics is clear. “The company that does not follow ethical rules will not stay long in business. Philips is a very serious company. Employees can report any deviation from the rules and they can do that anonymously if they want. I make my position clear on anything that is against the General Business Principles defined by the Board of Management. The company always supports me,” he affirmed.

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Continuing professional development programs have been very important to Batista. “The most important issue is to manage your time and the best way is to combine professional development with trying to develop yourself,” he said. “In 1991, we introduced US GAAP and I completed a course at the university which allowed me to become a controller. I then decided to follow an executive MBA course and subsequently became controller of the biggest consumer company in the division,” he said.

Batista believes that the influence of professional accountants in business has expanded. “Post-Enron, the importance of the control function has increased. But our role has also changed. We are much more related to business management and strategic development. We have to improve our knowledge outside finance. We need to be more involved in, for example, innovative products. Other areas of business will learn that you can be of value to them and that you can add value to their function,” he ended.

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## The Varied Work of the Small Business Accountant

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### An Interview with Janelle Bulmer

In many ways the role of an accountant in a small business is a wider and more instantly responsible one. Janelle Bulmer is General Manager of Dynaweld, a family business based in Sydney, Australia. And as she is a member of the family, she is also a director. It is a small business, with 10 employees, which imports and wholesales welding equipment. Dynaweld was founded by her grandfather in 1969 and she has been with the business for ten years.

“I am General Manager because of my accounting background,” she said. Her responsibilities are accounting and administration, human resources, marketing, IT, finance, raising finance and dealing with the banks, pricing and costing. With a small company this is inevitable. “I wear many hats because it’s a small business,” she added.

As Bulmer sees it, “This extensive contribution to the business is a problem. There is a lot of reliance on two people, me and my brother, and contingency planning becomes an issue.” But, as the accountant in the business, Bulmer has a distinctive contribution to make. “My own contribution makes a big impact on the business and on the bottom line. And it also makes the business viable and long-term and guarantees the continuation of the business,” she explained. Both of these are critical to family businesses.

“It is a challenge,” she admitted candidly. “The business suffered significantly from family issues and that was where my ac-

counting skills came to the fore, particularly analytical skills and business planning.” For Bulmer, this is where the great value of a sharp and thoughtful accounting standpoint helps a family business. She elaborated, “It moved the focus onto the business rather than the family and some parts of the business which the family was attached to had to go. It’s a balance. It was lucky for the family that I studied accounting.”

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*“If professional accountants operate ethically and professionally, then they are doing the profession a service and this will flow out into the wider business community.”*

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Bulmer believes that the added value that the business accountant provides is the rigor and discipline. “We have been able to apply good business practices and what you have learned along the way from your peers to the business. That brought huge benefits and payoffs. It meant that we were able to focus on the right things by using performance measurement, for example. It showed the value of professional accounting skills,” she commented. But Bulmer revealed that the most critical benefit has been planning. “The biggest thing in our business has been implementing business planning. A small business can go a long way with a well-

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structured business plan. It was when we had the plan in place that our business took off,” she said with a sense of pride. “Having your finger on the pulse is very important. Being an accountant, you are trained to keep an eye on specific things and that is a great help in a small business.”

This has resulted in success and awards. The company won the family Business of the Year award for the Sydney region and the Small Business Champion of Champions Award, which is sponsored by CPA Australia.

Bulmer was not necessarily going to move into the family business. “I was going to become an accountant. I was studying and then there was an opportunity to join the business. I came in at the clerical level and have now been in the business for ten years. You grow into the role and the business grows with you,” Bulmer commented. It was not expected that a daughter would join the business. A woman had more of a back-seat role, but it is about your skills, not your gender.

“I felt a good fit with accounting. I liked its discipline and analytical skills,” she said. “I use the accounting as a stronghold and skill-set, but I am really using the analytical skills,” she remarked. Bulmer enjoys the way that a small business makes the dealings seem closer and more real. “In a small business you have real problems to solve. It’s a real business. You are dealing with customers who are people. I can get on the phone to a customer and make a sale.”

Bulmer finds that working in a small business makes any conflicts between business practices and ethical dilemmas as an accountant much less likely. “For me, it’s not

an issue. The family was brought up with strong beliefs about honesty. But potentially, small businesses can be badly run and have dodgy deals on the side. We deal with our customers honestly and credibly and we stick to what we have promised. You can have an edge over your competitors if you are running the business with a high level of integrity,” Bulmer said with conviction.

The responsibility of continuing professional development has also helped. “It’s a challenge to keep learning,” Bulmer admitted. “Without the obligation, would I do it? Having an enforced structural system of continuing professional development is a good thing. I like to use the professional development to develop more skills. In a small business you need to be pushed.” And it also helps in other professional relationships. “It is good to be able to know that the external accountants are doing the right thing,” she said.

On the subject of how professional accountants in business can help the credibility of the profession, Bulmer has few doubts. “If professional accountants operate ethically and professionally, then they are doing the profession a service and this will flow out into the wider business community. It is a good thing for the profession. It is also important to support our professional bodies, for example, lobbying the government for changes,” she explained.

Bulmer also thinks that it is important for accountants at her stage of career and development to provide help for those just starting on their careers. “We need to help in bringing on new, young accountants. In Australia, we have a structured mentor system. We have a graduate here in our business on that program. So even in a ten-

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person company, we can do our bit. She has finished her master's degree in accounting and she wants to learn." It is also a help in maintaining the momentum. "Our business is growing very rapidly," said Bulmer. She learned this through going through the process herself. "It just happened," Bulmer said. "I was looking to have a business plan created and the person who we were work-

ing with took me under their wing and became my mentor, and we haven't looked back."

Bulmer's conclusions were straightforward. "Being an accountant in business is great. We really would struggle without it – and it's our family's future."

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## From Public Practice to the World of Non-Executive

### An Interview with Margaret Downes

Margaret Downes has had a long and varied career. Initially she was in public practice and then moved into the world of the non-executive director. “For twenty years, I have been a non-executive director, and sometimes chairman, of a number of companies, and I have been chairman of some quite substantial pension funds. All of this since I retired in 1984 as a Partner in Coopers & Lybrand – which is now PwC. That was immediately after my Presidency of the Institute of Chartered Accountants in Ireland.” Downes was the first President of FEE, the representative organization for the accountancy profession in Europe.

“My career has been half in practice and half not in practice. I decided in 1984 that I needed new challenges and would make a change of career, which was unusual at that time. I retired from Coopers & Lybrand to take up a directorship of the Court of the Bank of Ireland,” she said. Downes was subsequently Deputy Governor of the Bank for several years.

Downes continued, “As chairman of a number of companies and pension funds, I am in

a leadership role. As a non-executive director, one can provide an objective and independent perspective that helps in the organization’s decision-making process. Most non-executive directors are heavily involved in the strategic plan of the organization. One can also bring the added value of challenging the status quo, though that needs to be constructive rather than critical, and as a qualified accountant one can contribute substantially to Audit Committee issues.”

Downes sees the accounting profession as the perfect entry into business. “Anyone in business has got to have an understanding of financial issues. It is terribly difficult to participate unless you understand financial issues and the accountancy profession is a tremendous stepping stone. As a simple example, take the difference between capital and income. This is no problem for someone who has an accountancy background – other professionals and business people find it difficult,” Downes commented.

Downes’ career path has not included the role of CFO or finance director but she does not underestimate their importance. “They make a substantial contribution to every management team and a good CFO is publicly perceived as essential to every successfully corporation.” She offered one caveat. “Accountants sometimes can have tunnel vision and whereas financial accuracy is essential they sometimes miss the wider view.”

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*“Being a qualified accountant is not enough – the learning curve is an ongoing and continuous process.”*

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Downes views business ethics as a very grey area. She elaborated, “If an organization wants to present facts and results in a fashion that challenges regulatory guidelines and professional standards, then one must stand up and be counted. This is a very difficult area for the accountant in business. I find that the question, ‘Would you like to see this in print?’ focuses the mind. One always has to remember that a reputation and a career, which has taken years to establish, can be knocked to pieces in a couple of hours.”

As for continuing professional education, Downes sees it as essential. “But one does not necessarily have to attend one’s own professional organization. Auditing firms provide seminars and good briefings, as do other relevant professions. One cannot deliver unless one is familiar with, for example, the latest corporate governance codes, financial reporting standards, regulatory requirements, etc. Being a qualified accountant is not enough – the learning

curve is an ongoing and continuous process,” she remarked.

Downes’ views on how accountants in business can enhance the role of the accounting profession are forthright. “It is a difficult one,” she cautioned. “I think that pride in one’s qualification is important. Accountants have sometimes walked from that. If there is a public perception that business ethics and integrity are integral to an accountancy qualification then that is good,” she added.

Downes would like to see business leaders who have an accountancy background be more involved in their profession. “But they are busy, busy, busy. Maybe a central forum at the national or international level could be created to which professional accountants in business leadership positions could convey their views and experience on financial issues thereby contributing to the advancement and credibility of the accounting profession,” she said in closing.

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## At the Heart of a Global Consumer Products Group – The Chief Auditor

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### An Interview with James Duckworth

James Duckworth is Chief Auditor at the global consumer products group Unilever, based in London. His title is a slightly confusing one to outsiders. It has long been part of the Unilever culture to have a Chief Auditor at the heart of its business. It is a post which combines areas like internal audit with corporate governance responsibilities, financial reporting integrity and a variety of other responsibilities, including, as Duckworth pointed out, being global co-ordinator for violent threats.

The threats the post refers to are, of course, extreme risks to the business. But it could just as well be the way in which Duckworth helps he keep the Unilever world in order. The Chief Auditor at Unilever has a great deal of power. “I am Secretary of the Audit Committee, a member of the Corporate Risk Committee and the Code of Business Principles and Ethics Committee, a trustee of the pension fund and on the Sarbanes-Oxley steering committee.” As such, Duckworth sees all that goes on.

“One of the conditions of taking the job was that I would have a free hand as chief auditor,” he said. Duckworth went on to explain that, “Unilever has had an internal audit department for over fifty years. Many years ago Lord Cole said, ‘You ignore the advice of audit at your peril’ and that is still very true. I provide independent assurance to the Board of Directors. It is very much an issue-based audit to identify Unilever’s risks going forward. The major concern is to

ensure that the governance measures are all in place in the countries around the world.”

Duckworth continued, “But we also conduct major reviews into any aspect of the business on a global basis, for example, into customer management, innovation or working capital. We build a picture of whether they are working properly or whether they are working in the appropriate strategic direction. And because of our unique access to a broad review, we can bring things to an executive committee for issues to be addressed.”

For Duckworth, the added value is not just giving the reassurance but providing new insights at Unilever executive and Board level and making recommendations which will improve the performance of the business.

Duckworth started his career as a chemist with Unilever before he earned a finance degree at business school and went into banking in London. Later, he rejoined Unilever. “They said that I had changed roles and so they put me into internal audit,” he said. He did the exams for CIMA, the management accounting body. “I recognized that accounting knowledge is actually fundamental to having the appropriate insights and analysis and being able to work with other managers as to what strategic decisions need to be taken in the business,” he remarked.

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For the next thirty years, he worked outside the area of audit. He was chief accountant in Argentina, chairman of Unilever Merseyside, chief executive of a crops scheme in Kenya, senior vice-president of ice cream worldwide and head of IT. It was a hugely varied portfolio down the years.

On the subject of ethical conflicts, Duckworth is forthright. "The fundamental reason why I have stayed with Unilever is that I have a very close affinity with their standards. They are fundamental to our corporate purpose."

Duckworth is well aware of conflicts from his own experience. "Of course, you come across conflicts. If you work in Africa, for example, you come head-to-head with Presidents and Ministers on issues like price control and import licenses. You are sometimes dealing with corrupt governments. And you find that holding the company's position is often to the detriment of, for example, getting the raw materials you need. We always refuse to pay bribes. And it used to mean the head of the secret police phoning you and saying, 'We know the route your children take to school.'

He continued, "The only way you can deal with it is to hold the line. We don't make ransom payments. It is all about internal and external conflicts where you need tough people to hold the line. If you take a very strong line with governments, in the end they will back down. And frankly, you can always go somewhere else."

Duckworth believes that continuing professional development is extremely important. Duckworth offered his reasoning, "For example, I learned about hyperinflation accounting and the different laws around the

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*"The added value is not just giving the reassurance but providing new insights at Unilever executive and Board level and making recommendations which will improve the performance of the business."*

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world. It is about developing the use of accounting, becoming expert in pension accounting, for example. And from learning, you move to speaking, so you become a trainer yourself." He continued, "You need to understand Sarbanes-Oxley, the Combined Code, the Turnbull Report. You cannot practice at the edge of your art if you don't keep up. Increasingly, there are complex changes, like international financial reporting standards."

Duckworth is very much of the view that roles like his maintain the trust of outside shareholders. "Shareholders have lost trust in the ability of external auditors to find out what is going on. The idea of trust has changed completely. It has become very legal," he commented.

As to improving the reputation of professional accountants in business, he is emphatic. "At the crude end we need to stop being seen as bean counters. We encourage our accountants to be pro-active and to show other departments in the business that the accounting profession can help them to perform better in their areas. For example, we can demonstrate that an understanding of margins can help them perform better. And

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it is not just data and information. It is in providing new insights which other people in the business haven't recognized. People need to be outgoing," he said.

Duckworth expressed his feeling that accountants need to take stock. "The corporate failures in recent years mean that accountants need to take a greater responsibility than our colleagues for integrity. In a strange way, things like the Sarbanes-Oxley legislation are making accountants more

important in the eyes of their colleagues, and we need to communicate that it is useful rather than bureaucracy."

Duckworth believes that, in the end, accountants need to step out of their boxes. "They need to push more and be seen as the leaders of integrity, while at the same time external auditors need to toughen their game. We need to bring back the trust in organizations and companies," he concluded.

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## Enabling Functions – What that Means in a Global Company

### An Interview with Jon Fundrey

Jon Fundrey is, to give him his formal title, Financial Manager, Enabling Functions, at the industrial gases giant, The BOC Group, based at its UK headquarters. Enabling Functions covers a diverse range of responsibilities across the wide range of information management, human resources, safety and finance. “A major part of that role,” he said, “is supporting Information Management. BOC is a global business in fifty countries so staff are dispersed all around the world, though IT services are increasingly delivered from a global data center in Guildford in the UK. We also charge out to the business for our services.”

BOC spends about £100 million a year on information management with some £60 million globally but the emphasis is changing, as Fundrey reports, towards providing support and project-evaluation services.

Enabling Functions also covers financial standards. Here Fundrey’s responsibilities are more systems focused. He explained, “It is a question of ensuring that our strategic enterprise software (SAP’s R/3) works on a consistent basis across our geographies. We are rolling out a global template and defining the Finance components of that template and helping people out as we put it in.”

Fundrey is also responsible for the group’s consolidation and monthly reporting system. “We have over 200 reporting units around the world and those results are consolidated centrally on an Essbase database,” he ex-

plained. Summing up his role, he said, “Half my role is the finance function and half is systems-based responsibilities.”

Fundrey sees the contribution to BOC as being about helping driving IT/IM costs down. In his words, “Data and hardware costs fall consistently within the industry, so we need a continual review of our cost base. For example, we spend significant amounts of money with IBM and so we continually evaluate whether we are getting a good deal from them and our other suppliers. And we are driving down our systems costs. For example, with a standardized template, data flows more consistently. We need to create more process efficiency.”

Fundrey sees the added value that his efforts provide for BOC as being intertwined with the four main BOC core values: accountability, collaboration, transparency and stretch. “It is all about being very clear about what our financial objectives are and ensuring that we deliver against them. Within the finance function, it can be a tricky balancing act helping our information management colleagues deliver against their objectives.” Fundrey added, “They have a duty to their finance colleagues to ensure that accounting-wise it’s above board and viable. There is also the cultural point with a dislike of surprises. There is a duty of confidentiality to information management customers but at the same time you owe ‘no surprises’ to the finance function. It is a question of understanding the issues and an

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*“The accounting profession is becoming more relevant to professional accountants in business.”*

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understanding of the information management issues and an ability to bring to bear financial tools and strategy.”

Fundrey started his career in public practice. He recalled, “I am one of the last refugees from the Big Eight. I qualified with Deloitte, Haskins & Sells in 1984 and moved into their management consulting systems side.” From there, he joined BOC in 1990. Several attractions led to this decision. “BOC is a large company and is well regarded. It does innovative things and is a global concern,” he remarked. Within the group, he has had six or seven very different roles, from selling a small computer training business to implementing an early form of EIS (Executive Information System).

Potential conflicts between corporate and professional obligations are well managed. Fundrey explained, “BOC’s core value of transparency does hold true. We have always been conscious of it but Sarbanes-Oxley reinforces it. BOC has finance as a

strong point of its corporate structure. ‘If in doubt do what’s right.’ Where there might be a conflict is the capital versus revenue conflict. I need to ensure that something needs to be expensed rather than capitalized. Also there are implications, for example with international financial reporting standards. Provisions on leasing could mean a greater amount of disclosure for us. But BOC has never been ‘financially innovative,’ meaning creative accounting. And that policy has been reinforced in recent years,” he stressed.

On the topic of continuing professional development, Fundrey called it a mixture. “There is a fair amount of in-house work, for example, on implementing international financial reporting standards and providing information and training on them,” he remarked. But he thinks that most value can be achieved from networking at conferences, noting that discussing issues with your peers in the industry can be the most valuable approach.

Summarizing his thoughts, Fundrey said, “The accounting profession is becoming more relevant to professional accountants in business. It is a question of the basic positioning of ourselves. In BOC we are clearly viewed as the control side of the business. And we also fulfill the ‘trusted advisor’ role, so we have a high degree of credibility and that is valued.”

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## A Global Reporting and Analysis Leader

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### An Interview with Bob Henn

Bob Henn is currently the Global Reporting and Analysis Leader with Employers Reinsurance Corporation, a division of GE in Kansas City, Kansas. Prior to this role, he was Program Management Office Leader for a \$40MM SAP enterprise resource planning implementation. His primary responsibility was “to ensure that we stay on budget and on time,” he revealed. He accepted this role in March 2003. He also has the responsibility to develop and manage team training and change management during the implementation.

“My role is to facilitate the forward progress of this huge project. We want to move from spending 80 percent of our time looking for data and 20 percent of our time analyzing it to 80 percent analysis and 20 percent looking. We want to flip it. We also want to reduce significantly the cycle time it takes to close the books,” Henn explained.

Henn sees the added value as allowing project team leaders and their teams to focus on the methodology, execution and delivery of the project. “We monitor it and stay on top of it,” he said, “and get it back on track when it needs it.”

Prior to this, Henn became a certified Six Sigma Master Black Belt. “I created the strategic vision and the tactical plan to drive the Six Sigma program across my clients, the finance department, the business development team, the legal team and the compliance team. I coached black belts and green belts,” Henn said.

And, as Henn is quick to point out, it makes a difference. “The contribution to the company from my two projects has delivered results in an excess of 95 percent defect reduction in the two areas of claims induction cycle time and accounts payable digitization. The value to the company is in increasing customer satisfaction by giving them faster turnaround time. And accounts payable is now electronic. The cost to GE to do a paper payment is 50 cents and electronically it is three cents. The customers win and we win.”

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*“The way you contribute is by being flexible and thinking strategically and stepping out of the box of accounting.”*

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Henn attended the University of Cincinnati on a cooperative education program. “I worked for a semester and studied for a semester,” he said. “I worked for Arthur Andersen and, quite frankly, I realized that being an auditor was not the career I wanted.” Instead, he became a CPA and worked in internal audit with Armco Steel and then with the Ford Motor Company. Later, he joined GE where he has performed in a multitude of jobs, working across six different GE businesses.

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On the subject of ethics, which he notes is it is not really a problem at GE, Henn commented, “I’m not aware of a company which stresses integrity like GE does. There is annual renewal. We sign and renew our commitment to GE’s ethics policies annually. I’ve served as an ombudsman for integrity and ethics in GE. You can report things anonymously and without retribution. If you fail in a matter related to integrity you’re fired,” he said. “There is no second chance,” he added to emphasize his point.

Working in a large organization provides much of what Henn requires in continuing professional development. “GE provides a lot of high level internal courses, for exam-

ple, management skills development courses. And GE pays for continuing professional education courses. I can have time off to participate with the Business and Industry Executive Committee of the AICPA, which represents 49 percent of the membership.”

On the reputation of accountants in business, Henn has straightforward views. “I don’t think companies are looking for scorekeepers or auditors. They are looking for people who add value. And the way you contribute is by being flexible and thinking strategically and stepping out of the box of accounting. “The answer,” he concludes, “is to provide quality work, increase customer satisfaction and reduce costs.”

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## Contributing as a Non – Executive

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### An Interview with David Kappler

David Kappler has just retired after over nine years as Global CFO at Cadbury Schweppes. But he is no less busy. He has now taken up a series of non-executive roles. As well as being non-executive Chairman of the newly listed Premier Foods, he is also a non-executive director and chief of the audit committee of HMV Group, Shire Pharmaceuticals and Intercontinental Hotels.

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*“I always saw the finance director as the custodian of the ethics and integrity in the financials and the statements made to the financial markets.”*

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His role at Premier Foods is complex. “It is a new company, so I am working with the non-executive directors to represent the shareholders and to provide an interface between the non-executive directors and the executive directors. I will also be providing guidance for the executives, who have had limited public company experience,” he said.

For Kappler, it is a role in which the non-executive Chairman acts as mentor and experienced friend, as well as ensuring that the strategy works. He explained, “I do anything I can do to test and challenge the

strategy and act as advisor to the non-executives,” he said. Kappler sees the contribution that he will make to the organization as “progress in the share price and in the development of the business.”

The company is at an interesting point in its development. It had been privately run by venture capitalists for four years. Now it has been floated on the stock market. Kappler commented on the challenge this presents. “We need to find a balance between the short term and the long term.” For venture capitalists, strategy is generally, ‘what can we do to increase cash flow?’” It is the new strategy and how he can enable the executives to carry it out that Kappler sees as the added value he brings to the company.

Kappler started out as a trainee accountant immediately after leaving school. “I had found at school that manufacturing businesses were rather more appealing than the auditing process,” he noted. He went straight into the company at which he was to work for most of his career. “I was fortunate enough to go into Cadbury. I did my basic training in accounting at Bournville.”

By the age of thirty he was named finance director at the Jeyes Group, part of Cadbury, which was expanding rapidly at the time. “It was my first experience of a finance director’s responsibilities and I built my career on from there.” In 1995, he advanced to finance director of Cadbury Schweppes itself. “It was very exciting. It was a time of change, with a re-definition of their business

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portfolio. There were big deals for acquisitions and divestments, with several deals of \$1 billion plus. This led to a reorganization of the business and then many shareholder-value creation initiatives, and investor relations work, explaining the big deals to the market,” He explained. On the professional side, he set up and chaired the investor relations committee of the 100 Group of UK Finance Directors, the main UK industry body.

This all brought change to Kappler’s role. “You become less of a pure numbers man, and more of a salesman, selling your ideas internally and externally, sometimes to a skeptical marketplace. I can barely remember when I last switched on my calculator, whereas at the beginning of my career number-crunching was at its heart,” he recalled.

Conflicts on the ethical front between professional obligations and business obligations were few and far between. “I always saw the finance director as the custodian of the ethics and integrity in the financials and in the statements made to the financial markets.” But, systems were in place just in case. “We had systems so that people had a direct line to me on a confidential basis. You

need to be prepared to be aggressive, but know where the line is between right and wrong,” he said. “If the financial people cannot stand up to aggressive managers, then you need to find different financial people.”

Continuing professional development was also highly important. “It is nearly 40 years since I started out and the whole world has changed,” he said. “How formalized continuing professional development has been has never worried me. You just need to be up to date. Without that, your value diminishes significantly,” he said. “But it is very much up to the individual.”

Kappler saw the professional accountant in business as having a huge effect on the overall reputation of the accounting profession. “The problem is that it is the very few who get into the front pages of the newspapers who tend to tarnish the rest of us. We need to ensure that the integrity of the finance functions and the audit committees is high and that, as a result, the Enrons slide into history. You can only stop the future scandals by strong finance structures backed up with integrity,” he ended.

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## Corporate Reporting in a Major Car Manufacturing Business

### An Interview with Robert Koethner

Robert Koethner is Vice-President for Accounting, Planning and Reporting and Chief Accounting Officer at DaimlerChrysler for the group as a whole. As such, he is responsible for corporate reporting covering both (German) domestic requirements and reporting under US GAAP to the Securities and Exchange Commission (SEC). This means he is in charge of both the external reporting responsibilities and the internal reporting to the top management at DaimlerChrysler.

As such, his primary task is clear. “We are responsible for providing assurance to top management that everything relating to financial reporting is consistent and compliant both legal and statutory,” he said. “This work has increased through our responsibility as an SEC registrant under the Sarbanes-Oxley legislation. We provide financial transparency about the group under both internal and external reporting.” Another aim of such reporting is to produce a consistent stream of quality which meets and is beyond the expectations of the capital markets.

The added value which Koethner’s work provides is obvious. “We are the ones who are supposed to ensure consistency. Each business has to use the same yardstick for their performance,” he commented and pointed out that this is not always an easy task. “Sometimes we are seen as the watchdogs, the bad guys. We challenge but also support and advise the business units. Thus we provide an advisory role to the businesses also and give a clear picture to our board.”

Koethner’s group also provides risk management reports. In his words, “Our role is to provide assurance for our top management to help them sleep well over compliance with regulations.”

Koethner moved to Daimler directly from university where his major field had been accounting and tax. “It was a choice of an accounting firm or industry. It was simply a matter of opportunities. Daimler is a very reputable company and so I took that option.” He has enjoyed it. “Eleven years ago DaimlerChrysler was the first German-based company to list on the New York Stock Exchange. It was a very interesting time.” He has been in charge of the group’s financial reporting for three years now.

On the question of ethics and potential conflicts, Koethner is conscious that theoretically this often boils down to what you might call a position of accountants versus the rest. “Since finance scandals like Enron and WorldCom and the imposed Sarbanes-Oxley-Act, people have become even more aware of the standards of ethics and integrity. It was something we were always aware of but now other departments understand. We have to live and act accordingly and it must be visible,” Koethner said. He quickly added, “There are many conflicts that I have seen in my career. There have always been people on entity level trying to do some earnings management and we have to challenge it and see that they comply not just with the rules of accounting and financial reporting, but also

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of integrity and ethics. These are the kinds of conflicts with which we have to cope.”

Koethner acknowledged that this does not just apply internally. “We have to cope with the auditors on the other side,” he said. The accountants sometimes also act as a mediator between the business units and the auditors. “Sometimes we are squeezed like being in a sandwich. But awareness has risen in the past few years, and as a result, our role has increased. It is now more accepted by the business units as being supportive and acting as a discussion partner for the businesses.”

Koethner referred to the role of continuing professional development as “a challenge that I have to follow.” He elaborated, “The world of corporate and financial reporting has been very dynamic through the last ten to fifteen years. It is a question of education being seen as an investment in human capital. I take the opportunities to go to congresses, accounting seminars and internal education courses offered by the company. Professional development plays a major important role.” He continued, “And there are broad fields of professional development. All managers need further training and development, for example, in strategic and global issues.”

To enhance the reputation of professional accountants in business, Koethner recommended making integrity and ethics of a high standard in the organization. “We are the ones who have the last call on accounting

and financial reporting issues. We need to be seen as being independent both inside the company and outside.”

He also felt that the role of accountants has changed quite significantly in the last few years. In contrasting the new with the old, he said, “Sometimes, there is an ambiguity in the role. Now we are supposed to be more advisors to the business units and provide them with support in accounting and financial reporting. In the past, we would only have done the pure reporting and accounting. Thus, the role of corporate accounting has changed in the last decade. All this has further developed since the reporting function started to be external and internal and merged into one responsibility.”

“The big change in our organization has been the change in the role of the accountant. In former times, we were talking in different languages. The controllers talked about control. Accountants followed accounting rules, but both of us were talking in different languages.” As Koethner sees it, the catalyst for the change was the listing in New York. He elaborated, “The conversion to US GAAP merged the internal performance reporting with the external financial reporting. It was a milestone for our company. It was a change in the paradigm – the merger of accountants and controllers. It has increased the status of accountants. Accountants have moved more and more into the role of becoming business advisors.”

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## Directing Group Management Services in Malaysia

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### An Interview with Dato' Lee Ow Kim

Lee Ow Kim is Group Executive Director and General Manager of the Toray Pen Group in Penang, Malaysia. It is a multinational company covering integrated textile manufacturing, petrochemicals, and the assembly of electronic products. Lee has been thirty years with the group and is in charge of the group's management services, including special projects, the restructuring of companies, legal affairs and public relations. He is managing director of the group's smaller trading companies. Lee completed his three-year term as the President of CIMA Malaysia in May 2004, and is now the Immediate Past President.

In reflecting on the many roles he has played, Lee commented, "My responsibilities are quite various. I have done a lot of corporate restructuring and merger exercises. We have just set up a joint venture with BASF in Germany. Until recently, I was managing the group's IT department, and in the past, I have also been the chief negotiator with the unions."

He sees his added value as mainly providing management advice to the various operating unit heads. As an example in legal matters or Government matters, he cited talking to ministers to gain approval for applications. Like many senior accountants in business, Lee feels, "It is not accounting so much now."

Originally, Lee worked as a temporary school teacher before becoming an accounts clerk with Dunlop Tyre in Malaysia. This

was where he learned his profession in cost accounting and management reports. "My boss encouraged me to take the accountancy exams and I did both the CIMA and ACCA qualifications," he said.

Lee joined Esso where he was very much involved in a highly computerized environment for the corporate reporting department, producing monthly reports and long-range forecasts. He then became chief accountant of a company in the Toray Pen Group and then became the administrative executive of another company in the group after he had been assigned to sort out the problems of a start-up.

"After that, I was asked to join the managing director's office, leading a team to develop the group's personnel policies and executive compensation schemes, before assuming the position of deputy group personnel director. Subsequently, I was

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*"We must strictly adhere to the ethical code. We must always get involved with our professional bodies and take a leadership role and communicate to our subordinates that we are professionals."*

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named the group finance director before becoming an executive director of the company,” Lee recalled.

The question of ethics is a major one. “When I first worked at Dunlop,” he said, “I didn’t learn too much about ethics. But at Esso, the company required everyone to sign that they had complied with the company’s accounting and ethical policies. It was very strict, in keeping with the Foreign Corrupt Practices Act.”

In Lee’s present job, conflicts are present. In his words, “Here we have many occasions where you could have conflicts. Transfer pricing is complex and is an ethical issue. Environmental policies and cost savings can create a conflict. Our company policy is safety first. We have to secure many approvals from the authorities. Do we do this in a highly legal way or do we offer incentives, bribes?”

“How do I deal with subordinates who have not behaved ethically? It has caused me some stress. I prefer to stop their practices and give them a chance to turn over a new leaf,” he said. Lee admits to being in a difficult business environment. “Political parties could approach you for contribu-

tions, for example. But we avoid all that. We donate to the state or the federal governments to support worthy community projects, but not to political parties.”

Lee thinks continuing professional development is extremely important. “We need to continually renew ourselves. As President of CIMA Malaysia, I encourage a culture of lifelong learning,” he said. “Otherwise, we will lose the drive for improvement in job performance. It is a motivating factor.”

Lee called the improvement of the reputation of professional accountants in business a tough question. “We must strictly adhere to the ethical code. We must always get involved with our professional bodies and take a leadership role and communicate to our subordinates that we are professionals. And also with CIMA members, we are organizing an annual program to give awards for the best practice in management accounting.” But there are pressures on professional accountants in business. As an example, Lee cited a CIMA member who contacted him. “The member wrote to say that he was from a company that was going for an IPO and he was asked to jack up the figures. The member resigned. We need to protect people like that,” Lee concluded.

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## The Man with Two Careers – Consultant and Professor

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### An Interview with Oscar van Leeuwen

Oscar van Leeuwen doubles up on careers. He is a partner with Atos KPMG Consulting and is also a Professor at the Free University of Amsterdam. In his consulting career, van Leeuwen has two roles: as a partner, he is responsible for the sale and delivery of consulting engagements and he is also managing partner of a line of business of Atos KPMG Consulting. This line of business is called IT&C: Industry, Trade and Communications. It consists of 350 consultants providing help in information systems and organizational control. Van Leeuwen is a member of the executive committee of Atos KPMG Consulting in the Netherlands.

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*“The accounting profession should insist that accountants don’t take up options on shares in their own company.”*

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Meanwhile at the Free University, van Leeuwen is responsible for Bestuurlijke Informatieverzorging, which covers accounting and information systems as well as internal control. “It is something that has developed quite separately over the last decade. The issues arising from the Ahold and Enron affairs, for example, are the topics with which I am dealing,” He commented.

In his university role, van Leeuwen has two functions. “I am a manager responsible for thirty other professors and the new development of the theme corporate governance, and I am also a hoogleraar, the equivalent of a tenured professor in the US.”

Van Leeuwen sees his role at Atos KPMG in clear and simple terms. “The two basic objectives are to make enough profit and to help the organization grow. They are two very tough objectives as the advisory market is currently shrinking. There is overcapacity in the market and so there is a lot of price competition,” he said. His role at the university is seen in equally clear terms. “I am responsible for the quality of the teaching and the scientific research.”

So he has had two career paths. “I started as a CPA with KPMG but after three years I decided I wanted to do more, so I started to do some consulting services. Ten years later, KPMG Consulting was sold to Atos Origin. Then he was faced with a choice. “I decided I wanted to be a consultant. It is the diversity that attracted me. I would have been happy doing both. But having to make a choice, I preferred consulting because you are more wanted by your clients and you are working together with your clients. I like customer intimacy,” he explained.

Van Leeuwen’s academic career path was equally logical. “Shortly after I graduated, a former professor suggested that I should teach. So I started to do it part-time. Then I prepared a thesis and the opportunity came

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up eight years ago to become a tenured professor and I was chosen.”

On the question of ethical dilemmas, van Leeuwen provided an example. “It is a difficult question to answer. There are different ethics and integrity in different sectors. For example, I was in charge of an engagement in Belgium, just thirty kilometers across the border, and people were paying bribes. It felt very unethical. I have a Calvinist background and I don’t like to compromise,” he admitted.

“There are all sorts of conflicts. People look at things differently. Equally in the Asia Pacific area and in Japan you encounter all sorts of problems which you don’t know about until after the fact. The Dutch are polite, but they say what they think. It is a question of different cultures and different ethics. But Atos KPMG is an independent entity so we take an independent view,” van Leeuwen explained.

Continuing professional development, as you might expect of a professor, strikes a chord. “Because I am a university professor

I have to stay in front of everything that’s new. You have to keep up to date. That’s one of the reasons why I like it. It’s intertwined. It has been very useful to me in my professional career in consulting engagements. But in management it hasn’t been any use at all. People tend to think you are a theorist,” he said.

Van Leeuwen believes that the reputation of professional accountants in business comes down to ethics and integrity. “If everyone was honest, then we wouldn’t have the problems, like Sarbanes-Oxley, that we have today. Accountants went along with CEOs wanting more profits.”

Van Leeuwen has a radical proposal to curb this temptation. “The accounting profession should insist that accountants don’t take up options on shares in their own company. At present, accountants can hold a financial interest in the figures. And if you do, then you are likely to influence those figures. We let it slip ourselves,” he said in summarizing his thoughts on the topic.

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## Role of Chairman and CEO in a Major Bank

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### An Interview with David Li

David Li is the Chairman and CEO of the Bank of East Asia, the largest independent Chinese bank in Hong Kong. The bank has been listed for over 70 years and Li has worked for it since 1969. “My role is basically to chair the board meetings and, as CEO, to give direction and hopefully inspiration to my colleagues,” he said.

“I have managed to establish the bank internationally and domestically in Hong Kong and China. I have opened branches in the U.K., North America and Southeast Asia. We have expanded gradually in China, and are now the second-most profitable foreign bank in China. We have 18 operations in China, two in Taiwan and 100 in Hong Kong. This mix of local and international operations is the core of our strength,” Li commented.

Li is modest about the added value which his role brings to the bank. “It is up to my board,” he said. “I have been lucky to have many friends around the world and that has brought overseas and international contacts to the bank. I serve on many advisory boards around the world. I bring an international perspective,” he added.

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*“Accountants can see the trend of how the company is doing and can warn against pitfalls.”*

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Li is in the midst of three generations of accountants. “My late father was a chartered accountant and was the first Hong Kong Chinese to be qualified as a CA in England back in 1947. My young son is also a chartered accountant. So we have three generations of chartered accountants in the family – all articulated in different firms. My father was a Peat Marwick Mitchell partner in Hong Kong.”

In London in 1966, Li joined what was then Cooper Brothers, but he did consider Peat’s. “I decided that Peat Marwick Mitchell was too mean with their luncheon vouchers. They were only offering what was then four shillings a voucher. Coopers offered six shilling vouchers. Lord Benson interviewed me. I was the first Chinese to join Coopers.”

Li was with Coopers in London for two years. “I found auditing a bit boring. I was interested in doing something else. So I moved to Hong Kong and to the bank.” He was recruited in January 1969 to set up a computer department and to computerize the operations of the bank. “In those days they were still using the abacus and adding machines. I changed it into an online real time computerized system and I became chief accountant.” Li became a director of the bank in 1977, CEO in 1981 and Chairman in 1997.

On the question of ethical conflicts, Li said that he hadn’t encountered any. “I’m very lucky. I haven’t found any conflicts, as I have always put ethics first in my career. I

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have been very lucky with my colleagues and management. Most colleagues have been with the bank for 20 or more years. That means we have to be frank and honest with each other,” he pointed out.

Li holds continuing professional development to be extremely important. “The world changes so quickly. You need to persuade colleagues to always upgrade; otherwise they will be left behind. As accountants we have to work with different clients and by working with people in different businesses you get to know different types of people, and different ways of accounting. You learn very quickly what is good and what is bad,” he said. “The practical aspects of an ac-

countant’s training are very good,” he added.

The question of raising the reputation of professional accountants in business also engaged him. “Professional accountants are people who know about companies, finance and balance sheets. They can influence on accountability, transparency and ethics, and make people aware of the harm that flows from misstatements and creative accounting. Accountants can see the trend of how the company is doing and can warn against pitfalls,” he remarked.

“Accountants can contribute much more to society,” Li reasoned. “I don’t believe accountants are boring. They lead a very full life. We should change the image.”

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## A CFO for a Call Center

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### An Interview with Neal Morar

Neal Morar is the legal director for Capita Mastek BPO in Bombay. His position encompasses responsibility for the accounts, the administration and guiding the business strategically. He is the equivalent of chief financial officer for this outsourcing business covering data entry and call centers.

Morar's role has been to create the business in Bombay. "It is a unique role. I am the first such expatriate in the Capita Group, which back in the UK has 23,000 employees. I am Asian by descent, which has helped us as an avenue for Capita to set up in India. And being a qualified chartered accountant has enabled us to be compliant with UK GAAP, Indian GAAP and international financial reporting standards," Morar explained.

"Driving the business with the knowledge of the figures and the legal structure and move into new areas," is how Morar describes the added value his role brings. "I am more a country manager than a finance director."

Morar has been with the Capita Group for seven years. "I have been in various key financial roles in Capita's businesses. This is the first business unit Capita has set up offshore," said Morar who qualified in industry. "It is a very varied and very commercial life. I feel you can distribute your worth much better in an operational sense," he said. "Industry still gives you a varied outlook. Working in practice is still too structured from its timesheets to its partnership pressures."

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*"Accountants can contribute much more to the drive of the profession as they travel round the world keeping controls in place."*

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The problem of possible ethical conflicts is an easy question for a Capita business, according to Morar. "We are risk averse. The company regularly puts senior finance people in key roles in their business units. Obviously as a FTSE 100 company, we have to be extremely aware of Enron type situations," Morar remarked.

The issue of continuing professional development Morar described as very topical. "I need to know UK GAAP and Indian GAAP, for example. It is critical to keep up with my professional development. You need it. It is fundamental. No matter how operational you are you need to understand the obligations."

Morar felt that the key issue in enhancing the reputation of the professional accountant in business is technology. "Nowadays the key challenge is to keep up with it. It can contribute massively to maintaining the ethics of the accounting profession. There are so many quality checks that you can put in place. Accountants can contribute much more to the drive of the profession as they travel round the world keeping controls in place," concluded Morar.

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## Strategic Support to a Major Change Program

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### An Interview with Eileen Morrissey

Eileen Morrissey is Vice President of Operational Excellence at pharmaceutical giant Merck, based in New Jersey, US. Morrissey's role is to provide strategic support to Merck's major change program called Operational Excellence. "My group of 33 people work on major process improvement initiatives across all of Merck," she said. "For example, we look at how quickly we receive and analyze clinical trial data globally or how we can use lean manufacturing techniques to lessen our inventories."

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*"It would be hard for me to make the same impact without the finance background."*

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Her role is key at a time of great change in the pharmaceutical industry. "The pharmaceutical industry has changed. Due to new price controls, recent mergers in the industry and greater competition, we now must find ways to do things smarter, cheaper and faster than ever before," Morrissey commented.

Morrissey and her team add value to the organization. She provided some examples. "We work with the Research and Marketing groups to reduce cycle time in clinical trials. The sooner we can get the products to market the better. We are changing our distribution processes and participating with

wholesalers and retail chains. We are first in the industry to move to a fee-for-service arrangement with our wholesalers," she pointed out.

Morrissey's career as an accountant started in a straightforward fashion. "I liked numbers. I liked the logic of the system." She worked with CPA firms as an auditor for four years. But it was not a satisfying time. "I was extremely bored with the idea that I was uncovering problems in the course of an audit and then going off to another audit. I wanted to fix problems." Morrissey returned to school for her MBA, and in doing so, she was able to move from audit into consulting with KPMG Peat Marwick. "I loved it. There was one project after another. You were analyzing and then fixing," she recalled.

In the late 1980s, Morrissey became involved in activity-based management and in 1991 moved to AlliedSignal and headed up its activity-based management team. This was valuable again, providing experience across the whole company. "Even with my finance background, it took me away from finance. You had to understand what all the other activities were and how processes transcend the different activities. The program needed a cost element. So we were into a total change strategy," Morrissey commented.

Then AlliedSignal bought Honeywell, and GE almost bought Honeywell, so Morrissey joined Merck. She is proud of the fact that

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she has always been involved in change right across companies. “I’ve never been an accountant or a controller inside a company. I’ve always been involved in process-improvement. As a CPA, I am not acting as a CPA. I’m doing process improvement in a very innovative and competitive way,” said Morrissey.

But her accounting background is vital to the value she creates in her work. “It would be hard for me to make the same impact without the finance background,” she said. “People ask ‘What’s this saving us?’ I have a sense of what affects the profit and loss account and how if I change my finance requirements, it will change my balance sheet. Other people are frustrated because they don’t understand that.”

There are always conflicts between an accountant’s obligations to the success of the company and obligations to a professional code. “I have come across conflicts in my career. It drives me bananas. I took it very personally from the outset of my career. I didn’t want to lose my CPA license. There was a situation once at a CPA firm where I was working when an employee reporting to me had submitted bogus expense accounts, charging his Saturday evening dinners to a client. I caught the employee and the partners did nothing about it. I was appalled and it was one of the reasons for my leaving them,” she said.

Morrissey also came across conflicts in companies. “In some companies,” she said, “there is a two-class system. Certain people don’t have to act with integrity but others

do.” It is different at Merck. “At Merck, I love the level of integrity. It’s huge and they do not put up with anything. Integrity is so critical. It is the backbone to a successful company,” Morrissey said with conviction.

Morrissey has, like many accountants working in business, found that professional development has concentrated more on in-house topics rather than the profession’s courses. “I have increased my success by having learned so much about change management,” she said. “I have never paid attention to classroom hours.”

As for the way in which professional accountants in business can help the credibility of the accounting profession as a whole, Morrissey is of the view that, “CPAs in a business add an incredible amount of credibility and comfort to the company. People do want to refer things to a CPA. Within a company there is a huge emphasis on the CPA. But the profession as a whole doesn’t emphasize it. The profession as a whole sees CPA firms as more important. We are downplayed to the you’re just in industry role,” Morrissey thinks that it is time for that emphasis to be changed.

Morrissey also believes that there needs to be much greater recognition of the huge value of what the CPA in business does. “You have a far greater effect when you are working in trenches than when an auditor from a CPA firm comes in to spread the audit fairy dust. The professional accountants in industry are the ones making the real impact,” she said in conclusion.

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## The Importance of Accountants in Investor Relations

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### An Interview with Helen Short

For Helen Short, Vice-President, Investor Relations, with the pharmaceuticals to consumer products giant, Johnson & Johnson, her current job is a culmination of her accounting career.

“We have a relatively small investor relations department with three professionals dealing with investors.” But the key to the Johnson & Johnson investor relations culture is the primacy of the figures and the financial understanding. Short explained, “Johnson & Johnson has so many businesses. We have nine large drugs on the pharmaceutical side, seven large franchises in medical devices and four large franchises on the consumer business side for which we specifically report numbers. That is the top of the pyramid. It doesn’t include the many other products, which are household names and the companies responsible for them.”

“It is a complex organization. We speak to the sell side analysts as well as the buy side analysts and occasionally, the portfolio managers,” Short said. Their responsibilities do not include talking to the media.

The Johnson & Johnson culture provides the basis for the importance of accountants in this role. “One of the benefits is that I’ve been with Johnson & Johnson for 33 years. I started as an entry-level accountant in cost accounting at our Personal Products division. Johnson & Johnson has a process whereby you rotate through different positions and across business units. You get to learn different businesses, be involved in the decision-making and provide your accounting expertise. This process ensures that the accountants know a lot about the businesses they work in and that

is exactly what is required in investor relations. The experience gives you a lot of opportunity to understand these businesses, which is invaluable in investor relations,” she pointed out.

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*“Ongoing development is critical. If you stop learning, you stop contributing.”*

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“We plan all of our major contacts with the investment community on an 18-month rolling schedule. We organize the conferences at which people will speak. We organize the earnings conference calls or live meetings at the end of each quarter. We write the scripts for quarterly briefings. We help develop the management presentations and scripts so that we can assure consistency in the message while at the same time keeping presentations fresh,” commented Short in enumerating her group’s responsibilities.

There is a distinct added value to the role as well. “Every public company has an investor relations function. But the added value is the feedback from the investment community. When there are rumors in the marketplace affecting our stock, we hear what they are. The analysts have good contacts in our customer ranks and they frequently tell us what they are hearing (good and bad) and we can tell management,” Short explained.

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Short's route to becoming an accountant was not an obvious one. "I became an accountant by a process of elimination. I knew what I didn't want to do. I took an accounting course my first year in college and my professor encouraged me to major in accounting. My favorite course was cost accounting and that naturally pushes you towards an accounting career in corporate accounting rather than public accounting. I loved cost accounting, because you could discover why things happened the way they did by analyzing the numbers," Short recalled.

She joined Johnson & Johnson in 1971, and over the years, moved through a number of the businesses. "I spent a lot of years in different accounting roles," she said. The move to investor relations came about in 1998, only six years ago.

"My career was spent in operating companies and I didn't understand the investor relations function. But the person who offered me this job thought I was a perfect fit for the role, so I trusted her instincts and accepted the position," Short revealed. It was very much in keeping with the Johnson & Johnson process. "Most of the people who have been in investor relations at Johnson & Johnson have had an accounting background. It is a unique place to be in a company. You know everything that is going on, but you are not involved in the day-to-day business activities," Short remarked.

She underlined the importance of accounting experience in the investor relations role. "It is important in the investor relations role to understand the numbers, to understand where they came from and what they mean," she said. And the analysts expect to keep you up to scratch. "The people we are dealing with

are predominantly Finance MBAs and very sharp," Short added.

Working for most of her career so far in the same company, Short has not found conflicts between commitment to the success of the organization and commitment to professional obligations of ethics and integrity. "Working for a company like Johnson & Johnson makes it straightforward because of our value system, which is embodied in The Johnson & Johnson CREDO." You are always going to try to do the right thing and should there be different views, you can talk them through knowing the CREDO is the guide," Short explained.

Likewise, her commitment to professional development has stood her in good stead. From the accounting courses with which she started her career to specialist courses now, Short has always emphasized their value. "Every time I moved into something new, I took courses that could help me learn more quickly. I also participate in industry groups. Ongoing development is critical. If you stop learning, you stop contributing," she reasons.

Short's views on the role of the professional accountant in business and in the credibility of the overall accounting profession are equally straightforward. Accountants in business can bring credit to the accounting profession "if they are doing the accounting properly and correctly and contributing to the business as a good business partner – and explaining what accounting can do for the business." Accountants in business, she said, "need to influence and guide decisions which will make the business a better business.

If you do that well, then accountants do great credit to the profession," she said.

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## A Vice-President and Treasurer Speaks

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### An Interview with Craig Warnock

Craig Warnock is Executive Vice President and Treasurer with ATB Financial in Edmonton, Canada. His responsibilities include the traditional range of treasury functions including management of the investment portfolio, liquidity and funding, as well as financial risk management, foreign exchange, cash management and capital adequacy. He is also on the bank's corporate management committee, which he called the decision-making committee of the company.

As in so many organizations, Warnock's risk management responsibilities are expanding. "Besides providing the treasury service, I manage the financial risk, which means that I measure the risk we have, from market risk to interest rate risk, and ensure that there are no surprises. We are involved in a longer term focus on strategic planning looking for risk up to a four to five year timescale. We also provide decision support for other divisions," he explained.

The added value Warnock feels he brings to the organization is that "it is more than treasury services, it is strategy." In elaborating on that thought, he said, "We can provide solutions. The business side is focused on the shorter term, a year ahead. We focus on the longer term and provide guidance." For Warnock, "Decision support is an added value. We can help them and solve problems. We can help the sales people be successful. Or we can come up with products we think would be useful and help them create them and sell them."

There is another added value. "We have a different way of looking at things, a fresh eye to a problem. We can provide some structure and provide solutions – often we are dealing with issues that are more business problems than treasury problems."

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*"Accountancy gives you the skills but you also need to be a partner with, for example, the sales or IT guys, by being involved at the start of strategic planning."*

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Warnock said that he always wanted to go into management accounting. As he remembers it, "I just wasn't interested in the auditing function. I wanted to go into a management team. I wanted to be part of a business." So he earned a commerce degree, obtained a management accounting designation, started at the bank in a junior position and has been with them for twenty years. Before becoming Treasurer, he was CFO. "I shifted to Treasury because there were some treasury issues which needed to be resolved and I knew I could resolve them," he pointed out.

On ethics, he has always taken the high road. "I always felt that if I couldn't explain it to my mother, or my accounting body,

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then I shouldn't do it. There are conflicts in the reporting of financial results or the estimation of exposures. They are not the easiest things to do. But you have to hold ethics above keeping your job," he commented.

For Warnock, the value of continuing professional development has been huge. "For example, when I was CFO, I was taking courses in Treasury. I knew we were going to have to evolve into different areas of business. Taking the courses meant that I was there, already qualified for it. The accounting profession allowed me to get ready for changes in the business. And I also think you should take courses in areas which are beyond your current job. It is a question of balancing your skills with courses on leadership and management, for example," Warnock said.

Warnock feels that professional accountants in business have to take the strategic route and be active partners in management. "You have to make sure you are at the decision-making table. Accountancy gives you the skills, but you also need to be a partner with, for example, the sales or IT guys, by being involved at the start of strategic planning." "We have the skills to become strategic accountants rather than just accountants. If we are just accountants then we are just a commodity," he added.

There is a wider issue here. "That way, CEOs looking for someone to work with them know they will get someone who is not just numbers. If we just stick with numbers we don't add value. Accountants would just be a necessary evil," he ended.

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