

Future role of CFOs may be that of a 'chief profitability officer'



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AT the outset I would like to thank the President and the Council of the Institute for instilling faith in me to Chair the International Affairs Committee of the Institute for the third consecutive year. I hope the task assigned to me will be successfully achieved and the committee will come through with flying colors and fulfill expectations.

I would like to focus on the future of Management Accountants. Due to changes in the work environment at electric pace, the role of management accountant may change. Some people even foresee that the role of Management Accountants will look markedly different 10 years from now. In my view, probably not, judging from the significant but not necessarily revolutionary manner in which the role evolved from 2000 onwards.

In all likelihood, the fundamentals and key skills of the profession will remain as they are. What will change, however, is how management accountants apply their portfolio of skills to address the challenges their organizations will confront in time to come. Different elements of the man-

agement accountant's tool kit should become more valuable and more frequently used than others.

It appears likely that the management accountant of future will be much more integral to organizational efforts to create value. In recent times, the nature of management accountant's roles has been increasingly paired with the term 'value'. Their more forward-looking insights are applied across the enterprise from strategic planning to operational optimization and are used to manage risks, reduce costs and spot new opportunities. The future role of CFOs may be described as that of a 'chief profitability officer'.

On a related point, it also appears that future management accountants will invest more of their time looking forward to scout out potential threats and opportunities, while spending less time looking backward to track and report past financial performance. They will do so by transforming data into select insights and indicators that inform more agile and more accurate forecasting and planning processes that enable the organization to more effectively adapt to rapidly changing conditions.

Finally, it also seems likely that management accountants will delve deeper into the more human, less tangible assets that their organizations increasingly rely on to derive value in an increasingly competitive global business environment. Although this facet of their role may be new for many, it will require the same measurement rigour and analytical skills that management accountants have traditionally applied to planning, monitoring, and improving operating and financial processes within the organization.

As regard the achievements of the committee during the last year the following are a few of them:

➤ **International Professional Summit:** The Institute of Cost Accountants of India organized an International Professional Summit – New Approach to Sustainable Growth on 26th & 27th April, 2013 at the Leela Kempinski Hotel, Gurgaon. The Summit was inaugurated by H.E. Mr. Waven Winslow William, High Commissioner, Seychelles High Commission in New Delhi on 26th April 2013. Mr. Satish Jha, Chairman, Pinewood Partners LLC, Kofi Annan Centre was the Guest of Honor while Mr. Steven Moodie, CFO



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Region India, Ericsson presented the keynote address. CMA Sanjay Gupta, Chairman, WTO&IA Committee of the Institute delivered the welcome address while CMA Rakesh Singh, President gave the Presidential Address. The Summit was addressed by a galaxy of professionals both from India and Abroad. The Summit was attended by over 250 delegates from India and abroad. The theme was deliberated through interactive technical sessions with distinguished panelists providing thought provoking inputs with real life corporate examples.

➤ **1st GCC CMA Summit 2013 at Bahrain:** The Bahrain Overseas Centre of The Institute of Cost Accountants of India organized the 1st GCC CMA Summit 2013 on the 2nd & 3rd May 2013 in the Kingdom of Bahrain under the theme "Management Accountants – Partners in Progress". Under the guidance and patronage of Industry and Commerce Minister Dr. Hassan Fakhro, Assistant Under Secretary of Domestic Trade Mr. Hameed Rahma opened the Summit. I attended the summit along with CMA Suresh Chandra Mohanty, Vice President, CMA Dr. PVS Jagan Mohan Rao and CMA Sanjay Bhargave, Central Council Members. Several top-notch and distinguished speakers from India and the GCC participated at the Summit. The speakers appreciated that Management Accountants provide management with operational or value chain information that would support productivity and profit enhancement. The function ensures continuous reporting of cost, financial and other information relevant to management decision making impacting productivity and ultimately profitability. The Summit included thought provoking deliberations on key and extremely relevant topics with specific roles of CMAs in "Recession and Profession", "Manufacturing, Contracting, Telecom & Service Sectors", Risk Management, Currency Unification, Sustainability

reporting and topics of interest to the CMA profession.

➤ **Annual Seminar of Dubai Overseas Centre:** Dubai Overseas Centre of the Institute organized its Annual Seminar on 15th March 2013 at Dubai. The Institute was represented by President who was also the Chief Guest, along with me. The event was attended by a galaxy of speakers. The event was attended by a galaxy of speakers like CMA Kunal Banerjee, Past President of ICAI, CMA Saikat Kumar, ECM of Dubai Overseas Centre (DOC), Prof Ranjan Das, IIM-C, Mr. Karim Abdelhey, President IMA Dubai, Mr. T.S. Ramachandra, CFO of Strategic Foods, Britannia & CIMA Dubai, Mr. Alexander Borg, Regional Director, CILT-UK, Mr. P.P. Saradhi, Director Finance of Al Reyami Group, Lt. Gen J S Ahluwalia, PVSM (Rtd.), President of Institute of Directors, Mr. Sunil Bahri, CEO of Kaizensox Consulting FZE& Chairman of ICSI-Dubai, Ms. Swagata Roy, from Chase & Hunt Manpower Consultant. The speakers informed about the various initiatives taken by the Institute for students and members. The Institute is taking these initiatives for getting more and more avenues opened for the members by getting suitable amendments in the various statutes of the country.

➤ **Opening of 9th Overseas Centre of the Institute:** The Institute opened its 9th Overseas Centre on 14th June 2013 at Washington, DC, USA in the presence of Mr Sachin Pilot, Hon'ble Minister of Corporate Affairs (I/C), Government of India. The event was organized in Hotel Washington Marriott, Washington. Mr MJ Joseph, ICAS, Additional Secretary to the Government of India, Mr Bhaskar Chatterjee, DG & CEO of Indian Institute of Corporate Affairs and Dr TV Somnathan, IAS, Director of General Services, World Bank were also present on the occasion. To mark the occasion a Talk on Role of Management Accountants for Sustainable Business and CSR was

organised. Speaking on the occasion various speakers praised the efforts of the Institute and talked about sustainability and Social Responsibility. The role of Management Accountants in helping the corporates by generating meaningful CSR reports was emphasised. President of the Institute said that the Institute is changing its orientation to focus on dissemination of information to the stakeholders. He appreciated the role of competition and urged upon the members of the Institute to brush up their skills to be able to add value to the services and products to keep ahead in the competition. He further added that the time is changing and to manage this change is the biggest challenge for the Professionals.

➤ **Global Conference on Sustainability and Reporting at Amsterdam:** Global Reporting Initiative (GRI) Focal Point India in collaboration with CII Centre of Excellence for Sustainable Development and TERI BCSD organized GRI's Global Conference on Sustainability and Reporting held in Amsterdam from 22-24 May 2013. I attended the conference along with CMA Amit Apte, CCM. The inspiring and knowledgeable speakers discussed the key global and regional issues in the area of Sustainability. The sessions were expertly moderated with debates on specific issues. Interesting presentations showcased the sustainability and reporting situation in different countries and regions, covering regulatory developments and other current issues like integrated reporting.

➤ **SAFA International Relations Committee:** I attended the meeting of the Committee as a member on 17th June 2013 at Colombo as a part of SAFA Events. The committee deliberated upon the need for Professional Accountancy Organisation Developing Committee (PAODC) of IFAC to recognize SAFA as a regional standard developing Organisation. The Committee also discussed about the SAARC representation in SAFA Board or Assembly Meeting. The committee discussed about holding SAFA meetings in Maldives, Bhutan and work for development of Accountancy profession in Afghanistan.

➤ **Sub-group on professional services focusing on accountancy and architecture services:** I am representing the Institute on the Sub-group on Professional services focusing on Accountancy and architecture Services constituted by Ministry of Commerce. Accounting is one of the most widely traded business services, growing in tandem with the globalization of world markets. Accounting services form an essential pillar of business infrastructure that supports business transactions of both goods and services. In addition to financial reporting, accountants and accounting firms provide a wide range of services for businesses that may include bookkeeping, merger audits, insolvency services, commercial strategy consulting, or management consulting. Access to world class accounting services underpins an economy's international competitiveness and facilitates for-

eign investment.

➤ **Sustainability and Integrated Reporting:** Cost and Management Accountants have a key role in facilitating organizations to achieve cost competitiveness and excellence in operations. This requires them to keep abreast with the latest developments in the business domains. We are focused on building capacity of the CMAs to educate, engage and execute newer and desirable approaches to sustainable growth through research, publications, seminars and conferences involving national and international domain experts. We have a programmed and action oriented agenda to steer CMAs to the centre point through progressive and periodic international professional events across different locations / countries. We are committed to leading initiatives in this key area of concern for the human beings and have planned to progressively create opportunities and forums for corporates and domain specialists to synergize their thinking and action plans for evolving and implementing pragmatic approaches to sustainable growth.

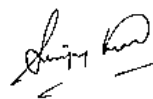
➤ International Integrated Reporting Council (IIRC) has released the proposed International Integrated Reporting Framework for comments. It is expected that the integrated reporting would be the next step in the evolution of corporate reporting and communications, helping organizations to communicate a clear and candid picture of their performance to investors. Feedback on the International Integrated Reporting Framework is invited during its public consultation period, which closes on July 15, 2013. We have started organizing round table discussions to come out with comments / suggestions from different stakeholders. In collaboration with CII we are organising a Round Table on Integrated Reporting on 1st July 2013 at Mumbai to obtain feedback from various CFOs, Heads of Finance. One more such conclave was organised on 10th July 2013 at New Delhi which was attended by more than 30 participants.

➤ **International Centres:** As the Institute is on the growth path, we are planning to open some more International centres at London, Australia and other important locations around the world to represent the voice of the members in those regions.

I once again would like to thank the President and the Council for showing confidence in my leadership skills and giving me a chance to lead this committee.

I wish all the members of the profession a very happy and prosperous rainy season.

Regards.



CMA Sanjay Gupta

1 August 2013