REBOOTING BUSINESS: VALUING THE HUMAN DIMENSION
Two of the world’s most prestigious accounting bodies, AICPA and CIMA, have formed a joint venture to establish the Chartered Global Management Accountant (CGMA) designation to elevate the profession of management accounting. The designation recognises the most talented and committed management accountants with the discipline and skill to drive strong business performance.
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Most of us sense that we are caught up in something big and uncertain. Much of what we have known – the paradigms that have guided business and government – have been disrupted by a dizzying pace of change brought about by globalisation, innovation and the fallout from the global financial crisis. We see signs of this everywhere – the Eurozone crisis, protestors on Wall Street and around the world demanding a new agenda for business and, of course, the shifting of economic power to Asia.

While the issues and problems are familiar, the real task is to find the way through them to address what the World Economic Forum calls “an indisputable leadership challenge that ultimately requires new models, bold ideas and personal courage to ensure that this century improves the human condition rather than capping its potential.”

Maybe some of the answers are closer than we realise – and not necessarily as complicated as we might fear.

Take, for example, the time honoured maxim to ‘put the customer first.’ Businesses that have been successful over the long term invariably do. But over recent times, how many companies have served customers well in the face of pressures to meet quarterly earnings expectations and respond to the constant changes in the business environment? We aren’t just talking about the commercial sector here. Public services really need to serve the end-user. And not-for-profit organisations also need to get resources to those they work so hard to support.

Do most businesses truly mean what they say when they often claim – “our most valuable asset is our people”? They certainly should start to.

Our new research bears out that the human dimension – relationships with customers, employees, partners and communities – will be key to getting things moving again and sustaining success over the long run.
We surveyed 280 CEOs online from over 21 countries across the world to understand how they viewed current global challenges and what they saw as the priorities in leading their way through them. We followed this up with in-depth interviews with 17 CEOs, chairmen and other business leaders who between them are responsible for over 2.1 million jobs and market capitalisation of $1trn. Their overwhelming response was that the human dimensions of business – for example, customer and supplier relationships, talent development as well as intellectual capital – will be the focus over the next 18-24 months.

We probed further to understand how we are going to move beyond merely paying lip service to customers, employees and partners, to transform what we know into hard reality. What are the obstacles and challenges? Where do companies need to focus their effort?

Our 280 CEOs consider that the first challenge is to understand value – where it comes from and how much there is of it. They see people’s ideas, skills, knowledge and relationships representing the unique value of their companies. The need to measure and manage the human dimension, although difficult, has never been greater if companies are to achieve long-term sustainable success. CEOs acknowledge a clear imperative to go way beyond the financials, and see this as an increasingly important issue to tackle. They need people who are equipped for this task and able to develop the tools that can make the difference.
Our research explains how the human dimension is becoming far more important. The financial drivers retain their importance but the people-orientated factors have begun to achieve equal weight. Just as important, when combined with those factors such as marketing and distribution where the human dimension is growing, the non-financial perspective dwarfs the narrowly financial one.

If they get the human dimension right, companies will be able to focus their resources on the things that really matter and create value for the long term. One of the greatest challenges to realising the potential of the human dimension is the level of focus on quarterly reporting and short-term results. The value that people add will not appear in the quarterly reports and may not be apparent in the short run, but it must be given its due if we expect to make the right decisions. Adopting strategies that will sustain success for a business is not a ‘nice to have’; it is enlightened self-interest for companies and, ultimately, shareholders as well. However, CEOs cited investors who are more interested in short-term returns and a market system too heavily focused on financial reporting, that are both making it difficult to plan for the long term. Better tools that measure and promote the value of the human dimension will help, but there is also another crucial element here – transparency.

Transparency comes in two guises. First, companies can choose an open and honest approach to reporting their activities and may be repaid by winning more trust among investors and other stakeholders. Transparency permits stakeholders a better understanding of a firm’s operations, though it places greater pressure on the firm’s management to produce acceptable results in all facets of their operations.

Secondly, organisations are finding that, despite their best efforts to do so, it is becoming increasingly difficult to keep confidential or damaging information out of the public domain, with the outcomes being as damaging to corporate reputations as they are unpredictable. In an age where it seems that nothing is private, CEOs see transparency as a critical driver of growth. But it is also a juggling act as it is not always easy to find the right balance between openness and protecting commercially sensitive information. But ultimately, relationships are built on trust and openness, and companies are seeing that they can give employees, customers, partners and investors the facts, coupled with powerful tools such as technology to generate innovative and exciting solutions. So-called ‘Big Data’ is just one example of where the right person with analytical skills and business insight can harness technology to come up with value-creating products and services.

Finally, these CEOs believe that the new answers required will come from new ways of working and new levels of collaboration between executive teams, external experts and other stakeholders. In other words, CEOs want help in pulling things together – or in connecting the dots. And they are clear about the people they need to help them do this – those with a strong grounding in their own area of expertise combined with a multidisciplinary perspective; who understand how the different parts of a business need to come together to create value; who have the ability to communicate and influence colleagues to drive success; and who have the agility and adaptability to manage business opportunities and risks in an uncertain, fast-changing environment.

This report marks the launch of the new Chartered Global Management Accountant (CGMA) designation. Chartered Global Management Accountants have the skills and experience to ‘connect the dots’; to use financial and non-financial, qualitative and predictive information to guide critical business decisions and drive strong performance. The CGMA is powered by a joint venture between the AICPA and CIMA, two of the world’s most prestigious accounting bodies.

The more detailed sections of the report explore the results of our CEO survey in more depth and provide additional insights from our C-suite interviews around the following core themes:

1. Understanding and unlocking value in the human dimension.
2. Short-term focus versus long-term sustainable success.
3. Grasping the power of transparency.
4. Working in collaboration to connect the dots.
The key priority for all organisations is building value and creating long-term sustainable success. Easy to say in practice, but to achieve this companies need to understand their key value drivers – both financial and non-financial – so that they can create resilient business models that are flexible and responsive enough to deal with the inevitable shifts in the external environment. There is no doubt that senior leaders see more value originating with people, whether it is their relationships or their ideas than with actual assets which are reported in the financials. So our research shows that it is customer relationships, knowledge and human capital, technology, strategic vision and intellectual property, which are the crucial value drivers, as shown in the graphic below. These should therefore be the primary areas of focus for developing measures of value, for example measuring the value of customer relationships and the value of human capital. Furthermore, it is crucial that companies are able to report this effectively so that investors can truly understand the value of people and factor this into their investment decisions. It’s only by doing this well that resources can be allocated efficiently to maximise value and wealth creation over the longer term.

<table>
<thead>
<tr>
<th>Non-financial</th>
<th>Financial</th>
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<tbody>
<tr>
<td>Customer relationships</td>
<td>68%</td>
</tr>
<tr>
<td>Knowledge and human capital</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td></td>
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<tr>
<td>Strategic vision</td>
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<tr>
<td>Intellectual property</td>
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<tr>
<td>Supplier relationships</td>
<td></td>
</tr>
<tr>
<td>Processes</td>
<td></td>
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<tr>
<td>Financial assets</td>
<td>32%</td>
</tr>
<tr>
<td>Manufacturing assets</td>
<td></td>
</tr>
<tr>
<td>Shareholder value</td>
<td></td>
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<tr>
<td>Natural assets</td>
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(Percentage of those who selected 8-10 on a scale of 1-10)
As shown on page 5, technology features prominently as a source of value – and again people are the creators of technology. Its importance is very much seen in the context of innovative ways of serving customers. For example, customers are now able to become product developers themselves and Big Data, in the hands of those with the right analytical skills, can yield invaluable marketing insights and other business intelligence.

The graphic below shows that executives regard customers as the most influential stakeholders in shaping the future business agenda, followed by employees, clearly showing a strong human dimension.

“A combination of customers having a much better grasp of technology and greater usability to enable them to exercise greater choice, creates a profound revolution for all businesses in the world today. ...; and the only question now is how will it affect your business and what will your reaction and response be to that so that you can be a winner in the new world with this sort of technological underpinning.”

– Andrew Higginson, Tesco PLC Board Director
What actions then are companies taking to grow their businesses over the next 18-24 months – and to what extent are these consistent with their most important value drivers?

To understand what issues are top-of-mind for global executives, our research questions presented them with a list of 16 topics. These could be clustered into those which are clearly financial (namely reducing costs, acquiring new business and reducing headcount) and those which are human (including upgrading talent, strengthening management and embedding finance across the business). As shown in the graphic below, the purely financial grouping remains important at 17%, on a par with the human. However, what is significant is how the balance is shifting. It is also evident that developing new products and investing in new technology are fast becoming ‘humanised’: creating new products or technology.

In terms of individual actions, it is not surprising that companies are keeping a close eye on costs, with this being the single most important action being taken. This is not in itself necessarily a ‘bad thing’ provided that it is not eroding investment for the future. It could indeed be a very positive action if it frees up funds for investment in innovation. However, it is also worth questioning whether this is symptomatic of the fact that companies’ priorities are being skewed by market and investor pressures – or it could simply reflect the sheer fight to survive given the intense competition in individual markets.

There were also some significant regional variations here, with both new product development and investing in technology featuring particularly highly in Asia-Pacific and South-East Asia – maybe consistent with the emergence of the ‘middle classes’ in these economies and rising consumer demand. Asia-Pacific was also notable for its relatively high focus on investing in R&D – recognition, perhaps, of the crucial role of innovation in creating future success.
The overall picture does appear to show a customer bias relative to efforts to build talent. It may be that this is all simply a question of relative priorities, but it is essential that companies don’t take their eye off the ball in respect of talent building for the future. For example, while technology can be an important enabler for employees, they also need to have strong analytical skills to be able to harness its power effectively.

Another possible factor is that companies simply aren’t able to measure the value of, say, employee knowledge effectively, which could be distorting decision making. The current reporting system doesn’t help matters either, with its focus on financial and physical assets rather than on these key intangible assets. Perhaps now is the time to start to focus on improved measurement of all the assets of an organisation.

This was widely recognised by our respondents. As we can see from the graphic below, 75% agreed that they need to put more emphasis on measuring and demonstrating the non-financial value of their business, with only 6% disagreeing. Simply focusing on the financials is accepted as inadequate for reflecting the true value of the company. 76% also agreed that the current reporting system promotes excessive focus on the financials, with only 8% disagreeing. We clearly have a situation therefore where the reporting system is not fit for purpose, with a potential adverse impact on the ability of business to maximise value and wealth creation over the longer term. We revisit this in the next section, but at first sight there is a strong case for the development of reporting that integrates both financial and non-financial performance.

“Our future talent base has to more naturally map to our future customer and relationship base and where our business is going to be.”
– Simon Henry, Chief Financial Officer, Royal Dutch Shell

Focus on financial versus non-financial value

Current reporting system promotes excessive focus on financials

Need to put more emphasis on measuring and demonstrating the non-financial value of our business

76% agree
8% disagree

75% agree
6% disagree
Perhaps because the reporting system promotes this excessive focus on financials, executives do not turn to their finance department for routine help here, with only 12% of all CEOs saying they are most likely to turn to their finance team as a whole to measure non-financial value. As shown in the graphic below, they are far more likely to escalate the request for such information to the executive team whether they are publicly-traded or private companies, with 24% saying this was their preferred option. Although CEOs in South-East Asia and Asia-Pacific are more likely to turn to their finance teams in preference to their executive teams, they are still more inclined to go to investment analysts for help.

Overall, it seems that CEOs do have an unmet need here since so many different sources are used for this purpose. This demonstrates that measuring non-financial value is not yet part of the normal routine of reporting and there is a need to put it on a ‘business as usual’ footing.

“Well, we have to move beyond the financials. We have to move beyond the numbers and become true business partners. Therefore, we have to understand our business. We must understand where the business is creating value, where it is destroying value and recommend value added options to improve.”
– James Singh, Executive Vice President and Chief Financial Officer, Nestlé

“I don’t think it’s about reporting historical results. It’s about how you run the business, how efficient you are, and how you can expand the business. And I think finance provides a great platform for all those aspects of the business.”
– Ed Jordan, Senior Vice President of Operations and Chief Financial Officer, Nolet Spirits

Who do you turn to to measure non-financial value?

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<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Executive team</td>
<td>24%</td>
</tr>
<tr>
<td>Financial team</td>
<td>12%</td>
</tr>
<tr>
<td>Board</td>
<td>11%</td>
</tr>
<tr>
<td>External consultants</td>
<td>16%</td>
</tr>
<tr>
<td>External auditors</td>
<td>10%</td>
</tr>
<tr>
<td>Investment analysts</td>
<td>15%</td>
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<tr>
<td>Investment bankers</td>
<td>5%</td>
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<tr>
<td>Fund managers</td>
<td>3%</td>
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As further indication that improvement is needed, the graphic below shows that while 63% agree that it is important or very important to improve expertise in measuring non-financial value, only 51% of CEOs say that their organisation measures non-financial value well or very well. Companies in the US are slightly further ahead of the pack here.

**Need for improvement in measuring non-financial value**

![Diagram showing need for improvement in measuring non-financial value](image)

However, companies do face significant obstacles in making progress, as shown in the diagram opposite. The most significant is pressure from financial markets, with 36% citing this as an issue with 33% citing investor focus on short-term goals – we are curious as to whether these are obstacles or external pressures that impact internal priorities. Other key challenges are that the tools available are skewed to measuring financial value and deficiencies in information. Investor short-term focus featured more strongly in Asia-Pacific and less strongly in the UK and the US than we would have expected given general perceptions about the way these markets are thought to behave.

“What the customer wants, where the customer or the market is going, you need to be alert to that. And the company that can identify earlier and get there better will be more successful than those that can’t.”

– Gary Kabureck, Vice President and Chief Accounting Officer, Xerox Corporation
Obstacles to measuring financial and non-financial value

- Pressure from financial markets: 36%
- Investor focus on short-term: 33%
- Deficiencies in information: 35%
- Regulatory challenges: 32%
- Tools available skewed: 28%
- None: 7%

- 69%
- 67%
2. SHORT-TERM FOCUS VERSUS LONG-TERM SUSTAINABLE SUCCESS

What companies actually do on a short-term basis needs to be fully aligned with their longer-term strategic vision, with the support of an investor community which judges business success based on a good and broad understanding of the overall value of the business and its future prospects.

As shown below, there is a widespread feeling that investor demands are inconsistent with growing a sustainable business, with a ratio of 4:1 CEOs. As we saw above, pressure from financial markets and investor focus on short-term profitability represent significant challenges for companies in measuring and demonstrating their non-financial value.

Similarly, a majority of our respondents agreed or strongly agreed that investor focus on short-term rewards makes it difficult to plan for the long-term with a ratio of 6:1. This was especially the case in Asia-Pacific and South-East Asia compared to the UK and the US – this is surprising considering the wide perception that investor short-termism is a feature of these markets. It is not clear why there should be this regional difference – it is possible that companies in the UK and the US have been subject to this sort of investor pressure for much longer, and have therefore learned to accommodate it better than their counterparts in countries with less mature capital markets.

Short-term focus versus long-term sustainable success (agree:disagree)

- Investor demands for short-term results are inconsistent with growing a sustainable business.
- Investor focus on short-term rewards makes it difficult to plan for the future.

Investor focus on short-term rewards makes it difficult to plan for the long-term
Nevertheless, the overall view supports concerns from decision makers in various countries that their investors have too short-term a focus, and this is having a serious impact on the ability of companies to take a long-term perspective to achieve sustainable value creation. This prevailing ‘myopic’ culture places little or no value on the factors which senior leaders see as contributing the most to value, including customer relationships, knowledge and human capital, technology and strategic vision. It also has serious consequences for the ability of business to make a positive contribution to society.

This is reinforced by the view of the majority (76%) noted above that the current reporting system promotes excessive focus on the financials. This view was particularly strong amongst US companies. We also saw in the previous section that a majority (75%) see the need for more emphasis on measuring non-financial value. Taken together, this makes a strong case for the support and development of reporting, that integrates non-financial and financial information as shown in the graphic below. Integrated Reporting is now an initiative being led by the International Integrated Reporting Council (IIRC) – see www.theiirc.org

We have considered the importance of the human dimension in creating long-term sustainable success. We now turn our attention to another crucial ingredient – transparency, which also has a very human dimension.

The case for integrated reporting of financial and non-financial value

“I think people increasingly realise that planning properly for the long term is a better way to build shareholder value than reacting to the kind of short-term movements we are seeing. At Unilever we don’t take decisions based on 90 day cycles. We act in the long term interests of the company. That’s why we have been around for over a hundred years. And we plan to be around for hundreds more. ...I think many more people understand that if you plan your business for the long term, then that’s also good for the shareholder.”

– Paul Polman, Chief Executive Officer, Unilever
We live in a world where businesses must learn to live with a far higher degree of transparency, where virtually anything they do or write may become public. With digital technology, changing social attitudes and new legislation opening up companies’ inner workings to public scrutiny, management finds controlling public perceptions of its company is becoming difficult, if not impossible. The challenge is to use transparency to our advantage and capitalise on living in a world where information will tend to come out. It may even be naïve to believe that there can be a hard and fast distinction between internal and external information. In a world of much greater employment mobility and open access to a host of communications media, knowledge can be shared more quickly and easily than ever before. The boundaries between a company and the outside world are much more permeable – this can work to a company’s advantage, for example where employees can be positive advocates for the company’s values, but equally, it’s much harder to tell your own story.

3. GRASPING THE POWER OF TRANSPARENCY

- Transparency is a priority – and an opportunity – for most companies.
- Biggest opportunities are improved reputation with customers and decision making. The biggest obstacles are data security and loss of competitive advantage.
- It can be difficult to find the right balance between being open and protecting commercially sensitive information.

“We well there are two key elements in transparency. The first is making the information available – freedom of information, the regular publishing of information; the right of the public to know. The second is making it intelligible: simply throwing out loads of data doesn’t help people if they are not capable of making sense of it.”

– Lord Andrew Adonis, Director, Institute for Government, UK

Defined in the research as:

trans·par·en·cy
/ˈtransˌpərənsi/

The openness of an organisation; its willingness to publish information, above and beyond what it is obliged to report, about its business and share information widely with employees, customers, business partners and other stakeholders.

“I think in 95% of cases, people have a dilemma as to when is the right time to release information. It is not that they want to withhold that information with any ulterior motive. But it’s just a question of judgement, whether this is the right time or not.”

– Ishaat Hussain, Finance Director, Tata Industries
Harnessing the power of transparency has the potential to reap significant rewards, but it is also a major balancing act. 87% of CEOs view transparency as an opportunity and 13% view it as a threat. Our results indicate that there is a virtuous circle of transparency as shown below, whereby companies which meet customer, employee and shareholder expectations and embrace transparency as a core value, find that transparency becomes a key driver of success and a source of major competitive advantage. However, it can be difficult to strike the right balance between being open and protecting commercially sensitive information.

“There should be great clarity in terms of what all the stakeholders want to understand about a business that’s relevant to them. So they should understand how it conducts its business, where it conducts its business, how it makes its money, what the financial obligations and assets of the business are. I think transparency goes too far when it gives away information that would be competitively disadvantageous... But giving a clear line of sight into how an organisation has conducted its stewardship of the capital it has been given, how it has conducted its business – I think is very important. Indeed, anything that helps society understand the role of business, I think is very valuable.”

– Douglas Flint, Chairman, HSBC Group Holdings
It is also revealing to drill down to some of the specific opportunities and obstacles related to greater transparency. The top six factors for each are shown below.

### Being more transparent – opportunities and obstacles

#### Biggest opportunities

- **46%** Improve reputation with customers
- **37%** Improve decision making
- **26%** Better alignment of internal business objectives and strategies
- **25%** Greater innovation
- **24%** Better alignment with partners and suppliers
- **21%** Better access to skills

#### Biggest obstacles

- **31%** Keeping data secure
- **31%** Potential of losing competitive advantage
- **25%** Convincing partners to share information
- **25%** Possible legal liability
- **24%** Deciding to what extent/which systems should be transparent
- **21%** Opening up to scrutiny from customers

Within these figures are some interesting regional differences, with CEOs in Asia-Pacific commenting that greater transparency results in better alignment of internal business objectives and strategies. In terms of obstacles, data security is of particular concern in the UK, and the threat of losing competitive advantage notable in the US and South-East Asia.

So far, we have considered several related themes around creating long-term sustainable value in the broadest sense of the word and explored the power of transparency to contribute to unleashing that value. The imperative now is to connect these dots through new ways of working in collaboration. We explore this in the next section.
4. WORKING IN COLLABORATION TO CONNECT THE DOTS

The skills that will most need to be increased in the C-suite are marketing, performance management and technological expertise. C-suite members will need people who can combine depth in their specific area of expertise with a multidisciplinary, broad view of the business.

If global corporate leaders are going to navigate their way through the current tangle of challenges, it is clear that they need to understand where value lies in their company and ensure resources are directed to the right goals. They also need to understand and harness the power of transparency.

Success will depend on strong, cohesive teams which collaborate effectively, drawing on a diverse pool of talent and expertise. CEOs need competent people standing shoulder to shoulder with them, to create long-term sustainable success.

So what competencies will most need to be developed within the executive team to ensure success? To some extent, the answers to this are impacted by the talent already in place in the executive suite, but three key areas for development are marketing expertise, performance management and technological expertise. This is consistent with the need to harness the value of people and transparency, although the need for increasing competence in talent management does not score as highly.

Competencies to drive success

- 41% Marketing expertise
- 34% Performance management
- 33% Technological expertise
- 28% Transform data into knowledge
- 27% Operations management
- 26% Analyse data to drive decisions
- 23% Talent management
- 17% Reporting and compliance
- 16% Government and regulatory expertise
- 16% Global/cultural sensitivities
- 14% Legal expertise

1 There are some significant regional differences within this overall picture. For example, marketing expertise is seen as particularly important in the UK. Technological expertise scores highly in Asia-Pacific and South-East Asia. Marketing expertise is particularly important among smaller companies (with revenues below $500m per year) and large companies (with revenues of more than $50bn per year). For the larger companies (with revenues exceeding $20bn), the emphasis is on the ability to transform data into knowledge which can be acted upon.
One thing we can be sure of in this uncertain world is that people – their ideas and relationships – will be more important than ever before. There is value to be gained by being open and transparent in that it will help organisations build better, more valuable relationships. But we will have to improve our ability to measure and promote the value that comes from people – because it takes longer sometimes before the value coming from people becomes apparent, and we have to overcome the current emphasis on the short term. We need to take a long-term view if we are to make the right decisions to build sustainable success. We will need people who can work across the organisation and outside the organisation to connect the dots. CGMAs have a vital role to play in this process.

“You’ve got to be able to represent not only your discipline, but you’ve got to be able to think broadly and connect the dots... I think executives looking forward have to have that sort of multidisciplinary approach.”
– Prat Bhatt, Vice President, Corporate Controller and Principal Accounting Officer, Cisco Systems

“This is not just someone crunching the numbers and providing the data, this is a voice at the table, someone who can absolutely help steer the overall commercial strategy for the firm.”
– Paul Walsh, Chief Executive Officer and Executive Director, Diageo
Our in-depth interviews with 17 CEOs, chairmen and other corporate leaders revealed some underlying requirements, which we believe can help to connect all the themes we have explored above. What they want are people who:

• Have core strengths in their own professional discipline or area of expertise.

• But can look beyond their functional silo to have a multidisciplinary expertise which enables them to collaborate effectively with their colleagues.

• Have skills in management competencies (sometimes referred to as ‘soft skills’) such as communication, influence, team-working, decision making, negotiation and leadership.

• Have a good strategic understanding of the business as a whole – ie how the business model works and which are the most significant drivers of value, how strategic decisions are made, what the key trends in the industry and economy are and how these impact upon the company.

In response to businesses’ need for breadth and depth, the AICPA and CIMA, two of the world’s largest accounting bodies, have formed a joint venture to elevate the profession of management accounting by establishing a new global designation, the Chartered Global Management Accountant, the CGMA. CGMAs are trusted to guide critical business decisions and drive strong performance. They combine financial expertise and business acumen to achieve sustainable business success.

In essence, CGMAs are a different breed of accountants who apply non-financial, qualitative information alongside financial facts to inform decision making. They connect the dots because they understand how the different parts of the business need to come together to create value.

They also bring the independence and objectivity which comes from being bound by a code of ethics, and the professional requirement to continuously update their skills, emphasises both the technical as well as the management skills we noted above, such as communication and leadership.

80% of CEOs in our survey indicated that a candidate with this designation would be more appealing to their organisations than those without it, and 75% said that they would want their existing finance employees to obtain it. CGMAs therefore bring the breadth and depth that business leaders say they need.

“I would always tell you our best accountants are the ones that take large amounts of data and then turn it into information; then they’re able to articulate that information into an idea about how to generate more money or create more value.”

– Richard Dinkel, Chief Accounting Officer, Koch Industries

“Most of our people are in the finance/accounting function, but they have been able to branch out to other areas... for management accountants, their diversity of skill sets plays really well to where corporate America is moving.”

– Priyan Fernando, Executive Vice President of Global Business Services, American Express
Appendix
Survey methodology and demographics

The AICPA and CIMA commissioned Oxford Economics to conduct quantitative and qualitative research to explore the challenges confronting CEOs, CFOs and senior leaders, and what they saw as the priorities in leading their way through them.

Quantitative research

- Online survey of 280 CEOs from over 21 countries conducted during November and December 2011.
- CEOs from across all major industries including manufacturing (15%), IT and technology (14%), business services (13%), construction (10%), retailing and consumer products (8%), financial services (6%).
- CEOs from a range of company sizes, with 31% from companies with greater than US$1bn turnover, including 6% from companies with a turnover of over US$20bn.
- 78% of CEOs from private companies and 22% from public organisations.
- CEOs from a wide geographic spread with 40% from the US, 12% from South-East Asia, 18% from the UK, 18% from Asia-Pacific and 12% from other countries, with total coverage from over 21 countries.

Industry

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<th>Industry</th>
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<td>Agriculture</td>
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</tr>
<tr>
<td>Business services</td>
<td>12.5</td>
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<tr>
<td>Construction</td>
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<td>Education</td>
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<td>Entertainment, media and publishing</td>
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<tr>
<td>Financial services</td>
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<tr>
<td>Government/public sector</td>
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<td>Healthcare services</td>
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<tr>
<td>IT and technology</td>
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<tr>
<td>Manufacturing</td>
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<tr>
<td>Life sciences</td>
<td>1.8</td>
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<tr>
<td>Retailing and consumer products</td>
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</tr>
<tr>
<td>Telecommunications</td>
<td>2.5</td>
</tr>
<tr>
<td>Transport and communications</td>
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<td>Other</td>
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Company size

<table>
<thead>
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<th>%</th>
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<tbody>
<tr>
<td>less than $500 million</td>
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Sector

- 77.5% Private
- 22.5% Public

Country

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<tr>
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<th>%</th>
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<td>Bermuda</td>
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<td>Brazil</td>
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<td>Hong Kong</td>
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<td>India</td>
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<tr>
<td>Ireland</td>
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<tr>
<td>Italy</td>
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<tr>
<td>Japan</td>
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<td>Other</td>
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Qualitative research
17 in-depth interviews with C-suite executives of leading companies and think tanks. This research was conducted in December 2011 and January 2012 either face to face or by telephone.

1. Lord Andrew Adonis, Director, Institute for Government, UK
2. Prat Bhatt, Vice President, Corporate Controller and Principal Accounting Officer, Cisco Systems
3. Richard J. Carbone, Executive Vice President and Chief Financial Officer, Prudential
4. Richard Dinkel, Chief Accounting Officer, Koch Industries
5. Priyan Fernando, Executive Vice President of Global Business Services, American Express
6. Douglas Flint, Chairman, HSBC Group Holdings
7. Arnold Hanish, Vice President and Chief Accounting Officer, Eli Lilly
8. Simon Henry, Chief Financial Officer, Royal Dutch Shell
9. Andrew Higginson, Tesco PLC Board Director
10. Ishaat Hussain, Finance Director, Tata Industries
11. Ed Jordan, Senior Vice President of Operations and Chief Financial Officer, Nolet Spirits
12. Gary Kabureck, Vice President and Chief Accounting Officer, Xerox Corporation
13. Sir Richard Lapthorne, Chairman, Cable & Wireless Communications
14. Bob Laux, Senior Director of Financial Accounting and Reporting, Microsoft
15. Paul Polman, Chief Executive Officer, Unilever
16. James Singh, Executive Vice President and Chief Financial Officer, Nestlé
17. Paul Walsh, Chief Executive Officer and Executive Director, Diageo
The Association of International Certified Professional Accountants, a joint venture of AICPA and CIMA, established the CGMA designation to elevate the profession of management accounting globally.