

# Working in ACCOUNTANCY

A SPECIAL REPORT

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## ‘There’s more to this job than just poring over a spreadsheet’

Tim Smedley reports on how finance professionals have a far wider role than looking after the numbers

Accountants are, by definition and by training, good with numbers. In days gone by this could mean an entire career spent holed up in a windowless office poring over spreadsheets.

However, the modern organisation requires much more than just bean counting. Accountants are expected to incorporate long-term thinking and strategy into their calculations and develop an acute understanding of the wider business and the market in which it operates.

But questions linger over whether this “big picture thinking” is sufficiently incorporated into accountancy training and if the profession still has some work to do to get up to speed.

“Because of the changing business environment accountants are looking much more closely at risk management and the overall direction of the business strategy,” says Gavin Aspen, director for qualifications at the Institute of Chartered Accountants in England and Wales, the professional and qualifications body. “It is something we are talking about more now than we were several years ago when it was all corporate governance and Sarbanes-Oxley rules.”

He warns that there is “a very obvious danger” that accountants can enter the profession too “numbers-heavy”. He says: “I think it is natural for any accountancy student initially to focus on passing exams. That tends to be at the forefront because they’ve come through an education system that is predominantly exam driven.”

The ICAEW runs the Associate Chartered Accountant scheme, one of the larger accountancy qualifications on offer, competing against other bodies such as the Association of Chartered Certified Accountants and the Chartered Institute of Management Accountants.

All involve varying degrees of workplace training and general business thinking alongside the technical exams. However, the stereotype of the numbers-based profession is such that it can be self-perpetuating.

Michael Bradley is a recently qualified company accountant at iemusic, a music management company, and he recognises this problem: “A lot of accountants sit at their desk and don’t get involved in anything apart from producing the accounts.”

“It has been seen as that type of profession – but actually a modern accountant has to have a broader spectrum than that. It’s not good just to sit there and number-crunch.”

To counter this, some organisations are changing department structures or learning and development programmes to incorporate broader thinking into accountancy training.

At Lloydspharmacy, the retail chemist, for example, finance director Andrew Willetts describes a real shift in focus over the last two or three years: “Now, a large part of my team is based physically within the teams that they support, in a business partnering role, being very close members of that cross-functional team on a day-to-day basis.”

“They are grounded in the numbers so can understand the financial performance, but if they can also gain a good business knowledge then they have a good opportunity to understand the wider business.”

He adds: “I think and hope it’s the future direction. It’s good for the busi-



Numbers game: accountancy might be more than ‘bean-counting’ – but one mistake with the figures can mean a serious loss of respect

Charlie Bibby

ness, it’s good for the individual. The days of accountants being in an ivory tower where they don’t need to understand the business, its customers, or the markets it operates in, are gone or going.”

Riaz Shah, global learning and development leader at Ernst & Young, tells a similar story: “We recruit around 38,000 people a year worldwide, about 20,000 of them are graduates. We typically train them over the first three years in technical skills.”

“But what we’ve introduced more recently is an extra step of having globally consistent, non-technical training in areas such as leadership skills, relationship building, self awareness, etc. Our career development framework now states that learning is 10 per cent of your development, coaching is 20 per cent, and 70 per cent is going to come through your experiences.”

However, instilling and maintaining business acumen can be easier for large firms with comparatively end-

less resources. In reality, most accountants work for small teams and small companies where the onus is on them to drive their own personal development.

For them, Mr Shah recommends, “experiencing different aspects of the business. So if they shadow a sales person for a few days, work in a different department for a week, or work in a different country for a few months, it’s those experiences that are going to give them much more benefit than just attending a training programme.”

As an example, Mr Bradley is a one-man finance department within a relatively small business. He argues that this is an excellent environment to build a wider portfolio of business skills.

“I have to know what’s going on in the industry as a whole so that I can advise the board on what’s going on for our company and what’s good for us to do,” he says. He suggests that for those who find it more difficult, or

at organisations with more rigid structures, “you just have to be more involved and more vocal – get out there in your company and be in as many meetings as possible to understand what’s going on and what advice you can give to aid the company to move forward”.

The complementary relationship of accountancy and business leadership are certainly well known. The ICAEW likes to point out that 84 per cent of FTSE 100 companies have one of its members on their board. Indeed, many FTSE chief executives were once finance directors or chief financial officers.

Mr Shah quotes from the biography of Steve Jobs, the former Apple co-founder and chief executive who died last year, in saying that Apple’s chief financial officer, Fred Anderson, was instrumental in persuading Mr Jobs that their early product would be better as a personal computer rather than a network computer: “So even in Apple, with a chief executive as pow-

erful as Steve Jobs, you find that the CFO can still heavily influence the direction of the business.”

“If accountants understand the business in the way that Fred Anderson clearly did then they can have input into those decisions and help the business grow.”

However, there is one clear caveat. While strategic business thinking is important, the technical training and numerical grounding are still paramount.

“However great you are as an accountant commercially and strategically, the moment you make an error in the numbers is when you lose the respect of your colleagues,” says Mr Willetts.

Mr Shah adds, more irreverently: “You wouldn’t want a surgeon or a pilot who wasn’t technically good, so why would you have an accountant that isn’t?”

When all is said and done, accountants must be, by definition and by profession, good with numbers.

## Employers searching for specific skills and experience

### Career opportunities

Dina Medland finds there is a growing range of openings for those seeking a move, in spite of an abundant supply of talent

The scope for accountants to develop their careers continues to broaden and the market for jobs remains fluid. This, coupled with the rising intake of both school leavers and graduates, completes what one headhunter terms “a virtuous circle” for the industry.

One example of the expanding role for accountants is seen in the trend for finance directors to become company chairmen. At the top, experienced finance directors such as Sir Philip Hampton and David Tyler have become chairmen at Royal Bank of Scotland and J. Sainsbury respectively, just as those with a finance background, such as Ian Livingston, Colin Day and Ian Dyson, have gone from finance director roles to becoming chief executives at BT, Filtrona and Punch Taverns respectively.

“The traditional view has been that a finance director becomes a chief executive when times are bad, and then a marketer takes over when they are good – but that is no longer the case,” says Mark Fairbairn, partner and head of the CFO practice at executive search firm Odgers Berndtson.

“Finance has grown far broader, more commercial, more business-facing and it has made the job much more attractive at every level.”

“Finance jobs have not fallen off as much as they could have done – if you’re good, then there are good jobs available. But employers are far more risk averse when it comes to recruitment,” he adds.

With an abundance of supply, clients can afford to be very specific, Mr Fairbairn adds. Using the example of a brief to find a finance director for an airline business, he explains: “Traditionally, we would have looked at a breadth of people coming out of consumer and leisure, retail, and multi-site. Now, all I want to see are people coming out of airline and travel businesses.”



The finance route: Ian Livingston of BT

For job candidates at all levels, the timing of a move has become more important than ever, while the “big four” accountancy firms (PwC, Deloitte, Ernst & Young and KPMG) are reconciled to the role they play as development machines, focusing on employee engagement and retention.

Mike Cullen, global head of people for Ernst & Young, offers a broad perspective: “I’ve been travelling around the world for the past eight weeks. Over the past 12 months this recruitment engine of E&Y has recruited 40,000 people around the world. But what is shocking is that 30,000 people have left the firm [in that time].”

For the individual, judging when to move jobs is more art than science. Nigel Martin spent seven years in the IT industry when he decided in 2008, “just before the market got very tricky”, that it did not offer enough career development potential.

“I have always been interested in the financial markets, and I decided getting an ACA [Associate Chartered Accountant] qualification was like

getting a medical qualification. At the time I could not get into one of the big four because I did not have A-levels – but I joined a smaller firm, and this month I start a new role with one of the big four firms,” he says.

There are also clear regional differences in the fluidity of the job market. Tara Ricks, managing director of Randstad, the global financial and professional recruitment firm, says: “It’s different regionally across the UK – the south-east is far more fluid than the north, where the economic cycle has slowed. Companies may hire on a contract basis rather than a permanent one.”

“We’re seeing that the interview process is taking longer, as clients across sectors are making the interview process much more rigorous. If there are any salary increases, they tend to be for more technical roles. Candidates are looking at moves they would have considered to be ‘side-ways’ in the past, as part of a defensive strategy,” she adds.

But headhunters counsel against staying put out of a sense of caution. “If you feel you are stagnating then you probably need to get out,” says Ms Ricks.

However, they do not always agree on whether more than four years at one firm is too long. Mr Fairbairn says: “There is no reason to move if you’re happy – unless you have been there for more than four or five years and there has been no conversation as to what your next move will be. Or if you have been there for more than half your career, which might be fine for you, you need to think about how you are seen, and have that conversation internally first (rather than externally) before you think of leaving.”

Ernst & Young goes to some lengths to measure employee engagement, or what it calls the “smile effect” of its employees at all levels, including partner. While at partner level the engagement is highest, “there is euphoria at making partner, then a dip as they realise what partners have to do, and then it goes up again,” says Mr Cullen.

“Our proposition is almost the opposite of that offered by the civil service. We appeal to a mindset that does not want a 30-40 year career, but to those who are interested in the experience and challenge of work,” he adds.

Tracy Wood, Ernst & Young’s youngest-ever partner at 27, deferred and then abandoned a place at Cambridge University because she wanted to be an accountant. She trained at a firm in the north of the country and has now been at E&Y for 11 years.

“I have had 10 different roles in that time,” she says. “Every time I have been ready for a new challenge, I have said so – and the firm has provided one. Most people in industry would move between companies to get the same level of diversity.”

She sees today’s job market as “incredibly sticky” but also says individuals are getting pickier about what they want to do: “Before, you were just so busy it was hard keeping up with clients’ needs. Now it’s hard because you’re helping businesses go through difficult changes, which is emotionally hard as well,” she adds.

For those looking for a limited amount of change, anecdotal evidence suggests that there is more internal movement within companies as they rearrange their finance departments. “Companies are streamlining and looking for efficiencies and so look to their finance staff for help, and these roles are becoming more prominent,” says Luke Collier, head of recruiter and employer relationships at the Institute of Chartered Accountants in England and Wales.

At the start of an accountancy career, joining one of the big four firms still allows what Mr Fairbairn calls “the law of cumulative kudos” to kick in – historically, this progression has tended to mean public school, followed by Oxford or Cambridge universities, followed by a big four firm, followed by a FTSE-100 company.

However, times are changing and

both economic realities and attempts by firms to widen opportunities mean that the traffic at senior level continues to flow both ways between accountancy firms and the corporate world.

Margaret Ewing, chief finance officer of BAA, the airports operator went back to Deloitte a few years ago to become a partner and vice-chairman, and in 2010 Ian Smith, former deputy group finance director at Lloyds Banking Group, returned to Deloitte as a corporate finance partner.

All those thinking about changing jobs should note that the factors they can change are: sector, level, size and scale of business, and money. As Mr Fairbairn puts it: “In 2006, you could change all those at once. Today you can probably change one or two, and no more.”

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