

A Holistic View of the Financial/Information Supply Chain

CIFiR Committee 4
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Accountancy

- ④ The purpose of “accountancy” is to facilitate business and economic development – do you agree?

U.S. Finance & Accounting Community

	2006	2005	%
Job Title	Total Employment		Inc/(Dec)
Accountants and Auditors	1,779,000	1,683,000	5.7
Bookkeeping, Accounting and Auditing Clerks	1,511,000	1,456,000	3.8
Financial Managers	1,083,000	1,045,000	3.6
Personal Financial Advisors	389,000	380,000	2.4
Cost Estimators	114,000	112,000	1.8
Financial Analysts	103,000	96,000	7.3
Budget Analysts	52,000	54,000	(3.7)
Total	5,031,000	4,826,000	4.2

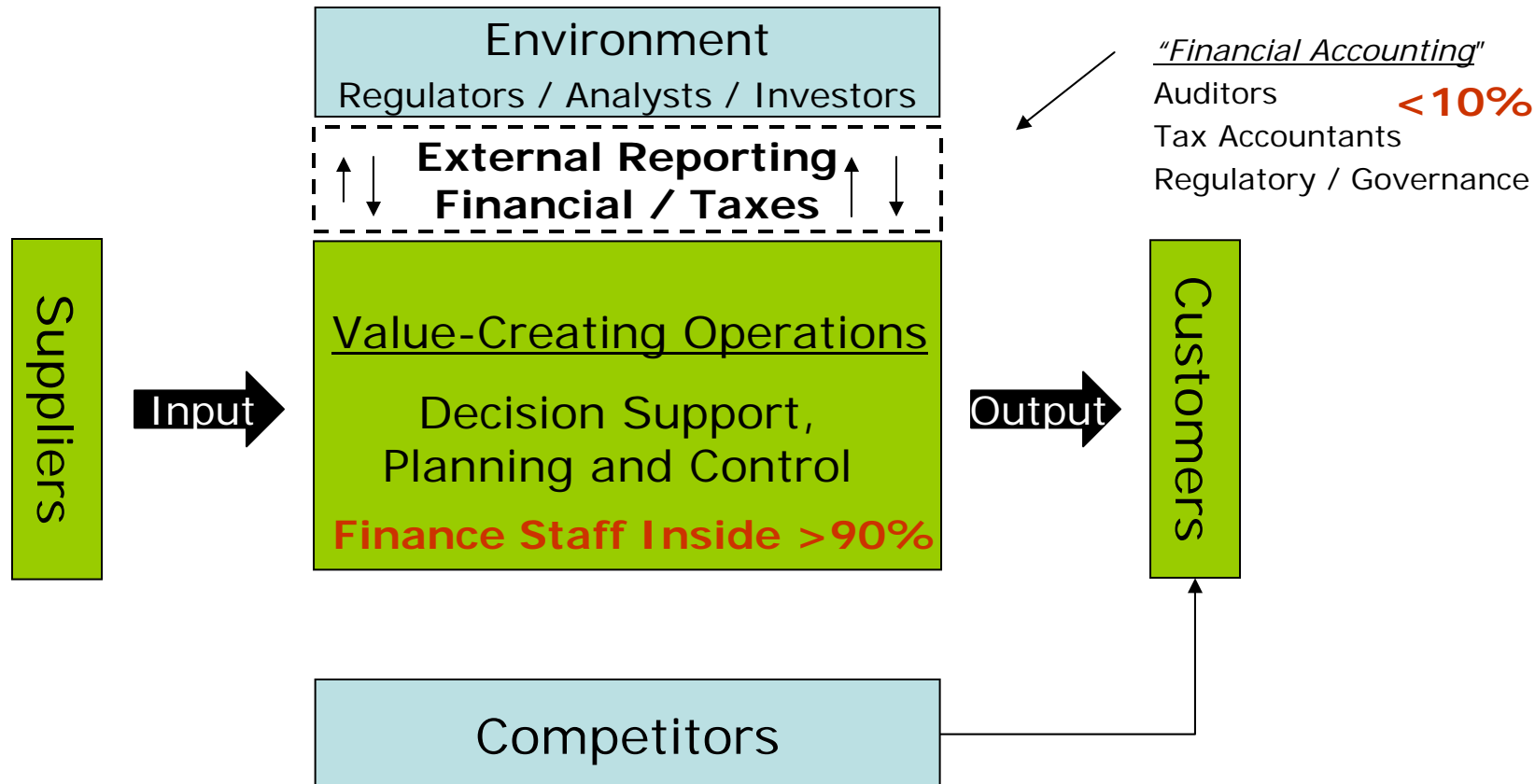
Source: Bureau of Labor Statistics website (<http://bls.gov/cps/cpsaat11.pdf>).

Things on Our Minds

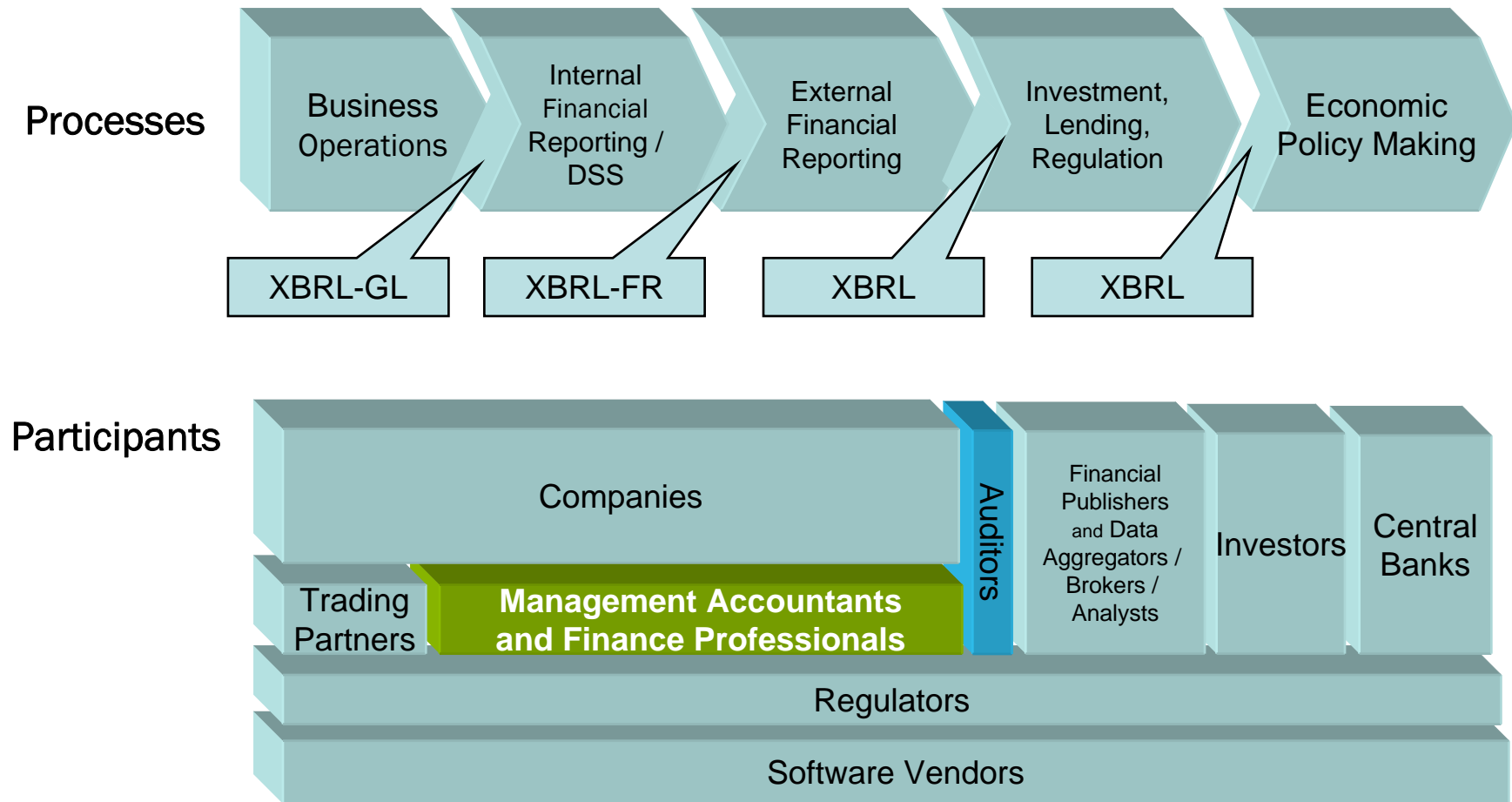
- Narrowing definition of terms “professional” and “accountant.”
- Accounting education system focused on reporting, tax, audit, and compliance – not good preparation to help drive business performance inside corporations.
- \$100b accounting firm based on efforts of 125,000 21-26-year-olds.
- Massive complexity – GAAP, SOX, financial reporting, lobbying, and legal liability, to name just a few.
 - Many blue ribbon committees addressing, but our concern generally is that the scope is too narrow and focused on the “tail end” of the financial/information supply chain (audit and compliance).
 - Lack of properly educated and certified accounting professionals to tackle current complexity and help facilitate business performance and economic development inside organizations.
- Business change – Global convergence, broadening of “reporting” (e.g., sustainability reporting – People, Planet, and Profits), etc.
- Velocity of change – Rapid, but are accounting skill sets able to keep up??? Are today’s “accountants” prepared to move beyond financial reporting as traditionally defined and delivered??

Imbalance in the World of Finance

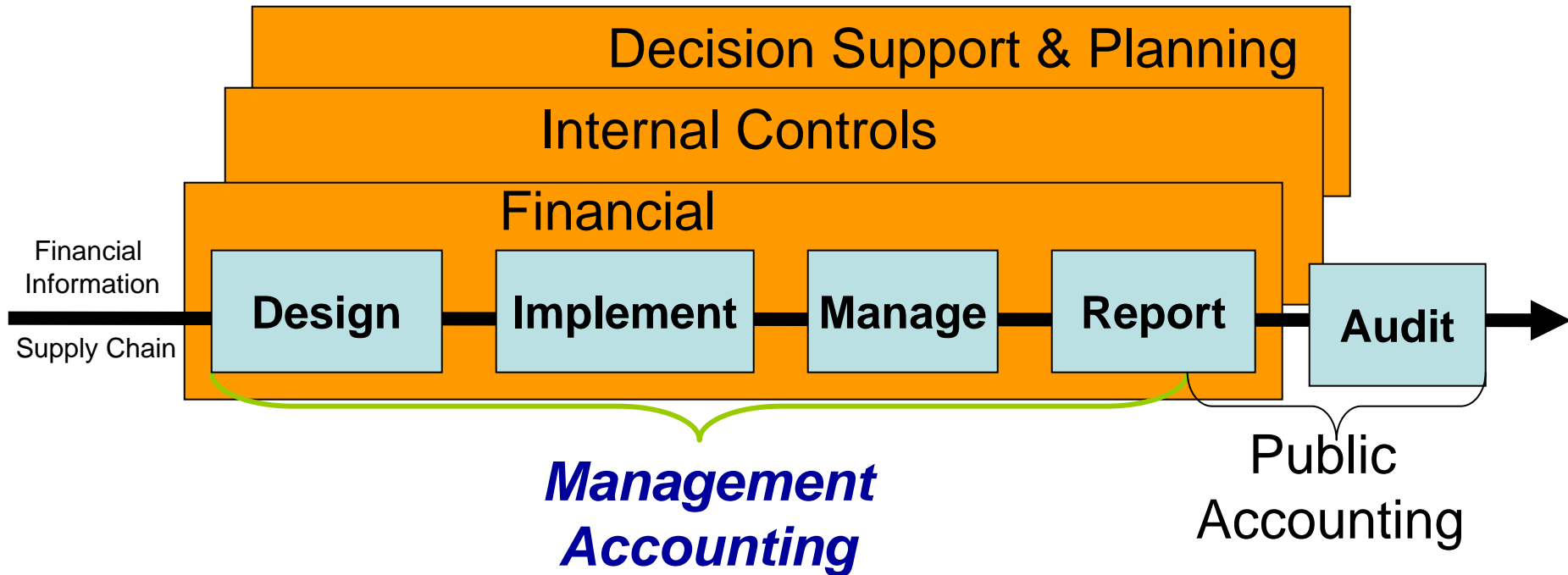
Good audit outcome depends on Finance staff “inside”



The Financial / Information Supply Chain



Management Accountants' Roles & Responsibilities



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Technical Accounting AND Business Operations +
 Decision Support, Planning, and Control + Highest Standards of
 Ethical Conduct + Commitment to Lifelong Education

CFO: Center Financial/Information Supply Chain



What CFOs Are Saying

- Aspire to move from counter of wealth and compliance cop to creator of wealth and influencers of strategy. But ...
- This requires a whole new set of MA/finance function skill sets. And ...
- Sourcing these new skill sets is problematic and therefore they tend to be “home grown”.

Human Capital Is a Huge Issue

Five Critical Finance Function Focal Points

- Strategic Business Partner
- Performance Management, Decision Support, Planning, and Budgeting
- Financial Governance, Risk, and Compliance
- Design, Implement, Manage, and Report on the transactions of the business
- Develop finance and accounting professionals with appropriate education, certification, and experience to work inside organizations

Take-Away: It **ALL** Depends on Human Capital!

- Professionalization of corporate finance function and accounting staff critical to assure right, relevant, and reliable financial statements
- Deployment of principles-based standards depends on professional judgment of “inside” corporate finance and accounting professionals
- Production of financial and “nonfinancial”/CSR measures dependent on properly trained corporate finance and accounting professionals
- XBRL deployment depends on properly prepared corporate finance and accounting professionals