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DAMAGE LIMITATION

How to deal with the risk of online falsehoods

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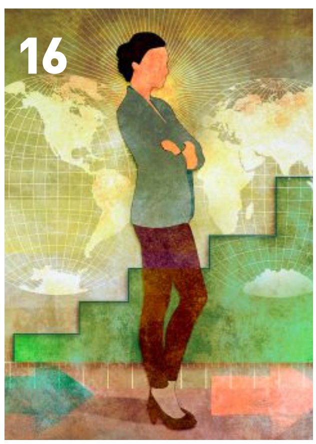

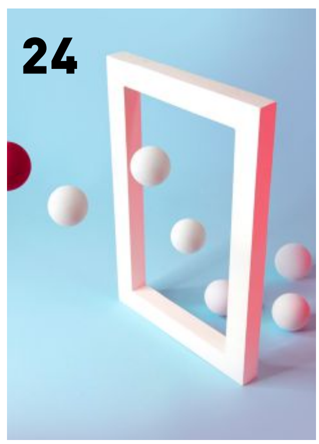

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Stepping forward into growth

'We must continue to deliver value, always adapting, inspiring trust, and seizing new opportunities to drive prosperity.'

I am very pleased to be writing my first column as CIMA president and co-chair of the Association of International Certified Professional Accountants. I have been an active CIMA member for more than three decades, and of the Association in more recent years, in my home country, Sri Lanka, and on the global stage. It is a true honour to have been chosen by my peers to serve our members, students, and engaged accounting and finance professionals around the world.

There have been many recent global challenges — the world as we knew it has been heavily disrupted. Yet, the accounting and finance profession has steadily risen to the challenges and provided vital support and guidance to organisations to help them not only survive but also adapt and thrive in a world that will continue to change. It is in times like these that our skills and expertise really come to the fore.

As our world continues to undergo radical, disruptive changes at an accelerating speed, we must as professionals offer bold leadership. This is exactly why I have chosen "step forward and lean in" as my presidential platform.

Now is the time to lean in and embrace that courage to step forward. To maintain our momentum. To disrupt and never relent when disrupted. To find opportunity for growth. And to go beyond the current crisis to claim our leadership role for the future.

We must continue to deliver value, always adapting, inspiring trust, and seizing new opportunities to drive prosperity for individuals, organisations, economies, and society as a whole — today and for the future.

But how exactly do we do that?

Act as trusted partners

We need to embark on a lifelong learning journey in readiness for the future demands of the profession in areas such as data analytics, emerging technologies, and ESG reporting. In addition, I believe that trust, built on ethics and integrity, is the keystone of our profession. We must constantly reinforce our duties and obligations to serve others and act in the best public interest. Without trust, we cannot achieve anything.

Help others grow

We have a collective responsibility to help others grow in the profession through volunteering and mentoring and inspire the next generation to join the profession. It is up to us to show them that the CGMA designation is a valuable and well-respected qualification that can open many doors, broaden career perspectives, and be a passport to a global career.

Foster diversity, equity, and inclusion

To unlock growth and prosperity, we must seek out, enable, and develop the best and brightest, regardless of gender, ethnicity, belief, geographic dispersion, or socio-economic background. It is only by driving equal opportunity and embracing diversity and inclusion that our profession will be able to address some of the biggest challenges of our times.

At CIMA and the Association, we know that true power comes from serving, helping others, and growing together. Over the past two years, our profession adopted a leadership role, guiding people and businesses through the economic impacts of the global pandemic and its recovery. We were on the financial front lines.

Ongoing crises across the globe continue to significantly impact societies, national economies, and global relations. Our profession finds itself once again at the forefront of disruption. Now, more than ever, we must commit to stepping forward and emphasise our role in driving prosperity, trust, and innovation.

I am really proud of what our profession has accomplished so far, but deep down I know that we have just started our journey and have a long way to go. I feel truly fortunate to be part of this journey and look forward to what we can accomplish together during my presidential year.

KEEP IN TOUCH

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Become a more effective strategic risk adviser

By Andrew Harding, FCMA, CGMA

PHOTO BY STEVE FORREST/STEVE FORREST PHOTOGRAPHY

It is no secret that business leaders value certainty. Yet, in the past 2½ years alone, they have had to grapple with considerable change — and we helped lead them and their organisations in navigating the disruption and uncertainty. From managing COVID-19's disruptive impacts to mitigating inflation-related risks and enhancing supply chain resilience, it has been a bumpy ride, and one that is set to continue.

As accounting and finance professionals, we have long focused on assessing and managing financial risks. However, the "perfect storm" of global public health, geopolitical, and climate-related risks we are seeing today is pushing our profession to expand its remit — in order to help our organisations improve their risk management capabilities. This means that, as a profession, a paradigm shift in our approach to risk management is urgently needed.

The very term "risk" often makes people feel uncomfortable, and although risk management primarily focuses on managing downside risk, it is important to appreciate that risk also has an upside. This upside involves seizing new opportunities that can arise from disruption or uncertainty, such as opportunities to enter new markets or create new product lines. This may be obvious to us, but something of which our colleagues and business partners should be reminded.

As core members of businesses, governments, and nongovernmental organisations, we play a pivotal role in providing nonfinancial and financial management information to drive business performance, develop strategies, and influence decision-making. Having such a rich understanding of what drives our organisations, and their future strategic initiatives, is the first step towards becoming an effective participant in broader, more strategic organisation-wide risk management processes.

To help you get started, take a look at our comprehensive Risk Management Toolkit, which contains 20 practical tools and reports covering areas such as risk assessment, risk oversight, and risk management practices. The toolkit will enable you and your organisations to enhance your understanding of emerging risks and establish robust risk processes to safeguard their future.

In addition, we have reviewed and updated some of our existing risk tools to enable you to confidently lead your organisations on their risk journey.

These tools include:

- The *Risk Heat Map* and *Communicating Risks Using a Heat Map*, which are designed to help you review risks across your business and operating model.
- The *CGMA Horizon Scanner* and *CIMA Strategic Scorecard*, which will help with scenario planning, addressing strategic issues, and improving your business strategy.
- *A Leadership Guide for the Risk Leader* and *ERM Insights for the Finance Risk Leader*, which are great resources to enhance and expand your risk management skills and competencies.

As accounting and finance professionals, we have a great foundation of skills and competencies that can be applied to strategic risk management. The key to our success will be linking our risk thinking to what drives our organisations' long-term success. The opportunity is there. The challenge will be grabbing hold of it.

Andrew Harding, FCMA, CGMA, is chief executive–Management Accounting at the Association of International Certified Professional Accountants, representing AICPA & CIMA.

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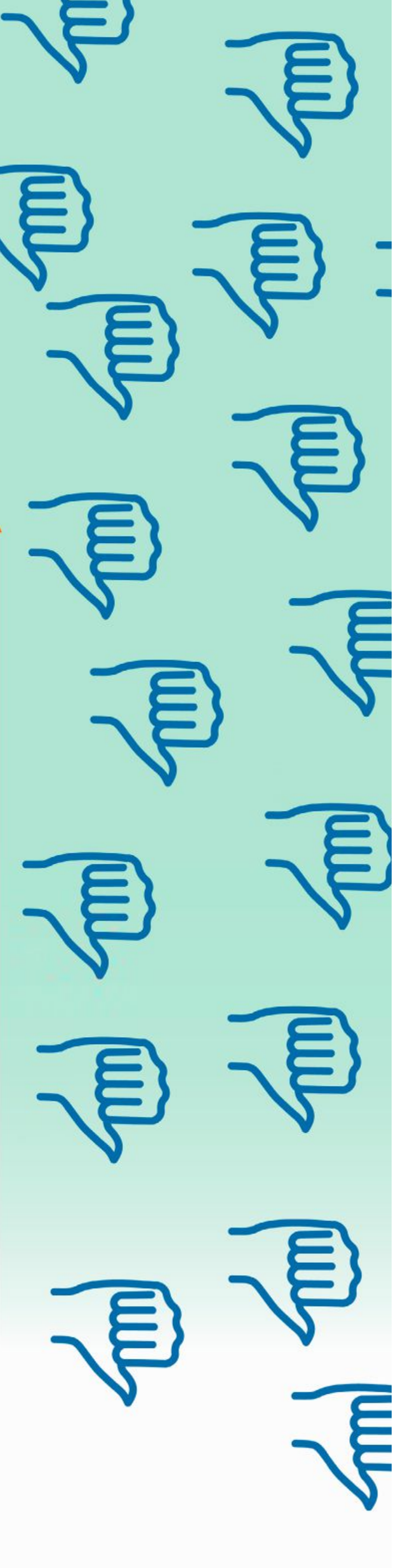

How to deal with the risk of online falsehoods

Deliberately false online content is harder to spot than you think. Here are seven tactics to counter the threat of disinformation and control the potential damage your business may incur.

By Anita Dennis

Online falsehoods can have a negative impact not only on individuals but on businesses as well. The spread of false information can carry financial and reputational risks.

Unlike misinformation, which is incorrect and misleading but may not be intentional, digital disinformation campaigns targeting companies are always intentional and harmful. And they are rampant.

In one example, an article published on a financial website contained several falsehoods about Farmland Partners Inc., a publicly traded US company, and caused a 39% drop in its stock price in one day, the company said. In a 2021 settlement with the company, the author acknowledged that the article was part of a "short and distort" scheme, a stock manipulation that enables a scammer to profit when a company's stock falls.

In another instance, one company's share price tumbled 28% before trading was temporarily halted and another company's share price dropped 16% after a trader in Scotland tweeted false information to benefit from the price swings, according to the US Securities and Exchange Commission.

Share price manipulation is just one of many risks businesses face when they are hit by a disinformation effort. Investors and consumers may rely on online sources for their news, and they may have difficulty separating fact from fiction. Seven in ten respondents in a survey the UK Office of Communications (Ofcom) conducted this year were confident they could spot incorrect information, but

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COURSE

only two out of ten were able to identify the signs of a real social media post without making mistakes.

Financial gain or an attempt to harm a competitor are among the motivations behind disinformation campaigns. Falsehoods may be spread by activists or disgruntled employees who have a grievance or disagreement with a company's investments or public political position, said Joseph Nocera, partner and leader of the PwC Cyber & Privacy Innovation Institute.

Disinformation campaigns that target a business's reputation can be particularly costly.

"You can spend generations building up a business, constructing a unique selling proposition, building trust, creating a reputation for buying local or being reliable, supporting the community, or being inclusive," said Ian Thomson, director of Lloyds Banking Group Centre for Responsible Business at the University of Birmingham in the UK. But while company reputations are "massively valuable, they can be so fragile", Thomson said. "Suddenly, one tweet can undo much or all of it. In some ways, reality doesn't have to matter."

Tactics to counter online disinformation

When an entity is identifying, assessing, or mitigating reputational, geopolitical, or financial risks that disinformation poses, "the finance team's expertise can be valuable in scenario planning with the risk, technology, and cybersecurity executives", Nocera said.

Here are seven tactics for finance professionals to counter the threat of deliberately manipulated content:

Understand what you're up against

Digital disinformation campaigns can be launched by unscrupulous governments, organised crime, or opportunistic scammers, according to a PwC report on cybersecurity and fraud. They are inexpensive, spread falsehoods easily, and can cause considerable damage ranging from significant financial losses to reputational damage.

The disinformation may consist of fake news stories (which may be spread in forms that include text, audio, and video) or postings from fake social media accounts, as well as falsified marketing on social media platforms and search engines, according to the PwC report. Another threat is deepfakes, which are digitally altered videos or audio files that seem realistic and are designed to spread false impressions or information.

State actors are a very active part of the disinformation effort. They may include countries that want to punish or embarrass a company with which they have a disagreement or seek to retaliate against for actions or comments that are considered hostile to the nation-state. These efforts can be very sophisticated — and may even be outsourced to experienced third parties. According to the PwC report, commercial disinformation-as-a-service (DaaS) purveyors are hired to spread false facts on websites, news outlets, and social media. (See the sidebar, "The Rise of Computational Propaganda".)

Develop a robust and comprehensive response plan

Thomson recommended creating an early warning system to spot issues before or as soon as they arise. "There should be an ongoing effort to monitor social media and other outlets so that the organisation can learn about problems as soon as possible," he said. This responsibility would normally fall to the communications team, either a designated person or a full crisis response team if the organisation is big enough. However, Thomson noted that there is a case for the finance team to be involved, especially those who undertake or supervise reporting or investor or stakeholder engagement activities within the organisation, as it can help shape any discussions or the content of future reports.

Proactive efforts will serve the organisation well when a crisis occurs. "You don't want to be making it up on the fly," Nocera said. Instead, businesses should brainstorm potential scenarios and plan the best responses to each one, perhaps even practising them in a tabletop exercise. "This gives you a chance to work out the kinks and practise communications and decision-making," he said.

For each scenario, the point will be to consider the direct or indirect financial cost and any potential impact on share price.

Rely on professionals when making official statements

Most entities require all employees to go through company spokespeople and not make official statements without advice from the communications team. Dealing with disinformation is a skill, and those without experience in this area easily misspeak, Thomson said. "Public communications need to be skilfully and professionally handled," he said.

Meanwhile, finance leaders can better educate themselves on threats by getting to know others in the company who are monitoring those dangers, Nocera said, such as teams involved in monitoring of media and social media. This will help finance team members get up to speed quickly when an incident does occur.

In the past, many believed that ignoring falsehoods might make them fade away more quickly. Today, the rapid spread and impact of damaging disinformation call for a response. If not, "the company can become a toxic brand", Thomson said.

Also, a lawsuit may sound like the best remedy, but it can take years to resolve. "You don't want to win a case after the company fails," he said.

Get the facts first

Thomson advised gathering all the details about the company's actual actions before making any statement about even the most outlandish disinformation.

Consider a company accused of corruption in awarding a contract, for example. It may learn after some digging that while nothing illegal occurred, some corners may have been cut or there may have been compliance lapses. Armed with the facts, the company can now decide how to frame its response, Thomson said. This is another aspect where the finance team's knowledge can help pinpoint areas to investigate and determine the extent and potential impact of any issues.

"It's the cover-up that kills you," Thomson added.

Help stop the damage

If a disinformation campaign affects the company's stock price or causes other financial damage, the company should make official disclosures and corrections as quickly as possible to limit any negative impact, Thomson said. Working with the advice of internal media professionals, finance can play an important role.

The finance executive may be called on to help prepare the CEO to speak publicly about the impact or to participate in a press conference, offering details to debunk the falsehoods, Nocera noted. "The finance team has credibility, and they're known for following professional ethics," he said. "They are considered the fact checkers," so their statements on financial issues should carry weight.

Seek out the source

Thomson recommended identifying the source of the disinformation as part of the response effort. Find out who spread it, what organisations or groups they may be associated with, who funds those groups, where they post, and what else they have published or said in the past. Also look for any potential corroboration of their accusations and the sources involved.

"Someone might attribute something to a Harvard study, but then you find out there is no such study," Thomson said. In other cases, the material being cited may be seriously out of date. A fuller picture of the source and their motivations can help the company justify and support its own case.

When investigating these sources, domain registration details, which may include contact information and other details about the site owner, are one potential way to spot a bad actor, according to a study conducted by professors from University College London and two US universities. Limited registration details — such as the use of a holding company, corporate entity, or LLC rather than a person's name — can point to a potential fake news site, the study found.

Evaluate the actual damage

While it may seem that a negative report has spread everywhere, Thomson noted that social media can be an echo chamber. "You may think everyone knows, but the disinformation may have only been retweeted among a group that thinks all business is evil, for example," he said. Instead of engaging with a group whose minds may be tough to change, it may be a better idea to use social media or other channels to reinforce positive messages about the company with a wider audience. ■

The rise of computational propaganda

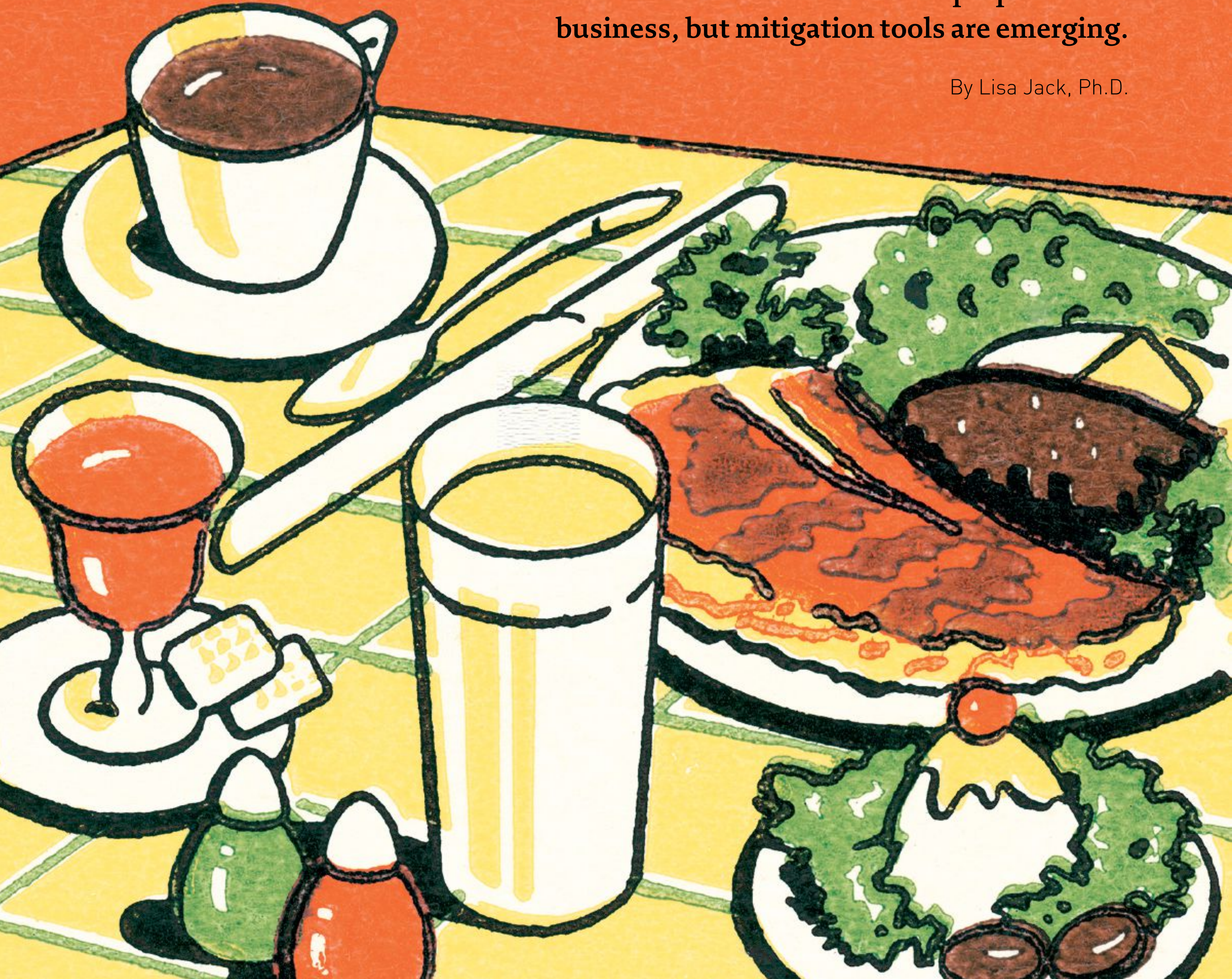
A 2020 Oxford Internet Institute report found evidence in 48 of the 81 countries studied that state actors were working with private companies or strategic communication firms that provide social media manipulation campaigns called "computational propaganda". These campaigns use algorithms, automation, and big data to shape opinion, and the report said manipulation continues to be "a pervasive part of public life across all regime types".

Anita Dennis is a freelance financial writer based in the US. To comment on this article or to suggest an idea for another article, email fm-magazine@aicpa-cima.com.

Tactics and tools to assess and mitigate food fraud risk

Food fraud is often opportunistic, and its financial risks can be difficult to pinpoint for a business, but mitigation tools are emerging.

By Lisa Jack, Ph.D.



Police, customs, national food regulators, and companies have collaborated across borders for more than a decade to remove counterfeit and potentially dangerous food and drink from circulation. From 2020 to 2021, Interpol's annual Operation Opson seized more than 15,000 tonnes of food and beverages valued at an estimated $60 million. The checks in 72 countries led to the opening of about 1,000 criminal cases.

Most food and drink businesses see risks related to food quality and set risk assessment alongside food safety risk assessment, which tends to get allocated to food quality teams. But food fraud could also involve foods sold in the supermarket with labels that are misleading and manufacturers using inauthentic ingredients. (See the sidebar, "What Is Food Fraud?") The business and financial risks of food fraud and their potential costs are often poorly understood.

The horsemeat scandal, which broke in January 2013, is a case in point. Irish food safety tests had identified horsemeat that was sold as beef in the UK and Ireland. Beef products sold by supermarket chain Tesco and beef lasagne sold under the Findus brand were particularly affected. The scandal contributed to a sharp drop in the share price of Tesco, a supermarket chain that generated annual turnover of £61.3 billion (about $75 billion) in the fiscal year 2022, and severely damaged the reputation of frozen food brand Findus UK.

This and other food safety scandals in the US, China, and elsewhere have brought about fraud risk assessment and management in the food industry on a grand scale. Consultants, certification bodies, and assurance firms brought in new risk assessment tools and mandated them through industry certifications to address food quality and safety concerns. Still, the industry's ability to identify financial and business risks related to food fraud was limited and it became clear that not only was the industry poorly equipped to deal with food fraud, but also very few policies and controls were in place to counter the business and financial risks of fraud in the food industry.

The elements of fraud in the food business

For the food safety expert, the main risks are selling products that are incorrectly labelled or carry a health hazard. At best, this is a situation that requires an insured product recall, or, at worst, the end of the company through reputational damage and injury caused. The industry carries high levels of certification and inspections by customers and suppliers, regulators, and third-party assurance firms to prevent incorrect food labelling and potentially dangerous foods. One catering butcher I visited reported having 65 routine inspections in one year and had a team dedicated to providing the paperwork needed.

From a management control perspective, these certifications, however much assurance they provide, are only the starting point. The biggest problems I have seen over several research projects relate to the reliance on quality systems at the expense of understanding fraud risk more generally. That might include the assumption that having a certificate is sufficient mitigation, or that the company is protected because employees are long-standing and trusted, or that the computer system provides security. As forensic accountants and anti-fraud experts have found, certificates may be forged. Most frauds are perpetrated by those who are very familiar with the systems and customs of a business, and by those who have the authority to override the computer.

Food fraud risks that go beyond public health and reputation include market costs associated with loss of sales because, for example, competitors or organised crime undercut prices or rivals fill orders more quickly when there is a shortage of ingredients or products.

Also, there is the risk associated with fraudulent product infiltrating the supply chain. To access the supply chain of a retailer or caterer, the fraudster must:

- Make the product in such a way that it passes all diagnostic and visual tests.
- Deceive, collude with, bribe, or blackmail someone inside the business.
- Understand the vulnerable points in the supply chain and exploit them.
- Know what paperwork needs to be tampered with.

Furthermore, there are risks of employee, procurement, and sales fraud that all companies may face.

What risk assessment tools are on hand?

For decades food companies in many countries have had to prepare and

What is food fraud?

There are several definitions of food fraud and, more broadly, food crime. Essentially, the terms address:

- Misleading labelling, such as claiming something is organic when it is not, making false health claims, or listing false ingredients.
- Substitution, where cheaper or illegal ingredients are used to replace more expensive and/or scarcer ones.
- Adulteration, where chemicals, dyes, or other nonfood or nondrink elements are used to enhance or disguise appearance and taste.
- Counterfeit, which may contain inedible ingredients, or may be simply a "rip-off" brand.
- Waste diversion, where foods unfit for human consumption are reintroduced into the supply chain.

In some cases, food fraud poses health risks to consumers. Substituting ingredients that contain allergens, pathogens, or poisons can cause death or serious illness. However, these are uncommon — most health risk is through long-term consumption of substandard food. Consumer outrage more generally is around being "ripped off" and a failure by larger businesses and governments to protect them.

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Fraud Risk Management Guide

This guide provides implementation guidance that defines principles and points of focus for fraud risk management and describes how organisations of various sizes and types can establish their own fraud risk management programme.

PUBLICATION

MBAexpress: Ferreting Out Fraud

Prepare to ferret out fraud by learning about the fraud triangle, fraud risk factors, warning signs of fraud, and the steps you can take to prevent it.

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maintain Hazard Analysis and Critical Control Point (HACCP) plans for food safety.

Recently, the HACCP model has been adapted to identify vulnerability to fraud risk. Several industry certifications now require food companies to have Vulnerability Analysis and Critical Control Point (VACCP) plans to measure food fraud risk. They are typically large spreadsheets, one row per ingredient, and provide a heat map or traffic light visualisation of key risk factors, such as loss of supply through disease, weather, or conflict events. They can be huge, given that even a midsize enterprise might have hundreds or thousands of ingredients.

Several software and cloud-based application companies now offer digital ways to enter the information into a database to produce the VACCP reports needed for certification. Alongside robust due-diligence checks any company may conduct on suppliers, the VACCP plans provide the main risk assessment measures for food fraud.

Food companies are also called on to demonstrate the traceability of their products from "farm to fork" for consumers and certification purposes. Random audits of traceability, called traceability challenges, are carried out on the paperwork. Emerging technologies such blockchain or other distributed ledgers are being put forward as better ways to maintain the audit trail that demonstrates the authenticity of products. The risk remains that the food itself could be substituted or diverted despite robust audit trails and blockchain.

Other emerging technology includes the use of big data methods to identify potential risks from world events or market changes, the main one being horizon scanning. This method identifies weather, disease, legal, and conflict events that might affect food supply. For example, low supply may constitute a fraud risk that can be included in VACCP plans. Also, fraud risk assessors can consult databases run by the UK, EU, and US governments and private agencies that list reported and identified incidents, such as Decernis, Rapid Alert System for Food and Feed (RASFF), Food Authenticity Network, and US Pharmacopeia. Quality teams and others carrying out VACCP exercises can access these databases to find out about different types of fraud and the risks involved that might lead to physical harm.

A strong argument can also be made that companies need to get the basics of anti-fraud right, such as zero tolerance policies, safe whistle-blowing mechanisms, designated fraud officers, and procedures for dealing with suspected incidents.

What tools are needed, and can artificial intelligence help?

Food fraud risk assessment exists but can be hampered by either a lack of knowledge of food and food supply chains, or by a lack of knowledge of how fraudsters operate or how legitimate organisations can gradually turn to illegitimate activities for survival or profit.

Several companies are working on enhanced software and databases that will use artificial intelligence in building the database of incidents and ingredients, and they are using machine learning to classify the risks.

With an estimated loss to the food and beverage industries from all types of fraud of about £12 billion per year in the UK alone, not to mention the risk that one incident might bring an end to the business, finding best practice in assessing risk and finding mitigations in food fraud could also help protect against all frauds in the food and drink industry. ■

Lisa Jack, Ph.D., is a professor of accounting at the University of Portsmouth in the UK. She specialises in the effects of accounting and performance measurement practices on the agri-food industry. To comment on this article or to suggest an idea for another article, email fm-magazine@aicpa-cima.com.

IMAGE BY ROY SCOTT/IKON IMAGES

Strategies to get more women into financial leadership positions

Finance professionals in South Asia highlight barriers to women's career advancement and suggest solutions that could be implemented in any organisation.

By Swati Sanyal Tarafdar

The pandemic has worsened discrimination against women in many countries, but the situation deteriorated particularly for women in South Asia. In 2021, the region ranked lowest worldwide in women's economic participation, according to the World Economic Forum.

For women finance professionals in Bangladesh, India, Pakistan, and Sri Lanka, the inequities frequently culminate in difficulties to advance professionally — not only because of long working hours and partners not sharing many responsibilities at home, but also because of a rigid work culture that forces women to make hard choices between family and career.

"Often, similar issues affect women across regions, but the way they impact our professional growth in South Asia is different than the way they affect women elsewhere," said Zinnia Huq, FCMA, CGMA, a finance director at Unilever Bangladesh, who works closely with several local women's forums in Dhaka, Bangladesh.

The period from the mid-20s through the 30s is significant in any person's life. "In any career, the time of exponential professional growth is when we have our biggest personal growths — getting married, having kids, starting a family," Huq said.

But in the subcontinent, community and social practices place far greater emphasis on women starting and caring for their families, which leaves many career-minded women in South Asia with limited options.

"In Sri Lanka, women are still expected to put an extra foot forward when it comes to children and hearth. Getting into leadership comes down to a trade-off between the two, fully or partially," said Ashwini Kalansooriya, a senior ERP consultant based in Sri Lanka.

Kalansooriya, who is recently married, has long-term plans to shift to solo entrepreneurship because she wants to stay close to the family and have more flexibility to be involved in her family's activities. Being self-employed would allow her to control the amount of work she does, when she works, and where she works.

Deepti Gupta, a qualified chartered accountant and vice-president–global finance assurance at HSBC near New Delhi, juggles career and family by planning meticulously to cut down on late nights and extended work hours. Before the pandemic, when late night work was necessary, she would rather see team members do it from home. She also encouraged her team to finish work on time and leave for home at the end of a shift rather than remain just to be seen. When the pandemic forced everybody to work from home, her team was delivering on productivity and efficiency.

Her preferences have led to some tough conversations with managers who were uncomfortable with her approach, Gupta said.

A more productive approach for organisations, Huq said, would be to "show support for their female employees through friendlier infrastructure and policies".

Unconscious Bias

In this video, we'll discover the latest insights from gender and behavioural research and learn how they can be used to close gender gaps through improved talent management and more inclusive culture.

VIDEO

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Strategies to support women's career advancement

Companies large and small can play a role in promoting work practices that support women's career advancement, said Mehr Malik, CFO at Red Bull Pakistan.

Mehr Malik is CFO at Red Bull Pakistan.

For example, offering everybody the option to work part time or flexible hours helps to remove the cultural stigma that careers should not be as important for women professionals. Open recruitment, transparent job descriptions, and written and clear policies on performance evaluation and promotion practices would also encourage more women to move into leadership. To prevent inequalities and gendered discriminations during motherhood, women professionals could be temporarily offered roles in positions that do not require travel or longer hours so that they can still hold management positions without compromising either family time or career growth.

"The senior management has to define the job description and the respective deliverables. Whether that deliverable is done in eight hours or 12 hours is up to the employee," Malik said, referring to the scepticism with which working from home or flexible hours are viewed on the subcontinent.

Once there is clarity on what a role demands, what the specific and routine duties are, and when deliverables are due, it should be up to professionals when they work on these deliverables or for how long. "It depends on their efficiency, capability, and maybe life situations," Malik added.

As Huq said, "The pandemic has demonstrated that we can work with babies on our laps."

To support women's career development, women finance professionals suggested businesses and individuals consider the following strategies:

Promote flexible work hours

Organisations everywhere, but particularly in South Asia, should stop assessing employees by the hours they are present in the office, Huq said. Malik agreed: "This alone skews the situation against women." Performance and productivity should be measured by what employees deliver and not when they clock in and out of the office.

During the pandemic, organisations took progressive decisions to adapt to challenges, and they should continue using these, said Kanika Magan, ACMA, CGMA, an MBA candidate at Cambridge Judge Business School in the UK. Like many other organisations worldwide, Magan's employer at the time resorted to remote working, flexible hours, and virtual meetings when India went into lockdown in March 2020.

Kanika Magan, ACMA, CGMA, is an MBA candidate at Cambridge Judge Business School in the UK.

The finance profession learned to adopt flexibility programmes and use empowering technologies — such as employing drones for stock estimation and verification — to continue functioning during the past 2½ years. Until the pandemic, people thought that could never be done without being present physically, even though drone technology was available. Necessity pushed this mindset to change.

"We knew that finance professionals could work remotely, but whenever we resorted to work-from-home in the pre-pandemic era, the perception was that we were on leave," Magan said.

Many organisations are now suspending their brick-and-mortar office spaces and establishing hybrid work environments. They have learned to reduce time, effort, and expenses around travel and logistics and to manage employee expectations and wellbeing by allowing more freedom at work, turning off employee micro-management, and introducing yoga and meditation app memberships as employee perks, Magan said. "This should continue with the idea to make the workspace more flexible and inclusive and not just as a response to an emergency. Every employee, including female professionals, would gain."

Encourage women mentors and role models

Mentoring initiatives, where more experienced and highly ranked professionals volunteer to mentor entry-level and midlevel professionals, increase participation and camaraderie, particularly when women professionals are underrepresented. Mentors understand the organisation's written and unwritten rules. They can provide useful advice on growing professionally and on the hierarchical ladder and answer specific questions the mentored might have about navigating the workspace.

Women often don't value themselves enough, and they don't stand up for themselves enough, which tends to be reflected in the way women communicate, Gupta said. Specific mentoring on assertiveness and related soft skills orientations might help women professionals tackle the underlying biases and unfairness in organisations, she added.

Deepti Gupta is a qualified chartered accountant and vice-president–global finance assurance at HSBC near New Delhi.

Also, to promote inclusivity and perhaps create more mentors, the Indian Companies Act of 2013 mandated listed companies to appoint at least one female director. In May 2018, the Securities and Exchange Board of India directed each of the top 1,000 listed companies to have at least one independent female director by March 2020. But Indian companies have struggled to meet these requirements.

Develop progressive performance evaluation to tackle inequalities

A change in the annual performance evaluation parameters is also necessary to tackle inherent inequalities and discrimination in workspaces and ensure that a period of maternity leave doesn't affect a woman's career growth.

"You should be rated for the six months that you are there at the workplace and not for the other six months when you are away on maternity leave. The organisation has to give you that support," Huq said.

Ashwini Kalansooriya is a senior ERP consultant based in Sri Lanka.

Gupta didn't receive that support when she returned to work after having her second baby in 2017. She had to take a different role at the same level after having been on maternity leave for six months. "My previous role was simply not available for me anymore. Of course, that impacted my future chances for promotion," she said.

The men who worked at her level have progressed ahead of her now. "It certainly affected my chances of getting up the ladder in the same amount of time," Gupta added.

Although companies are investing resources in the name of diversity, equity, and inclusion, conscious efforts should be made to ensure that being away on maternity leave should not hamper a woman professional's career progression, pay rise, performance assessments, or promotions.

"This has to be consciously embedded into the system and into the minds of people through trainings, orientation, mentoring, and probably open communications," Gupta said.

Also, a uniform period of maternity leave and company childcare support for new mothers would help. At present, many companies and many regions on the subcontinent have varying periods of maternity leave. Only a few large companies have childcare facilities for new mothers.

"The worst part is that most employers believe she is going to have a baby and will probably not return to work, so they don't even consider these options," Malik said. In fact, many local companies might not even hire recently married women professionals to avoid having to deal with them taking maternity leave, she said.

'Finance is an excellent career choice for women today.'

Mehr Malik, CFO at Red Bull Pakistan

Implement equality of pay and promotions

Conventional culture in the subcontinent often functions with an "unconscious bias" that leads to disparity in pay and promotions.

Gupta recalled a time when she realised that she was being paid less for the same role and functions than her male colleagues. "I spoke with the management without worrying about consequences. They realised there was a mistake. They apologised and corrected it," she said, adding, "But that was just me."

Zinnia Huq, FCMA, CGMA, is a finance director at Unilever Bangladesh.

It's the professional's duty to raise her point and share opinions actively, Magan said. "That's how you're going to grow in your career, that's what you can do for the organisation."

"If women professionals are leaving, organisations should ask themselves why they are leaving," she added.

Gupta pointed to two possible drivers: women not staying visible to the senior management, especially during promotions within the organisation, and not communicating assertively.

Routine tracking and monitoring of the number of women employees present in an organisation at various levels and ensuring that there is adequate representation in senior positions would encourage more women to seek promotion.

A more diverse, equitable, and inclusive finance function is part and parcel of a profession that is evolving beyond just accounting and bookkeeping.

Malik of Red Bull Pakistan suggested that organisations talk about the challenging roles and decision-making responsibilities of present-day CFOs and how so many finance heads are moving on to becoming CEOs of companies. "Finance is an excellent career choice for women today," she said. ■

Swati Sanyal Tarafdar is a freelance writer based in India. To comment on this article or to suggest an idea for another article email fm-magazine@aicpa-cima.com.

How these CFOs and executives are approaching risk

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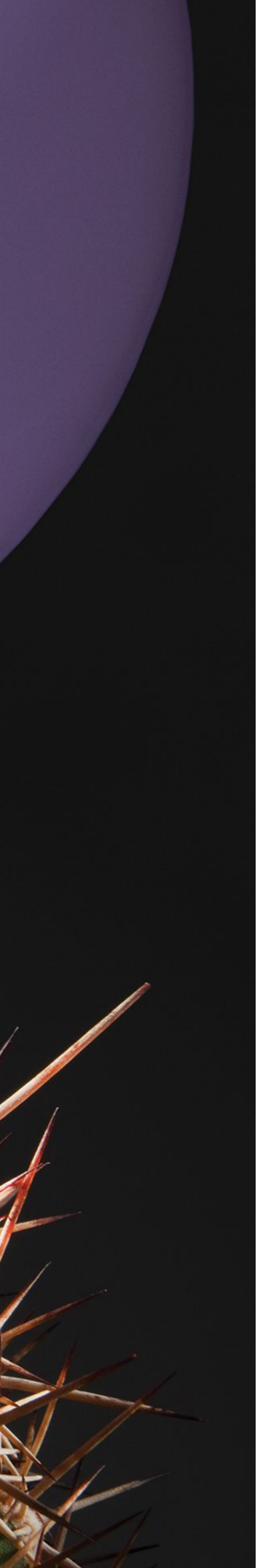


Four management accountants from across the globe shared with *FM* their approach to risk management and how it has changed over recent years.

By Sarah Ovaska

The last two-plus years upended the way the world works and the way business is done. With the widespread supply-chain disruptions, the initial rush and then continued adjustments to keeping employees safe from the virus, and the ensuing economic roller coaster, every finance executive has been tested.

The effects of war, global inflation, future waves of COVID-19, China's economic slowdown, and supply-chain disruptions are the top risks right now, according to a recent Dun & Bradstreet analysis of global business risks.

The unsettled economy and global climate have brought home the importance to many finance executives of having a robust risk awareness strategy.

FM magazine spoke to finance leaders from across the globe in varied industries to find out their current thinking about risk, and how they've changed their approach to it.

Which risks are you most concerned with right now?

Małgorzata Kosycarz, ACMA, CGMA, CFO of Thales Polska: As a CFO, my focus has been on monitoring and managing risks arising from the geopolitical situation, unstable exchange rates, and potential supply-chain disruptions that may affect our ability to deliver projects. On the other hand, we face a very demanding employee market and high salary pressure, which results in the increased risk of high attrition rate.

Risk management is a continuous process, not a one-off exercise, and we have regular risk and opportunities reviews to see what actions need to be taken to secure and improve the company's finances.

Lesibana Ledwaba, FCMA, CGMA, CEO of the Motor Industry Bargaining Council in South Africa: Organisations need to have processes and mechanisms to identify emerging risks and connect the dots. What may seem like unrelated events could be early clues about risks that could end up being disastrous to the organisation. The acronym I've used lately is VUCA: volatile, uncertain, complex, and ambiguous. For example, our members operate in the motor industry, and we had to consider how the introduction of electric vehicles will impact the industry, what opportunities this presents, and how to take advantage of them. It also means weighing the potential risks and mitigating against them.

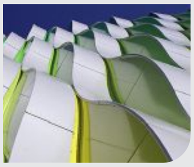
Sasha MacSween, ACMA, CGMA, CFO of ALPHA10X in France's Aix-en-Provence: I work in deep tech, and our R&D team started building a product in 2019 that initially was slated for a product launch in the end of 2021. But now, it's likely to be out in Q4 of 2022.

As a result, one of my biggest areas of risk at the moment is holding on to key people to have the product ready for customers. I am focused on making sure employee wellbeing is being properly managed by listening to them. Happiness indexes, Friday drinks, and ping pong tables are not enough to hold on to employees. They must feel listened to, and they need to know that what they are working on is actually valued and making an impact on the project. I try to have lunch with the R&D team most days so that I can find out how they are generally [and] if they have any personal issues or anything that might be creating a stressful context for them.

Nigel Krishna Iyer, CIMA fellow, B4 Investigate in Sweden: While most people appear concerned about the risks posed by supply-chain and business disruptions due to continuing COVID-related [effects] and the war in Ukraine, what we are missing [is] the rise in the incidents of corporate fraud by both outsiders and insiders — due to a need for working capital. Fraudsters [have a] need to survive as well, and a worsening supply of funds will prompt even more desperate measures. Fraud as a constant cost is a critical area. One of the best ways to make money is to not lose it.

Editor's note

This interview has been edited for brevity and clarity.



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Risk Management is Evolving

A key to an effective risk management process is to move from the historic silo-based approach to an enterprise-wide approach. Learn what the increased risks are for organisations, the use of a risk readiness assessment, the importance of retaining talent and updating your business model, and look at findings from executive surveys that identify potential risks.

WEBCAST

How have the last two years changed your approach to risk management?

Ledwaba: Risk management is no longer the responsibility of the risk manager alone. Everyone in the organisation is a risk manager. Working in silos is a luxury we cannot afford to have anymore, and we collaborate across functions and locations. That's meant having functional teams; collaborating with suppliers, customers, and regulators; and even working with communities through stakeholder engagement forums to seamlessly identify potential risks and benefits of projects.

MacSween: The last two-plus years have made me take into consideration the human side of risk management a lot more. Statistics, data, and tables can only take me so far, but actually taking time to get to know employees and truly listen to them means risks can be anticipated better.

Iyer: The world changed because of COVID-19, and finally blind "tick box" risk analysis and compliance is obsolete. The world has woken up to what are real risks and threats on a scale [that] has not been seen in decades. This meant new solutions to old problems had to be identified and embraced. In my particular case, that meant finding, resolving, and removing small frauds and other financial damage before it spirals out of control.

Are there any risks that no longer concern you?

Kosycarz: I hope that COVID-19-related risks disappear soon. But companies are operating in an extremely unstable business environment. Some risks may lessen, or even disappear for a period, but there's great uncertainty of what the future will bring. The situation that we know today may change diametrically tomorrow.

Ledwaba: I evaluate and assess risk priorities on an ongoing basis, to ensure the organisation is focusing on strategic risks with a high impact, regardless of the probability. Risks that are no longer of concern will fall to the bottom of the list so that only key strategic risks remain under scrutiny.

MacSween: The effects of COVID on our workforce are less of a risk now. We have learned to continue workflow even when people are off because of COVID.

What tech are you using in your risk management processes? How is tech helping you mitigate risk?

Kosycarz: We use a tabular list of all identified risks related to the company operations, with descriptions, categories, and valuations. We assign probability to each risk to quantify aggregated potential impact of negative events, as well as positive events. This gives us a full up-to-date picture of the organisation's performance.

Are you willing to identify risk management mistakes you see people making?

Ledwaba: Yes. Risk managers should have the humility to accept that line managers know and understand their business better, while line managers need to respect that risk management professionals are also experts in their field. Both management and risk professionals should be mature enough to accept that the organisation's interests come first, and be willing to listen to each other. There is no winner when a bad scenario could have been prevented, and the risk manager says, "I told you so." ■

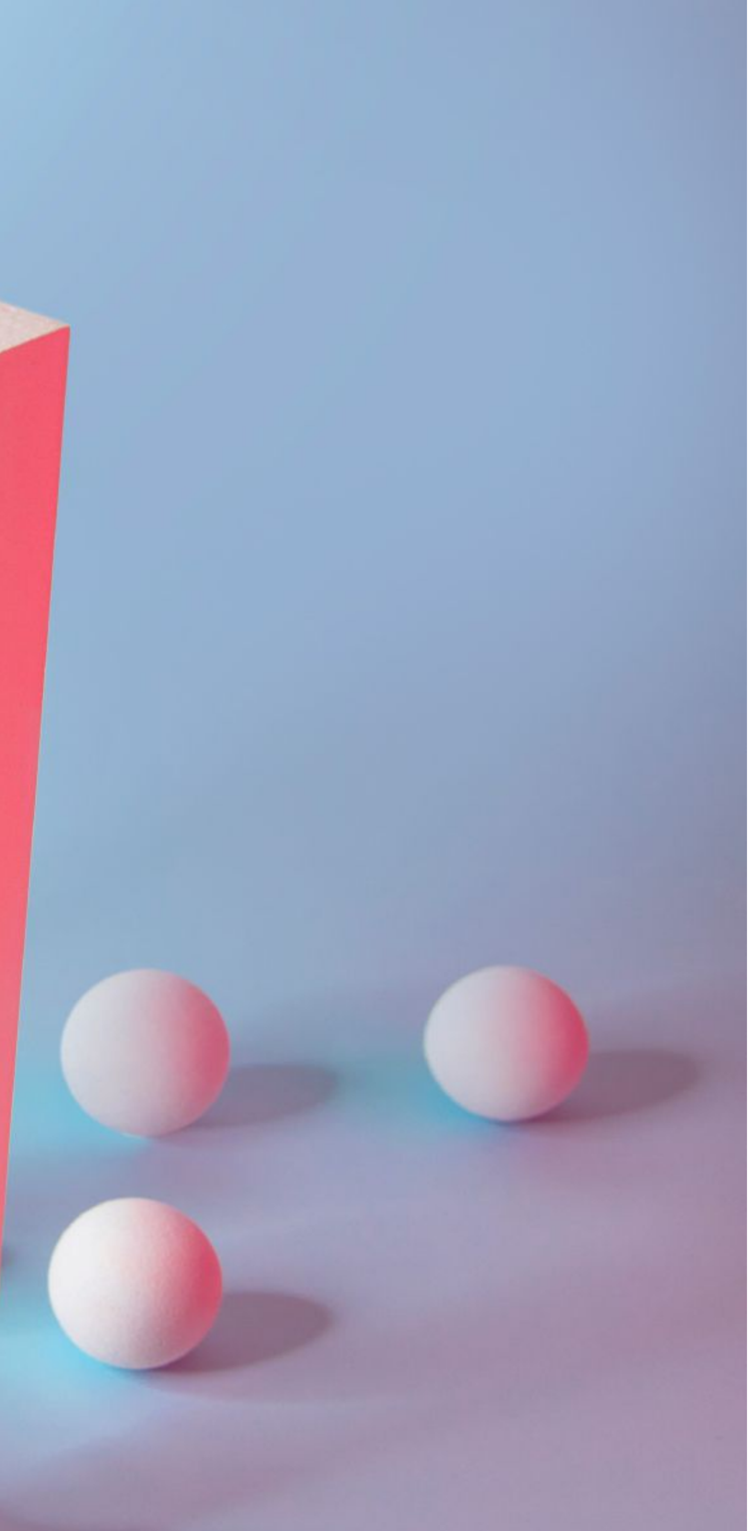
Sarah Ovaska is a freelance writer based in the US. To comment on this article or to suggest an idea for another article, email fm-magazine@aicpa-cima.com.

IMAGE BY TWOMEOWS/GETTY IMAGES

Experiential leadership programmes: Do they work?

Immersive experiential programmes that develop the human skills needed for leadership require linkage to organisational goals and careful consideration of ROI.

By Oliver Rowe



It's well understood that to develop as a finance leader, technical accounting skills are not enough. In order to lead, technical skills need to be coupled with "human" skills such as empathy and emotional intelligence.

But what are the best ways to learn those?

One approach is experiential learning — defined by US psychologist and educational theorist David A. Kolb, Ph.D., as having two aims: learning the specifics of a particular subject and also learning about one's own learning process. Kolb also put forward a four-stage learning process: Experience, Reflect, Think, Act.

The Leadership Trust, a training organisation founded in the mid-1970s by a retired UK special forces officer, develops leaders' human skills through experiential learning. Its CEO, Léa Cléret, said in an interview with *FM*: "The one thing that we would want leaders to have when they leave our course is a heightened sense of self-awareness."

She explained: "It's getting people to understand their emotions, what triggers them. The impact of their emotions on their own behaviours and the impact of their behaviours on the emotion and behaviours of people around them.

"[What] we believe to be at the core of leadership and leadership development is that you need that initial sense of self-awareness to be able to build all of the other leadership skills that you need … to effectively run and grow a business."

Feedback skills

Darren Joffe, ACMA, CGMA, commercial finance director at the London-based *Financial Times* who leads a team of 20, improved his approach to receiving and delivering feedback after going on a Leadership Trust five-day immersive course. He said: "There can be a perceived dark side to organisations where people may fear giving feedback … particularly if the organisation is too polite and too aligned in their thinking and behaviours."

He added: "I've always been diplomatic. I've always looked for the most thoughtful way to give feedback. But the key thing is, if you're not helping people see their blind spots, you're not being an effective leader. Because how are they supposed to know where their development points are and how to deal with those if leaders aren't upfront and [giving] that feedback?

"You are doing a disservice and withholding growth from them and your company. But it needs to be done right, which also fosters trust."

For Joffe, a further benefit of taking time to enhance his leadership capability was to learn about what he described to *FM* as "bounce energy flow" — how people become more productive if they leave a conversation where they're feeling energised and better about themselves.

Emotional intelligence

Joffe said: "I think there's an incredible space in the world of management accounting where we talk about diversity, inclusion, ESG. [This] plays an incredible centre point around building ourselves up as emotionally intelligent accountants."

However, he questioned whether finance profesionals have a full understanding of what is required of them. He said: "You may think, 'I'm pretty self-aware. I connect with people.' But I genuinely believe there are elements that people won't be seeing or understanding."

He said experiential learning programmes can "add a wholly new development dimension to the mystical space of leadership".

According to Cléret, experiential learning allows participants the "ability to access 'privileged' information that you would not be able to access through normal corporate processes".

Christine Buscarino, COO and chief marketing officer at global business training company Dale Carnegie, said it's important to focus "on interpersonal skills, empathy, and having difficult conversations". She added: "We've found these skills to be universally challenging regardless of industry."

She said: "We've found the most optimal situation for driving performance change is when an individual is able to experience an immersive training followed by smaller [sustained] training

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opportunities. The immersive experience can be in person or online but is in a live format with a trainer."

Learning from others has many benefits, she suggested: "Becoming inspired by others can open pathways and create space for [an] individual to work outside their comfort zone, to take chances, and expand their abilities."

Financial cost

Providing experiential learning opportunities for employees requires an initial financial investment. Experiential learning, Buscarino said, requires "more time to learn, apply, and report". She added: "It requires organisations and individuals to make a larger upfront commitment, with the trust that this learning style will produce longer-lasting results."

She suggested that "time-spaced learning" allows individuals to try new approaches and report back on them weekly. "Time-spaced training also helps to foster community in the training room, which in turn supports additional growth as people feel safe to take risks and are inspired by others," she said.

Before you invest

Businesses should consider four points before funding employees to sign up for experiential learning programmes, according to Cléret. They are:

Invest in programmes when the company is succeeding

"These programmes are performance-enhancers, not problem-fixers," Cléret said. The programmes are expensive, and to change behaviours takes time — longer periods for larger companies. She said: "If your company is already in financial trouble, this is not necessarily the right place to start. If your company is already doing well and you are looking at how to take things to the next level, this is the way to go."

Include an evaluation process in the programme design

The biggest reason that leadership development programmes sometimes "provide a feeling of wasted money" is that they are not evaluated rigorously, or not at all, Cléret said. A proper evaluation process will help focus the programme and provide you with all the KPIs.

Link leadership development to organisational goals

A leadership development programme designed without a clear goal in mind is "the surest way to spend a lot of money and not be able to show anything for it", Cléret said. "You have to start by identifying the objectives of the programme and then retro-engineer your design back from that end goal. This will enable [you] to set milestones and monitor that you are on the right track," she added.

Be prepared for surprising — and sometimes uncomfortable — feedback

It is possible that employees don't perform at their highest potential because the organisational system doesn't allow them to, or even because the leadership of the senior team could be improved. "Leadership development programmes are wonderful tools to bring blind spots into the light, which can be quite uncomfortable," Cléret suggested.

Return on investment

There are two questions to ask when considering the effectiveness of leadership skills development, Cléret said:

- Does the programme enhance the level of skill and knowledge of the individual?
- Is the learning effective in enhancing the company's overall performance?

She suggested that businesses show confusion with respect to the issue of effectiveness. "'Yes' to question one doesn't necessarily mean 'yes' to question two. Sometimes the answer to question two is 'no' for reasons completely independent to the training programme, and the inaccurate conclusion is often made that the answer to one is 'no'," she said.

Having a team of employees who are more developed at a personal level with enhanced human skills is only one of the tools required for business success, she said.

"Experiential learning will not address directly product and process. Therefore, concluding that there was no ROI on a leadership development programme can be a short cut," she said. ■

To comment on this article or to suggest an idea for another article, contact Oliver Rowe at Oliver.Rowe@aicpa-cima.com.

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IMAGE BY HUAN TRAN/IKON IMAGES

Leadership presence is a vital ingredient for career success

Consider these nine tips for making a strong impression on others — to land a job or win a promotion, secure resources, close a deal, or inspire change.

By Raju Venkataraman, FCMA, CGMA

Imagine you are in a meeting where an important matter is being discussed. You say something pertinent, but it does not land. Minutes later someone else says pretty much the same thing. This time, eyes light up, heads nod in approval, and it becomes a catalyst for further discussions.

What is the reason for this difference in how the point was received? Why was your contribution overlooked and the other person listened to?

The answer, often, is leadership presence — the quality of making a strong impression on others.

What is leadership presence?

Leadership or executive presence creates impactful moments and experiences that enable you to quickly gain and sustain credibility, influence, and trust. To an extent it is about impressions, both first and those that develop over time.

This presence can be observed as the ability to inspire confidence in others. It may also be seen as possessing an image of confidence, competence, and trustworthiness. While having leadership presence does mean enjoying a positive perception by others, it is not a made-up, cultivated image but rather an authentically expressed persona.

Why is this presence important?

Sometime in 2001, my then boss at the Walt Disney Co. and I were on an audio conference call with senior colleagues from the Disney Asia-Pacific regional office in Hong Kong. Disagreeing with a point made by the folks on the other side of the phone, I tried to whisper to my boss on the sidelines. Exasperated, he pressed the mute button, told me sharply, "Raju, for heaven's sake, SPEAK UP," unmuted, and continued the call.

I was taken aback, but the lesson was not lost on me. While I had always been impactful in one-on-one situations, I tended to be less sure of myself in large group situations or when senior stakeholders were involved. Does that sound familiar? With my boss's advice, I realised this could be a huge impediment in my career progress.

While capability and potential are the fundamental drivers of career progress, "presence" is a factor in being noticed, influencing others, and getting things done in the organisation. Your leadership presence determines the opportunities you get. And the opportunities you get drive your personal growth trajectory.

According to research by Tracom Group conducted mainly among HR, talent management, and learning and development practitioners, 51% of respondents said that executive presence is an accelerator that propels a career forward by differentiating individuals from others. Further, 77% of respondents agreed that those with high levels of executive presence progress quickly in their careers.

You know it when you see it

In the Tracom Group study, 51% of respondents said executive presence is difficult to define, but only 19% said it is difficult to spot.

We've all heard the term "grace under pressure". Easy to imagine, difficult to practise. Let me go back even further to the beginning of my career, when, like any excitable young executive, I was eager to exercise my managerial authority and issue instructions. My overzealousness would likely have landed me in trouble had it not been for the steadying hand of another boss, who taught me the basics of managing people and handling pressure. With other role models throughout my career, and through continuous practice, I went on to acquire the reputation of a tough-but-fair person.

I also had very limited sartorial tastes in the early part of my career, which aligned with my value system of "looks don't matter". My wife, and then a friend and colleague, opened my eyes to the fact

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that it is not about being good-looking or dressing in the latest fashion but about being presentable and appropriate — showing you care — and that it can boost your confidence and the impression you make on others. While I never became a full convert, I made substantial improvements to my physical appearance.

These instances from my career illustrate my learning that these three strands of personality — how you speak and communicate, how you act and inspire confidence, and how groomed you are — are crucial components of executive presence.

Sylvia Ann Hewlett, an economist and author of *Executive Presence: The Missing Link Between Merit and Success*, explains this as:

- **How one speaks:** Communication is how you interact with people, how you present yourself to highlight your talent, knowledge, and skill. In a survey Hewlett conducted for the book, 28% of 268 senior executives considered communication crucial for executive presence.
- **How one acts:** Gravitas is signalling that you have the confidence and credibility (including technical competence) to get your point across and create buy-in, staying composed and in the moment. Sixty-seven per cent of the survey respondents suggested that gravitas was crucial for executive presence, Hewlett wrote in her book.
- **How one looks:** Appearance is how you present yourself physically, including your body language. Appearance is a combination of good posture, essential grooming, and appropriate dressing.

The core skill for executive presence is, of course, communication. Some years after my 2001 wake-up call referred to above, I was sponsored as a high-potential talent to attend a presentation skills programme at Disney's Burbank, California, headquarters, which ramped up my communication with presentation and storytelling skills.

Resource

Report

A Leadership Guide for the Risk Leader

Building leadership presence

What can we do to cultivate this presence?

After that conference call incident in 2001, I initially despaired that I just did not have that secret sauce, but as I sought advice and read up, I learned that presence is not some innate quality that you either have or do not have. Instead, executive presence is a set of characteristics, attitudes, and behaviours that you can learn, as I did, which will enable you to command attention and inspire others.

As a leadership and career coach over the past six years, I have had the opportunity to help my clients grow their executive presence, create a favourable impact, and advance in their respective careers. From my own journey and my work with coaching clients, here are practical tips that you can use to develop your leadership presence:

Be intentional about what and how you communicate

Whether it's a conversation, a presentation, or a meeting, ask yourself two key questions before you start: Who is my audience? What is my purpose or goal?

To communicate effectively, you want to try to match your words, your tone, and your understanding with the needs, concerns, and expectations of your audience. You communicate differently with your assistant manager than you do with the audit committee of the board of directors.

Whether you're speaking to one person or a larger audience, consider the level of their knowledge or understanding on the subject matter. What is the posture your audience might be bringing to the presentation you are giving? What do you want them to take away from your presentation? What outcome do you want for them, for yourself, and for your relationship?

A simple trick of jotting down your answers to the above before you go into a meeting or conversation will help you feel more comfortable in front of a crowd and communicate more effectively.

Speak up in group meetings

Companies want finance professionals with business acumen who understand the value chain, how the firm makes money, and how it must evolve to stay profitable. Do your homework and learn more about these fundamentals, and then do not hesitate to express your viewpoint. The leadership readiness of midlevel executives is measured in part by their willingness to speak up in meetings. Of course, there are times when it is better to convey certain points in one-on-one meetings rather than in a group meeting, so you need to be strategic about when you speak up in addition to what you say.

Learn to speak in an 'influential' voice

What does that mean?

- Whether writing or speaking, keep things simple, succinct, and to the point.
- Use short, crisp sentences when speaking. Be clear and concise. Avoid using filler words (easier said than done, but doable with practice and an accountability partner).
- Use voice modulation (volume, pacing, pitch, inflection, pausing, tone). For example, to emphasise something, change your tone; to draw attention, use a softer tone to draw people in.
- Be a good listener.

Commit to what you communicate and be trustworthy

Stand up, speak up, follow up. Even if others don't agree with your views, they expect to see consistency between what you say and what you do. People quickly see through inconsistent leaders who change to benefit their narrow self-interests and trample on others on their way to the top.

Display a sense of light-heartedness and some spontaneity

Allow yourself to laugh at things, and at yourself, and stay open to witticisms from others. Light-heartedness is the language of leadership and confidence.

Build a strong network and your expert power by helping people

It's not enough to be good at your job; make sure other people know it. One way of showing you are capable is to proactively help a colleague with an issue they're struggling with. Don't forget to follow up and stay in touch.

Project flexibility and capability

As the CFO, I would remind my finance team that we do not run the business, but we do provide the advice and options to run the business. When faced with a difficult ask from your business counterparts, consider the various ways to get to "yes". Once they know you will do your best to find a way forward, they will approach you and be more amenable to listen to you, even if your ultimate answer is "no".

Practise to maintain poise under pressure. In a high-pressure situation, your team will be looking to you for emotional cues. When you're feeling pressured, it is easy to catastrophise your situation and imagine every possible horrible outcome that could possibly come from a failure right now. Tell yourself there are solutions for every problem and begin the process of thinking of what those could be, or even better, take a minute and jot down some thoughts. Identify whose help you can use, and consult with them as needed. It's very effective to take a few moments and just breathe slowly and deeply. Oxygen helps the brain process emotion. Leaders with presence demonstrate composure and quiet confidence when the stakes are high.

Leaders with presence demonstrate composure and quiet confidence when the stakes are high.

Dress for success

Research shows that visual appearance makes the first impression, which holds a lot of weight. Dressing for success does not always call for a suit, but dress yourself according to your role, the organisation's culture, and the position and reputation you aspire to.

Use powerful body language

Leadership presence is conveyed by two sets of nonverbal signals:

- Power posture, which means you display a powerful presence by standing or sitting tall with head straight and shoulders back. Own your space.
- Empathy cues such as a smile, positive eye contact, and open palm gestures convey likeability and warmth. Leaders with presence are empathetic to others' situations. They show humility, grace, and kindness when necessary.

What is digital executive presence?

With the digital workplace here to stay, it has become essential to project digital executive presence. That means:

- If business casual attire is acceptable in your office, do not go more casual just because you are working virtually.
- Adequate lighting and a good microphone will ensure that your presence registers online.
- Unless it is a late night or an odd-hour call, turning your camera off (because you didn't take the time to dress properly) is not the sign of a great leader.
- Amplify your leadership presence with a powerful LinkedIn profile and use of online tools such as screen sharing, and video and presentation software.

Executive presence is an essential ingredient for success as a leader and needed to bag the job, win a promotion, secure the resources needed, close a deal, or inspire change. Building it is not a one-time exercise nor does it happen overnight. It takes concerted effort and practice sustained over time, along with a willingness to engage in self-reflection and self-improvement. ■

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To comment on this article or to suggest an idea for another article, email fm-magazine@aicpa-cima.com.

Handling challenging clients: 6 things you should consider

IMAGE BY PHOTOMAN/ISTOCK

For Members in Practice, good communication can keep relationships with clients positive and resolve issues before a possibly costly dispute arises.

By Xose Lumor

Choosing the wrong client can have harmful consequences for you professionally and personally. While the need to maintain healthy revenues is crucial to the success of any business, it is important to ensure you have constructive relationships with your clients.

That's why it's important to pay close attention when engaging in preliminary conversations with prospective clients. Take note of how they communicate and what their needs and expectations are. Pay attention to how closely they follow what you say and how they engage with you when you manage their expectations. These initial observations can give you insight into whether you will be able to have a productive relationship with the client moving forward.

Here are six further actions to help foster productive client relationships and to consider in the event those relationships break down.

Do your research

You should consider researching prospective clients before formally accepting the engagement. You can search for

information about them including their presence on social media platforms such as Twitter and LinkedIn. This may provide insight into them as people, but also how they communicate.

The chances of a dispute can rise when providing services to a challenging client, and disputes can be time-consuming and costly. The first step to preventing a dispute with a client is avoiding the wrong client.

CIMA recommends that you contact the outgoing accountant (if there is one) by sending a professional clearance letter or picking up the telephone. While there is no regulatory requirement for you to do this, it would be prudent to do so. The *CIMA Code of Ethics* does require you to take other reasonable steps to obtain information about any possible threats that could arise from taking on the appointment if you are unable to communicate with the previous accountant. Sometimes the outgoing accountant will be willing to have an informal conversation rather than express concerns in writing. The CIMA guidance on professional clearance is helpful here.

You should also look at the CIMA guidance on "tipping off", which will help you understand the "tipping off offence" under the Money Laundering Regulations. This guidance distinguishes between accountants who are and are not members of professional bodies and the information that is acceptable to share in each circumstance.

Provide a clear engagement letter

Once you have a clear understanding of your client's expectations, you will want to ensure you have a precisely drafted contract that informs all parties of their rights and obligations. All Members in Practice are required to provide written terms of engagement for all clients. Ensuring you have a clear and comprehensive letter of engagement is one of the main assets in managing a challenging client.

If a client has concerns about your performance, you should be able to refer them to the letter of engagement for clarification. By setting out your obligations clearly and precisely, you should be in a better position to manage client expectations, reducing the scope for a possible dispute.

If you need to make material adjustments to the scope of services, you should agree to this in writing with the client and make any necessary amendments to the contract

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documents. Varying contract terms should always be recorded in writing to avoid any confusion moving forward. You may also wish to include a dispute resolution clause in the contract. Read more on this later.

Maintain communication

Ambiguity is not your friend. Miscommunication is one of the biggest causes of complaints and disputes. It is very common for people to engage in a conversation and have very different recollections of what was said. This is in part because different words or phrases can have different connotations and the interpretation of language can be surprisingly subjective. Throw in the use of metaphors and idioms in casual conversation, and you have a fertile breeding ground for confusion.

Often, when miscommunication occurs, the stress of the dispute can lead people to respond out of frustration or anger. Equally, while written communication is encouraged, it is easy for tone to be misconstrued. That is why using precise language, whether communicating orally or in writing, is crucial. One helpful technique is to finish explaining the point you wish to make and then asking your client to communicate their understanding of what you have said, to ensure you are both on the same page. If this conversation takes place orally, then it would be prudent to follow up with an email to confirm what was said. Equally, keep minutes of any meetings. These can be circulated to all attendees for correction. This allows for all parties to have an accurate reference of any discussions if confusion later arises.

Don't just walk away from a problem. A dispute in itself is not necessarily grounds for a complaint of misconduct to CIMA, but if you do not address the issue promptly, maintaining communication, a client may have grounds for a complaint of unprofessional behaviour. Mistakes can happen — be honest and apologise and make reparation where necessary.

Use your complaints-handling procedure

If a dispute arises and you have vetted the client, you have an engagement letter in place, and you have tried to discuss the issues with the client without success, you should make use of your complaints-handling procedure. This provides a standard approach to addressing any complaint raised by a client, setting out the length of time for acknowledgement and for a formal response to the complaint.

A complaints-handling procedure provides an opportunity to resolve any concerns raised before they escalate further. This may be difficult if you are a sole practitioner, but you are still required by CIMA to have a procedure, and that can give the client confidence that you will take a complaint seriously and address it within a timescale.

If your complaints-handling procedure has been exhausted and the issues persist, you may wish to offer a form of dispute resolution. For example, your engagement letter can stipulate that the parties agree to participate in mediation as a way of resolving disputes before litigation. It is very important to remember that alternative dispute resolution does have costs associated with it, and you will want to ascertain what they are, as far as possible, before promoting this course of action. You can find a mediator via the Centre for Effective Dispute Resolution website.

Consider disengaging from the client

Sometimes a business relationship can break down irreparably. If you think you can no longer provide services to a client, you should disengage in accordance with the notice period in your terms of engagement. An exception would be if you have grounds to suspect the client of illegal activity, in which case you can disengage immediately to avoid any accusations of complicity. We recommend that you respond to any requests for professional clearance from the new accountant, even if there is not much to say. It may be a temptation to withhold any documents if you are owed fees, and we recommend that you read the CIMA guidance on withholding client documents to ensure that you remain within the law and enable the smooth transition to a new accountant.

Use the Ethics Helpline

If you are facing an ethical dilemma and are unsure of how to proceed, it is prudent to seek support. You may wish to speak to colleagues and seek their opinion or obtain independent legal advice. Alternatively, while CIMA is unable to provide legal advice, you can contact its Ethics Helpline where we can provide links to appropriate sections of the *Code of Ethics* and practical guidance on communication — useful information to help support members. If in doubt, reach out. ■

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INSTITUTE NEWS

Input sought for Future of Finance 2.0 research

The AICPA & CIMA global Research & Development and Syllabus teams are carrying out research to highlight the proficiencies necessary to advance the profession.

The findings from this Future of Finance 2.0 research will underpin the development of management accounting qualifications, thought leadership, and learning resources.

Stakeholders involved in the research include finance professionals (those with CPA and/or CGMA designations and chartered accountants), employers, educators, regulators, and policymakers. The research includes interviews, roundtable discussions, and a global survey.

The research builds on the 2019 *Re-inventing Finance for a Digital World* white paper.

If you are interested in taking part in a roundtable discussion, please contact the research team at FutureofFinance@aicpa-cima.com.

AICPA & CIMA update sustainability reporting summaries

With mandatory sustainability reporting likely to happen as early as 2023, now is the time to start building your climate-related disclosure literacy. To help members navigate the changing sustainability reporting landscape, AICPA & CIMA have updated several reports in the sustainability frameworks and standards summary series.

The *Evolution Overview Update* is for those new to sustainability reporting. It presents a summary of the several initiatives underway to build a coherent global approach to the fragmented sustainability accounting and reporting landscape. The update captures significant recent developments.

AICPA & CIMA have also updated their *Task Force on Climate-related Financial Disclosures* summary. Recent sustainability reporting rules and standards proposed by the International Sustainability Standards Board (ISSB), the US Securities and Exchange Commission (SEC), and the European Financial Reporting Advisory Group (EFRAG) have strong alignment with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The proposals align with the TCFD recommendations' structure of four thematic areas, representing core organisational operating elements:

- Governance;
- Strategy;
- Risk management; and
- Metrics and targets.

The TCFD recommendations are a great starting position on which to build your organisation's sustainability reporting journey.

For those likely to be impacted by the SEC's proposed rule issued in March, The Enhancement and Standardization of Climate-Related Disclosures for Investors, AICPA & CIMA have published a summary of the proposed disclosure requirements.

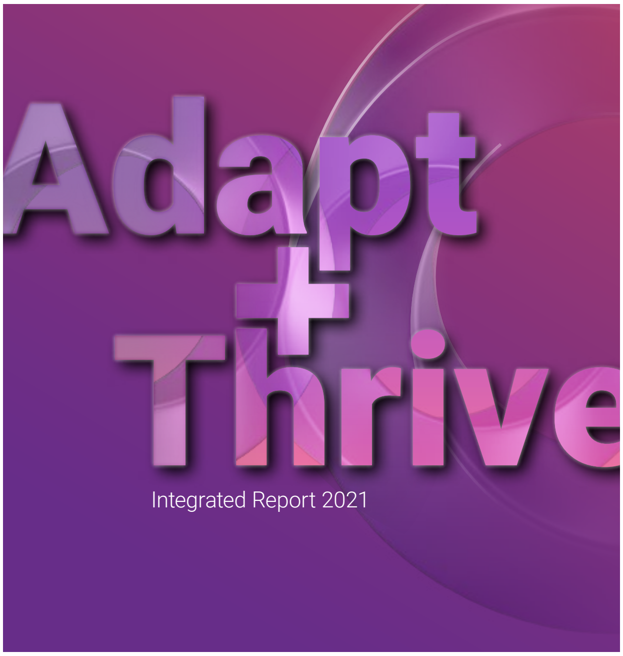
AICPA & CIMA have also issued updates to their *Sustainability Accounting Standards Board (SASB)* and *Global Reporting Initiative (GRI) Standards* summaries. AICPA & CIMA advice for using reporting frameworks is to remain with the one or combination of more than one that you currently use. A general rule is that SASB standards have a reporting focus on the financial impacts for investors and the GRI standards focus on the wider impacts for stakeholders.

Association publishes 2021 integrated report

The Association of International Certified Professional Accountants' *Integrated Report 2021* tells the story of how the AICPA, CIMA, and the Association create value.

The report explains how the Association continues to build on the strength, rich legacy, and brand equity of both membership bodies. It outlines the past year's top accomplishments, including the ways the Association nurtured a culture of upskilling and reskilling and worked to help accounting and finance professionals be the "go-to professional of choice" for measurement, reporting, disclosure, and assurance on environmental, social, and governance (ESG) issues.

The report highlights how the Association supported the CPA and CGMA pipelines, advocated for worldwide economic recovery, helped members help small businesses, and improved audit quality. It also includes an update on how the Association performed against its strategic initiatives and their underlying strategic key actions in 2021.



CIMA resources to spot and navigate fraud

Whether you are a CIMA member or a registered student, you may well encounter fraud in your employment or professional engagement. The action you take will depend upon your seniority, but in your role as a decision-maker or as one who simply provides professional advice, being able to identify fraud is the first step to becoming part of the solution.

Helping your employer or client face up to fraud and deal with it can save a company money. It also helps to demonstrate that as a professional management accountant, you are a valuable asset to a business.

The Fraud and Financial Crime hub on the CIMAglobal website contains information on spotting fraud and can aid your decision-making when considering what to do about it.

The Ethics Checklist can also help you navigate fraud you encounter and decide how to address the issues.

2022 elections to CIMA Council

Newly elected members

The following members have been elected for their first term as Members of Council, to serve from the close of the Annual General Meeting (AGM) on 22 June 2022 until the close of the AGM in 2025:

Bradley Channer, FCMA, CGMA — North East England Electoral Constituency (EC5)
Shane Mugan, FCMA, CGMA — Republic of Ireland (EC9)
Mahesha Amarasuriya, FCMA, CGMA— South Asia (EC14)

Re-elected members

The following members have been re-elected to serve for another term on Council from the close of the AGM on 22 June 2022 until the close of the AGM in 2025:

Amarjeet Hans, FCMA, CGMA — Central London and North Thames (EC1)
David Johnson, FCMA, CGMA — South West England and South Wales (EC2)
Michael Lowney, FCMA, CGMA — East Midlands and East Anglia (EC3)
Sangeeta Freeman, FCMA, CGMA — East Midlands and East Anglia (EC3)
John Graham, FCMA, CGMA — North West England and North Wales (EC6)
Patrick Barr, FCMA, CGMA — Northern Ireland (EC8)
Mustafa Muchhala, FCMA, CGMA — Central Southern England (EC11)
Aidan Goddard, FCMA, CGMA — North Asia (EC15)
Francis Chan, FCMA, CGMA — South East Asia (EC16)
Paul Wilhelmij, FCMA, CGMA — Europe, North Africa, and Middle East (EC17)
Martin Saxton, FCMA, CGMA — The Americas (EC18)

Newly elected member (casual vacancy)

The following member has been elected for his first term as a Council member, to serve from the close of the AGM on 22 June 2022 until the close of the AGM in 2023 — to fill the casual vacancy created by the previous member being elected to CIMA vice-president:

Bruce Burrowes, FCMA, CGMA —
Central Southern England (EC11)

Do you need to register as a CIMA Member in Practice?

It is a CIMA requirement that members offering accountancy services for fees must register as a Member in Practice (MiP). This registration includes supervision for compliance with the Money Laundering Regulations. If you do not register, you will be in breach of the rules.

Find out how to register.

For MiPs in the UK, your CIMA practising certificate states that you are supervised for compliance with the Money Laundering Regulations, which is the evidence accepted by tax authority HMRC as proof of supervision in order to become a tax agent.

BOTTOM MIDDLE: IMAGE BY JESS-BAILEY/UNSPLASH; TOP RIGHT: IMAGE BY TOWFIQU-BARBHUIYA/UNSPLASH

Alternative aviation

Across the world, from China to the UK to the US, new types of modern airships are taking to the skies. According to a 2022 report from Transparency Market Research, the global airship market is set to grow by 6.5% a year from $260 million in 2020 to a projected $519.8 million by the end of 2031.

Companies such as US-based Lighter Than Air Research, Flying Whales in France, and UK-based Hybrid Air Vehicles are seeking to develop new technologies that will lower the environmental cost of 21st-century international aviation.

An ability to take off from almost any flat surface without the need for extensive infrastructure or long, paved runways is creating new options for travel, supply, and disaster zone humanitarian support.

UK-based Hybrid Air Vehicles' Airlander 10 is designed to serve short-haul routes with up to 100 passengers on board. The company plans a fully electric, zero-emissions version before 2030.

PHOTO COURTESY OF HYBRID AIR VEHICLES