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CONTENTS

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MELANIE JANINE KANAKA, FCMA, CGMA

The CGMA designation's power

'AICPA & CIMA own the sole rights to use the CGMA designation.'

I'm delighted that my professional designations have served me so well over the course of a varied and interesting 30-year career, ever since I was admitted to CIMA membership in 1992. I proudly added the CGMA designatory letters after my name in 2012, when the CGMA designation was created.

The worldwide reach of AICPA & CIMA makes CGMA the only management accounting designation with truly global recognition. That means our qualifications are recognised and respected everywhere by our employers, clients, customers, and regulators. The CGMA designation is a true global passport that leads one to a successful global career.

The reason for this is simple. The aptitude and dedication that are required to acquire CIMA's CGMA Professional Qualification, which permits use of the CGMA designation, shows that the designation holders are people of good character, are guided by strong ethics, and have a sound grasp of the leading-edge skills required in today's rapidly evolving business environment.

It is in the interests of all CIMA members to do everything we can to reinforce the power and brand recognition of that designation. CGMA is a differentiator in a confusing market. At the moment, there are many management accounting designations, certificates, and programmes around the world awarded by different organisations, but only appropriately qualified AICPA & CIMA members can call themselves CGMAs, the global standard in management accounting. It is vital that we who have it capitalise on this advantage.

Unlike the current post-nominal letters ACMA and FCMA, AICPA & CIMA own the sole rights to use the CGMA designation, which is very important. It means the designation is unique and the value of the designation can be legally defended to protect the interests of the people who hold it. This is not true of ACMA and FCMA, as a number of competing accounting organisations also award ACMA and FCMA to their members. While CIMA's ACMA and FCMA continue to be awarded and used across the world, CGMA is unique because it is owned and defensible by CIMA and recognised globally.

Members value the CGMA

Since I became CIMA president and co-chair of the Association of International Certified Professional Accountants last June, I've had the opportunity to meet with members and candidates from around the world, including in Australia, Indonesia, Malaysia, Singapore, United Arab Emirates, South Africa, Sri Lanka, Canada, and the UK. In all these places I heard how becoming a CGMA designation holder helps start a successful career.

Both new and long-standing CIMA members also share these feelings. Time and time again, they tell me the value that their membership and CGMA designation bring to their careers and how their unique skillset is valued by their organisations. This is why they continue to place their trust in us by remaining a member of the world's largest body for management accountants.

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To prevent confusion and to highlight the value of what we have, we must always ensure that our qualification, and membership of CIMA, stand apart in a crowded marketplace. That is why we renamed the CIMA Professional Qualification as CIMA's CGMA Professional Qualification and brought about brand consistency through the CGMA Finance Leadership Program and the CGMA Competency Framework, emphasising the CGMA designation's significance.

Maintaining the CGMA's status as a distinct, prestigious, legally owned, and defensible designation is central to CIMA's global leading role. Doing so plays a key role in securing the best possible future for our members, giving them the global opportunities that make our profession such an interesting and rewarding field to work in. I wish you the very best as you continue on your progressive professional journey onward and upward. With my best wishes.

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Digital skills gap: A threat to prosperity

By Andrew Harding, FCMA, CGMA

The economist Paul Krugman was right when he famously said: "Productivity isn't everything, but in the long run, it is almost everything." If we want the benefits of economic growth, we need to make productivity enhancements. These arise from new technologies combined with the workforce learning the skills to exploit them.

It is therefore surprising that you hear far more about the latest advances in artificial intelligence than about the number of workers being trained in digital skills to take advantage of them. Growth requires both those things to happen, but we are falling short on skills.

The skills gap

AICPA & CIMA research in the UK found that four out of five UK SME employers say there are skills gaps in their workforce. Despite this, just one in three SME employees undertook any skills training or professional development in 2022.

There is also a mismatch between the skills employers say they need and the skills their workers think they need. For example, 40% of employers want more digital and information technology skills, but only 23% of the workers who said they were supportive of more in-work training thought these skills would be effective at increasing their productivity.

This is a global problem. McKinsey & Co. research released in 2021 found that 87% of companies globally were aware that they either already had a skills gap or would have one within a few years.

Unless we can upskill the workforce in ways that employers need, we will be unable to generate productivity increases and therefore struggle to achieve economic growth. This is especially true in the age of digital disruption. The technology to enhance productivity exists or is being developed. It is the skills to harness it that are missing.

Upskilling the finance profession

It is not all gloom. Members of our profession can proudly say we place a high value on upskilling. Mastering the CGMA syllabus and achieving CIMA's CGMA Professional Qualification requires aptitude and dedication, and, even then, we never stop honing our skills. In accounting and finance, learning, unlearning, and relearning skills is now the norm, and AICPA & CIMA are proud to provide high-quality CPD resources to facilitate this and support maintenance of your CGMA designation.

To thrive in the age of digital disruption, I would especially recommend taking a look at some of our digitally focused resources:

- You can access the Making the Case for Data Analytics course in the CGMA Store and in the AICPA Store. It will help you show your organisations what data analytics can achieve for them.
- The Data Analytics Core Concepts Certificate, which you can find in the CGMA Store and in the AICPA Store, will allow you to identify and frame a problem and then recommend data-driven solutions.
- I would also recommend The Importance of Cybersecurity course available in the CGMA Store and in the AICPA Store. This will help you understand how the traditional accounting and finance role is affected by cybersecurity issues.

Equipped with these resources, our members can be confident that they will thrive in a world where those skills are a precious commodity. ■

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

How to use digital technology to upgrade your supply chain

IMAGE BY NAMTHIP MUANTHONGTHAE/GETTY IMAGES

Five experts discuss how digitalisation can address supply chain disruptions that can hit reputation and revenues.

By Andrew Kenney

Global supply chains have been under pressure from trade disputes, cyberattacks, and commodity price fluctuations since before 2020. Pandemic lockdowns exacerbated problems, throwing gaps in supply chain management into sharp relief.

A 2021 Economic Intelligence Unit survey of around 400 senior supply chain and procurement executives in the US and Europe found that businesses suffered reputational damage and that supply chain disruptions also cost them an average of 6% to 10% of annual revenues in 2020 and the two years before.

In 2020, the top priority to address supply chain issues was better analytics and information management, according to management consultancy The Hackett Group. That includes digital tools to analyse and visualise data, and tools to analyse demand patterns, optimise sourcing and production, and measure warehouse and logistics performance.

"There was a lot of human glue: throwing resources at problems that could have been automated or assisted [by technology]," said Brian Higgins, leader of KPMG's supply chain and operations business in the US.

Three years after the start of the pandemic, inflationary pressures, more frequent and severe natural disasters, and the Russia-Ukraine war have "amplified the need for modernisation and addressing the tech deficit", Higgins said. "The reality is," he added, "there's been such a pent-up demand for these supply chain transformations."

Today's emerging supply chain technologies range from automation that combines artificial intelligence, machine learning, and robotic process automation (RPA) to the internet of things (IoT) in

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"8 Steps for Finance Leaders to Deliver Digital Transformation", *FM* magazine, 26 September 2022

"How Finance Leaders Can Rethink the Supply Chain in 2022", *FM* magazine, 10 January 2022

data-enabled factories, and blockchains that track goods across companies.

Whenever they're proposed, they bring new questions for company leadership, including the CFO. There are opportunities not just for better flow of goods and access to data, but also for financial forecasting and reporting that strengthen the whole company. Also, these emerging technologies come with their own challenges.

Here's what five experts in finance and technology had to say about the new sprint to digitally transform the supply chain.

4 steps toward supply chain transformation

Companies have started to pour new resources into the supply chain in recent months, Higgins said.

"The role of supply chain executive[s] has been elevated, and they've been provided more resources to manage the organisation," he said. "They're not shy about raising their hands and making a new level of investment."

The biggest problems to solve include hiring and retaining quality workforces, growing input costs and fees, and demands for business continuity and supply chain resiliency, said Colin Smith, a US-based manager of Sourcing and Supply Chain Transformation for Grant Thornton.

To tackle them, consider these four steps:

1. Ask questions and understand your needs

In his role, Smith works with upper-mid-market companies to fortify their supply chains. In some cases, he said, companies are moving too fast — overinvesting in single areas or projects before they understand their true needs.

"We're going to clients, and sometimes they'll be so far down the road. They're trying to solve a specific supply chain need and specific technical needs," he said. Smith advises instead taking a short- and long-term look at the organisation's strategy.

Kate Baucherel, FCMA, CGMA, a UK-based consultant on emerging technology and a blockchain specialist, also suggested taking a strategic look before implementing digital transformations. She urged leaders to first ask what kinds of information they need to track, from factory to consumer.

"It starts with communication with the suppliers all the way down the line to understand what the key measurements are, the key things you need to know," Baucherel said. "Because you can't measure what you don't know, and if you know about it, you can manage it."

More broadly, the CFO must learn enough about these technologies to ask the core financial questions about a project's return on investment. That can be a complex question in supply chain transformations, according to Neil Ross, ACMA, CGMA, a senior finance professional in Johannesburg, South Africa.

2. Consider basic upgrades first

Often, Smith said, the best place to start is with more basic upgrades, including rethinking the approach to forecasting, planning, spend management, contract management, and inventory visibility in the supply chain.

Foundational efforts can also address the excessive paperwork and "human glue" that many supply chains rely upon. Such upgrades can include RPA to more efficiently settle transactions, sign contracts, and track recalls — along with greater integration into ERP and analytics systems.

"If you can alleviate the burden which is in some cases consuming the majority of people's time, you can reorient them toward strategic planning, troubleshooting, and risk prevention," Smith said.

Higgins agreed that basic modernisation for forecasting, demand planning, and statistical modelling are the most common supply chain projects today.

"That's how you steer your supply chain and cement your cost basis," he said.

Basics may also include physical upgrades of manufacturing and processing facilities, such as using smart machines that can continuously report their status and other information about the production line.

Transforming a supply chain and integrating it digitally also requires an upfront investment in compiling and cleaning up data sources. In the world of the supply chain, information can live anywhere from Excel sheets to paper stacks and off-site drives.

"There is lots of buzz around advanced data, but if your foundational basis is not cleaned up and you're still pulling from a multitude of ancillary systems, the organisation will struggle — you can't make real progress," Smith said.

3. Examine next-generation technologies

Beyond upgrading the basics, companies also are looking to next-generation digital technologies. As IoT sensor networks produce ever-growing volumes of data, companies may use machine learning to discern deeper patterns in their supply chain — perhaps even predicting how and when to expect shortages and slowdowns. Some hope to achieve a more autonomous supply chain, with AI able to adjust orders and sales volumes based on information from a company's own logistics as well as the broader markets.

New technologies also are building stronger data connections between companies. Blockchain — the digital technology that allows for unified, secure, and immutable recordkeeping across organisations — has attracted plenty of hype, especially in the supply chain world.

"Supply chain is possibly the most advanced application of blockchain that we see in the business world," Baucherel said. "The concept of blockchain is literally creating blocks of transactions that can be visible and unchanging. That was immediately attractive to people talking about the movement of goods."

So far, the technology has shown up in high-profile projects such as the Aura Blockchain Consortium, a collaboration of the luxury goods companies LVMH, Cartier, and Prada. The project aims to allow customers to verify a product's authenticity and even trace it back to its raw materials.

Baucherel also pointed to efforts like Halcyon, a blockchain for tracking engineering and construction projects, and AgriLedger, a blockchain effort focused on farmers. KPMG's Higgins said the technology is also gaining traction for reporting on environmental, social, and governance (ESG) needs.

The greatest promise of blockchain in this area is in sharing data across the many companies that constitute a supply chain, said Nishani Vincent, ACMA, CGMA, Ph.D., an associate professor of accounting at the University of Tennessee at Chattanooga in the US.

"We maintain our records in our own books. We make mistakes. There is a lack of transparency and also the inability to reconcile because we maintain them separately," said Vincent, who previously worked as a consultant on tech projects.

"So, we spend a lot of time reconciling, going back and forth, solving errors in our invoices, purchase orders, and sales orders," she said.

Blockchain could help to change that by having companies operate from a single, shared data source — the blockchain. While other digital technologies can do that, too — it's as simple as creating a database in the cloud — blockchain offers some unique strengths, Vincent and others said.

Transforming a supply chain and integrating it digitally also requires an upfront investment in compiling and cleaning up data sources.

Because of its design, blockchain creates "immutable" records that cannot be secretly edited by any party. That could make it easier for auditors and others to inspect records and ensure that no party is altering invoices or other information, Vincent said.

Blockchains can also provide a platform for other advancements. For example, blockchains can support smart contracts, in which transactions automatically occur when various criteria are met. Those contracts can be fed with data from the IoT, from sensors in factories to climate observations.

"Blockchain gives that common trading platform for any device to input data into other smart contracts that can be used by different organisations," Vincent said.

However, she and others cautioned that the technology is in its early days. There are few "off-the-shelf" solutions, meaning that most projects will require developers and other resources.

"It's still a very powerful technology," Higgins said, "but most companies have not 'cracked the code' on how they're going to squeeze value from it."

Baucherel said that the earliest adopters will tend to be the largest companies or those supplying them.

"It's very unlikely that a small company would say, 'We're going to move to the blockchain.' Blockchain's very specifically useful for big, distributed networks," she said.

4. Test-drive new technology and monitor its performance

A CFO should not just look at projections and figures but should also visit real-world sites and help to design tests of new technology, Ross suggested.

"You need to do a proof of concept, let it run in parallel with your existing systems, see the value that's derived, and be able to quantitatively and qualitatively measure what return you're getting from that," he said.

The CFO can also raise questions that others aren't asking, Higgins said. For example, if data is moving to the cloud, what will be lost in terms of customisation or gained in convenience? For any new technology, was a proper "make vs. buy" analysis made?

Companies also should be asking ethical questions about the data they're collecting, especially if they're recording it on an immutable blockchain, Vincent said.

"We might have to be very sceptical about what data is being processed and put on blockchain," she said.

Higgins agreed that finance can design ways to monitor a project's progress.

"Too often, there's that one-time battle for that capital request, and then there's no follow on, and then [the project] drifts," he said. He suggests "periodic check-ins and health reviews. 'Did we spend the dollars we expected, and did we get the return?'"

In that time after deployment, the CFO can be not just a sceptic but a supporter, helping to ensure that investments get attention and continued buy-in throughout their life cycle, Ross said.

"Too many projects will start off with a lot of zest, a lot of enthusiasm, and that fizzles away, never really giving it the proper chance it deserves," he said.

And with supply chains likely to remain tangled for the foreseeable future, the companies that succeed in these projects are likely to see substantial returns. ■

Andrew Kenney is a freelance writer based in the US. To comment on this article or to suggest an idea for another article, contact Oliver Rowe at Oliver.Rowe@aicpa-cima.com.

IMAGE BY JIRI STUDNICKY/GETTY IMAGES

Ways to establish yourself as a finance conference speaker

Speaking in front of other finance professionals at conferences and seminars will help you build influence and credibility.

By Teri Saylor

When Lindsay Stevenson, CPA, CGMA, launched her career in accounting and finance, she wanted to engage in public speaking to enhance her career but didn't know where to start.

Seeking advice, she turned to colleagues and clients in different business sectors and discovered that real estate professionals often need instruction in areas of finance. She contacted groups of real estate agents to offer her services as an instructor and began educating them on accounting and finance topics such as understanding property taxation and how to interpret income tax returns.

"The audience could easily relate to that topic because they often get finance queries from their buyers and sellers," she said. "They asked good questions, and I felt that I left them with useful information they could use in their businesses."

After a few similar presentations, she started building her credibility as an effective presenter and was able to expand to audiences in other business sectors, including her fellow finance professionals.

Stevenson is chief transformation officer at BPM, a US-based accounting and consulting firm with international offices in India and the Cayman Islands. She and Megan Gavin, associate director–ENGAGE & Global Events for AICPA & CIMA, together as the Association of International Certified Professional Accountants, provide some tips for finance professionals interested in exploring conference speaking opportunities.

Take a unique approach

Sometimes it can seem that conference speakers are all the same, delivering identical messages in a uniform way, which can come across as boring. Choosing topics that you are highly comfortable with will give you the confidence to craft presentations in a unique and interesting way, Gavin said.

"You could find yourself speaking in front of experts who may know as much as you do about your topic, but it's how you approach the subject that will make you stand out as a speaker the audience will remember," she said.

In these post-pandemic times, people are seeking human interaction and fresh ways to learn, Gavin said.

"We often receive feedback from conference participants that they want to

> **Developing an interactive approach to presentations or delivering your message in a way that invites audience participation will set you apart from those who simply stand and lecture.**

be more involved in continuing education sessions," she said.

Developing an interactive approach to presentations or delivering your message in a way that invites audience participation will set you apart from those who simply stand and lecture.

Another strategy is to tie your presentation to current events and real challenges that impact people's lives. This will help your audiences identify with the topic at hand, Gavin said.

"Look to emerging technology, the state of the economy, and even the recent pandemic for ideas on topics to address within your niche," she added. "When you present your ideas in ways that people can relate to, you'll be in high demand as a speaker."

Find an audience

Stevenson started her speaking career in front of client groups, but there are many ways to find audiences. She recommends seeking out organisations of professionals that could learn from your expertise and glean knowledge from information you'll share.

"Target groups and organisations you feel you could impact, and contact their leadership to discuss potential topics of interest for their members and constituents," she said. "If they provide positive feedback, offer your services as a speaker."

Networking with presenters at conferences is also a good place to start.

"Consult with speakers you admire," Stevenson said. "Ask for advice and invite them to connect on LinkedIn or by email to discuss their speaking careers, lessons they've learned, and how they began building their own audiences."

Upgrade your CV

Establishing your authority as a subject matter expert is crucial for anyone wishing to speak before audiences, and Stevenson admits it's not easy to do.

"I sometimes struggle with highlighting my qualifications," she said. "But I have found that instead of listing aspects of my job experience, I describe my expertise and accomplishments over the years."

For example, if you have led projects or taken on tasks for your organisation that have yielded impressive results, be sure to list them on your CV.

"These are going to be the career highlights that make an impact and build your credibility," she said.

In addition to compiling an impressive CV, it helps to keep a written biography available to share with potential audiences. Start by creating a core narrative that includes everything you want audiences to know. You can tailor it for different audiences.

"If you're speaking on a specific topic or to a specific audience, you can always add a sentence or paragraph that really grabs their attention," she said. "And keep an up-to-date photo of yourself ready to share when asked."

Craft the perfect pitch

At the core of pitching a topic for a presentation is an impactful writing style.

"When I read a course description or abstract and find it well written or even captivating, it always makes me want to learn more," Gavin said.

When pitching a conference topic, be thorough but concise and highlight the main points of your proposed talk. Providing specific learning objectives will appeal to conference organisers who are keen to build programmes that benefit their participants.

"The most important aspects about any pitch or submission are the takeaways," Gavin said. "There should be at least two key ideas or strategies the audience can implement in their own careers."

Submitting a video of yourself delivering a speech can be an effective way to pitch your skills and topic.

"Videos will allow you to demonstrate your stage presence and showcase your unique speaking style," Gavin said. "They help event organisers determine if you would be a good fit for their audience."

Build confidence

Even the most polished and confident speakers were at one time nervous in front of people. Confidence radiates authority and raises your value as a speaker.

One way to build confidence is through leadership.

"Look for leadership positions within your professional circles, community-based organisations, and even charities, where you may be required to deliver reports, lead discussions, or appear in front of people," Gavin said.

Many of these organisations look within their membership for potential speakers and panellists, so getting involved could provide both leadership and speaking opportunities.

"At AICPA & CIMA, we leverage the impact of our volunteer leaders for conferences because we know they are subject matter experts and are the best at what they do," Gavin said. "For anyone interested in speaking at finance conferences, serving in a leadership capacity is the perfect way to build your reputation and find opportunities to get your voice heard." ■

Resource

Article

"How to Secure a Conference Speaking Slot", *FM* magazine, 28 October 2019

Teri Saylor is a freelance writer based in the US. To comment on this article or to suggest an idea for another article, contact Oliver Rowe at Oliver.Rowe@aicpa-cima.com.

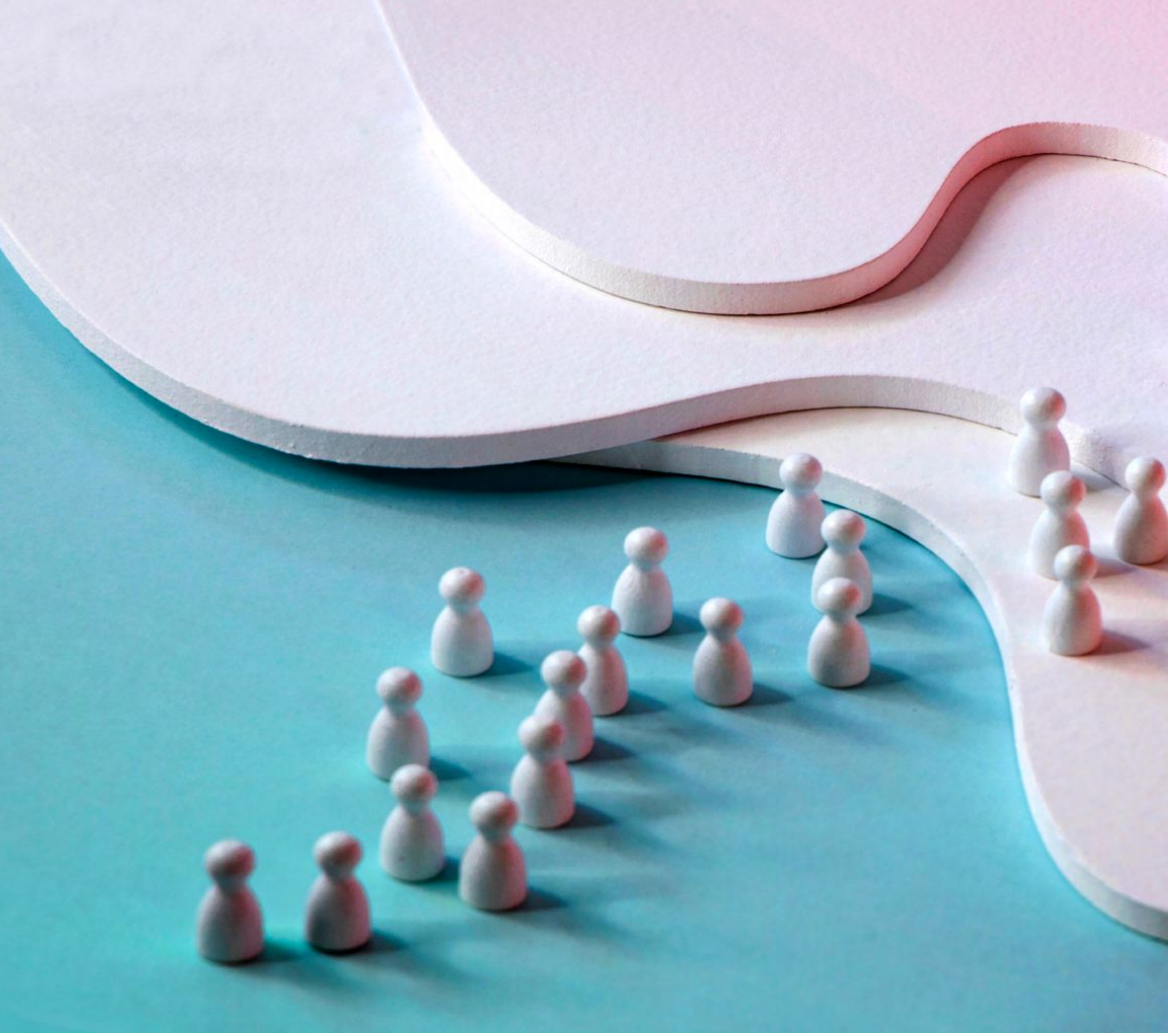

IMAGE BY TWOMEOWS/GETTY IMAGES

Managing up successfully for career advancement

Knowing how to manage up effectively is essential for career success — here's how to do it right.

By Raju Venkataraman, FCMA, CGMA

While many workplace relationships contribute to career success, successful corporate executives will tell you that they never took their boss for granted and actively managed up to cultivate productive and positive relationships with their seniors.

Managing up is not about blind following or ingratiating yourself. It is also not about tolerating bosses who behave disrespectfully or inappropriately. It's about consciously developing good and trusting relationships with the people who can influence your career trajectory. When the relationship works well, you both enjoy effective two-way communication, clear expectations, good alignment, mutual trust, respect, and camaraderie. Naturally, your organisation also benefits from the harmonious and productive relationship. Managing up can also help you find common ground with a difficult manager or a manager who doesn't work or think the way you do; it can result in a manager who's willing to advocate for you when the need arises.

The purpose of this article is to remind you of these key principles to manage up effectively:

- It is up to you to intentionally manage your relationship with your boss and help them to be a more effective manager and a better boss to you. If there are hiccups or breakdowns in the relationship, it is in your interest to act promptly to have those issues addressed in a way that works for both of you.
- The boss is only one-half of the relationship. You are the other half — the half you have more control over. Developing an effective working relationship requires self-awareness and adjustment — of your own needs, strengths and weaknesses, personal style, how you work with others, and what you may be resisting.
- Managing up is a skill you can learn over time. Sitting back and complaining does not help. By honing your "managing up" skills and improving your rapport with your boss, you're investing in a happier, more fulfilling workplace.

Strategies for managing up

Managing up is often situational; however, from navigating my career, I've learned that one can manage up effectively and strengthen your partnership with your manager by doing well in four vital areas.

1. Understand your boss's style and preferences

This will enable you to adapt your approach and communication with them responsively. Consider four ways to do this:

Ask what their biggest priorities and concerns are

Sometimes, keeping your ears close to the ground (networking, not gossiping) will help you understand the challenges that your boss is facing in the organisation. If you know what achievements would make your boss a success in the eyes of their own boss and senior management, support them in that.

Understand your boss's communication preferences

Some bosses are very hands-on, others like to manage by exception (ie, identify issues that deviate from the norm and manage those). Does your boss prefer grabbing a coffee together rather than

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meeting formally? WhatsApp, Slack, or detailed email updates? Chit-chat first or cut straight to business? Entire history or just highlights?

Adapt to and adjust for their communication style

This takes effort, but don't you go this extra mile for a valued client? Then why not for your boss?

Owing to cultural upbringing, some bosses may communicate indirectly. If your boss's style is indirect, you may miss the signal that they want you to act. For example, if your boss says: "I really have to get this report done, but I don't have much time," they actually mean: "I am asking you to do it for me."

If you don't get it right away, they would have to step out of their comfort zone to be more direct, leading to a dissonance that is not uncommon in cross-cultural settings.

In my case, my accountant training made me a details-oriented person, which sometimes met with a rebuff from some of my nonfinance bosses, until I learned to adapt.

In a perfectly balanced and ideal world, we may wish that our managers would align their preferences and workstyle to ours. However, unless the particular workstyle of the manager is outright hostile, discriminatory, illegal, or against stated company policy (handling those scenarios is not covered in this article), it is in your interest to recognise they have different perspectives, styles, experiences, and ways of relating and go ahead to proactively adapt your style. Of course, good bosses also adapt over time.

Reframe and redirect when their instructions are not clear

If you feel like your manager is not being clear with their instructions or requests, respond with, "So, if I understand correctly, you're asking me to do …," and fill in the blank with your perspective. Your manager has an opportunity to confirm or correct your understanding, and you get the needed clarity.

Similarly, if you're feeling unsure midway through a project, arranging check-ins with your manager will ensure you don't get too far off track.

2. Make your boss's job easier by building trust

This is done by building your competence, reliability, and trust quotients in the following five ways:

Keep your promises and exhibit strong ownership of your work

Your boss needs to trust you to get your job done, so that they aren't left in the lurch. When you accept an assignment, follow through and deliver by the date and time you promised. Leverage your boss if you need to for crossing organisational hurdles. At the same time, it is critical to anticipate difficulties. If you think you cannot deliver as promised, let your boss know in good time and help to manage the fallout. Even though this might involve showing vulnerability, I have found it effective in bumping up the trust quotient.

Bosses seldom like surprises, even pleasant ones

Surprises make them look like they are not in control. Many times, we believe it's best to conceal problems until we have solved them, but the knowledge that you could have put your team at risk can cost your boss's trust. Even as you set in motion a firefighting plan, loop the boss in early.

Likewise, when bad news is inevitable — such as an unhappy customer all set to escalate a complaint — brief your boss before that call comes in, both on the issue and how you are fixing it.

When you see your boss in need, that is the best time to up your trust quotient

A turning point in my career came when my first boss at Disney sought to move a sales function for the Southeast Asia territory from Hong Kong to his own team in Singapore but did not have the headcount to manage it. I asked him if I could try my hand at it, over and above my existing role. Braving a steep learning curve and long hours, I "auditioned" by cracking open the Indonesian market for Disney Channel. That gave him great confidence in me, even as he met his own objective of bringing the sales function directly under him.

Tout your achievements tactfully

Do not seek to overshadow the boss. The best way is to frame successes as "wins for the team" and to compliment your boss for their role in it.

Be mindful to avoid certain behaviours

These include habitual bargaining on every matter, failing to check in or update,

Levels of managing up

Managing up comes naturally to you, and you are comfortable or even an expert at it.	While not your natural inclination, you realise its importance, have learned the basics, and it mostly works out for you.	You don't consciously "manage up"; somehow your very nature helps you to be in this neutral zone.	You know its importance, yet sometimes you feel frustrated having to do it.	"What on earth is this? Is my work not enough? Do I have to do this, too?" You struggle with the concept.
5	4	3	2	1

joining in "loose talk" even as a joke, or stealing the boss's thunder in the desire to build your own image as you seek to raise visibility for yourself among senior leadership.

Trust is not gained overnight. It develops from being true, honest, vulnerable, and having a track record of delivering on time what you promised.

3. Be a likeable colleague to work with

Show flexibility and willingness to take on the difficult projects. Beyond competence, performance, and all that jazz, we all like to work with congenial folk. Your boss is no different. Follow these tips to achieve it:

Embrace the mission to make your boss successful

Remember the scene from the film *The Devil Wears Prada*, where Miranda Priestly's assistant stealthily walks alongside her at a party and whispers into her ear who each guest is, so it'll seem as if she remembers everyone? That should be you.

This does not mean being a 'yes' person

Managing up also means speaking up when you need to be the truthteller, but do it genuinely, respectfully, and confidentially (ideally one-on-one).

Advise, then cooperate

Don't be shy to offer your point of view — I remember the many corner office debates I had with my bosses. But once the decision was taken (per my recommendation or not), I'd put myself solidly behind it and wholeheartedly implement it.

Show genuine appreciation for their support and feedback

This is important even where the feedback is negative. It is not to be confused with flattery, but it will make your boss feel validated.

Seek out common interests

These can include sports, music, movies, etc., in order to connect beyond work topics, spend time together, and forge a bond.

4. Proactively enable your boss to help your own and your team's performance

A cardinal rule when managing up is to take more off your boss's plate than you add to it.

Explain how you're best 'managed'

Every boss has their own default management style; it's up to you to gently guide your boss with specifics on how they can help you do your best work. This requires self-awareness first and then the courage to speak up.

Make their work easier, not harder

When you have to escalate a problem, approach your boss with a coherent problem statement, some homework on causes, and your suggestions for resolution.

Anticipate your boss's needs and proactively support them

This develops as you get to know your boss. Spotted some real-time industry news that your boss may not have picked up? Message it to them ahead of their upcoming meeting with their boss or the industry roundtable — they then appear to be on top of their game and recognise you as a key factor.

Get clarity on your KPIs and rewards

Ask your boss (1) what their expectations of you and your team are; (2) how will you be measured on those; and (3) if you exceed those targets, what does that mean for you? It is not a good idea to accept fuzzy feedback — ask clarifying questions to be able to take concrete action.

Manage your boss's communications about you and your team

Looking for a promotion? Or budget, headcount, or support for an initiative? Your ability to secure it often depends on how senior management perceives you and your department. Don't leave this important issue only in your boss's hands. Consider what information senior management looks at, and equip your boss with the talking points, blurbs, facts, and figures to properly represent you and your team. Offer to write reports, prepare slides, or even assist your boss in presentations. Seek opportunities to factually highlight how you are contributing to the team's success.

How well are you managing up currently?

Rate yourself on how well you manage up, using the scale shown in the chart "Levels of Managing Up". I hope implementing the four ways discussed in this article will help you to improve your scores to level 4 or higher, leading to more success and fulfilment in your career.

Of course, when your relationship with your boss seems beyond repair and you've done everything in your power to improve it, consider looking for a new job — or at least a new manager. Anyway, it's always a good idea to identify and cultivate other potential sponsors in the organisation beyond and in addition to your boss.

As you finish reading this article, I'd encourage you to answer the following questions: What's one challenge you confront in your relationship with your boss? What's one strategy that you have learned that you might use to address it? ■

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PHOTO BY ANDREW MERRY/GETTY IMAGES

Innovative ways to finance sustainability projects

Consider accessing different sources of funding to help avoid or mitigate risks associated with unsustainable business strategies and practices.

By Ian Thomson, ACMA, CGMA

Investing in sustainability projects, such as net-zero energy systems, reducing waste and resource use, and redesigning products and services often creates value in the medium to long term. Making businesses more sustainable is a good long-term business strategy, but like all investment decisions, it has to demonstrate future benefits to justify the need for short-term expenditure.

Recent energy price increases illustrate this sustainable investment challenge. Higher forecasted energy prices create the possibility of substantial future cost (and greenhouse gas) savings from investing in energy-efficiency measures, eg, smart lighting, low-e windows that have a reflective metallic layer to help heat and cool buildings, solar panels, and heat pumps. But higher energy costs also reduce cash available to invest in these projects, a situation made worse by low predicted growth rates and a likely recession in some economies.

Banks, investors, and other conventional finance providers also face competing demands for their funds, and as a result value-creating sustainable projects remain on the shelf, despite their positive impact on businesses, customers, nature, and the climate.

Becoming sustainable requires cash now in order to reap the rewards in the future. The World Economic Forum estimates that there is a persistent annual gap in global sustainable development financial investment requirements of $2.5 trillion — which could increase to $4.2 trillion if the effects of the pandemic are taken into account, according to the Organisation for Economic Co-operation and Development.

The good news is that many markets, institutions, businesses, and individuals are willing and able to finance this transition with funds earmarked for this very purpose. There are many ways to finance sustainability projects that often have a lower cost of capital, with lower risk structures, and different repayment terms that match the expected positive impact of these projects.

These sustainable financing innovations range from grants or interest-free loans to sustainability bonds, impact investment schemes, and crowdfunding. Many of these innovations involve blended finance packages, which combine public and private sources of finance as well as combining equity and loans. This article explores the potential strengths and weaknesses of these emerging financial products and services to help finance professionals match their sustainable financing needs with different financial packages (see the sidebar, "9 Tips for Financing Sustainable Transformations").

Free money first?

When it comes to certain sectors and projects, there may be low- or no-cost sources of finance. Many governments or agencies have set specific sustainability goals or targets, such as the European Green Deal, that depend on businesses, public service organisations, and individuals changing their behaviour. To incentivise these changes, governments or agencies provide grants, subsidies, or targeted blended finance packages at low or preferential rates. For example, the UK government announced:

- The Public Sector Decarbonisation Scheme to fund both energy efficiency and low-carbon heat upgrades;
- The Green Recovery Challenge Fund, which is a £40 million fund for conservation organisations and their suppliers;
- A direct air capture programme for developing new technology that captures CO_2 from the air; and
- The Automotive Transformation Fund, which supports capital and research and development projects in the UK automotive industry.

While many of these schemes only apply to particular sectors or technologies, if your business qualifies for them, they can be transformative and well worth investing a couple of hours in research.

The UN has several useful initiatives to help businesses access sustainable development finance. For example, the UN Special Envoy on Innovative Finance and Sustainable Investments described the UN Joint Sustainable Development Goal (SDG) Fund as offering "a sustainable investment model by leveraging the power of markets to accelerate businesses, empower communities, and provide a clear path to self-sufficiency".

The UN has a number of initiatives that highlight schemes in different countries designed to finance their national priorities, which include preferential access to finance and capital markets.

A useful guide to what constitutes a sustainability project can be accessed via the EU taxonomy for sustainable economic activities. Different countries have their own version of this taxonomy, and they

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help identify whether your project is officially defined as sustainable. Many sustainability projects are linked to tax breaks and subsidies that dramatically improve the after-tax cost of capital. It's not quite free money, but it's always worth checking before looking for commercial deals.

Innovative repayment schedules

Many sustainable investment products don't use fixed-term interest repayment schedules but try to match the repayment schedule with how the financial benefits accrue. For example, some UK public sector organisations in England and Wales have been able to access loans for installing energy-saving schemes with a repayment schedule tied to actual energy savings. This means that the cost of this type of project is spread over the forecast cost savings, reducing the cash flow risk.

A similar logic applies to financial products designed to operate in accordance with Islamic principles, such as Green Sukuks, where the repayment is triggered by the achievement of specific positive benefits derived from the assets funded by the loan. These types of financial products are particularly useful for projects where future cost savings do not occur in a linear fashion or may take a longer time to occur. For example, the greenhouse gas absorption capacity of newly planted forests grows over time and may not reach optimal levels for up to 100 years. If the repayment schedule reflects this natural process, it is then likely to act as an incentive for much-needed investment in nature-based climate solutions.

Sustainability bonds and contingent interest instruments

There is a growing market in sustainability bonds, issued by commercial companies and government agencies. A number of companies have created special bonds designed to fund their sustainability transformation projects; eg, since 2017 Scottish and Southern Energy in the UK has issued green bonds worth €2.75 billion to ensure it can operate sustainably and responsibly.

Sustainability bonds have two main features. First, issuers commit to restricting the use of the actual funds to achieve pre-specified SDG objectives. Second, they have a covenant that links the investors' returns to the issuer's achievement of these objectives, with possible decreases or increases in the investors' returns. This variation in return to investors is a way to share the risks and benefits accruing from the use of these funds. For example, climate bonds include interest rates pegged to a schedule of reductions in greenhouse gas emissions. This means if the business's greenhouse gas emissions rate of reduction exceeds a specific target, then a lower return is paid to the investors, whereas if greenhouse gas emissions' rate of reduction is lower than the target, a higher return is paid. This provides a financial incentive for the business to invest in projects with a greater possibility of reducing emissions.

These bonds go by many "brand" names, based on the outcome of the loans and any restriction on how they're spent. Green bonds are restricted to projects that reduce environmental impacts. Blue bonds are targeted at projects that reduce water use or protect the oceans. Nature performance bonds are intended to fund projects that reduce biodiversity damage. SDG-linked bonds are used to fund projects that support the achievement of the SDGs. Sustainability-linked loans exist across different sectors and are designed to incentivise borrowers to hit specified sustainability performance targets or submit to sustainability-related processes, such as gaining B Corp Certification, submitting to human rights audits, developing low-carbon products, or showing high levels of resource re-use or recycling. These bonds often require enhanced accountability or assurance procedures.

Impact investors

There is a growing consensus that long-term financial returns depend on robust and resilient socio-ecological systems and all of humanity benefits from maintaining these systems. Linked to this perspective is the growth in impact investing, where individuals, philanthropic foundations, private equity, and financial institutions fund projects or businesses with the express purpose of achieving specific social or environmental outcomes as well as secure financial returns. While some of these impact investors are connected to philanthropic foundations, such as the Rockefeller Foundation, most financial institutions, eg, BlackRock, have launched impact investment funds or instruments. Even Harvard Business School has entered this market with its social enterprise impact fund. A number of leading private-equity companies are also developing impact investment funds.

These impact investment funds often focus on funding for specific projects, technologies, or infrastructure that has measurable social, economic, and environmental benefits. The advantage of impact investment is that the funder often has high levels of expertise to help design, measure, and support the delivery of positive impact. In addition, impact investors can tailor the terms of the investment to the activities and may even take shared ownership of assets over the long term.

Impact investing requires greater levels of collaboration and engagement between funder and borrower than other forms of sustainable investment products. This level of engagement leads to greater shared knowledge about projects that may have high levels of technical or financial uncertainty, which allows informed decisions as to appropriate high set-up costs, risk premiums, and cash flow assumptions.

The customisability of impact investments can result in a substantially lower cost of capital over the life cycle of the project. In addition, there is a "greenium" (green premium) attached to this type of investment activity, given the reputational benefit of being associated with projects or businesses making a positive impact.

Crowdfunding

Sometimes the financial market, governments, and even impact investors lag behind the innovative potential of businesses, particularly startups or small or microbusinesses. This is understandable, as they are obliged to act with a level of prudence, limiting their risk-taking. This can mean that transformative technologies or products fail to get off the ground or are unable to scale up. This is a space where crowdfunding has particular advantages.

Crowdfunding is one way that businesses, particularly startups, can raise money directly from the public, particularly if they are related to products or services that grab people's attention. Crowdfunding is basically a form of matchmaking on the internet where businesses pitch their business concepts to nonprofessional investors, normally through a web platform.

Giving money through crowdfunding is flexible and can involve very small sums of money. Crowdfunders are often motivated by nonfinancial factors, such as picking a winner, being part of something innovative, backing a "cool idea", engaging with a business, or having a sense of making a difference. But getting in early means that high financial returns can be earned, although this has to be balanced with greater risks.

Often crowdfunding is sought at the product concept stage, where there is no guarantee the product will even make it to market. Some types of crowdfunding are regulated in certain jurisdictions. In the UK, the Financial Conduct Authority (FCA) regulates:

- "Peer-to-peer lending", where consumers lend money to businesses in return for interest payments and a repayment of capital over time.
- Where consumers invest directly or indirectly in businesses by buying investments such as shares or debentures (unsecured bonds).

The FCA also regulates payment services related to:

- Donation-based crowdfunding.
- Pre-payment crowdfunding — where consumers give money in return for a future service or product.

Crowdfunding, particularly pre-payment crowdfunding, has been successfully used by larger corporations, including Tesla. The company pre-sold its cars — an electric alternative to petrol-fuelled, carbon-emitting vehicles — for delivery in the future and raised enough money to bridge a massive financial hole the company was in.

Crowdfunding can provide much-needed finance at relatively low cost, particularly donation-based crowdfunding; the pre-payment model also provides greater certainty of future sales. The ease and flexibility of crowdfunding enables many low-wealth individuals to invest in or support purpose-driven sustainable businesses or projects. Individuals can participate in investing in a sustainable business simply by pre-buying a proposed product or donating a small sum to an entrepreneur in the hope they will make a difference and where their contribution will be acknowledged in some way.

My partner and I have helped crowdfund authors who couldn't get commercial support for their books. One book even made it onto *The Sunday Times* Bestseller list, making us cleverer than publishing companies, even though we were only one of hundreds acknowledged at the end of the book. A good outcome for a £10 stake. ■

9 tips for financing sustainable transformations

Don't limit your thinking to borrowing money or issuing new stocks or shares. Apply a bit of imagination to look for alternative sources of funding that are aligned with what you want your project to achieve:

1. List the positive sustainable benefits the project will achieve and the negative impacts it will avoid. Use this list to search for innovative forms of sustainable funding that match those impacts.
2. Search for industry- or business-specific grants and subsidies that cover the sustainable impacts of your projects. If you feel your project doesn't fit, consider modifying it accordingly.
3. Search for nongovernmental organisations, charities, or philanthropic foundations that share your aspirations and where there can be a meaningful collaboration. Don't be afraid to undertake pioneering projects where you can be an exemplar for these organisations. Often funds are available for these innovative, transformative projects.
4. Search for targeted financial products or sources of funding linked to the potential impact of your project, eg, impact investors or sustainability bonds.
5. Consider blended finance products that combine public and private sources of funding.
6. Consider joint ventures with other commercial businesses, as this may make the project more investable for finance providers, eg, by having large enough scale, shared risks, and reduced set-up and monitoring costs.
7. Keep an eye on market innovations, as the finance market is dynamic, agile, and fast-moving. Don't discount crowdfunding and even consider pre-selling sustainable products.
8. Always consider the after-tax cost of any financial instruments, as different funds and projects may have different tax treatments.
9. Check for any additional disclosure requirements, enhanced assurance, or accountability requirements attached to the funding, as this could add to the cost.

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Tips to avoid loneliness when working from home

Getting outside, using the phone, and making careful use of messaging apps can stave off feelings of isolation when working remotely.

By Rhymer Rigby

IMAGE BY JUANMA HACHE/GETTY IMAGES

The COVID-19 pandemic accelerated a shift to remote work that was already happening. But while people may love the lack of a commute and the freedom, they may also miss the social side of the office. A 2021 survey of 2,000 UK and US office workers by Kadence, the hybrid workplace software company, found that 81% of workers under the age of 35 and 64% of workers over 35 were concerned about loneliness if they were to continue to work from home full time. Other research has drawn links between tech-enabled distance working and loneliness. So, if you are feeling isolated while working remotely, what can you do about it?

Get outside

If you were at work all day, you wouldn't just sit at your desk from nine to five. So don't do this at home. Take a break and get out of your home office. If you live in a city or town, go to the shops, run errands, or get a coffee. Ideally, you should walk or cycle there to enjoy the combined benefit of exercise and fresh air along with small social interactions you may have. If you live in the middle of nowhere, go outside and enjoy nature for half an hour.

Set up social media groups
One of the problems with remote work is that you miss the informal chit-chat and serendipitous meetings you have in the office. So, re-create these on social media apps. The ability to make off-the-cuff comments and chat informally is invaluable, and messaging apps significantly reduce the barrier to informal commenting (an email, by comparison, is quite formal). However, you do need to exercise some care here. Unlike conversations in the corridor, many apps leave a permanent record — and, if they are work apps, they may be monitored by the company in question. Also, there may be issues around exclusion with private social media groups.

Attend Zoom or Teams meetings
As much as we can moan about video meetings, they do capture some of the feeling of being together in person. We can see our colleagues and read their facial expressions and feel to an extent that we're with them. So, participate fully in video meetings and have your camera on, not off. If you're entirely remote, you could even get together with colleagues informally with a Zoom social.

Make phone calls
The rush to video during the COVID-19 pandemic (and an addiction to messenger apps) means the phone often gets overlooked as a form of communication. But if you have sent a dozen messages or emails, really, you should be making a phone call. It can be far more efficient — if someone doesn't quite understand what you're asking, you can clarify what you mean in real time. But, just as importantly, you'll be talking to someone and forming a connection. You might even digress from work topics and find yourself chatting about shared interests.

Don't always work at home
Just because you're working remotely doesn't mean you always have to be in the spare bedroom. Investigate other options such as coffee shops, co-working spaces, or libraries. These will deliver an office-like experience. And if you go once a week, even if you don't know people at first, you'll soon be on nodding terms with other regulars. You'll begin to feel like part of a network and community. You can amplify this by arranging to be in the space at the same time as other people you know who also work remotely. If you are using a co-working space regularly, you may be able to get your company to pay for it as part of your package.

Take a break and get out of your home office. If you live in a city or town, go to the shops, run errands, or get a coffee.

Encourage your company to have meetups
There is no substitute for meeting face to face. But the good news is a little goes a long way. You only have to meet up with colleagues once every few months to improve your virtual relationships and make them feel deeper and more meaningful. A London Business School professor once told me that the reason real meetings work so well is people need to "smell each other". This is very true — we are social animals, and we need to spend time in physical proximity to other humans in the group to which we belong.

Focus on the positives
The recent pandemic made a lot of people more proactive and self-reliant. Without having a boss in the same room, they became far more decisive and learned to trust their own judgement. Moreover, they learned to deal with small problems themselves and came to enjoy setting their own schedules and working at their own pace. Learn to appreciate this — set goals and focus on learning new skills.

Consider a pet
If you're in it for the long run, a dog or cat can make a big difference — and, what's more, they'll never try to micromanage or take credit for your work. Studies, such as one by the universities of York and Lincoln in the UK, show that pets are associated with both lower levels of loneliness and reduced levels of stress. They can be fun in video calls, too.

Don't be afraid to admit you're lonely
Even though we have become far better at talking about our feelings and mental health, there's still a tendency to bottle this sort of thing up and regard it as a weakness. Don't. Instead, speak to friends, colleagues, and your boss. Talking and sharing helps enormously, and you may discover other remote workers have the same problems you have. Your company may also be able to provide you with help under its mental health policy.

Avoid overwork
One of the mistakes many people make when working remotely is believing that they have to fill every moment with work. But you don't have to use the time you once spent commuting chained to your desk, and you can take a lunch hour. Measure what you do by work output, not hours put in. Use the commuting time to do things that improve your life, whether it's meeting people for coffee, exercising, or spending more time with your family. Socialise after work, too. Go for a drink or dinner occasionally with local friends or fellow remote workers.

Talk to your company about coming in
Employees often ask to be allowed to work from home two or three days a week. So, assuming the office isn't hundreds of miles away, why not turn this on its head and ask if you can "work from work" once a week? Loneliness can have an enormous negative effect on both your mental health and your productivity. If you are suffering from it, tell your employer. They are likely to want to help in any way they can. ■

Rhymer Rigby is an FM *magazine contributor and author of* The Careerist: Over 100 Ways to Get Ahead at Work. *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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Using Excel to calculate an investment payback period

Excel MVP Liam Bastick describes a method to work out the time to recoup an initial investment that allows for irregular cash inflows.

By Liam Bastick, FCMA, CGMA

In these uncertain times it is more important than ever to keep track of your cash flow. Concentrating solely on profits may prove to be a fool's game when cash rules the proverbial roost. But to make money, you have to spend money — so how soon do you get it back?

That's the topic for this *FM* article, where we look at the length of time it takes to recoup initial investment(s) and get back into the black. How do you calculate the payback period in Excel such that it will be versatile to account for irregular periodicities, payment profiles, and possible further outlays?

Let's consider the example in the screenshot "Irregular Periodic Cash Inflows".

I have imagined some sort of infrastructure project with cash inflows and outflows on specific dates (eg, they may have been stipulated by a contract). Other than making the start date 1 January, I don't think anyone will accuse me of creating a simple periodic example.

This is what motivated me to write on this topic. All the solutions I ever see have regular, periodic cash flows with an outflow followed by inflows. And, yes, I have fallen for the latter trap — but I shall return to that subject in a short while.

To work out payback, I need two things:

1. A running (cumulative) total of the overall cash flow.
2. An understanding of timing of the cash flows.

Therefore, I add two computations (all calculations are detailed in the downloadable Excel file). (See also the screenshot "Timing and Cumulative Cash Flow".)

Irregular periodic cash inflows

1 Jan 23	17 Feb 23	9 Apr 23	3 Oct 23	11 May 24	17 Oct 24	31 Mar 25	11 Oct 25	23 Jun 26
(250,000)	35,223	52,455	28,131	51,438	52,898	21,992	22,837	59,619

Timing and cumulative cash flow

	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
11															
12		Date			1 Jan 23	17 Feb 23	9 Apr 23	3 Oct 23	11 May 24	17 Oct 24	31 Mar 25	11 Oct 25	23 Jun 26		
13		Cash Flow			(250,000)	35,223	52,455	28,131	51,438	52,898	21,992	22,837	59,619		
14															
15		Days from Start			-	47	98	275	496	655	820	1,014	1,269		=I$12-$I$12
16															
17		Cumulative Cash Flow			(250,000)	(214,777)	(162,322)	(134,191)	(82,753)	(29,855)	(7,863)	14,974	74,593		=SUM($I$13:I$13)

> **I want to know when the first non-negative period occurs. This will provide my initial payback period, which is what I intend to calculate here.**

Calculating the timing of each cash flow is simple:

=I$12-$I$12

This formula simply subtracts the start date (I12) from the date of the particular cash flow on row 12. For example, the third cash flow occurs on 9 April 2023, which is 98 days after the start date of 1 January 2023, etc.

The cumulative cash flow is nothing more than a challenge of anchoring cell references correctly. For example, the formula in cell I17 is given by:

=SUM($I$13:I$13)

Again, column I is anchored, with all cash flows summed from the first period onwards.

We simply need to ascertain payback. Many define this as when the cash flow first becomes non-negative (ie, greater than or equal to zero [0]). Consequently, many people model using COUNTIF to calculate how many negative periods there are. I disagree with this approach for two reasons:

- This methodology often assumes periods are equal in length (often, as in the above example, this is simply not the case).
- This logic fails to consider whether there are any further outflows later when payback may have already occurred (eg, material maintenance capital expenditure). This can lead to entirely erroneous results, regardless of any regularity of periodicity considerations.

Therefore, I will not do it this way. I want to know when the *first* non-negative period occurs. This will provide my *initial* payback period, which is what I intend to calculate here. It will not be distorted by any future negative cash flows. I can determine this using the formula:

=MATCH(TRUE,$I$17:$Q$17>=0,0)

Here, the MATCH function considers the range $I$17:$Q$17 and assesses whether the values are non-negative. In this instance, this will be evaluated as:

FALSE, FALSE, FALSE, FALSE, FALSE, FALSE, FALSE, TRUE, TRUE

MATCH then seeks TRUE in this array and match_type zero [0], the third argument, locates the first occurrence in a sequence provided in any order. Thus, the first TRUE occurs in the eighth position, hence eight [8] is returned, ie:

=MATCH(TRUE,$I$17:$Q$17>=0,0) = 8

Therefore, we now know that breakeven occurs *after* the seventh period but sometime up to or equal to the date of the eighth period. The aim is to find at what point in this time interval, and to do this, I need one of my favourite functions I forever talk about, OFFSET.

OFFSET recap

The oft-maligned OFFSET function considers disposition or displacement and has the following syntax:

OFFSET(reference, rows, columns, [height], [width])

The arguments in square brackets (height and width) may be omitted from the formula and are not germane to our problem covered here.

In its most basic form, OFFSET(reference, rows, columns) will select a reference rows rows down (-rows would be rows rows up) and columns columns to the right (-columns would be columns columns to the left) of the reference. For example, consider the downloadable screenshot "Example Dataset".

OFFSET(A1,2,3) would take us two rows down and three columns across to cell D3. Therefore, OFFSET(A1,2,3) = 16. (See the downloadable screenshot "OFFSET Function Example 1".)

OFFSET(D4,-1,-2) would take us one row up and two rows to the left to cell B3. Therefore, OFFSET(D4,-1,-2) = 14. (See the downloadable screenshot "OFFSET Function Example 2".)

This is especially useful when you

Calculating proportion of period that is non-negative

	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
11															
12		Date			1 Jan 23	17 Feb 23	9 Apr 23	3 Oct 23	11 May 24	17 Oct 24	31 Mar 25	11 Oct 25	23 Jun 26		
13		Cash Flow			(250,000)	35,223	52,455	28,131	51,438	52,898	21,992	22,837	59,619		
14															
15		Days from Start			-	47	98	275	496	655	820	1,014	1,269	=I$12-$I$12	
16															
17		Cumulative Cash Flow			(250,000)	(214,777)	(162,322)	(134,191)	(82,753)	(29,855)	(7,863)	14,974	74,593	=SUM($I$13:I$13)	
18															
19		First Period Non-Negative		8		=MATCH(TRUE,$I$17:$Q$17>=0,0)									
20															
21		Proportion of that Period Positive		65.57%		=OFFSET($H$17,,$H$19)/(OFFSET($H$17,,$H$19)-OFFSET($H$17,,$H$19-1))									

wish to flex cell references. Whilst functions such as INDEX may offer similar versatility, they require the full range to be known, whereas OFFSET does not. Because position is stipulated rather than sought, OFFSET frequently calculates faster than INDEX; the reason OFFSET is not well liked amongst modelling academics is because it is a volatile function, which means it often calculates when not needed (but not always). Quite frankly, this is not an issue in most spreadsheets modelled. Indeed, in one 250+ MB file, our company noted that OFFSET calculated formulas up to 600 times faster than INDEX.

Returning to payback

Assuming we have calculated the "First Period Non-Negative" in cell H19 (see the screenshot "Calculating Proportion of Period That Is Non-Negative"), the proportion of that period that would be positive (strictly speaking, it would be non-negative) could be calculated as:

=OFFSET($H$17,,$H$19)/(OFFSET($H$17,,$H$19)-OFFSET($H$17,,$H$19-1))

This really is not as bad as it first looks. Essentially, it is *almost* the same calculation no less than three times. Consider the calculation:

OFFSET($H$17,,$H$19)

which is based upon cell H17 (see the screenshot "First Non-Negative Cumulative Cash Flow").

This is the cell immediately to the left of the first cumulative cash flow. Therefore, OFFSET($H$17,,$H$19) references the cell H19 — eight [8] columns to the right of this cell, ie, cell P17, which is the first non-negative cumulative cash flow ($14,974 for the date of 11 October 2025).

Some of you will feel uncomfortable that the time value of money has not been considered. But this is a minor adjustment to the technique.

Similarly, OFFSET($H$17,,$H$19-1) returns the last negative cumulative cash flow seven [7] columns to the right of cell H17 in O17 ($(7,863) for the date of 31 March 2025). Thus,

OFFSET($H$17,,$H$19)-OFFSET($H$17,,$H$19-1)

considers the increment in the cumulative cash flow for the eighth period. Now, before everyone points out this is simply the value in cell P13 (which could have been derived using OFFSET($H$13,,$H$19)), I do realise this. I am writing it this way to make the concept clearer.

Hence,

=OFFSET($H$17,,$H$19)/(OFFSET($H$17,,$H$19)-OFFSET($H$17,,$H$19-1))

reflects the proportion of the cash flow for that period that puts the cumulative cash flow into surplus. It also means that 100% less this proportion would represent the proportion of the period the cash flow remains in deficit. But more on that anon.

Now I have enough information to calculate the payback period in days (see the screenshot "Calculating the Payback Period in Days").

Here, in cell H23 I have constructed the formula

=OFFSET($H$15,,$H$19-1)+(1-$H$21)*(OFFSET($H$15,,$H$19)-OFFSET($H$15,,$H$19-1))

You may already be coming to terms with this formula now. The first part

OFFSET($H$15,,$H$19-1)

utilises a similar technique to the one described above by determining the total number of days up to and including the seventh start date (ie, cell O15, which is 820 days).

OFFSET($H$15,,$H$19)-OFFSET($H$15,,$H$19-1)

thus calculates the number of days between the seventh and eighth dates (ie, P15 – O15 = 194 days). This is analogous to the calculation for the cash for the eighth period constructed earlier.

First non-negative cumulative cash flow

	E	F	G	H	I	J	K	L	M	N	O	P	Q
11													
12		Date			1 Jan 23	17 Feb 23	9 Apr 23	3 Oct 23	11 May 24	17 Oct 24	31 Mar 25	11 Oct 25	23 Jun 26
13		Cash Flow			(250,000)	35,223	52,455	28,131	51,438	52,898	21,992	22,837	59,619
14													
15		Days from Start			-	47	98	275	496	655	820	1,014	1,269
16													
17		Cumulative Cash Flow			(250,000)	(214,777)	(162,322)	(134,191)	(82,753)	(29,855)	(7,863)	14,974	74,593
18													

Calculating the payback period in days

	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
11															
12		Date			1 Jan 23	17 Feb 23	9 Apr 23	3 Oct 23	11 May 24	17 Oct 24	31 Mar 25	11 Oct 25	23 Jun 26		
13		Cash Flow			(250,000)	35,223	52,455	28,131	51,438	52,898	21,992	22,837	59,619		
14															
15		Days from Start			-	47	98	275	496	655	820	1,014	1,269		=I$12-$I$12
16															
17		Cumulative Cash Flow			(250,000)	(214,777)	(162,322)	(134,191)	(82,753)	(29,855)	(7,863)	14,974	74,593		=SUM($I$13:I$13)
18															
19		First Period Non-Negative		8		-MATCH(TRUE,$I$17:$Q$17>-0,0)									
20															
21		Proportion of that Period Positive		65.57%		=OFFSET($H$17,,$H$19)/(OFFSET($H$17,,$H$19)-OFFSET($H$17,,$H$19-1))									
22															
23	Payback in Days			886.80		=OFFSET($H$15,,$H$19-1)+(1-$H$21)*(OFFSET($H$15,,$H$19)-OFFSET($H$15,,$H$19-1))									

Calculation using cumulative discounted cash flow

	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
11																
12			Annual Discount Rate		8.00%											
13																
14			Date			1 Jan 23	17 Feb 23	9 Apr 23	3 Oct 23	11 May 24	17 Oct 24	31 Mar 25	11 Oct 25	23 Jun 26		
15			Cash Flow			(250,000)	35,223	52,455	28,131	51,438	52,898	21,992	22,837	59,619		
16																
17			Discount Factor			1.000	0.990	0.980	0.944	0.901	0.871	0.841	0.808	0.765		
18																
19			Discounted Cash Flow			(250,000)	34,876	51,382	26,546	46,330	46,074	18,500	18,441	45,623		
20																
21			Days from Start			-	47	98	275	496	655	820	1,014	1,269		=I$14-$I$14
22																
23			Cumulative Cash Flow			(250,000)	(215,124)	(163,742)	(137,196)	(90,866)	(44,791)	(26,291)	(7,850)	37,773		=SUM($I$19:I$19)
24																
25			First Period Non-Negative		9		=MATCH(TRUE,$I$23:$Q$23>=0,0)									
26																
27			Proportion of that Period Positive		82.79%		=OFFSET($H$23,,$H$25)/(OFFSET($H$23,,$H$25)-OFFSET($H$23,,$H$25-1))									
28																
29		Payback in Days			1057.88		=OFFSET($H$21,,$H$25-1)+(1-$H$27)*(OFFSET($H$21,,$H$25)-OFFSET($H$21,,$H$25-1))									
30																
31		Payback in Years			2.90		=H29/Days_in_Year									

This duration is then multiplied by 1-$H$21 to denote the duration of the period the cumulative cash flow remains negative. Therefore,

=OFFSET($H$15,,$H$19-1)+(1-$H$21)*(OFFSET($H$15,,$H$19)-OFFSET($H$15,,$H$19-1))

adds this proportion to the total number of days up to and including the last date. This is the payback period in days. I can divide this figure by the number of days in a year to present this duration in years if I wish (check out the example Excel file for this final step).

Word to the wise

Some of you will be noting the above but feel uncomfortable that the time value of money has not been considered. But this is a minor adjustment to the above technique. All you do is calculate the present values of the cash flows first and then total these to construct the cumulative *discounted* cash flow (see the screenshot "Calculation Using Cumulative Discounted Cash Flow"). The rest of the approach then ensues.

For those who feel a little nervous prorating periods linearly in this scenario, I completely understand — especially if the duration between dates is excessive. However, this is what is done in practice, and sometimes it is best to follow in this direction. ■

Liam Bastick, FCMA, CGMA, FCA, is director of SumProduct, a global consultancy specialising in Excel training. He is also an Excel MVP (as appointed by Microsoft) and author of Introduction to Financial Modelling *and* Continuing Financial Modelling. *Send ideas for future Excel-related articles to him at liam.bastick@sumproduct.com. To comment on this article or to suggest an idea for another article, contact Oliver Rowe at Oliver.Rowe@aicpa-cima.com.*

How finance leaders can develop creativity in their teams

IMAGE BY PM IMAGES/GETTY IMAGES

By fostering collaboration and creating a safe environment for failing fast, CFOs can allow creativity to thrive so employees achieve greater results within the business.

By Irena Teneva

LEARNING RESOURCE

MBAexpress: Creativity & Innovation — V 2.0

This course demonstrates proven methods to unlock creativity and innovative thinking. Learn new ways to break through mental barriers and same-as-last-year (SALY) thinking.

Find this course in the AICPA Store and in the CGMA Store.

COURSE

Creativity has become a buzz word in business and in finance. To be able to cope with the fluidity and dynamism of our work and lives, finance professionals need to be creative.

But what does creativity mean? Ultimately, it is about developing, testing, and refining new ideas and then transforming them into solutions that enrich businesses and people, both economically and socially.

Organisations know that employee creativity thrives on freedom and flexibility. But drawing on creativity also requires coordination. Linking ideas, resources, and teams to transfer knowledge and scale up solutions does not happen naturally. It requires planning and infrastructure that nurture creativity and innovation.

Finance can play a critical role in fostering creativity. The finance team has visibility over the entire organisation and affects both strategy and operations. Thus, it is well positioned to link information with questions, and ideas with problems. By underpinning all initiatives and processes, it can provide connections between creative endeavours and innovations in organisations. Finance professionals should develop and improve their own creativity as well. This can help them add value in a volatile, uncertain, complex, and ambiguous world.

CFOs can develop creativity in their teams with these four tips:

Create a safe environment

To support creativity, the CFO needs to create a safe environment that challenges the team intellectually and enables dialogue and openness. They can build that safe environment through active listening, giving and receiving constructive feedback, and encouraging diversity of thought. All this helps better understand the status quo and generate ideas to improve it.

Creativity is not magic. It is analytical work. In their book, *The Runaway Species: How Human Creativity Remakes the World*, neuroscientist David Eagleman and composer Anthony Brandt say that creativity is about breaking down information, thinking critically about it, and then bending it to achieve a new iteration or blending it with other data to discover a surprising variation.

Some of this is not unusual for finance people, who habitually analyse and synthesise information. What may be less typical is the element of boldness — challenging the status quo with the aim to improve. And since creativity is about disrupting existing patterns of work when those no longer serve, CFOs must put employees at ease to do so.

Foster collaboration

Creativity loves diversity and teamwork. So, the CFO needs to be deliberate about fostering collaboration. This is because, contrary to what some may believe, idea generation is not the bottleneck of innovations. Naturally, we come up with a lot of good ideas. But putting them into practice is crucial — often this is the hurdle that many companies struggle to overcome. Co-authors Michael Morris, Donald Kuratko, and Jeffrey Covin highlight the difference between "dreamers" and "doers" in their book on intrapreneurship. The CFO needs to attract enough dreamers and doers and motivate them to work collaboratively to operationalise creative endeavours.

Mediate

Creative people value freedom, flexibility, challenge, and responsibility. Therefore, it is important to give them freedom, let them choose how to contribute, and encourage them along the way. They should not feel limited by organisational procedures. In fact, often they do not understand the purpose of those procedures. This, of course, poses a challenge to conventional risk management procedures within a business. The CFO is in a position to mediate — communicating the rationale, while also considering how to amend procedures to facilitate creativity. Through effective mediation (ie, bridge building), neither the analytical finance professional nor the creative professional is left in a silo.

Let them play with it and fail fast

Creative people are visionary. Their motivation comes from inside, and they feel rewarded by making a difference. For them, the creative process is enjoyable and often feels like play, not work. The CFO needs to facilitate this flexible mode of work, which includes experimenting for pleasure and puts people at ease to create.

However, the CFO's position here is delicate. The challenge is to cultivate creativity and, at the same time, set organisational and cultural mechanisms that incentivise creative people to leave their comfort zones, engage in iterations, and learn by failing fast. Both experimentation and failure are key. By trying, failing, learning, and then trying again, creative people achieve optimal results.

Creativity as a way to adapt

Some people say that creativity is intelligence having fun. Others believe that imagination rules the world. For finance professionals, creativity is a way to adapt as the pace of change accelerates and their responsibilities broaden. Thus, they can add value and fulfil the evolving role of trusted business partner. ■

Irena Teneva is associate technical director–Research & Development at AICPA & CIMA, together as the Association of International Certified Professional Accountants. She leads a research project on how management accountants can enhance their creativity. To comment on this article or to suggest an idea for another article, contact Oliver Rowe at Oliver.Rowe@aicpa-cima.com.

INSTITUTE NEWS

CIMA publishes reports on value creation and resilience

CIMA has published two new Research Executive Summaries setting out the key findings and implications for management accountant practitioners from research funded by CIMA's General Charitable Trust. They are:

"Purpose to Impact: How Accounting and Reporting Practices Pave the Path to Sustainable Value Creation": This report sets out a framework to successfully pursue sustainable value creation in the current uncertain times. The framework links four distinct but interconnected elements: purpose ("why"), strategy ("what"), innovation ("how"), and impact ("where"). Professor Cristiano Busco (LUISS University, Italy, and University College London) explored how a number of leading European companies implement this framework and how finance experts can support corporate leaders in their journey from "purpose" to "impact".

"Building and Enhancing Organisational Resilience: Before and After COVID-19": Authored by senior lecturer Rodrigo Silva de Souza, Ph.D., from the University of Roehampton in the UK, this research investigates the effects of the pandemic on businesses' awareness of organisational resilience. It also looks at how resilience is defined, managed, and measured. Businesses are facing emerging new risks and disruptions, such as climate change and its associated events. The research aims to help management accountants prepare for these threats, both anticipated and unforeseen.

Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975

CIMA has made an application to the Ministry of Justice to amend Schedule 1 (the Schedule) of the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975 to include "chartered management accountant" (defined to mean a member of CIMA) as an excepted profession. It is proposed that the Schedule be amended by way of Statutory Instrument.

If the Statutory Instrument is accepted and chartered management accountant is added to the Schedule, the effect will be that CIMA is entitled to require applicants and registered members and students to disclose spent convictions (CIMA is currently only able to require disclosure of unspent convictions).

This would be in line with similar institutions and professions. "Chartered accountants", ie, members of the ICAEW (Institute of Chartered Accountants in England and Wales) and ICAS (Institute of Chartered Accountants of Scotland); and "certified accountants", ie, members of the ACCA (Association of Chartered Certified Accountants), are already included in the Schedule and may be required to disclose spent convictions.

If chartered management accountants are added to the Schedule, CIMA intends to require the disclosure of spent convictions and cautions for: (1) new students and new members, upon application; and (2) existing registered students or members, with respect to any new cautions or convictions (ie, spent convictions or cautions incurred before CIMA's addition to the Schedule would be unaffected). The requirements would apply to applicants, members, and students both inside and outside the UK.

If you have any questions or concerns regarding the proposed amendment to the Schedule, please email prof.conduct@aicpa-cima.com.

TOP: IMAGE BY ALI SHAHGHOLI/GETTY IMAGES; BOTTOM: IMAGE BY DIGIPUB/GETTY IMAGES

AICPA & CIMA sponsor inaugural IFRS Sustainability Symposium

AICPA & CIMA, together as the Association of International Certified Professional Accountants, sponsored the first IFRS Sustainability Symposium, held on 16–17 February in Montréal, Canada.

The symposium was designed for global business leaders, investors, and policymakers. The sponsorship reflects AICPA & CIMA's continued commitment to fostering high-quality sustainability accounting and reporting through their guidance and professional development resources. It also reflects the bodies' support for clear and globally consistent reporting standards developed by bodies such as the International Sustainability Standards Board (ISSB), the sustainability standard-setter within the IFRS Foundation.

AICPA & CIMA award Central and Eastern Europe employers

Individuals and five companies in Central and Eastern Europe — NatWest Group, JP Morgan, GSK Finance Hub–Europe, DXC Technology, and Johnson & Johnson — have been recognised by AICPA & CIMA Employer Awards presented at a Warsaw, Poland, ceremony in December.

The Employer Awards recognise companies that supported and contributed to AICPA & CIMA's projects and events in Poland and wider Central and Eastern Europe throughout 2022, supported CGMA candidates within their organisations, or served as regional advocates for the accounting and finance profession.

Award of honorary CIMA fellowship

Kelvin Wong, Ph.D., chairman of the Accounting and Financial Reporting Council (AFRC) in Hong Kong, has been awarded an honorary CIMA fellowship. The award, made by Jasper Chung, ACMA, CGMA, chairman of AICPA & CIMA's Hong Kong Area Committee, celebrates Wong's contributions and achievements in the accounting, finance, and business community in Hong Kong and their alignment with the values and vision of AICPA & CIMA.

Jasper Chung, ACMA, CGMA, (left) and Kelvin Wong, Ph.D.

BOTTOM LEFT: IMAGE BY JENNY DETTRICK

Valuing heritage

According to the Economist Intelligence Unit, the number of tourist trips worldwide is expected to increase by 30% this year after growth of 60% in 2022. The global economic downturn and sanctions on Russia will mean tourism is likely to remain below pre-pandemic levels, however.

Many tourists will seek out cultural and natural sites, which are celebrated globally on 18 April. Sites include 1,157 World Heritage Sites, designated by UNESCO.

Deloitte recently valued one of these — the Colosseum in Rome. The iconic structure supports an estimated 42,700 jobs and has direct and indirect economic and general tourism attraction value for the Italian economy of €1.3 billion a year. Italian residents also put an intangible non-use or "existence" value on the site, calculated by Deloitte at €2.9 billion a year. This value results from individuals' willingness to pay for the building even though they may not use it or gain even an indirect benefit from it.

Rome's Colosseum, a popular tourist attraction that generates more than a billion euros annually for the Italian economy, is even more highly valued by Italians for its very existence.