



The Association of  
Accountants and  
Financial Professionals  
in Business



## The Changing Role of the CFO— Perspectives from India

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IMA, named the 2017 and 2018 Professional Body of the Year by *The Accountant/International Accounting Bulletin*, is one of the largest and most respected associations focused exclusively on advancing the management accounting profession. Globally, IMA supports the profession through research, the CMA® (Certified Management Accountant) and CSCA® (Certified in Strategy and Competitive Analysis) programs, continuing education, networking, and advocacy of the highest ethical business practices. IMA has a global network of more than 125,000 members in 150 countries and 300 professional and student chapters. Headquartered in Montvale, N.J., USA, IMA provides localized services through its four global regions: The Americas, Asia/Pacific, Europe, and Middle East/India. For more information about IMA, please visit [www.imanet.org](http://www.imanet.org).



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## Executive Summary

Following up on its study of management accounting practices in India, IMA® (Institute of Management Accountants) held a series of CFO roundtables focused on the evolving role of the CFO, the challenges they faced, and the changing competencies needed by the finance team. Since its economic reforms in 1991, India's transition toward a free-market economy has fueled a private-sector boom, helping it to become the fastest-growing major economy in the world. This changing business environment, along with an increasingly global environment and rapidly evolving technology, is leading to changes in the role of the CFO.

India's transition toward a free-market economy has fueled a private-sector boom, helping it to become the fastest-growing major economy in the world.

While regulatory compliance remains an important part of the finance function's remit, CFOs and their teams are increasingly assuming a role as business partners, engaging in activities such as planning, forecasting, and risk management, while providing business insights to support the strategy of their organizations.

This expanding role will require management accountants at all levels of their organizations to enhance their skills and develop new competencies, especially in the area of technology. Talent management will also become increasingly important as organizations compete for staff with the necessary skills.

## Study Background

As part of its study of the state of enterprise performance management in India and the role played by management accountants there, IMA® (Institute of Management Accountants), in conjunction with local partners, conducted a survey of practitioners examining these issues. The survey instrument for that study was designed to have similarities to other studies previously conducted by IMA, especially one focused on China and another that was global in scope.<sup>1</sup> (The global study had large proportions of respondents from the United States and the United Kingdom, and its results can generally be regarded as prevalent practice in developed countries.) Designing the survey instrument for this study in this way enabled a comparison of management accounting practices in India with those followed in other regions. The C-suite report *Enterprise Performance Management and the Role of the Management Accountant in India* was prepared based on the results of that survey.<sup>2</sup>

In order to validate the findings of that report and to obtain deeper insights into the role and challenges facing the finance function in India, a series of CFO roundtables was held in

<sup>1</sup> IMA and EasyFinance, *Management Accountants: Enhancing Business Value*, 2014; ACCA and IMA, *Finance Leaders Survey Report: September 2013*, 2013, [bit.ly/2y4zE7x](http://bit.ly/2y4zE7x).

<sup>2</sup> Raef Lawson, *Enterprise Performance Management and the Role of the Management Accountant in India*, IMA, January 2018, [bit.ly/2SwGFaB](http://bit.ly/2SwGFaB).





Delhi, Bangalore, and Mumbai. The attendees were from diverse backgrounds and industries. The roundtables focused on part of the survey, namely the evolving role of the CFO, the challenges they face, and the changing competencies needed by the finance team. This report presents the insights provided by those attending the roundtables.

### *Methodology*

The proceedings of the roundtables were recorded (with attendees' knowledge) and subsequently transcribed. For each roundtable, the notes were reviewed and key themes emerging from the discussions were identified. A qualitative software package (NVivo 12) was also employed in this process, enabling efficient retrieval of participant comments and facilitating identification of patterns across observations.

The use of NVivo was primarily to support and enhance confidence in the findings. We note frequency counts of the comments in the transcripts do not in and of themselves provide a categoric identification or exhaustive summation of prevailing themes *per se*, but they reflect the occurrence with which topics were raised within the group discussions.

While the quotes cited in this report collectively represent a small percentage of the discussions overall, they capture the thrust and collective sentiments expressed in the roundtables. The quotes represent a critical interpretation of the data in the context in which they were collected, illustrate and support our findings, and ensure that the thoughts, observations, and opinions of participants were captured in an honest and comprehensive way. While most of the quotes contained herein are attributed (with our thanks) to specific roundtable participants, some are not, usually due to an inability to identify the speaker.

## Factors Affecting the Role of Finance in India

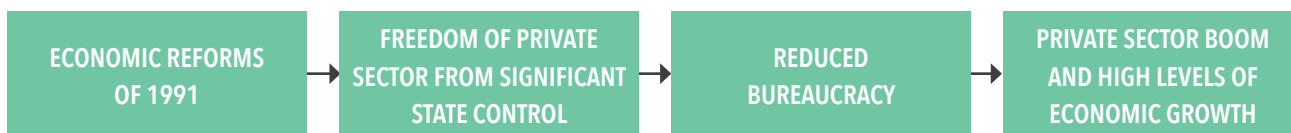
The role of finance in India is evolving as a result of the ongoing global transformation of the management accounting profession as well as factors unique to India. The comments of roundtable participants clearly reflected the impact of both, which we now examine in more detail.

### *Business Environment*

The practice of management accounting is framed by the economic system and the prevalent economic conditions in which it is practiced. In India's case, the economic reforms of 1991 freed India's private sector from significant state control, cutting some of the worst regulations and reducing the red tape, bureaucracy, and *License Raj* that had strangled private enterprise. Combined with devaluation of the Indian rupee, India's transition toward a free-market economy led to a private-sector boom and high levels of economic growth.<sup>3</sup>

The role of finance in India is evolving as a result of the ongoing global transformation of the management accounting profession as well as factors unique to India.

<sup>3</sup> Rahul Mukherji, "The State, Economic Growth, and Development in India," *India Review*, February 2009, pp. 81-106, [bit.ly/32NnEW8](http://bit.ly/32NnEW8).



“ In the '80s and the '90s when I used to work for the banks, when finance was scarce and it was not the banks running after the companies, it was the companies running after the banks, so the main role of the CFO was to arrange funds from wherever you can. —Sanjeev Singhal, director of Sancord Business and Financial Consultants Pvt. Ltd., Noida, Delhi

“ In India the inflection point happened in the years '93-'94 when the role of finance started changing over a period of time and that was because of the influx of the IT companies, and suddenly IT became a very, very dominant force in India, which was making an impact abroad. —CFO roundtable participant, Delhi

While the global financial crisis of 2007-2008 and related recession plunged most of the world's developed economies into recession, the impact on India was far less, with its economy growing substantially during this period.<sup>4</sup>

“ In 2011 [in] the entire industry CFOs worked for lending money. There was a queue outside your office; any large corporate rich bank. So it's like in India—we call it in crores—so I'll say, sir, you have taken 100 crores from him, please take at least 50 from me. So there was a queue. We would talk about thousands of crores, hundred crores. People from Axis Bank came. Sir, this month please take 50 crores from us, please. —Vinod Bhargava, energy consultant, Delhi

The resilience of India's growth was on display when it recovered quickly from the impacts of demonetization (November 8, 2016) and the implementation of the Goods and Services Tax (July 1, 2017). There currently are indications that the economy has bottomed out, and, going forward, economic activity should revert to a growth rate of about 7.5%.<sup>5</sup> Yet issues remain for companies and their CFOs to address, including arranging financing and the issue of nonperforming assets.

“ Another problem which I see is that a lot of NPAs [nonperforming assets] happening in India, because the risk of nonperforming assets of a company is...trillions of dollars...so basically finding value from that has become a new thing which needs to be looked into from these assets. —Akhil Mukherjee, Mumbai

“ What's the scene today? Today's scene is nobody is lending money to anyone. —Vinod Bhargava, energy consultant, Delhi

<sup>4</sup> Wikipedia, “Great Recession,” [en.wikipedia.org/wiki/Great\\_Recession](https://en.wikipedia.org/wiki/Great_Recession).

<sup>5</sup> Poonam Gupta and Florian Blum, “India's remarkably robust and resilient growth story,” World Bank Blogs, April 12, 2018, [bit.ly/2GubQhV](https://bit.ly/2GubQhV).



Yet, as elsewhere in the world, technological change is rapidly changing the business landscape.

“Capturing new growth opportunities in today’s digital economy demands a constant review of business models and processes. In fact, this may well be a question of survival, given how new entrants are beating incumbents by creating new digital business models that are free of existing constraints. —CM Gaonkar, CFO of D-Link India, Mumbai

Another important factor in business in India today, and for the role of the finance function, is the role played by promoters. While many of them hold a traditional view of the role of finance, a change appears to be taking place.

“Today in the start-up world, the young entrepreneurs are mostly out of college or [have a] few years of experience and they don’t give importance to somebody in the finance function/professional becoming part of the top management. Over the period of time this has changed, and they now understand that finance is a critical part of the organization. CFO and team have proven themselves to be excellent business partners driven by data analysis and insight which give [a] tremendous boost in planning, strategizing, and laying the future road map. —Abhinav Mathur, CFO of Pay1, Mindsarray Technologies Pvt. Ltd., Mumbai

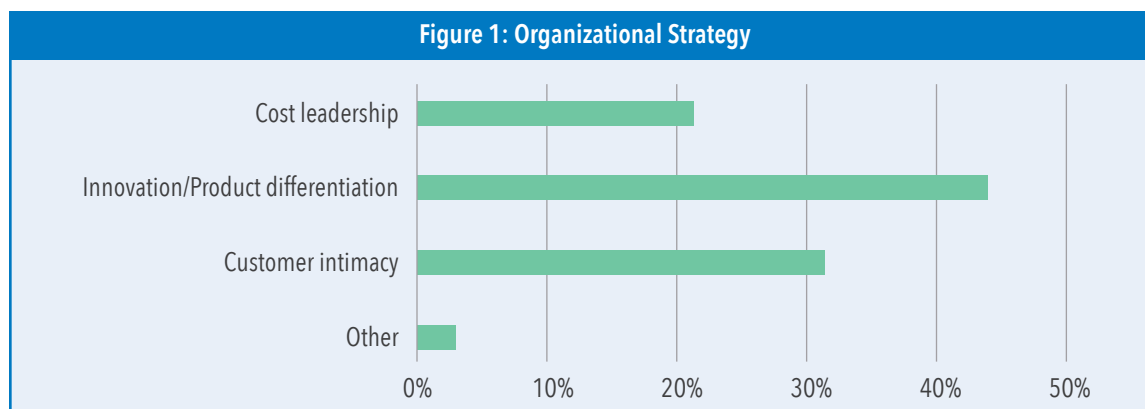
#### *Impact of China*

The effect of economic development in China and recent events were also top-of-mind for many CFOs. These changes can both positively and negatively impact Indian companies and raise business issues CFOs must address.

“With China’s turn toward more of a socialist economy, companies have started saying maybe it’s not such a good investment. So I think that this will have an impact on FDI [foreign direct investment] in China going forward. What are the prospects of making money in this market? The finance function is taking a lead on being more efficient in taking money vs. state operations. —CFO roundtable participant, Mumbai

#### *Impact of Organizational Strategy*

Defining an organizational strategy is important for many reasons, including identifying the emphasis of the role finance is to play within an organization. The results of our survey showed that while India is often thought of as being chosen as a place to do business due to its relatively low operating costs, and cost leadership would seem to be a natural strategy, innovation and product differentiation was the most commonly pursued strategy (see Figure 1).



This result was not surprising to roundtable participants, many of whom noted the entrepreneurial nature of businesses in India. The need to move up the value chain was a common theme.

“ There’s an emerging middle market in China, and that might be why some companies are looking to get away from just the basic some commodity goods that every developing country starts with, and perhaps now or over the next few years there will be more of a domain for differentiated products. —CFO roundtable participant, Mumbai

“ One strategy which is the most sought after in the country is disruption. And obviously that requires different financial skills, and it’s not the straight line, the current profitability, but the future value of the enterprise that drives it. So there is a major change in the accounting there. —CFO roundtable participant, Mumbai

Yet, as elsewhere in the world, companies are pursuing a diversity of strategies, including cost leadership.

“ Cost leadership is very relevant to India because in India it’s still a consumption market; it’s not a premium market. So at the first level you have to make the products and business more affordable, and the accountants are definitely playing a very, very important role. More than probably the manufacturing people and the marketing people, the accountants are driving that necessity, which is very, very important for any growing economy. —CFO roundtable participant, Mumbai

### Changing Business Models

Changes in how business is conducted is affecting companies around the world, and India is no exception. New business models are being introduced, requiring changes in how companies organize and conduct their operations, and impacting the role of finance.





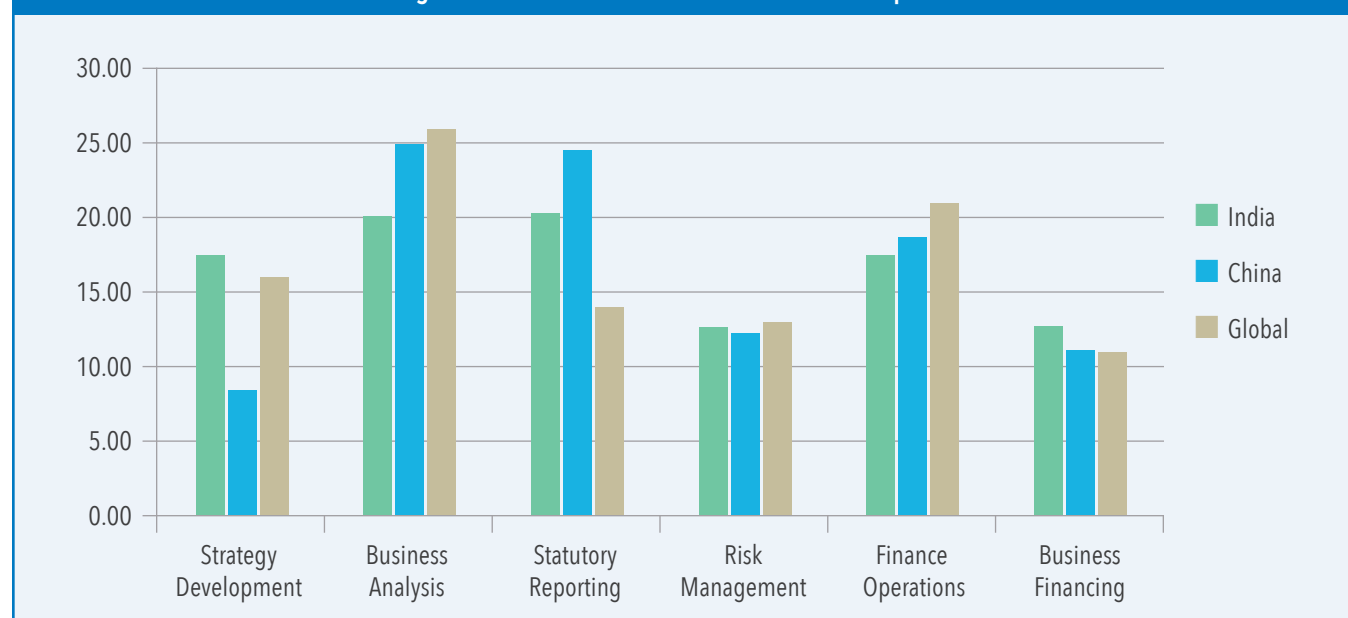
“ Apple platform...Google platform, all these platforms have come in, and they are all disrupting the business, so actually in a business start-up, it is not about managing cost or just cost leadership, it is all about how do you generate demand, how do you basically solve problems, how do you think; it is all about consumer centricity. If you look at today's or traditional ERPs [enterprise resource planning systems], basically they are all about internally managing the data—how efficiently you are managing your internal resources' internal data. If you look at what is the need of the future it's the CRM [customer relationship management] where basically the whole data is there outside our ecosystem.

—Siddharth Chirania, CEO of Nivea, Mumbai

## The Role of Finance

A common challenge faced by finance is the need to balance traditional responsibilities with newer ones. Our survey results indicated finance functions in Indian organizations are balancing their fiduciary and stewardship responsibilities with their increasingly strategic ones, spending equal amounts of time on traditional responsibilities (statutory reporting, finance operations, and business finance) and emerging ones (strategy development, business analysis, and risk management). A comparison of the results of this study to similar ones conducted by IMA in other regions indicates that the role of finance in Indian companies resembles that of companies in emerging economies (such as China) in some regards and that of companies in developed economies in others. (See Figure 2.)

Figure 2: Finance Activities—An International Comparison





The focus on traditional areas of responsibilities—especially statutory reporting—was acknowledged by roundtable participants. This was attributed to the traditional views of promoters (as mentioned earlier), organizational managers, and even those in the finance function.

“ If I have to answer this perception of the role of finance, it is primarily in India that the role of finance is [viewed as] more of an impediment in the bureaucracy than partner. Let’s be honest about it, that is throughout organizations. —Raju Moza, CFO of Satish Dua Gaming Private Limited, Delhi

“ Most of the management, also even the managers, are focusing on the financial accounting side, and they don’t understand the management accounting.  
—CFO roundtable participant, Bangalore

Given this background, what is the role of finance in India? To answer this question, survey respondents were asked several questions. (See Table 1.) A five-point scale was provided for responses, ranging from strongly agree (5) to strongly disagree (1), and average responses computed. We next examine a variety of these roles.

Table 1: The Role of Finance						
	Strongly Agree (5)	Somewhat Agree (4)	Neither Agree nor Disagree (3)	Somewhat Disagree (2)	Strongly Disagree (1)	Average Response
Advising executive management in ongoing operations is an important job of the finance and accounting function.	63.5% (80)	25.4% (32)	9.5% (12)	0.8% (1)	0.8% (1)	4.50
Control of our costs is essential to our remaining competitive.	70.6% (89)	23.8% (30)	4.8% (6)	0.8% (1)	0.0% (0)	4.64
The work of financial planning and control is integrated with the operational planning and control of the business.	66.4% (83)	29.6% (37)	2.4% (3)	1.6% (2)	0.0% (0)	4.61
The role of the management accountant is very much integrated with the value-creating business functions.	54.0% (68)	33.3% (42)	11.1% (14)	1.6% (2)	0.0% (0)	4.40

Note: Numbers in parentheses indicate number of respondents.

While there was substantial agreement with each of the statements regarding the role of management accountants, the greatest level of agreement was regarding a traditional responsibility of the finance function: controlling costs. Roundtable participants noted the importance of this objective, but also focused on the need for finance to add value to organizations beyond this one responsibility as well as noting the need to focus on cost reengineering rather than simply cost control.



- “ The main solution we are looking for is cost reduction. So cost reduction...in terms of low cost and getting a high quality. —CFO roundtable participant, Bangalore
- “ I don't know about private sector but in the public sector more and more...finance people... want to control costs. They want to survive on this...you can do without that. —R. G. Rajan, chairman of the Western Region of IOD (Institute of Directors), Mumbai
- “ Cost is now controlled from nitpicking. If you want to reduce cost, it has to be cost engineered...it is not like, “Okay, you should not travel by first class” or whatever; that is not cost control. Cost control comes from cost engineering: Instead of using some material, use plastic or something like that which comes from engineering. Basically, it is disruption of the usual thinking and getting something innovative and reengineering of businesses. That is where cost control comes. Cost control does not come from using less. —CFO roundtable participant, Mumbai

#### Governance and Compliance

While the economic reforms of 1991 eliminated many regulations and reduced bureaucratic red tape, compliance with regulations remains an outsized responsibility of finance.

- “ So finance has a very, very big role because finance has a role of compliance, that's true and compliance has too much focus in India. Particularly in family-based business it is compliance, compliance, compliance. —Narendra Marwah, Xceedance Consulting, Delhi
- “ In India, still, regulations play a large part. If you are a CFO of a listed company, compliance is very, very, very strictly governed so you have to be on top of that. Taxation you cannot avoid. —Narasimha Reddy, partner at SVKCMA, Bangalore

Yet the trend toward economic liberalization and changes in regulation provide hope for a continuing decline in the regulatory burden.

- “ The regulations are getting more and more complex in India, but at the same time regulations are more and more self-certified. The rigor of having to prove every document is going down, which means the responsibility of compliance with the regulations is also changing. You have to be more transparent, provide more data, but be more technology-enabled and more self-certified. —CFO roundtable participant, Bangalore



### *Risk Management*

Because India's growth rate is the fastest among the major economies of the world, helping manage that growth is a key concern and responsibility of finance. As a result, risk management is increasingly seen as an important part of the CFO's remit.

“ We are at a very high-growth pace... From my perception as a second-in-command, not only driving strategy, with that kind of growth we need to have strong risk management. —Vishal Gupta, group CFO and director IT at Nando's India, Delhi

“ You are growing at a very fast rate, then the industry is growing, so you don't get much chance to see what are the risks associated in the operations, like carrying high inventory or having some wrong data where you cannot collect, so all those risks come in very high values and volumes and you don't have the resources, so resource planning is also becoming very challenging. —Mitesh Doshi, CFO at Staubli Tec Systems, Mumbai

## A Changing Role

While a strong focus on traditional areas of responsibility continues in India today, roundtable participants agreed that the role of finance is changing. New responsibilities related to the need to provide forecasting, insight, and planning to support the strategy of the organization are an increasingly important part of the CFO's remit.

“ Before I came here I honestly did think...that the role of [the] finance function in India is very static and accounting-heavy, but having talked to a lot of colleagues here as well as in the community, I have realized as you were saying that [the] finance team is very involved in driving decisions, which is very heartening. —Gunjan Shukla, CFO of PayPal India, Mumbai

“ I agree with you that traditionally the Indian finance has been more focused on regulatory. Having said that, now people are focusing more on new things like strategy and risk management, key areas. —R. G. Rajan, chairman of the Western Region of IOD, Mumbai

“ What I see, the role of finance is changing. It's changing very fast. In India we have a new companies act which has been implemented from the first of April 2014 where there is a role of the finance people and particularly now the CFO has become a key managing person under the companies act. —Atul Mehta, Corporate Law Advisor at Mehta & Mehta Legal & Advisory Services, Mumbai



“ Now the responsibility of the CFO is entirely different. He is a part of the company. You are a business partner in the company. You are a part of the decision making of the company. We are involved in everything. —Sukeerthi Keerth, CFO at Alpha Design Technologies Pvt. Ltd., Bangalore

“ Is the role of finance evolving? Yes, it is evolving. It's more strategic in nature now. Then also focus in terms of growth, strategies, and look at it not from a typical accounting and audit point of view but broader. It is evolving. —Raju Moza, CFO of Satish Dua Gaming Private Limited, Delhi

“ The role of the CFO is not necessarily and should not be only related to finance and accounting. It has to be in the field of business. Be it in the marketing, in the operations, be it finance, or whatever it is. —D.N.S. Kumar, associate director of research at Christ University, Bangalore

“ Finance's role is how we can help maximum to the business side. So earlier it was like auditing, taxation side. More focus on this side but now in forwarding companies we are focusing basically on the business perspective. How we can support the business other than in auditing and taxation? —Pramod Maurya, general manager, Controlling and Business Performance Management with Cargo Partners, Delhi

Finance's expanding remit, and the adoption of a more strategic outlook (vs. cost control), are increasingly enabling finance to assume the role of business partner. Roundtable attendees clearly understood the importance of such a transition.

“ Finance people...have to become business partners. They have to understand that when something is proposed, it's basically for the company's benefit; they can of course question the decisions, but they should not come from basically cost control. How to improve the profits, how to improve the costs? So these are the things they have to give more focus on. —R. G. Rajan, chairman of the Western Region of IOD, Mumbai

“ It is important for CFOs to have a thorough understanding of the entire organization in addition to the broader landscape in which the business operates. This means building a solid understanding of how other teams in the business operate on a day-to-day basis and looking for opportunities to support and collaborate with other top executives internally. A knowledgeable and experienced CFO is also one who is more capable of helping the CEO in complex situations. —CM Gaonkar, CFO of D-Link India, Mumbai





Yet the transition to business partner is rarely easy. Many issues need to be addressed. An IMA research study on business partnering proposes nine pragmatic actions to improve partnering practices anchored in three core component parts.<sup>6</sup>

- Creating the mandate (driving the right culture, securing buy-in, and knowing your proof points),
- Fixing the information (measuring what matters, simplifying the technological landscape, and sorting the data), and
- Deploying the talent (creating effective structures, planning for capabilities that matter, and changing the finance mind-set).

Many of these actions (and related issues) were raised in the roundtable discussions.

“ As a CFO, my primary role is also to make sure that my processes are not a hindrance for growth. —Vishal Gupta, group CFO and director IT at Nando's India, Delhi

“ So strategy for the global [company], it's done. Most Indian multinationals may be small subsidiaries, so not much strategy work is there. It is the execution of the strategy, the global strategy, which is what matters. And still you will play a part in defining your own short-term strategies... So your involvement as finance to lead the strategy sessions, to set up the planning cycle, create the discussions, and come to a conclusion of what your strategy should be will not be as much as [in] those companies, but to a more limited extent. —Narasimha Reddy, partner at SVKCMA, Bangalore

An important part of becoming a business partner is being able to communicate effectively with the rest of the organization in ways that it understands and in a manner that promotes cooperation.

“ What I feel is that a finance function has become more of a communicator's ground. Gone are the days where finance was separate from the company. He has to communicate to the board, he has to communicate to the suppliers, bankers. So it has become more of a communicator's function. —Akhil Mukherjee, Mumbai

“ Do we get the opportunity? Yeah, sure, I think being in finance we can understand any structure. We can break it down, find whether it is feasible or not. But we need to convince the other person that if you do it in this form then it's feasible rather than totally rejecting and saying no so that person gets irritated. He doesn't come back to us, and there is a pillar or a wall that is created between finance and nonfinance people. That should not happen. Finance has to take people along with us. —CFO roundtable participant, Delhi

<sup>6</sup> ACCA and IMA, *Financial insight: challenges and opportunities*, September 2014, [bit.ly/2YgJbmC](http://bit.ly/2YgJbmC).



An important competency for professional accountants in business, highlighted in IMA's updated Management Accounting Competency Framework, is professional values and ethics. Often CFOs are the "chief conscience officer" of their company, ensuring that it engages in ethical practices. This competency will only become increasingly important in the Digital Age as the role of finance evolves.

“ I think the CFO, or the finance profession today, is not just seen as a chief risk officer, a chief commercial officer; the CFO has also achieved conscience officer. —CFO roundtable participant, Mumbai

“ I think the second part of becoming a business partner is telling a business what is right and what is not right, and sometimes you have to walk the talk because many times finance professionals just coil because they feel if they don't do this the business will fire them. —Rajeev Gupta, finance director at JLT, Mumbai

## Talent Management

IMA research has consistently found that talent management is a key concern for finance leaders all around the world. The evolving role of the finance function and the impact of technological development have placed a premium on finance skills that support strategy delivery, including skills in analytics, and less priority on specialized technical skills.

“ What my greatest challenge is, I think, what Rajeev [Gupta] was rightly saying: I think at the end of the day, it's about people. So, developing the right talent and developing the next set of leaders within the team. —Gunjan Shukla, CFO of PayPal India, Mumbai

Unfortunately, finance leaders in India, as elsewhere in the world, are having trouble finding the technical and nontechnical skills they need among existing staff and new hires.

“ I think some areas where we continue to face challenges, and it's something that I question myself and I talk to a lot of my junior professionals is, are we able to train our finance junior staff sufficiently. Today I still see a lot of chartered accountants or finance professionals coming into the industry, and they have got a blank face. —Rajeev Gupta, finance director at JLT, Mumbai

“ We are recently trying to set up this entire department for business finance which will take care of budgeting, rulings...business planning, costing, pricing, lead structuring... It will be a lot of people... There are people short of this knowledge. They may have heard all that jargon, but when it comes to really implementing them, we don't find those kind of talent, at least in India, in price value, budgeting, forecasting... A lot of [people] in India have heard of those jargons, but we don't see people qualified to that level. —CFO roundtable participant, Mumbai



In order to address the skills gap in their finance team, organizations are actively engaged in talent development efforts.

“ As finance professionals and as leaders, I think we also have a role to play not just in being adaptive enough ourselves—to adapt, to kind of embrace what’s coming our way—but also to be able to mentor and guide people who are coming through the ranks. —Deepak Narayanan, director of MyCFO, Bangalore

Yet the fast growth of the Indian economy presents a related challenge—staff retention. Most of our survey respondents indicated this was a barrier to finance function effectiveness, and it was rated as one of the top challenges faced by finance in our survey.

“ But right now as people hit a particular threshold, they diversify, they move into other companies. And because of the explosion of the market itself, a lot of that midlevel talent gets pulled off from companies that build talent for some form. —CFO roundtable participant, Mumbai

The changing practice environment means that the need to upskill is not confined to those entering the profession. Roundtable participants were keenly aware of the need for established practitioners to continually enhance their skills by pursuing lifelong learning.

“ Younger people, I see they are better on the Excel sheets. The pivot [table]. Everything means I have to learn from them. And unless you learn from them as a finance function, you become obsolete. We have to constantly evolve. —CFO roundtable participant, Delhi

“ There is some reskilling happening at the middle of the pyramid because I think that’s where there is a huge gap today, and the opportunity is huge in a country like ours that there are so many literates churning day in and day out. But, again, it’s about how we bridge that gap at this point of time. —CFO roundtable participant, Bangalore

Yet identifying and acquiring necessary skills can be a challenge as educational needs change. Pursuing IMA’s CMA® (Certified Management Accountant) certification was viewed as a way of obtaining the skills needed today.

“ The role which is there in the industry, probably the curriculum has not kept pace with the change in the requirements of the industry. —CFO roundtable participant, Mumbai

“ Thanks to our population, there are thousands and millions of candidates who are straight out of college, but the question was around the quality of the talent that is being churned out... and that’s where I see an opportunity for institutes like IMA who can come and support us through the entire talent acquisition process. —CFO roundtable participant, Mumbai



“What was very heartening to see when I just saw your [CMA] program... I think this is very, very relevant stuff which you guys are doing. Basically, it is bringing both the business as well as the accounting knowledge together to optimize and understand the business. —Siddharth Chirania, CEO of Nivea, Mumbai

“I was just going through the [CMA] curriculum and really, it's a must for all the CFOs. —CFO roundtable participant, Mumbai

## Technology

Finance faces numerous challenges and barriers in delivering on its mandate to help support organizational value creation. For the respondents to our survey, the challenge most cited as a major barrier was poor finance IT infrastructure, followed closely by nonstandard finance processes. This is a concern as the ability to leverage technological capabilities and efficient processes are becoming increasingly central to organizational success.

“I have a slightly different view of how the priorities for finance changed. In a high-growth environment, the biggest challenge becomes adaptation to technology. Integration of various companies that you acquire. —Shilpa Kolhatkar, vice president FP&A of Virtusa India Private Limited, a subsidiary of Virtusa Inc.-USA

Adoption of new technologies is also increasingly important to the finance function. Prior IMA research has found that an increasing number of companies are embracing digital and data insights to obtain competitive advantage and that technology and analytics are seen as key influences on the future role of the CFO.

“Before '91, it was something else because you didn't have too much competition from outside. You didn't have data from outside. Right now, you have a lot of data available. So the analytics based on the data, you can design your strategy. You can decide which area, which technology, or which particular field you want to invest more. Where do you want to grow. Where do you want to reduce. —Narendra Marwah, Xceedance Consulting, Delhi

Part of the challenge arises not from an unwillingness to invest in technology but rather deciding which technologies to invest in.

“It's not that business does not want to invest in technology, but the big frustration is that the technology is keeping pace with what they want or what is the best match for what they could want. —CFO roundtable participant, Bangalore

“We have a lord called Hanuman, and the story is that he was supposed to get a particular herb from the Himalayas. And what he did was that he picked up an entire mountain and brought it, and that's what we tend to do a lot. So in the name of MIS [management information systems]



we just get the entire mountain. The herb is somewhere there, you have to figure out, and by the time we try to figure out and get to the herb, the train has moved and it's not relevant anymore. —Narendranath Nair, *general manager finance of Wipro, Bangalore*

Of course, availability of data or tools alone does not ensure the delivery of new insights. Companies looking to develop advanced analytical capabilities and become data-driven organizations need to possess four important elements: data-savvy people, quality data, state-of-the-art tools, and processes and incentives that support analytical decision making.<sup>7</sup>

“ We've got business intelligence tools and we have tried to do that, but then the problem is that the truth that still evades us. It's just a hand's reach away, but we don't get there. — Narendranath Nair, *general manager finance of Wipro, Bangalore*

“ You should know about data, you should have all the analytics of how do you integrate those capabilities well with your performance management system and your other tools. I think that's going to be a challenge as well as an opportunity for finance. —Gunjan Shukla, *CFO of PayPal India, Mumbai*

Company size is an important consideration with regard to the selection and adoption of technology, especially in India.

“ A large proportion of the companies today in this country are actually SMEs, and they drive the jobs. So the perspective with which a large company views technology is completely different from the way the SMEs view the technology and job growth, which is where I think the difference in perspective is here. —Narendranath Nair, *general manager finance of Wipro, Bangalore*

Technology is also an issue at the individual practitioner level. The recently updated IMA Management Accounting Competency Framework emphasizes that, as the role of the management accountant evolves from its traditional focus on financial reporting and stewardship to becoming a more complete business partner, competencies in the domain of analytics/technology and business partnering will become increasingly important.<sup>8</sup>

“ Imagine when your phone is dead sometimes, your battery is dead, you even struggle for your wife's number. That's the reality because technology is doing [it] for you; you don't feel the need to do it for yourself. So the only way to basically survive this technological disruption will be all about how basically you work as a business partner. —Siddharth Chirania, *CEO at Nivea, Mumbai*

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<sup>7</sup> Raef Lawson, Toby Hatch, and Denis Desroches, *How to Embrace Data Analytics to Be Successful*, IMA, February 2019, [bit.ly/2M5Bzl6](http://bit.ly/2M5Bzl6).





## Conclusion

One of the CFO roundtable participants put it best, saying, “I think that there has never been a phase in anybody’s career, in any of our careers so far, where the finance profession has got as exciting as what it is today. I think that for somebody who’s a student, or who is joining the industry, or for any of us here, the profession offers a huge amount of opportunities at this point in time.”

At a very fundamental level, CFOs and their teams have finally gotten “a seat at the table.” Finance is clearly no longer a backroom role. While traditional responsibilities such as statutory reporting and compliance continue to be a critical part of the job, it’s clear those are not the only things CFOs and their teams need to do, and neither is management’s expectation restricted to those areas.

The expectation is that management accountants will be playing an important business partnering role. What shape and form will it take? Some attendees expressed the belief that ultimately CFOs will need to do what is relevant at a particular time and stage of growth of their company. As one attendee noted:

At a very fundamental level, CFOs and their teams have finally gotten “a seat on the table.”

“ In that sense, it’s almost like a finisher’s role. I don’t know if MS Dhoni continues to be a good example or analogy to give, but maybe coming in at the fall of the fifth wicket, maybe in the 20th over, and then you are playing a sheet anchor role and making sure that the team is finishing the 50 overs. Or sometimes you come in the 40th over, when your job is to go out and only hit the runs for your team. So somewhere I think the CFO’s role is becoming where the CEO can look to the CFO as a person who will do what is required to take the company over the line.

While the perception of the role of the CFO is changing, an important question is whether it is changing fast enough. It raises the question as to what CFOs can do to be able to get their company to perceive finance in the right light. The answers, gleaned from our roundtables, is that finance needs to proactively drive the agenda. Rather than waiting for management to define what it expects of the CFO’s role, the CFO needs to define what the business should be doing. That calls for a very high degree of credibility, including taking control of the operating levers of the company and ensuring finance staff has the necessary skills. By doing so, finance can both become a business partner within the organization and help ensure its success.

<sup>8</sup> Raef Lawson, *Management Accounting Competencies—Fit for Purpose in a Digital Age?*, IMA, April 2019, [bit.ly/2LG6cxC](https://bit.ly/2LG6cxC).