360⁰

UNDER DISCUSSION: **What areas should finance teams be focusing on?**

Greg Pazmandy

Accounting and finance professionals need to be aware of their information support roles and develop skills creating and maintaining systems that accurately reflect the monetary measurements associated with the physical business activities undertaken.

A business may be defined as a sequence of value-adding activities that are necessarily undertaken to connect suppliers with customers, with the ultimate objective of developing sustainable revenue streams that provide an adequate return to investors and satisfy stakeholder claims. This applies to both trading and service organisations.

Always be aware of the many risks facing the organisation's activities.

A company like Woolworths does nothing more than link suppliers with customers and its accounting and finance systems need to keep managers informed on a timely basis of existing operations, growth opportunities and any potential risks facing the business. Skill development for finance professionals requires gaining expert knowledge of the value-adding physical activities and their cost, necessarily incurred to develop and maintain sustainable revenue streams. Always be aware of the many risks facing the organisation's operating, investing and financing activities from within the firm, competition and the broader macro-economic environment.

Greg Pazmandy is senior lecturer, school of accounting, in the faculty of business at the University of Technology, Sydney.

Brad Potter

Sustainability is a critical concern for many organisations. Until now, understanding the environmental footprint of operations was rarely front-of-mind for finance teams. But with several countries, including Australia, moving to a carbon price and with the continued development of water markets globally, consumption of natural resources has implications not only for sustainability broadly, but also for periodic performance, financial position and risk. Understanding how to incorporate such concerns into valuation models and decisions across the value chain is complex and demanding.

Innovative organisations of all sizes in all sectors – both locally and globally – are recognising that, by making smart business decisions that seek to address the world's development needs, benefits for stakeholder satisfaction, financial performance and position and sustainability in the long term are likely.

Sustainability is a critical concern for many organisations.

This approach, however, is rarely simple to implement, requiring organisation-wide coordination and commitment, rigorous planning and governance structures and a broadening of conventional financial notions of performance and accountability. Nevertheless, the potential upside – for the communities, societies and organisations involved – is significant.

Brad Potter is Associate Professor in Accounting at The University of Melbourne.

Colin Parker

Financial reporting, financial control and risk should be areas of focus. On the accounting standards front, we have to contend with blockbuster new 'intercompany' standards (AASB 10 *Consolidations*, AASB 11 *Joint Arrangements* and AASB 12 *Investment Disclosure*) as well as the complex AASB 13 *Fair Value*. There is also AASB 9 *Financial Instruments* that has slipped under the radar. Apart from AASB 12 and AASB 113, these standards have a transition date of 1 July 2012 for 30 June balancers.

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Financial control has been neglected by many; the forthcoming updated COSO *Internal Control-Integrated Framework* provides an opportunity for all to upskill and reduce business risk.

For charities, there is the new Australian Charities and Not-for-Profits Commission, with its emphasis on accountability and transparency, to understand and respond. There are also the associated taxation changes to consider.

The finance team needs to be top of these now. They need to understand the requirements and the effects on the entity including business risk, systems changes, determination of entity specific detailed policies and procedures, and stakeholder involvement (in particular governance).

Colin Parker is head of the GAAP Consulting Network and a member of the AASB 2006-9.

Klaus Zimmermann

The not-for-profit (NFP) sector is a large part of the Australian economy and financial landscape. Of the estimated 700,000-plus NFPs, only approximately 32,000 employ staff, ranging from one to many thousands. Finance and accounting skills in these organisations range from none to very sophisticated accounting departments depending on the nature and size of the organisation. Organisations that are incorporated or otherwise set up, such as a company limited by guarantee, need to comply with Australian Accounting Standards and International Financial Reporting Standards.

Skill development is a balance of understanding the NFP sector and how funds are applied to meet the mission objectives of the organisation.

For any NFP there is always the tension between mission versus margin. Finance teams therefore need to have a broad range of skills to meet the constitutional and mission needs of their organisation and also comply with all regulatory requirements. NFP revenue can vary greatly, coming from sales of goods, bequests, donations and grants. Matching this with expenditure on a year-by-year basis can be a challenge. Skill development for finance teams is a balance of understanding the NFP sector and how funds are applied to meet the mission objectives of the organisation.

Klaus Zimmermann FIPA is chief executive officer of Eldercare Inc.

Ron Dolan

While most finance teams are well qualified they often fail to successfully influence other business areas due to a lack of interpersonal skills. Recruitment companies are now looking for finance staff with effective interpersonal skills: professionals who can interpret financial information in simple, comprehensible language while simultaneously building relationships.

Finance teams should concentrate on their ability to blend their talents, support each other and maintain clear focus on the corporate goals.

Apart from maintaining an effective and current knowledge of the technical aspects of today's financial environment, finance teams should concentrate on their ability to blend their talents, support each other and maintain clear focus on the corporate goals. Individual team members would benefit from developing influencing skills that will assist non-finance members of the organisation understand and integrate financial information in the planning and execution of their work.

Finance team leaders should carefully select team members to ensure they are 'best fit' from a professional skill, personality and team player perspective with a clear understanding of the expectations of stakeholders. Leaders should also ensure that each member of the team receives appropriate professional training for their role, as well as individual time for problem resolution, coaching and support.

Ron Dolan is the founder and CEO of Pendulum Pathways Pty Ltd.

Lloyd Driscoll

Researchers across the profession have consistently identified communication skills as critical to the success of finance teams. This is essentially the ability of individuals within the team to effectively write or present coherently to other team members, colleagues and clients.

The ability of teams to present succinct and convincing 'argument' in support of one or more of range of options is also often rated highly.

In addition, while professionals are largely presumed to have the basic skills and technical competence, it is essential that teams remain appraised of legislative and other regulatory changes in order to ensure that the technical advice provided to clients and others is appropriate.

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Attendance at the relevant professional development events offered by the professional bodies will ensure these changes are made known on a timely basis and that practices and processes can be quickly amended. This is particularly important for teams operating in the self-managed superannuation and taxation spaces.

Lloyd Driscoll FIPA is executive general manager member knowledge at the IPA.