



IN THE WAY OF THE FUTURE

ANDREW HARDING, FCMA, CGMA, CHIEF EXECUTIVE-MANAGEMENT ACCOUNTING AT AICPA & CIMA, WRITES ABOUT HOW SUSTAINABILITY AND TECHNOLOGY ARE SHAPING THE FUTURE OF THE ACCOUNTING AND FINANCE PROFESSION.

A significant part of the work we do at AICPA & CIMA is about looking at trends within the profession and using them to discern what the future of accounting and finance looks like, so as to best prepare our management accountants and finance professionals to thrive within it.

This is the rationale behind our *Future of Finance 2.0* project conducted by the research team at AICPA & CIMA, of which we have recently released the latest iteration. This paper highlights and explores what I think is the most significant long-term trend currently reshaping the accounting and finance profession, and it essentially relates to mindset.

In the future, our work will incorporate a wider range of responsibilities, including but not limited to being the stewards of sustainability data and strategy, working with colleagues in all parts of the of organizations we serve to drive efficiency, productivity and sustainable value creation, and using our analytical skills to make sense of data.

SUSTAINABILITY

Sustainability is one of the key drivers of change within the profession, but it is critical to understand that this is not just a response to regulatory changes that require us to present the data. These are important, especially with July 6, 2024 marking the deadline for European Union member states to implement the Corporate Sustainability Reporting Directive (CSRD) into national legislation. Consequently, AICPA & CIMA and PwC joined forces to offer an e-learning course titled *Introduction to the European Sustainability Reporting Standards* to help accounting and finance professionals embrace the EU sus-

tainability reporting standards. However, it is crucial to look even beyond that, and to apply the value creation mindset I have mentioned, because this is where the opportunities are. Forward-thinking organizations are not approaching this in terms of "we have to report". They are looking at how their business models can adapt to produce truly sustainable growth because that is where competitive advantage will be found. One of the key skills for finance professionals managing the transition to sustainable business practice is systems thinking. This is about looking at how different functions, inputs and outputs interconnect, and understanding the impact of these connections. It means developing a multi-capital conceptualization of value and performing analysis with a full understanding of how organizations interact with the world they operate in and ultimately depend on.

TECHNOLOGY

With the development of AI in the past couple of years, the perennial chat about accountants and finance professionals being automated out of their jobs has occasionally resurfaced. People have been saying this since the invention of the spreadsheet and they have always been wrong because they do not understand what accounting and finance professionals do.

The accounting and finance professionals I meet do not spend time inputting data. They analyze it and explain it. It is the routine aspects of accounting and finance that are being automated, giving accountants and finance professionals more time to use the powerful new digital analytic tools that are becoming available to increase the value of their con-

tributions.

The result is that modern finance teams are focused on generating actionable insights to guide their organizations at a strategic level. With an increased focus on these value-adding activities, accounting and finance professionals need to focus on sharpening their analytical and communication skills to make sense of data, identify trends and insights based on critical and strategic thinking, and explain them to their colleagues as business partners.

BUSINESS PARTNERING

Another big change our *Future of Finance 2.0* research picked up was the increasing move towards the business partnering model. Something which struck us as very significant was the difference in attitudes toward the future we found among the professionals we surveyed. 60 percent of them said they identify as finance business partners, and 84 percent of those are extremely optimistic about the future of the profession. Of the 40 percent who say they don't identify as finance business partners, only 15 percent said they are optimistic about the profession's future. It is a pretty good indication of how the accounting and finance profession is evolving.

And while it may have been possible to run an insular finance team in the past, that is not the reality of the modern workplace. Today, competitive advantage is found in leveraging our skills, knowledge and insights to collaborate with different stakeholders, including business units, IT, data governance, and legal. This is the most effective way of powering

high performance in the data-driven organizations of the future.

To make the most of this business partnering trend, accounting and finance professionals will need the ability to use data and analytics combined with business acumen, so they can improve strategic decision-making and drive business performance within their organizations. Good business partnering is also about how well accounting and finance professionals can help non-finance professionals add value. To do that they should be able to identify problems, find innovative solutions, and handle data effectively. Effective communication is essential to explain complex concepts and findings in a clear and concise manner, so communication skills like data visualization come at a premium.

MULTI-CAPITAL PERSPECTIVE

Overall, the challenge for the profession that our *Future of Finance 2.0 – Redefining Finance in a Sustainable World* white paper identified is the need to adapt to the requirements of sustainable business practice while exploiting the possibilities of new technology. To succeed we will have to adopt a multi-capital perspective of value while learning to work across organizational boundaries. If we can achieve this, we can look forward to a bright future. Demand for data-driven decision-making and sustainable business models is only going to grow, so we can be confident that the need for strategic value-creating finance teams will make them a valuable partner in every organization in the years to come.