

## **ICAP**

### **CFO Conference**

#### **Address by Abdul Rahim Suriya – President ICAP**

Dr. Ishrat Hussain, Mr. A. N. Raman, Vice President SAFA, Past Presidents, Council members, ladies and gentlemen, Assalamu Alekum.

I welcome all of you to the CFO Conference hosted by ICAP in collaboration with Terrabiz.

The CFO Conference is one of the important agenda of our Committee for “Professional Accountants in Business” which is led by my dear friend Yacoob Suttar.

This conference has been scheduled at just the right time when the post credit crisis world is in a flux, and the rules of financial management are rapidly changing.

This is not a conference for CFOs only. Our objective is to also take on board top management executives from both the public and private sectors.

We at ICAP produce Chartered Accountants and it is interesting to note that around 80% of our members are employed in Industry and Trade, that is they are not involved in professional practice.

In past, Accountants were perceived as “Munshis” whose role was limited to 2+2, but in the recent two decades there is a major shift. They are more business managers and their role is to facilitate management in business decision making.

I am sure that today’s conference will not only give wake up call to the CFOs to guide for future challenges but will also provide a formal forum for networking among the CFOs and professional accountants in business. I am confident that presence of renowned personalities like Dr. Ishrat Hussain, Mr. A.N. Raman and

various speakers and panelists will enrich participants with their experiences and words of wisdom.

You will note that in a world of instant communication and ever changing business models, the traditional task of the CFO is evolving.

There is:

- increased governance requirements,
- more regulations,
- more emphasis on documentation,
- more intervention from governments and,
- limited opportunity for expanding business.

An important task which is undertaken by the CFOs is compliance of IFRS for preparation of financial statements but generally that is **not** appreciated by the employers.

The need for IFRS has stemmed from rising globalization and the related need for a single set of worldwide standards.

Taking this opportunity, I would like here to share few concerns about IFRS which CFOs have.

These are:

- complex,
- lengthy and
- hardly help in understanding business performance.

Therefore CFOs have to prepare a separate set of accounts for internal users.

Because of IFRS, CFOs have not made radical changes to their internal reporting.

### **What could be the Way Forward for IFRS?**

- I cannot imagine a business being run without budgetary controls implemented and monitored by management and
- I cannot believe that a management can sleep well without developing future scenarios.

Therefore, standard setters may consider reporting:

- summarized budget and
- sharing of strategic financial planning

It would be interesting to share with you few highlights of a study which was carried out by the Financial and Management Accounting Committee of IFAC in January 2002 to foresee the role of CFO in 2010:

**Sten Fornell, CFO of Ericsson, in Stockholm**, has suggested that by the year 2010, the use of the title CFO may no longer be appropriate. He felt that it may be the time to change the name of the CFO to something like CPO (Chief Planning Officer).

He further felt that the CFO will be very much involved both in strategy formulation and strategy execution.

**Angela Holtham, CFO of Nabisco in Canada** said.

The traditional CFO's responsibilities are being transferred to the IT function. It becomes more of an audit function than a 'doing' function. The CFO is involved more in ensuring that the information is right, rather than actually being involved in the process of creating the information.

**Heinz-Joachim, CFO of Siemens** said.

Accounting is going to be less relevant, but to keep a company afloat in difficult times, treasury and cash are the important things, not book profit. The most important job a CFO has, is to ensure that the company stays financially healthy, and can meet its obligations at any time.

**John Connors, CFO of Microsoft** said.

People will have access to information in a way they never had in the past. CFOs will have to have more coaching in communications skills.

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Dear members and participants, there are lots of expectations in this modern era from the CFOs apart from their technical skills.

As a result of the demands placed on companies by shareholders, regulators and the public at large for increasing financial information, the CFO's role is shifting dramatically from a transaction manager, now to:

- a communicator,
- strategist and
- business leader.

One of the most important features of a Future CFO is to stay connected to the world.

The present need for the future is to gain exposure and experience in different geographies, businesses and industries.

Technology, Standardization of data, Managing external relationships and developing Human resource are some of the key factors which are required to be focused by the CFO in order to maintain its leadership position in the next decade.

CFOs are often asking the question:

- “What should the right operating model for finance be?”
- To what extent should finance limit itself to financial transactions, regulatory reporting and compliance?
- To what extent should it try to work as a true business partner and provide rest of the business with valuable analysis and insights into current performance and future opportunities?
- Should finance drive enterprise level controls and performance management?

I leave these questions for deliberation in today’s conference.

Modern enterprises will be driven by transparency and accountability, good governance and reporting, and finding sources of competitive advantage. The challenge for the progressive CFOs is to recognize this, and assume the leadership role in order to preserve his place in mainstream business decision-making.

I would like to leave you all with a very important question:

Are you ready for 2020?

Then let’s take part in this Conference with energy and enthusiasm and together let us chart out a roadmap for the future... a Finance Vision 2020 where the CFO will be in charge!

Thank you!

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