

Challenges & Opportunities for Young Members in Industry: Future Perspectives



There have always been two traditional routes for a qualified Chartered Accountant – to practice as an auditor, or to join the industry. Both routes have their share of attractions and challenges, and the question of which is the better option has always been hotly debated. Today, more than ever before, the industry needs qualified and competent chartered accountants, not just to do the accounting, book keeping and control functions in the company, but indeed to serve as partners to the business, helping their growth strategies, and ensuring good governance in all that the company's management sets out to do. This shift brings with it its own share of exciting opportunities, and challenges for the young professional.

Let's have a look at the evolution of the finance structure in the industry and what it means for the young member who chooses to take this fascinating career path.

Evolving Finance Structures

The traditional view of a finance professional's role in industry was quite predictable. Accounting, controls, MIS, audit and tax were considered his/her domain. It fundamentally involved telling the business how

much they could spend, where the spent money went and what processes they had to follow.

However, today's world is volatile, uncertain, complex and ambiguous, wherein the talents of the finance professional are underutilised if we only used him/her as a book keeper.

One of the biggest challenges volatility brings is that resource allocation can become redundant very quickly. The expectation now is that a finance professional will help the business to understand the return on investment of resources allocated, not just for traditional large investments like capital expenditure, but even for revenue expenditure like advertising, staffing decisions, trade terms *etc.* At the same time, it's imperative that he/she guides the business towards sharpening the choices on resource allocation and making it far more dynamic.



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Young Members Empowerment

Identifying pockets of the business that are high growth-high profit to be able to disproportionately invest in them is another key enabler for business benefit.

Increasingly, many companies are making commitments to enable sustainable business practises. Finance will need to allocate, measure and analyse results with this new business dimension where the business benefits of sustainable practises are not immediately evident.

While doing this, he/she should constantly look at simplifying existing processes to help the business react to market developments with speed. This will also free up the time spent by his/her team in managing processes or churning out various MIS from multiple sources. Simplification also helps the organisation to focus on the truly important goals around growth.

With these evolving expectations in mind, it is not surprising that finance structures in many companies are also evolving to be able to cater to these needs. Finance structures are evolving around the following key themes

- Partnering the businesses, in Brands, Customer Development, R & D and Supply Chain
 - o Driving return on investment (brands, trade, capex)
 - o Sharpening choices on resource allocation
 - o Educating the business partners to reduce dependence for basic requirements
- Expertise functions in Finance (Treasury, Banking, Tax, Audit)
 - o Outstanding cash management
 - o Strong controls, which will help the business focus on growth
 - o Ensuring compliances reducing in minimal liabilities – statutory and legal
 - o Embed risk management
- Transactions (Accounting, finance processes)
 - o Simplification of processes to release time
 - o Best in class practises for effective and transparent reporting
 - o Implement necessary IT framework for automated transactions and controls

In addition to the basics around controls and the expertise that the Chartered Accountancy program teaches, the new world capabilities those are crucial to members shining in industry are:

1. Understanding of the fundamental drivers of business performance

2. Solution driven mindset rather than process driven mindset
3. Digital appreciation, where more and more consumers and transactions are converging.
4. Continuing to build on a solid controls framework, so that the business can go ahead with the business of growing
 - a. Controls as an “accelerator” for the business rather than “brakes”
5. Investing in finance teams so they see change as a positive, whilst not letting go of the fundamentals.

Opportunities for Members in Industry

Members in industry usually have a few opportunities that are different from practising members. The fast changing role of finance in industry amplifies some of these opportunities for young enthusiastic professionals. Some of them are:

1. Exposure to different industries, and different verticals within the same company. The learning opportunities are huge as the members get exposed to different areas within the business.
2. Close working with professionals in different fields—marketing, supply chain, engineering, Human Resources *etc*, giving members exposure to top class high quality talent, which in turn helps in the development of managerial skills.
3. Close view of and involvement in shaping the future strategic direction of many new businesses. In today’s times, this can be a hugely exciting opportunity to be at the helm of changes that are typical of growing economies.
4. Companies are very keen to engage high quality expertise, particularly in the areas of accountancy, audit and taxation, and this is even more relevant with the extent of changes we are seeing in legislature and governance requirements.
5. Working in the industry also helps greatly in developing one’s leadership abilities, and equips members to be able to take senior leadership positions as they rise up in the organisation.
6. From a theoretical understanding of concepts, working in the industry provides a shift to

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practical application of learning, and seeing immediately the results of the practical application to real life problems.

Challenges

There are a few challenges as well, which need to be overcome by the members consciously.

1. From a typical accounting and controls mindset, the big change is to move to a business mindset, where the focus is not just about recording transactions and ensuring processes are followed, but also being more market focused and adding value in helping the management understand what is good for the business, and what the implications of the various choices can be.
2. Typically, compared to their business school counterparts, fresh chartered accountants are not as comfortable in analysing business situations, or in presentation and articulation of a bigger vision and strategy. This is a learning curve that the young members will need to go through in order to bring to organisations not only subject matter expertise, but a broader managerial capability in terms of working together, communication and presentation.

Some of the common ways to overcome the challenges and make the most of the opportunities are:

1. The member should choose the industry and company with care. In the case of a sunrise sector, it is advisable to do some research on the prospects of the sector before taking the plunge. Similarly, it is prudent to check for any governance related red flags on the individual company itself.
2. As far as possible, members should aim to get exposure to corporate working before actually deciding on the career direction. While audits in various kinds of companies will give a good insight, the ICAI has a very effective programme in the form of Industrial training for the last year of articleship. This is a great way for members to

first hand understand the different situations in corporate working *vis-a-vis* audit firms.

3. Industrial training also hones many skills related to communication, presentation, strategic thinking, team working *etc*, as all of these are seen in practise in the organisation which is providing the training, in the form of real life situations.
4. Companies which offer a holistic onboarding programme find it much easier to get the best out of their young chartered accountants, and help them perform to the maximum of their ability. This is also true of companies that give independent responsibility at an early stage of the finance career.
5. The chances of adding to the repertoire of skills and competencies increases significantly in companies where job rotation across various sub functions within finance is a norm.

Rotations around the various sub-functions also provide a holistic experience to young finance managers and groom them for leadership positions. What was earlier considered as a boring book-keepers job is now transformed into a well rounded professional experience covering the full career cycle. Increasingly, the finance function in industry is playing a crucial role in helping the business:

- understand the implication of various choices and allocate resources where the return is maximum,
- deciding on the strategic direction of the business,
- capitalise on the opportunities caused due to consumer behaviour changes or legislatures,
- pick up latest trends externally and convert them into advantages for the business,
- reassuring the business that key controls are in place and functioning,
- ensuring good governance in all the decisions & actions of the management, and
- Simplifying processes that give the organisation the energy to focus on growth.

It is indeed an interesting phase for members in industry, and the emergence of the various sectors in the economy, including the digital economy, has added to the attractiveness of what was already a good career option. Truly, the finance function in the industry is changing with an increasing diversity of roles across the function and members choosing to work in the industry have some exciting times ahead of them! ■