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Think Ahead

Adding value, not crunching numbers

Digital intrapreneurship will push the accounting, finance and audit functions further up the value chain

Innovation and intrapreneurship are driving factors in helping companies stay relevant in today's rapidly evolving business environment and ensuring that today's market leader doesn't become tomorrow's acquisition.

But what happens if you work in a firm with a more traditional corporate structure, one in which the CEO makes all the decisions and the company is doing well? Do you simply forget about intrapreneurship because the company seems to be in good hands?

The answer, according to Mr Ravi Arumugam, ISCA (Institute of Singapore Chartered Accountants) representative and CEO and managing partner, RT LLP, is a resounding "No", and finance professionals can play a key role in ensuring their companies stay at the forefront of innovation.

Speaking at a panel discussion at the recently held ACCA Singapore Annual Conference, Mr Arumugam said: "The finance role has to be seen as one that does more than just provide basic management reports. It's an advisory role. It's the financial leader's role to advise the company's leaders about what's coming and what can impact the company.

"Otherwise, innovative or disruptive changes will force the change. You'd have to either be ready for the change or be washed away by the floods of disruptive innovation or changes."

Innovation was one of the hot-button issues of the panel discussion as speakers discussed how digital intrapreneurship could lead to innovation, and how technology could help elevate the role of finance, audit and accounting professionals within organisations. Also speaking at the panel discussion were Mr Luciano Pezzotta, managing partner, ECSI Consulting; Mr Thomas Zipperle, chief financial officer, SAP; Ms Angeline Chua, chief financial officer, IBM ASEAN; and Ms Wong Lai Ping, ISCA representative and regional finance director – Asia Pacific, element14.

FINANCIAL STORY-TELLERS

Adapting to an innovation-driven business model requires finance leaders to recognise that their role has changed dramatically. Finance professionals are well placed to have a big-picture view of the factors affecting the firm since they have an overview of the company's financial position and access to financial data.

But their role now extends far beyond crunching numbers. Said Mr Chiew Chun Wee, head of policy, Asia Pacific, ACCA: "There is nothing wrong with number-crunching. What matters is what comes out of the crunching exercise. There is no use generating thick reports that nobody



The panel discussion speakers offered valuable insights on the importance of innovation. PHOTOS: ACCA

apart from financial experts understand.

"Finance professionals have to be data story-tellers, conscientiously converting data into information that is conducive for decision-making, rendering the complex digestible."

Added Mr Arumugam: "They're not bean counters anymore, they're advisers. If we don't change the way we think about ourselves, it'll be very difficult to change the way the outside world perceives us."

A MINDSET CHANGE

One of the reasons this mindset change is needed is that innovations are difficult to quantify as businesses are dealing with unknowns like technological advances.

Mr Pezzotta of ECSI Consulting cited the example of American telecommunications company AT&T. In the '70s, the firm was contemplating an investment in mobile phones and approached a research firm to find out how big the market would be in the year 2000.

Said Mr Pezzotta: "This research company, looking at the mobile phones used in the 1970s, which were very heavy and costly and could only be afforded by prime ministers and CEOs, said that only a few thousand would be sold. In those days, they couldn't predict the change in technology."

"But we all know now that in the year 2000, a few thousand mobile phones were sold every 10 seconds. This shows that breakthrough innovations are difficult to quantify."

LESS CRUNCHING, MORE ANALYSIS

Effectively leveraging technology allows accounting, finance and audit professionals to spend less time processing raw data and more time actually analysing it. They can then be better positioned to advise the firm's leaders in an uncertain business climate.

Mr Zipperle of SAP illustrated how online procurement tools like Ariba could help reduce the workload. "Bidding is done online and a purchase order is sent to the bidder over the same network. Once he receives it, the bidder can turn that straight into an in-



Author Michael McQueen speaking about the battle for relevance during his keynote address.

voice. The process is now completely paperless, so there's no need to scan and post invoices."

Intra-company apps can even be used to foster cooperation, and hopefully, lead to greater innovation. SAP, for example, implemented SAP JAM, which Mr Zipperle likened to Facebook for corporations.

Said Mr Zipperle: "We use that to move away from email to a more collaborative platform. Whenever someone has an idea, he just posts it to that platform and everybody can see that idea, contribute to it and develop it further."

But leveraging technology will also increase competition. After all, if your firm is taking advantage of the latest technology, you can be sure your business rivals will as well. New technologies can be performance levellers or even game changers if they are sufficiently disruptive. Companies will need to adapt quickly or risk being left behind.

RISKS AND REWARDS

Intrapreneurship doesn't exist within a vacuum and firms should do what they can to promote it. Organisations can start by encouraging employees to break out of what Mr Pezzotta terms the "capability trap" — staying within their comfort zone.

"What is needed in successful, innovative organisations is encouraging people to

go beyond their current area of expertise. And in the case of finance professionals, this is very relevant (because we don't see enough of it happening)," he said.

Equally important is creating a culture of innovation. Encouraging employees to take risks can pay off handsomely, but firms also need to be prepared to fail.

Said Mr Arumugam: "As long as you have a management and leadership that encourages that kind of willingness to allow mistakes and to forgive mistakes, I think it will work. The innovation will come across."

While failures should be accepted as part of the risk of innovating, what's vital is ensuring that employees learn from their mistakes. Said Mr Pezzotta: "If failures happen without any learning, I'm not sure we want to encourage that."

Adopting a culture of intrapreneurship requires firms to strike a delicate balance between being daring enough to take a leap into the unknown and being analytical enough to not make blind leaps of faith. Get the mix right, said ACCA's Mr Chiew, and the organisation and employees come out on top.

"Intrapreneurship, if successfully implemented, combines the best of both worlds, simulating the open and creative environment of start-ups with the resources, business connections and experience that large companies have," he said. **PRODUCED BY THE**

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