

# THE iNSPiRING MiND*S*

*of* CPA CONGRESS

AGiLiTy

2017



TECHNOLOGY

LEADERSHIP

INSiGHT

# EMBRACE CHANGE. BE AGILE. MAKE TECHNOLOGICAL INNOVATION WORK FOR YOU.

CPA Congress 2017 examined the increasingly rapid pace of change and how to harness the opportunities that arise from disruption, while providing the leadership to engage others on the journey.

Leading US filmmaker [Matthew Luhn](#) urged the audience to use storytelling to transform, while Cleanaway's Brendan Hargreaves said it was important to know yourself and your communication style to convey your message and win over others.

BDO's Fahim Khondaker discussed opportunities for accountants to collaborate with data scientists to develop value from data analytics and use it for

prediction and forecasting, while former Tesla chief financial officer Jason Wheeler recalled that tough times in business reinforced his belief in embracing personal and intellectual integrity.

Qantas head of financial international operations Kevin Brady explained how an organisation could become leaner and more effective, while [Wayne Stokes](#), the Shanghai-based chief financial officer of cruise operator Carnival, says it is possible to manage a culturally-diverse, global team and maintain consistent principles.

For more insights from CPA Congress speakers, go to [cpaaustralia.com.au/congressondemand](http://cpaaustralia.com.au/congressondemand).

# CREATING THE FUTURE

## THE ECONOMIC GAME-CHANGERS and MEGATRENDS IMPACTING YOUR BUSINESS...

with Paul Bleham... and Dr Lucy Camedon...

Rocket Mail... IT'LL BE HERE SOON...ISH...

UNDERSTAND AND... PLAN

SCENARIO Planning

A.I.

S.T.E.M.  
SCIENCE...  
TECHNOLOGY...  
ENGINEERING...  
MATHEMATICS...

TAKING ON THE MORE ROUTINE TASKS...

LESS OF THE CREATIVE WORK... (Like ACCOUNTING)

25% GDP

40% GDP

Not so GOOD ON SOFT SKILLS

HEALTH CARE EXPENDITURE  
2017  
2043

POROUS BORDERS

COOL CAFE  
FAIR TRADE  
HAND MADE CUP

EXPERIENCE

THIS IS NO LONGER JUST A COFFEE ...

I WISH I HAD DONE SOME SCENARIO PLANNING!

THE CURVE. TRY AND GET AHEAD...

I PLANNED FOR THIS...

INNOVATION IMPERATIVE...

A KODAK MOMENT IS NO LONGER A GOOD THING

ASIAN DOWNTURN

THIS WOULD HIT US HARD

GLOBAL Economy IS ON THE UP

WHAT'S A RECESSION?

A YOUNG PERSON IN THE WORKFORCE

FLEXIBILITY  
ONE OF OUR GREATEST ABILITIES...

\* NOT GEOGRAPHICALLY ACCURATE...

25% GROWTH...

OUR STRONG TIES WITH ASIA HELPED US OUT

LOOKS IMPRESSIVE...

CHINA 95%

INDIA 85%

MINING

STABILIZING AND GROWING AGAIN... A LITTLE

TOURISM

EDUCATION

ONE OF OUR BIGGEST EXPORTS...

SERVICES EXPORTS

IRON ORE

COAL

HUGE NUMBER OF TOURISTS FROM ASIA...

Ray Edwards

# AGILITY IN THE AGE OF RAPID CHANGE

“To be a great professional over the long term you have to embrace change, you have to be agile,” former **Tesla** chief financial officer **Jason Wheeler** told Congress.

He predicted that automation will fully take care of credit, collections and payables in the future and said if he was running an accounting firm today the next group of associates he would hire would have computer science degrees.

They would help the firm become more efficient and ensure proper controls were built into its systems.

Wheeler accepted an offer to join Tesla as CFO in 2015 and in his first month his corporate controller quit, then later the company made headlines when the Securities and Exchange Commission criticised it over non-GAAP revenue accounting.

“I didn’t sleep a lot in the first two months,” he said.

He spent six months diving into the details behind the company’s financials, installing process discipline, shoring up the balance sheet and “hiring a great team”, he said.

The experience reinforced Wheeler’s belief that “you must embrace personal and intellectual integrity”.

“You will constantly be tested, you need to defend who you are and you have to stay true to it.”

Wheeler left Tesla early in 2017 and said by that time the cash balance was predictable.

## NOT YOUR USUAL FINANCE GIG

**Charlotte Hayes**, the chief financial officer

for the **Invictus Games**, told Congress about the challenges in managing finances for a non-profit, one-off event which has no deficit guarantor.

The Invictus Games, to be held in Sydney in October 2018, was founded by Prince Harry for injured war veterans. About 500 competitors and 1000 close supporters will participate across 11 adaptive sports at the Sydney Games.

“This isn’t your usual finance gig,” said Hayes, who came to the role after working on the Australian Formula One Grand Prix.

“While you have your standard financial aspects, such as payroll, you are planning towards an event which must happen between certain dates, so there is no room for schedule creep.”

The Federal Government provided some support but the registered charity also needed to raise funds from sponsors.

Ticket prices were kept low, to maximise attendance and create atmosphere, but Hayes said that cash flow was a constant source of worry.

“I am always thinking about overcommitting on cash we have not yet secured, because if we don’t raise the money we can’t pay for the Games.”

Her main driver of control was procurement. “Procurement leads to contracts and that leads to contract management,” said Hayes.

“I need to make sure that procedures are tight, and also that we can maximise the value extracted from our supplier agreements, some of which are value in kind.”



**“YOU WILL  
CONSTANTLY BE  
TESTED, YOU NEED TO  
DEFEND WHO YOU ARE  
AND YOU HAVE TO  
STAY TRUE TO IT.”**

## TRANSFORMING A FINANCE OPERATION

**Qantas** head of finance international operations, **Kevin Brady**, who has been with the airline for 20 years, told Congress the pace of change in the last three years is the most intense he has seen.

Brady described the transformation of the Qantas finance team, a change which mirrored the company’s rebound from a A\$2.8 billion loss in 2014 to a A\$975 million profit the

following year.

“We had a massive turnaround, and that doesn’t happen by accident; it happens by forcing change and changing the culture of the company,” Brady said.

“Sometimes when you have a burning platform like we had, you either face the burning platform and do something, or you die.”

When the company posted its 2014 loss, the finance function was told to make cuts.

Brady told Congress the headcount of 400 was reduced to about 250, “silos” in the business were broken down and the focus was firmly on what was good for the group.

“We were legacy, we were fat and we weren’t lean, even though we thought we were,” added Brady.

Qantas established a Centre of Finance Excellence that was quicker, faster, better and cheaper.

This was accompanied by an increase in employee engagement. Despite losing about 30 per cent of the headcount, the engagement score in Qantas finance has gone from 70 per cent to 92 per cent over the period of the transformation, said Brady.

I'M BACK

# DARE

KEEP YOUR BELIEF IN THE IMPOSSIBLE

BECAUSE IMPOSSIBILITY IS JUST SOMEONE'S OPINION... NOT A FACT!

NO CHILD SHOULD DIE FROM

WATER BORNE ILLNESSES



BE REMARKABLE TO

HOLDING A MIRROR UP TO SOCIETY

BE A DISCIPLINED NON-CONFORMIST...

CONTINUING THE CULTURE OF THE PAST...



KNOW WHAT YOU STAND FOR AND WHAT YOU DON'T STAND FOR

KNOW YOUR WHY!

PURPOSE

PAST REFLECTION

WHO'S SHOULDERS DID I STAND ON TO GET WHERE I AM...

BE YOUR BEST SELF...



WHY DO I DO WHAT I DO?

VALUES

PAY WHAT YOU WANT...



CHAPTER ONE

AND CHANGE THE WORLD

SELF LOVE TRUMPS SELF DOUBT!

TAKE THE OPPORTUNITY TO SHINE



GET OUT

STAY OUT!

OF YOUR COMFORT ZONE



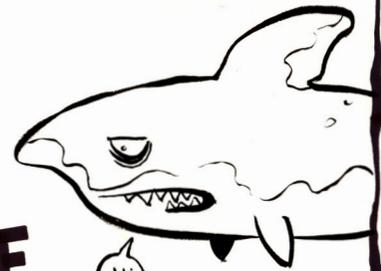
BE BRAVE

\* DOES NOT ALWAYS INVOLVE NUDITY...



COURAGE

Hi



Hi

Roy Edman

# WHAT MAKES A GREAT LEADER?

Ethical behaviour at board level should be seen as a part of the development of a positive culture across the organisation, **Shane MacDonald**, partner – financial advisory forensic consulting at **Grant Thornton**, said in his address, *Tone From the Top? Preventing fraud and corruption from the top down and the bottom up*.

While the behaviour of senior people is critical, there needs to be leadership at every level, as well as mechanisms to report and act on unethical behaviour wherever it occurs, he argued.

MacDonald recommended that every organisation should have regular cultural surveys, a clear integrity framework, training for ethical behaviour, accountability mechanisms, and avenues for whistleblowers. Every employee should know that there is a duty to call out wrong behaviour, and equally should know that their concerns will be acted on.

He believes that companies where there is a strong focus on revenue generation can be especially vulnerable. Senior managers can be tempted to cut corners and step around internal procedures. This attitude can easily filter down, and turn into an acceptance of non-compliance and then corruption. He highlighted the importance of middle managers in preventing the development of a negative culture and acting as the key conduit for the communication of concerns.

## HOW TO LEAD HIGH PERFORMANCE AND MULTI-GENERATIONAL TEAMS

Great leadership is about knowing your story and how to tell it, according to **Nigel Sutton**, founder of audience engagement specialist, **NDS Productions**. His presentation, *Leading change with high-performance and multi-generational teams*, focused on establishing narratives that can frame agendas of innovation and cultural change.

Sutton believes that for a team leader the key issue is being able to listen to questions rather than being drawn into arguments. Especially in teams of high-performing specialists, the role of the leader is to keep the team focused on the goal, which can mean regularly returning to the question of why change is necessary. Within this framework, the leader has to be willing to give up some control so that team members can use their skills effectively. Paradoxically, managing high-performance teams can be more about following than leading.

Sutton said a problem with managing multi-generational teams is that each generation can “cherry-pick” lessons from their experience, playing up good aspects and playing down problems.

This can undermine the need for change, and the team leader has to respect the input of each member while maintaining the momentum for change. The best way to do this is to focus on common goals for the team and the broader organisation.

## MANAGING A CULTURALLY-DIVERSE TEAM

Cruise operator Carnival has 100,000 employees around the globe and Shanghai-based chief financial officer **Wayne Stokes** FCPA told Congress that managing a diverse team and finance function involves understanding cultural differences while adhering to company principles.

“Our culturally diverse employees work with culturally diverse passengers and this is an important part of how we build teams,” said Stokes.

“We deal across regions and our team engages not just with passengers, but with governments, travel agents and suppliers.”

Stokes moved from a role with Carnival in Sydney to Shanghai, and has been made very aware of the cultural differences, both in the market environment and within the organisation.

One example is the attitude to contracts, which in western markets are the result of lengthy negotiations, and are then used to define a commercial relationship.

In other parts of the world, however, a contract “is often just the first part of a rolling negotiation,” said Stokes.

“In many cases the contract is only the start of things. From there, they want to understand who you are and understand your character.”

While this required some adjustment and cultural sensitivity, he said other principles such as a refusal to pay “facilitation payments” needed to be adhered to, to maintain consistency across the company.

**“OUR CULTURALLY DIVERSE EMPLOYEES WORK WITH CULTURALLY DIVERSE PASSENGERS AND THIS IS AN IMPORTANT PART OF HOW WE BUILD TEAMS.”**



# TECHNOLOGIES

## DRIVING the FUTURE of FINANCE...

YOU NEED to **ACT** ON THE DATA... AND DO IT SWIFTLY...

WE NEED SOME SOFT SKILLS OVER HERE!

THE NEAR FUTURE

I TRUST THIS SYSTEM...

**EMBRACE** TECH DISRUPTION (OUTSIDE YOUR SECTOR) CHANGE

INFORMATION INTEGRITY...

WORK SHEET  
TAMPER EVIDENT...  
WORK SHEET  
WORK SHEET

**BLOCK-CHAIN**  
DISTRIBUTED LEDGER TECHNOLOGY...  
THE INTERNET OF TRUST...

TOXIC DATA  
THE ISSUE OF REMOVING IT!



INNOVATION...

CREATING VALUE THROUGH **BIG DATA**  
AN ACCELERATING TREND

HINDSIGHT INSIGHT  
DECISION ENGINES  
FORESIGHT  
WHAT YOU ARE AIMING FOR...

2075  
95% OF EXPERTS SAY A.I.'S WILL REACH HUMAN INTELLIGENCE

THERE IS A SENSE OF URGENCY IF YOU DON'T HAVE ONE... GET ONE

DATA IS AN ASSET...  
...NOT A COST...

DISRUPTION...  
DON'T SEE IT AS A BAD THING...  
HERE'S YOUR FAV' CAREERS...

PERSONALISE EVERYTHING...

INTERNAL  
EXTERNAL (1+1=3)

CLOSING the LOOP

WE FEED A.I. BIG DATA...

THE ABILITY TO COMMUNICATE WITH TECH...

**AUTOMATION**...  
REMOVING SOME JOBS...  
...CREATING NEW JOBS...



**A.I.**  
EMOTION DETECTION.  
CHAT BOTS...  
MACHINE LEARNING.  
DEEP LEARNING.  
LEDGER ENTRIES  
RESEARCH  
AUDITS

47bn by 2020

PRIVACY?!  
EVERYTHING YOU SAY NEAR YOUR PHONE IS RECORDED, MINED AND POSSIBLY...  
SOLD...

EMPATHY COACHES...

BE POSITIVE and **Look** FOR THE OPPORTUNITIES...

2010 A.I. STARTS LEARNING OUTSIDE THE DATA WE GAVE IT...

ROBOTIC PROCESS AUTOMATION  
DOING ANYTHING YOU CAN DO WITH A KEYBOARD...



IMAGE RECOGNITION

SPEECH RECOGNITION...

# TECHNOLOGY: WHERE IS IT TAKING US?

**Fahim Khondaker**, principal adviser, data analytics and insights at **BDO**, examined how data science is developing and the role that accountants can play.

In his address *Understanding the basics to sense check the data – an accountant’s perspective* he noted that maths-based analytics is still a very young field. The usual process for stakeholder engagement for data scientists is: establishing the purpose of the project; data collection; analysis; presentation.

A problem with this process is that data scientists can become overly focused on the data itself and fail to connect with the larger issue of value generation.

Accountants can play the vital role of keeping the project on track, as well as providing a critical element of trust when the findings are presented to the client’s senior officers. Khondaker said they can reduce the “black box” perception of data analytics by integrating their own skills and reputation.

Khondaker argued that the real value of data analytics is its predictive capacity. There does, however, need to be what he called a “sense check” to ensure that a maths model is reflective of the real world and relates to the project’s parameters. He believes that collaborations between accountants and data scientists can produce better outcomes than either group working alone.

## USING DATA TO DISRUPT A MARKET

Many of the global business successes over the last decade have been organisations which have used data to disrupt the market, **Quantum** analyst **Wade Tubman** told Congress.

Tubman singled out Amazon, Netflix, Tesla and Google as companies which have leveraged data at an unprecedented level to create next generation businesses, where labour and capital were replaced by “data and IP”.

“Tesla, for example, has a whole fleet of a quarter of a million connected vehicles which are hoovering up data and allowing them to build algorithms from a data set bigger than all other car makers combined,” he said.

Amazon, said Tubman, had leveraged data to create a personalisation engine to suggest products to customers which now drove 30 per cent of its revenues, “more than any Australian retailer”.

He said the use of data was transitioning from the “old journey,” where data was seen as a cost and was used for “hindsight, like looking in the rear-view mirror of a car”.

In the new journey, data would be seen as an asset, and data sets would increasingly be linked together to look forward in forecasting and predictive models.

“The other trend is that this data-driven

disruption could actually hit you from outside your sector,” said Tubman.

“Disruptors will pick out sectors of the economy which aren’t leveraging data, and that is like blood in the water to them and they are going to come after your margin.”

**“BLOCKCHAIN IS IMPORTANT TO YOU BECAUSE IT IS GOING TO FUNDAMENTALLY REVOLUTIONISE THE WAY YOU PROVIDE SERVICES.”**



## THE FUTURE OF BLOCKCHAIN

**Rob Hanson**, Senior Research Consultant, **CSIRO** digital research group **Data61**, told Congress about advances in [blockchain](#) technology and how it could be used, from trade finance to supply chain management.

“Blockchain is all about productivity,” said Hanson. “It is the application of a series of technologies which have all come together as the internet has grown up, and they give us the power to do things we haven’t done before.”

Blockchain was built on trust and integrity, backed up by digital record-keeping in an ongoing ledger and was a “fantastic anti-fraud tool”.

While most people understood blockchain in terms of crypto currency Bitcoin, the world was only at the beginning of the changes which blockchain could bring to emerging areas such as the Internet of Things, where billions of devices are becoming connected to the internet.

“Blockchain is important to you because it is going to fundamentally revolutionise the way you provide services,” said Hanson.

“It is going to take away so much of the checking of stuff that you have to do. It’s a turnkey system where you won’t have to do so many menial tasks, so you can restructure your organisation around it.”

# FINANCE and CHANGE

a MATCH MADE in HEAVEN with MARIANNE ABIB-PECH

A FINANCE TRAILBLAZER

EVOLUTION RATHER THAN REVOLUTION...

BE the CHANGE you WANT to BE!

FINANCE ALWAYS HAS A VOICE

CONTEXT CREATES MEANING...

NATURAL BUSINESS ECOLOGISTS

RISK  
REWARD  
COGNITIVE DISONANCE  
WE, IN FINANCE ARE NATURAL AT THIS...  
JUST SIGN THIS

PRIME THAT BRAIN OF YOURS

EXPERIENCE GIVING YOU AN ECOSYSTEM IN OUR MINDS

WHAT IS THE RISK HERE

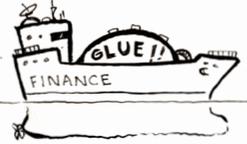
WHAT IS THE REWARD HERE

TRAIN YOUR BRAIN...

THIS IS PLASTIC

SEEDS OF CHANGE

\*WARNING MAY CAUSE:  
• FEAR  
• DOUBT  
• STRESS



WE ARE ABOUT PURPOSE and NOT PROCESS

IF NOT YOU WHO?

IF NOT NOW, WHEN...

HUMILITY COURAGE

VALUE

YOU KNOW WHERE TO FIND IT. NO MATTER THE INDUSTRY...

OOH. THE LANGUAGE OF MONEY.

CARE

COLLECT YOUR UNDERSTANDING OF KNOWLEDGE OF THIS



UNIVERSAL TRANSLATOR...

FINANCE

WE KNOW THE RIGHT QUESTIONS TO ASK

WE ALL SPEAK the SAME LANGUAGE

# INSIGHTS - WHAT CAN THEY TELL US?

All the hard work that goes into presentations is wasted “if you don’t wrap a story around your statistics,” leading US animator and filmmaker **Matthew Luhn** told Congress.

Luhn, whose credits include the third series of *The Simpsons* and Pixar films such as *Toy Story*, *Cars* and *UP*, says that storytelling skills are equally applicable in accountancy and business as in the world of entertainment.

“When you share a story wrapped around plot points or statistics, then you give yourself a better chance for people to remember what you talked about,” he said.

“If you don’t do that, then 10 minutes later people are only going to retain five per cent of the information.”

Luhn said the first rule of storytelling was to have a great “hook”.

Most people had an attention span of eight seconds, and if their attention was not taken by something unusual or unexpected, then their interest would fade.

Stories were also most effective when they were about change and transformation, and were told from an authentic viewpoint.

“You want to make an authentic connection with people, and to do that you need to be prepared to be vulnerable,” said Luhn.

“You need to be prepared to share some moments from your life when you have learned things the hard way, because people are always intrigued by the ups and downs.”

Effective stories made people feel and go through a transformation themselves, and helped them learn something rather than being told.

Stories also needed structure, and a well-crafted beginning, middle and end.

“You always need to make sure that your stories have a set-up, a build and a pay off,” he said.

“This is the same for a 90-minute film or a three-minute pitch. There needs to be an Act One, Two and Three.”

Great stories, said Luhn, are about more than educating or informing. They are about transforming people, getting them “teary eyed and with goosebumps on your arm.”

The reality is that people won’t necessarily remember what you said, but they will remember how you made them feel, said Luhn.

## HOW TO WIN OVER STAKEHOLDERS

**Brendan Hargreaves**, divisional regional manager of **Cleanaway**, examined how to get internal stakeholders to accept a proposal in his address *Influencing for Success*.

The critical steps are to know yourself and your communication style, know your audience, have a clear purpose, tailor the presentation to the audience and your purpose, and be aware of the impact on stakeholders, he said.

Rather than providing historical information, the proposal should look to the future and be tied to the organisation’s strategic goals.

In terms of tailoring the message, Hargreaves emphasised that different stakeholders would be interested in different aspects.

An operations manager, for example, will focus on data and details; a marketing manager will be interested in issues of communication; and a human resources manager will want to know about the impact on corporate culture.

Pre-presentation meetings with the stakeholders can help to cover these bases and acquaint them with the issues of the proposal.



**“YOU WANT TO MAKE AN AUTHENTIC CONNECTION WITH PEOPLE, AND TO DO THAT YOU NEED TO BE PREPARED TO BE VULNERABLE.”**

Preparation can also help to establish ‘buy-in’, Hargreaves said.

He noted that senior stakeholders often see accountants as overly concerned with risk. In a presentation, issues of risk need to be addressed but they should not be leading points, and the means by which risks can be mitigated should be made clear. □

Illustrations By Ray Eckerman

