

COVID-19 is Accelerating the Changing Role of Accountants in Business : Here is How

Even before the current global crisis, businesses were facing a multitude of challenges and opportunities in a rapidly changing environment. A world where customers and society are more demanding, where resources are increasingly constrained, where business models are being disrupted, and where intangible assets represent a growing proportion of the value of an enterprise.

The covid-19 pandemic has only heightened these issues, accelerated the pace of change, and constricted the time to respond. Organizations are having to reconsider their business and operating models to take into account changes in supply chains and working practices, as well as changed customer and stakeholder behaviors, needs and expectations.



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And as business evolves, the nature of work and the contributions made by professional accountants must also evolve. The IFAC's Professional Accountants in Business (PAIB) Advisory Group has been exploring the evolution over the last few years, and it remains high on our agenda. Read on...

Unchanged in this period of uncertainty is the opportunity for chief financial officers (CFOs) and their finance teams to enhance their contribution to the business in which they operate. For CFOs in particular, in their roles as *co-pilots*, they must work in partnership with leadership to make difficult decisions, help navigate the crisis, and facilitate any necessary change to ensure longer-term business resilience.

Less than a year ago, IFAC set out its *vision for the CFO and finance function*. It highlights many priority areas





for accountants to consider as organizations shift their focus from crisis mode to recovery and longer-term strategic considerations.

Beyond Financials and a Longer-Term Lens of Success and Performance

Ultimately, the crisis is about people and communities, which has shone a spotlight on each organization's corporate social responsibility priorities. Businesses need to understand and communicate their value propositions to different stakeholders, balancing profit with purpose, and thinking about how the business has, or can have, a social impact. Public-private partnership is critically important to plug the gaps and deal with the inherent limitations governments face in responding to the significant challenges presented by COVID-19. Support for national causes is vital. The coordinated approach in India is a great example, with the establishment by the Hon'ble PM Modi of a national relief

fund, and the direct support of the accountancy profession to this through *ICAI's Covid 19 Relief Fund*.

The sustainable development goals (SDGs) will remain an important focus for business contributing to sustainable development. ICAI has continued to highlight the important role of the accountancy profession and raise awareness amongst its members, including through the recent webcast on *"Emerging Opportunities for Chartered Accountants In Sustainability Reporting"*.

Whether in the context of the current pandemic or in the course of business as usual, value cannot be fully captured and measured in financial terms by the balance sheet or by shareholder value metrics alone. Viewing value creation only through the lens of shareholders can lead to profitability at the expense of other stakeholders or the public good, compromising the trust of key stakeholders.

A broader set of data, information and insights is needed to provide a complete picture of how value is created, help make long term decisions, manage trade-offs, and comprehensively assess corporate priorities and performance. India has long embraced this need. It has been more than three years since the *Securities Exchange Board of India (SEBI) recommended* that the top 500 companies in India voluntary adopt integrated reporting, and since then about 45 companies have adopted it. It is critical to have the CFO and finance function contribute to a broader value creation



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Vision – Global Leaders



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agenda, but shifting mindset and focus beyond traditional financial reporting and investor perspectives is a significant challenge.

To help guide accountants, IFAC, with input from the PAIB Advisory Group, has been developing a detailed *approach to accounting for value creation*. A forthcoming report, *The CFO and Finance Function Role in Value Creation*, will highlight how finance teams can better understand, measure, and report on value creation and impact.

Digitalization and the Value of Data

The pandemic has further accelerated the pace of digital disruption. Digitalization and technology were already

reshaping the transactional and reporting environment as finance activities were being streamlined, standardized, and automated. Lockdown or stay-at-home measures imposed around the world have forced many organizations to make quick adjustments to enable remote operations.

Properly managing data is essential for companies and their CFOs to create better outcomes for customers, employees, investors, society, and other stakeholders. This is of particular importance as organizations reconsider business and operating models, which requires taking data-driven decisions that will enable their success and growth.

Given their comprehensive view of activities and outputs



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across an organization, CFOs and finance teams are uniquely positioned to play a pivotal role in *harnessing and managing data*, which is a crucially important area where accountants can add value to the business in the long-term, ensuring their own relevance in the process.

But although recognized as one of the most important resources, many organizations are still struggling to get the basics right when it comes to data collection and management (beyond the financial data). Obtaining and collating data with numerous sources and systems can be a practical challenge, particularly where there are data siloes within an organization.

Cleaning legacy data, ensuring the integrity of data collected, and identifying the most important data from the masses of data collected are also huge challenges.

A recent Global CEO Survey highlights a large gap between data considered important for decision-making and the comprehensiveness of the data received. Data about customer preferences and needs remains the most valuable, followed by financial forecasts, brand and reputation, business risks, employee views and needs, and effectiveness of research and development. Business leaders often lack data and insights in all these areas.

Shifting talent and skills requirements

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finance teams as trusted professionals for guidance in navigating the crisis and its economic implications. The ‘core’ skills and traditional expertise of accountants around financial management are in high demand, including risk assessment, cashflow forecasting, cost management, scenario analysis and decision support. Forecasting is especially critical as focus shifts from short term to longer-term recovery and stability. But accountants are also having to apply their skills in non-traditional areas such as logistics and supply chain management. In addition, leading predominately remote teams presents a new set of

challenges in terms of working practices and employee well-being.

Accountants need the professional skills and competencies, mindsets, and behaviors required to influence decisions. But there is a shortage of accounting and finance professionals with the right blend of technical, business, and soft skills. That was one of the messages from a recruiter to the *PAIB Advisory Group at its last meeting in March 2020*.

Skills required by employers are evolving, and desired skills are a moving target. Recruitment is increasingly focused on desired behaviours rather than skills alone. There seems to be a premium on those who challenge the status quo, and who work effectively with uncertainty and ambiguity.

The PAIB Advisory Group also heard that as the world is more connected than ever before, “glocal” CFOs are needed, those with knowledge of the local context, combined with a global mindset and the ability to be culturally agile and relevant.

Deliberate effort is needed by professional accountancy organizations and educators to provide training and development in emerging areas, along with innovative approaches to delivering virtual support to accountants. The ICAI has been very proactive in this regard, developing resources for its members and students, including *COVID-19 Online Resources* and the *ICAI Digital Learning Hub*.

While the business environment may have changed significantly because of covid-19, the vision for the future CFO and finance function has not. The CFO must be a business partner and advisor on the future of the business and provide critical challenge to decision making when needed. The finance function must have an external focus on the markets and customers. It must efficiently respond to external events and new regulations, provide insights to the business and timely access to data. It must focus on people capability, technology, innovation, and storytelling.

I am confident that finance functions can lead through this crisis by going beyond the numbers and embracing new ways of thinking.



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