

Working in ACCOUNTANCY

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Having a say in all the big decisions

Ross Tieman reports on the growing influence of accountants in businesses and the economy

For those who want to change the world, there has never been a more fitting time to become an accountant.

Restarting economic growth is the UK's biggest challenge. But in the absence of policy miracles, that growth, when it comes, will emerge from the myriad choices of hundreds of thousands of businesses across Britain. In many – perhaps most – cases, those decisions will hinge on the advice of accountants.

"The fascination of the profession is being involved in the process of growth," says Pauline Wallace, an accountant turned public policy chief at PwC, a leading professional services firm. "It is about helping existing companies to grow and enabling the next generation of businesses to emerge and develop."

Many senior figures among the UK's 300,000 accountants become lyrical when invited to talk about the benefits they deliver and especially their work with smaller companies. Research by the Department for Business, Innovation and Skills found that accountants are indeed the primary source of advice for most businesses.

"The small-town accountant will not only take care of the company's books and tax returns, but will help entrepreneurs locate sources of finance, borrow from a bank, manage their taxes, comply with regulations and provide advice on all aspects of running a business," says Ms Wallace.

That's the kind of accounting that touches the lives – and prosperity – of millions. But global companies and government departments, who deal in billions of pounds, are equally reliant upon the skills of the profession.

Accountancy reaches into every corner of economic activity in Britain, defines what we measure, and then proposes how we should behave in response. Accountants influence the behaviour of individuals, companies, not-for-profits, governments, and ultimately the economy as a whole.

The most obvious way they do this is through the sale of professional services. The UK accountancy industry is reckoned to generate revenues of more than £17bn a year by selling



Room for growth: accountants help ensure companies are 'best in class to grow and survive'

Alamy

audit services and advice in the UK.

Even as Britain's economy flounders, accountants are growing their own industry – good news for those keen to join it. Technology enables the collection of torrents of data, making the need for accountants ever greater to draw the lessons from the numbers. Today, The Institute of Chartered Accountants in England and Wales, the industry's leading UK professional membership organisation, has 138,464 members, of whom a quarter are women.

Only 31 per cent of ICAEW members work in professional services. But the audit and advisory firms hire and train new entrants, acting as a gateway for many into both advisory and hands-on roles in business, and their accountants are critical facilitators of economic growth.

Simon Collins, chairman of assurance and advisory firm KPMG, notes three main ways accountants help companies grow. First, they aid companies to access capital. Accountants

help design the business plan on which a request for financing is based and, in effect, give assurance to its figures and forecasts. They then use their knowledge of capital markets to find an appropriate source or sources of funding, giving both sides confidence in the transaction.

Second, they help identify opportunities for growth and help to put them into practice. Often, accountants help decide in what direction a company should grow, and how to achieve it.

Third, they help ensure companies are "best in class to grow and survive", he says. That includes keeping costs under control and maintaining a focus on profitability.

Industry practitioners say would-be accountants keen to help businesses grow are likely to be involved in activities of this sort no matter the branch of the industry they target.

Audit and assurance, the cornerstone activity of the professional services firms, provide ample opportunities to help companies with growth

agendas, they say. Moving across to the advisory activity, and becoming a corporate finance specialist, or sector expert, could be a route to a central role in corporate growth.

Becoming an accountant can also offer opportunities to shape public policy. Accountants are involved in government tax and borrowing activities, and in evaluating spending choices, either as employees or advisors. The professional services firms often act as expert independent consultants on strategic development of the public sector, including the health service, determining where taxpayers' money can be spent most effectively.

Paul Eagland, head of tax and audit at BDO, a professional services firm, notes that through their firms and via their professional bodies, accountants also "actively engage with government around the growth agenda for economies". They glean profound insights into what clients and businesses are experiencing, inform government and encourage growth-

enhancing policies, he says.

For example, says Mr Eagland, accountants were involved in the UK's legislation to promote investment in patentable ideas and technologies, and in the development of research tax credits.

But the best way for those within accountancy to bolster growth in Britain might be to seek a job in business. Overall, 42 per cent of ICAEW members work in business, and over a third of board members of companies in the FTSE indices are ICAEW chartered accountants.

Many accountants in business take finance roles, but others become chief executives or even entrepreneurs, launching their own companies. Few are simple number-crunchers; most seem keen to take on a broader role. Carla Stent is chief operating officer at Virgin Management, which manages investment and brands for the Virgin Group. Though an accountant by training, she has responsibility for human resources, information technology and procurement, as well as operational finance.

She feels strongly that she participates in economic growth: "We look at how we leverage what we have got, and how we can better increase our capital," she says. "We believe that if we add value for the consumer and ensure the consumer is getting a better or more affordable product or service than they can get elsewhere we generate growth."

"Making the right investment decisions means capital goes further, more people are employed and leads to better products and services."

Even when economic growth is stalled or slow, constant economic renewal creates ample opportunities for accountants to help businesses grow. Mark Spofforth, president of the ICAEW, says that if Britain is to solve its current problems, "it is clearly our profession that is really going to have to help do that".

Demand for accountants remains strong. PwC recruited 2,200 people in the year to the end of June, including 1,200 graduates and 100 school-leavers who joined professional training programmes. KPMG is hiring, too. Mr Collins says: "We remain desperate for talent, for people who really want to make a difference."

Business also remains keen to employ accountants: the jobless rate among ICAEW members is a mere 2 per cent.

A part to play in economic growth?

If accountancy reaches into every corner of economic activity, as argued in the feature, left, then how do experienced practitioners believe British businesses should be run to get the economy growing? Ross Tieman asked senior accountants to share their insight:

Simon Collins, chairman, KPMG

"We should try to restore confidence. We are in a circle of negative sentiment and it is easy to say there is no consumer demand and China is going downhill, so let's be defensive. If everybody is defensive then we stagnate. That is defensible, but self-fulfilling."

"Forecasts are for flat demand and consumers don't have a lot of money. But a company cannot just accept that this is what they face. What they face is somebody who wants their product or service. So make the product or deliver the service the best you can. That kick-starts sentiment and drives the economy."

"This is the point in the cycle when we need innovation, risk-taking and entrepreneurship. We need people to say 'Look at me, I really have got a better mouse trap, come take a look'."

"But you have to ensure you have enough funding to do this: you can be as visionary as you like but be shut down if your bank doesn't like you."

Carla Stent, chief operating officer, Virgin Management

"Companies should be looking after their employees and ensuring they are, in turn, looking after customers."

"My advice would also be to not ignore the numbers. Companies should look at the ways in which their activities can be most effective. Linked to that, I'd say to boards: 'Give your accountant a bit of a voice, and listen to what they have to say.'"

Paul Eagland, head of tax and audit, BDO

"The first key ingredient for success is quality and a focus on exceptional client service. The second has to be a people perspective: to deliver great service or products you have to attract the right sort of people. Any business that is serious about growth will be investing in its people, and in training them."

"If you get these two right you maximise your chances of getting the right type of finance to develop the business. The capital markets are very sophisticated, and money will find its way to the best businesses. That means you also need a compelling over-arching story. If 10 companies have the same ingredients, the one with clarity of vision and ambition will generally trump the others."

Mark Spofforth, senior partner, Spofforths and ICAEW president

"In small and medium-sized businesses it is about longer-term planning. Often, people in the business don't get time to step back and work on the business. This includes succession planning, which is often very important in a family business."

"Getting the financing right is essential. This is an issue all SMEs are facing. It is very difficult to get financing, but there will be some new ways it can be done. And I think there are a number of businesses that could develop export markets. It is about prioritising the right thing."

Alex Henderson, partner at PwC

"Cash and credit are the lifeblood of any business. To facilitate expansion and growth they need to manage resources and plan for more. To secure borrowing they need projections for areas such as profits, cash flow and interest cover."

"At this stage of the business cycle, if companies try to expand too quickly and run out of cash and credit it can be fatal. At the same time, there are fortunes to be made by businesses able to adapt to the market as it is now and spot opportunities."

"It's a tough business environment, but companies need to keep control, have cash and credit and keep confidence. Competitors will be having an equally hard time."

More to number-crunching than the numbers

Managing careers

Maxine Boersma reports on the widening range of qualities finance professionals need to show

David Cameron said of his government: "We're involved in an economic rescue mission but we're not just a bunch of accountants." Some might argue, however, that there are much worse things a government team could be, particularly in such uncertain times.

Increasingly complex demands are being placed on the finance function, with the continuing global financial downturn, new technology, the eurozone crisis, the shift eastwards of economic power, and the expansion of board level responsibilities.

This is making senior finance roles critical to businesses – so much so that two of the world's accounting bodies, the Chartered Institute of Management Accountants and the American Institute of Certified Public Accountants, have jointly established the Chartered Global Management Accountant designation.

A recent report by CIMA/AICPA, produced in partnership with Hays, the global recruitment firm, suggests

finance professionals have never had a better opportunity to progress their career. The report, "The Fast-track to Leadership: the challenges, opportunities and action plan", draws on the experiences of leading chief finance officers and finance directors.

The report's author is Ana Barco, head of innovation and talent management at Cima. She says of the changing mandate: "In the move towards forward-looking organisations, finance is evolving from a focus on the transactional and cost efficiency areas to a real strategic focus where it can have a massive impact."

"The evolution is influencing the capabilities that finance professionals need to demonstrate and bring to an organisation."

For Gavin Aspden, director of qualifications at the Institute of Chartered Accountants in England and Wales, it is no surprise that accountancy is the biggest graduate employer, with the four largest firms recruiting more than 4,000 graduates last year. The ICAEW also saw a rise of 1.4 per cent in its membership numbers last year, to 138,464.

Mr Aspden says: "ICAEW membership is a globally recognised stamp of professionalism so offers massive international opportunities. We're pleased that last year saw the largest intake of new trainees for 20 years. Eighty per cent of FTSE 100 leaders

have ICAEW members on their board – not all in finance roles.

"In an age of increasing complexity, chartered accountants are helping boards navigate difficult times. To get ahead, I would advise accountants to build on this skill set, know their own mind and use their professional integrity to identify any ethical issues early on. You will be valued for challenging 'the ethical barometer' as this is critical in helping safeguard the good name of the profession."

While many accountants progress

'You have to prove your value as a business partner. Our clients are no longer asking for CVs, they want to know the person'

with the "big four" firms – Deloitte, PwC, Ernst & Young and KPMG – others see the benefits of starting out with a smaller firm or in industry.

Ryan Mangold, now group finance director with Taylor Wimpey, the UK housebuilder, found training with a smaller company provided exposure to different experiences.

He advises rising accountancy stars to: "Be an Oliver – don't be afraid to ask for more. Remember you never

stop learning and should appeal for more responsibility and be brave. I was seconded to Colombia when I worked with Anglo American – a huge risk from a personal perspective but good for my career long-term."

"Take personal ownership and use a range of communications channels to engage better with different audiences. Embrace e-learning, forums, coaching, participate in round tables."

"Also, volunteer for secondments, job swaps, customer visits. Basically, anything outside your comfort zone will help propel you forward. Don't just focus on accounting but take part in competitive pitching and large-scale projects."

Russell O'Brien, a CGMA and vice president for finance in global retail and alternative energies at Royal Dutch Shell, believes the accountancy role has changed: "The modern finance function is uniquely positioned to oversee the end-to-end business landscape and to use its specialist skills to help business leaders make value-based decisions."

"To do this effectively, we have to be partners with the business, making sure we understand the commercial drivers as well as the leaders do."

Ashley Whipman, a director at Robert Half International, the finance and accountancy recruitment firm, agrees that accountants are now business partners first and foremost. The chal-

lenging economic climate means the "silo" approach is a thing of the past, with accountants needing to work across diverse teams. To progress professionally, they need to demonstrate empathy with the sales, IT and procurement teams, advising them on vital strategic decisions.

He says: "To move up the career ladder you have to prove your value as a business partner not just a numbers person. Our clients are no longer just asking for CVs, they want to know about the person."

Gaenor Bagley, board member and head of people at PwC, stressed the value of strong personal attributes to the big four firms, along with the willingness to travel: "Accountancy is essentially a people business and you will need leadership, breadth and confidence as well as international experience. Big four accountants need to demonstrate international dexterity, influencing skills and the ability to make a compelling argument. You can't coerce a board into accepting your proposals, so sharpen your persuasion skills."

To accountants looking to progress very quickly, she says: "After five years, you need to do something different – for example, volunteer for overseas secondments and take responsibility for yourself. Show you can lead not just your team, but clients, through difficult situations."

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