

Think Ahead

ACCA

Talent Equation: First Insights



About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. It offers business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

ACCA supports its **178,000** members and **455,000** students in **181** countries, helping them to develop successful careers in accounting and business, with the skills required by employers. ACCA works through a network of **95** offices and centres and more than **7,110** Approved Employers worldwide, who provide high standards of employee learning and development. Through its public interest remit, ACCA promotes appropriate regulation of accounting and conducts relevant research to ensure accountancy continues to grow in reputation and influence.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. It believes that accountants bring value to economies in all stages of development and seek to develop capacity in the profession and encourage the adoption of global standards. ACCA's core values are aligned to the needs of employers in all sectors and it ensures that through its range of qualifications, it prepares accountants for business. ACCA seeks to open up the profession to people of all backgrounds and remove artificial barriers, innovating its qualifications and delivery to meet the diverse needs of trainee professionals and their employers. More information is available at: www.accaglobal.com



This report launches ACCA's most comprehensive research programme of finance talent management practices. Over the next 24 months, the programme will assess and address the critical talent challenges that organisations – and their finance leaders – now face in ensuring that they attract, train and retain the next generation of finance professionals.

ACCA will be drawing on a wide range of quantitative and qualitative research activities, including global surveys, 'deep-dive' enterprise case studies, in-depth career profiling and insightful leadership interviews, to reveal the finance talent situation and identify the most relevant talent management trends and priorities.

The adoption of finance shared services models has led to a two-tier career pathway in the finance function. The survey findings suggest that attracting, developing, engaging and retaining finance professionals is becoming an increasing challenge.

WHAT DO THE INITIAL FINDINGS SUGGEST FOR THE FUTURE OF FINANCE TALENT?

The story, as indicated by ACCA's inaugural survey, suggests that there are major changes in the course of a finance career. The old career pathways may no longer be followed. A career spent in the finance function may no longer be the prime aspiration of newer entrants to the



profession (and those that follow), changing business model and operating footprints may be opening up new ways for the enterprise to tap into 'finance' talent. The traditional attraction, development, engagement and retention solutions do not seem to be working as well.

With the adoption of finance shared services models, **there is apparently a two-tier career pathway in the finance function**, where previously there was one. Given organisational constructs – and human nature – one serves (shared services) by delivering in the main rules-based work, while initial insights from the survey data indicate that the retained team is still viewed as doing the 'real' finance work. This sets up a what could be termed a 'servant-master' construct that would make it convenient for organisational development and training leaders to focus most of their

attention on the retained team, developing training interventions and formalising career paths that are not pan-finance enterprise, for example, by not including shared services in formal finance functional career pathways or training interventions.

Yet there is a catch in this trend.

The so-called finance 'servants' could very well have a longer-term career advantage over their retained brethren. Shared services staff have the opportunity to pick up skills that have broad enterprise and real leadership value down the line – the ability to work/manage globally, transformation capabilities, communication and change skills, to name just a few.

These in-demand skill sets potentially give finance shared services staff a wider range of career options. Because those who enter the finance function through shared services may not clearly see the kind of career path they look for in finance, some may leave finance. This is good news for the wider business, but perhaps less so for 'finance'.

Enter Generation Y. Much has been written about the youngest generation in the workforce today. This survey suggests that their behaviour is markedly different from that of previous generations of finance professionals. They may be less patient, less loyal, and more likely to make a 180-degree change in a career plan than previous generations. They give themselves ready permission to take career detours. Simply put, qualifying for a finance role may no longer be their only ambition; for some it is the very beginning of a more circuitous career path. These initial findings are entirely consistent with a survey ACCA conducted five years ago with Mercer,¹ which indicated that 60% of young professionals were looking for career pathways outside traditional finance roles, with one-third expecting to move role within one year.

The survey also suggests attracting, developing, engaging and retaining finance professionals is becoming an increasing challenge. Current management practices just do not seem to be appropriate.

¹ ACCA and Mercer (2010), 'Generation Y: Realising the Potential' <<http://www.accaglobal.com/content/dam/acca/global/PDF-technical/finance-transformation/generation-y.pdf>>, accessed 1 February 2016.

To initiate the research programme, in late 2015, ACCA conducted a survey of nearly 600 finance professionals. Participants ranged from those working in retained teams, to members of a finance centre of excellence, and to members of shared services centre teams.

Adoption of transformative finance delivery models such as shared services and outsourcing accelerated by rapid changes in technology. Movement of transactional finance to lower-cost locations. Organisational realignment of finance functions into centres of expertise. An ageing workforce with new entrants having radically different career aspirations. A new point of entry through shared services roles. The rise of the business partner role. The inexorable rise of the digital finance organisation. Together, these trends have indelibly changed the talent equation for the finance profession, yet their implications are little understood and unsubstantiated.

ACCA, the global body for professional accountants, has embarked upon one of the largest-ever research programmes of finance talent management practices in light of these trends. The advent of new finance function delivery models, particularly in the form of shared services and outsourcing, is having indelible – yet little understood – implications for finance careers.

What do this and other trends mean for the CFO function – and CFOs themselves – when considering the future of finance talent? Are career paths inexorably changing? Will the profession be able to train and retain the right expertise in the right locations, given the movement to shared service delivery? And will the newest entrants into the profession enthusiastically embrace finance careers?

Over the next 24 months, ACCA will assess and address the critical talent challenges that organisations – and their finance leaders – now face in ensuring that they attract, train and retain the next generation of finance professionals. Working with some of the world's leading businesses, consultants and leaders, ACCA's aim is to bring rich insights into the practices that enterprises must adopt to secure the future of finance talent. This study will draw on a wide range of quantitative and qualitative research activities, including global surveys, 'deep-dive' enterprise case studies, in-depth career profiling and insightful leadership interviews, to reveal the finance talent situation and identify the most relevant talent management trends and priorities.



Our respondents, of whom over 40% work for organizations over \$3 billion in revenue, are very familiar with the value that SSO can create.

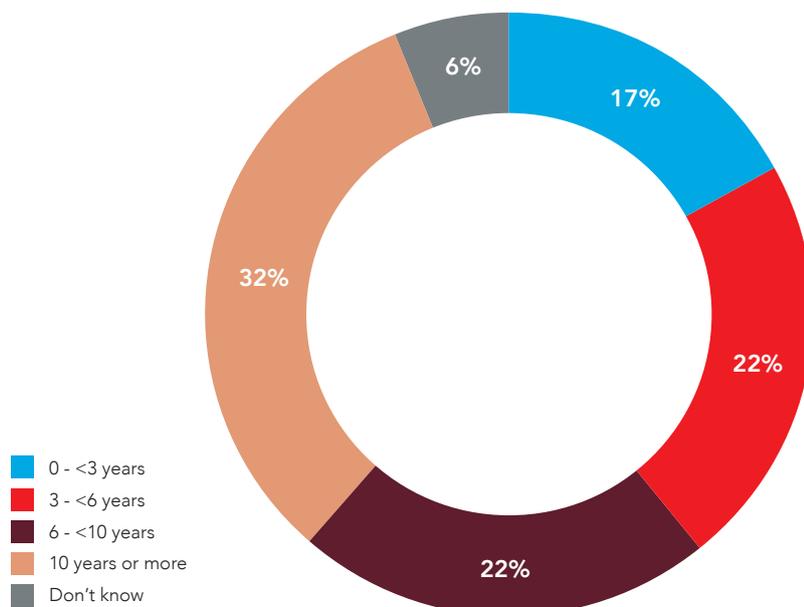
To launch the most comprehensive research ever conducted on the topic, in late 2015, ACCA conducted a survey of finance professionals so as to develop a baseline understanding of the major issues. This summary provides a first insight into the current state of finance talent, and raises fundamental questions that will be further explored during the course of this research programme.

Nearly 600 finance professionals across the world participated in the survey, ranging from those working in retained teams, to members of a finance centre of excellence, and to members of shared services centre teams. What is remarkable about the demographics of the respondents is the pervasive nature of shared services models. Participating respondents self-selected, and their models are mature; 55% of the organisations they represent have had shared services and outsourcing (SSO) models in place for six-plus years, while almost one-third have had the model in operation for 10 years or more.

The survey respondents' finance organisations have actively embraced SSO, with the majority pushing at least 50% of finance processes across the organisation into the model, regardless of scope, i.e. whether serving one country, one region or their company's entire global finance footprint. The survey indicates that shared services provision no longer focuses primarily on rules-based finance transactions; fully one-third of such facilities carry out middle-office finance processes, while a further one-third say that their SSO models now handle complex finance processes.

These demographics suggest that finance has crossed the shared services and outsourcing Rubicon. Our respondents, of whom over 40% work for organizations over \$3 billion in revenue, are very familiar with the value that SSO can create. With mature delivery models that are moving up the value chain, SSO is now truly institutionalized as a key component of the finance organizational construct. In short, there's no going back; shared services is here to stay, and the implications on finance talent are substantial.

Figure 1.1: Age of SSO models at respondents' organisations



Staff being trained in finance shared services have the opportunity to develop skills that have broad enterprise value but do not necessarily have a career pathway into the retained team. Attraction, engagement and retention challenges are arising at all levels.

69%

agree or strongly agree that finance shared service leaders are not perceived to be 'equal' to finance leaders in the rest of the finance function

2.1 RETAINED FINANCE CAREERS ARE MORE VALUED

Despite the pervasiveness of the SSO model, and increasing evidence from SSO leaders that high levels of career satisfaction can be achieved by following a shared services career path, initial data suggests that there is a belief that retained finance roles still provide the best ladder to the top of the finance organisation. In short, survey respondents are emphatic that retained finance experience and careers are more highly valued.

And analysis of the survey findings underscores the point, with 69% of the respondent population believing that SSO jobs are 'not equal' in prestige, suggesting that retained finance experience is necessary to progress, and is the pathway that aspiring CFOs follow. Drilling down, those in retained finance roles overwhelmingly want to stay (73%), while 49% of those in finance shared services or outsourcing roles are more concerned about getting out, with one-quarter seeking a role in retained finance.

The point is further amplified by the relative value attributed to finance leadership roles. Those in the retained finance team trump those in finance shared services, with 80% believing that leadership experience gained in the retained finance function is valuable for top finance roles versus 66% having a similar perception of shared services.

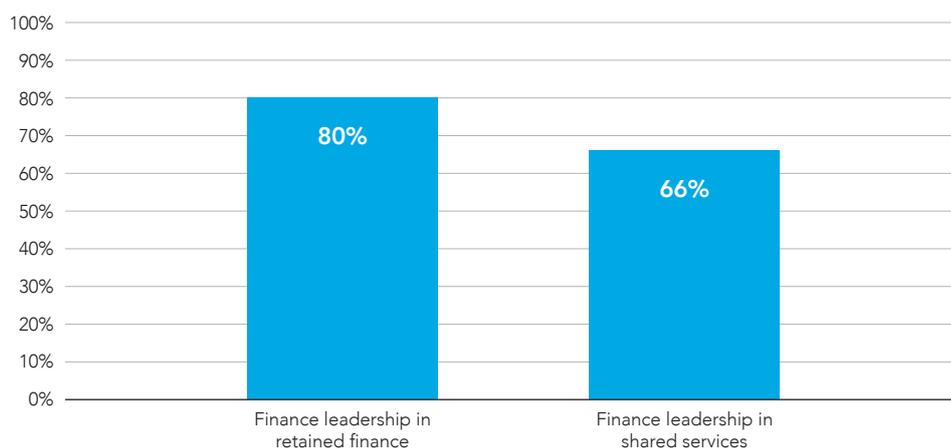
Industry group Sharedserviceslink's CEO, Susie West, suggests that part of the problem may arise because shared services do not have enough visibility among the senior leadership team.

"Because shared services remains [sic] a little bit more removed from the business than more traditional finance, it doesn't benefit from having that close proximity to HQ and of being perceived as being integral to the business. I believe that the perception of shared services by both finance and the business is not necessarily as high as it should be."

Larry White, a former shared services leader, agrees. "Retained finance staff are physically closer and more visible to the CFO and senior leadership. They get visibility of their personalities, creativity, and political savvy, as they are able to sit in more frequently on more senior meetings and have opportunities to be part of special assignments. In contrast, shared services staff are often competing with SSC managers for 'face time' and visibility with senior leadership."

These findings raise several key questions – experience or proximity? Are there specific experiences, necessary when preparing for finance leadership roles, that one can gain only in the retained finance organisation? Or is the lack of proximity and visibility for shared services professionals more of an issue? What do these findings mean for that most strategic of roles, the CFO? Does experience in retained finance provide more opportunity to gain the contextual commercial understanding that shared service experience simply cannot achieve? Does this mean that shared services are a suboptimal training ground? Importantly, what is the implication for a generation of CFOs with no exposure to the core finance activities that increasingly sit in the shared service environment?

Figure 2.1: Percentage of total respondents rating experience of retained finance or shared services as valuable



63%

agree or strongly agree that there is little evidence of mobility or rotation of staff from Finance SSCs to the rest of the finance function, and vice versa

65%

agree or strongly agree that the career paths available to finance staff in the Finance SSC are usually restricted to SSC roles

62%

agree or strongly agree that Finance SSC staff are seen as a talent pool for the wider finance function

57%

agree or strongly agree that the organisation's finance shared service leaders have access only to national or regional development opportunities rather than truly global career development opportunities

2.2 MISSED CAREER OPPORTUNITIES FOR THE FINANCE FUNCTION?

Despite the maturity of shared services models in the respondents' organisations, it appears that career development strategies have not yet caught up. This is a missed opportunity for finance to create more value for the enterprise. More than half of the respondents (64%) reported that their organisations had not established career paths that traverse the whole of finance, resulting in limited career options and little 'cross-pollination' or transference of skill sets throughout the function.

The results suggest that career opportunities are being missed; organisations should rapidly develop transparent career pathways to tap into the broader management and operational skills sorely needed in today's rapidly evolving finance organisations. This will ensure that there is not only a ready pool of talent for the retained team as the Gen Xs and younger baby boomers who currently occupy key supervisory and management roles retire, but also that future finance leaders retain critical basic financial experience honed from a shared service environment.

There is significant risk that a lack of career pathways appears to create what is in effect a dual-track career path (retained/Centre of Excellence versus shared services). Respondents report that, in practice, mobility for the finance shared services team is not widespread; 63% of respondents

say there is little evidence of mobility (or even rotation opportunities) from their shared services centres into retained finance, and 65% see their only career options as other roles within shared services.

Yet here is a contradiction: 62% of our respondents do perceive finance shared services as a talent pool for the wider finance function. Value is placed on shared service experience, but there are rarely career pathways to tap into that talent.

One member of ACCA's Finance Transformation Group commented:

"As shared service centres become more sophisticated in what they do, the finance function will see them in a different light and will start to treat staff differently. However, at the moment shared services are just seen as a delivery engine largely located in remote locations while the talent that will become business partners and CFOs are [sic] largely sitting onshore. I just don't see much evidence of people moving across."

Perhaps, according to respondents, being tagged 'finance shared services' restricts global finance career opportunities: 57% of respondents see opportunities for SSC staff at the national/regional level as opposed to the big global roles.

Training and talent interventions embedded in SSO organisations appear to be opening up career opportunities into non-finance shared services roles and the wider business.

2.3 NEW HORIZONS: FINANCE SHARED SERVICES AS THE ENTRY POINT INTO OTHER OPPORTUNITIES?

Is the wide adoption of finance shared services becoming a good news story for the business but less so for finance? The data suggests that staff being nurtured and trained in finance shared services are having their eyes opened to opportunities beyond finance. Training and talent interventions embedded in SSO organisations appear to be opening up career opportunities into non-finance shared services roles and the wider business.

And mobility out of the finance shared services function is seen across the board. The survey found that 61% of respondents believed that finance shared service leaders will progress to more senior roles in the wider business at some point, while 54% believe that finance shared services skills are a ticket into other non-finance SSC functions, such as HR or IT. Over 50% of young finance professionals are seen as moving out into business roles outside the finance function to pursue their careers.

There is no doubt amongst finance shared services leaders that the operational and management skills they gain are both valuable to the business and to the finance professional. A shared services leader in

ACCA's Finance Transformation Group sums it up by saying "we need to think about it differently in terms of where a shared services career path takes people. I think the shared services environment really gives people greater breadth and takes them in different directions."

There may also be a perception that finance shared services careers are short term, causing staff to think about moving out – and up, especially if their organisations do not have a pathway into the retained finance function. Another member of ACCA's Finance Transformation Group asks "How do you build a long-term career within a shared services function? Will the finance organisation continually move more complex finance activities into a shared services model, at least developing a longer-term career path?"

It begs a fundamental question: is the lack of a defined finance career path out of shared services in effect blocking broader finance opportunities and causing flight, or are shared services professionals simply more receptive to other opportunities? Whichever is the case, there is a risk that the finance function will lose out. Alternatively, is there a 'silver lining'? Will finance professionals return to the fold, enriching the talent pool by picking up valued competencies in the business and elsewhere?

61%

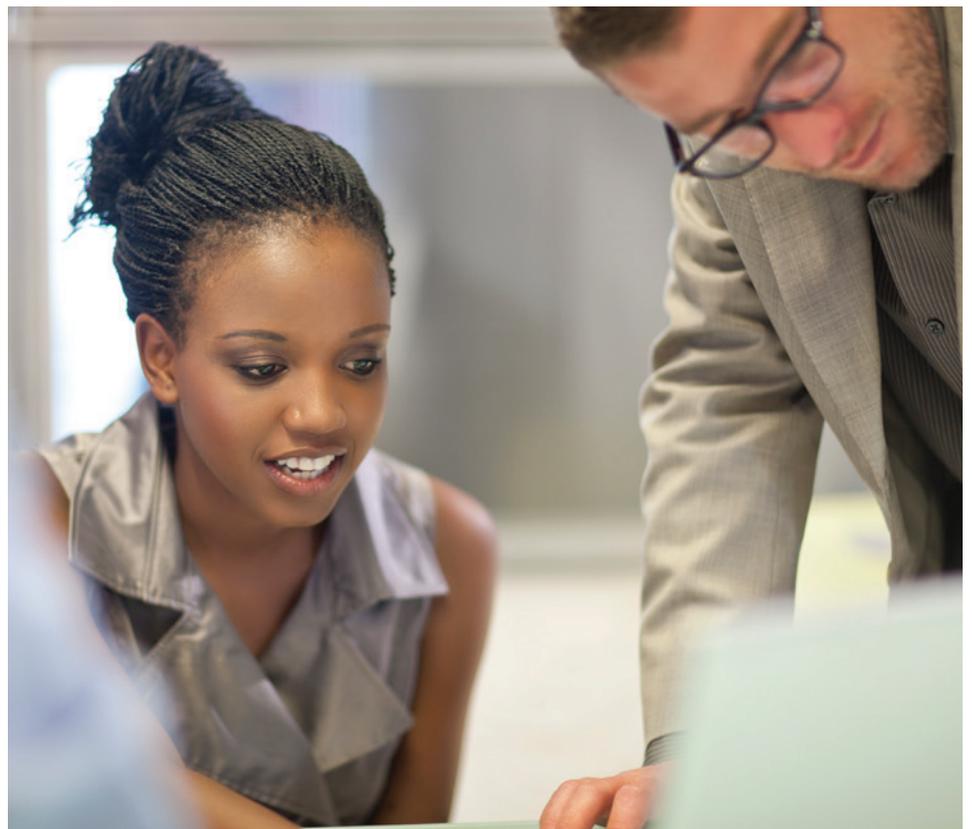
agree or strongly agree that today's finance shared service leaders are likely to progress to more senior executive roles in the business outside the SSC

54%

agree or strongly agree that Finance SSC staff have the opportunity to move into other SSC functional areas such as HR or IT

51%

agree or strongly agree that there are examples of young professionals moving into business roles outside the finance function



Because young finance professionals see more career options with a finance qualification, they do not necessarily make the same commitment to a finance career as previous generations.

2.4 ATTRACTION, ENGAGEMENT AND RETENTION CHALLENGES FOR FINANCE SHARED SERVICES

Sought-after skills. No obvious career path. More value ascribed to retained finance roles. It is no surprise that the survey findings suggest that there are significant challenges in attracting and retaining talent in finance shared services across all roles. Both senior and young finance professionals share the same view, perhaps implying a 'brand' issue across the shared services industry.

With the introduction of shared services and outsourcing models, the structure of the finance function has turned into a funnel. The transactional and middle-office work found in SSCs is increasingly becoming the point of intake for finance professionals. With more jobs in shared services, and fewer opportunities in the retained or Centre of Excellence team, the funnel of career opportunities continues to narrow.

So it is no surprise that attraction, engagement and retention challenges are arising at all levels. With retained positions carrying more prestige, according to 60% of respondents, attracting finance leaders with the necessary capabilities into SSC roles has become challenging.

Even if attracted, retention is difficult. Approximately the same number of respondents believe that keeping the team

together is a challenge. This is again not surprising; finance shared services staff are broadening their horizons by looking to take their skills into other areas of the business or to apply them to non-finance shared services.

Because young finance professionals see more career options with a finance qualification, they do not necessarily make the same commitment to a finance career as previous generations. And the finance organisation seems confounded by their behaviour, unable to put in place the interventions that will attract, engage, develop and retain these future finance stars. Respondents give themselves very poor marks across the board: 52% say they fall short on attraction, 54% fail on engagement and fully 64% admit that their current retention interventions are failing.

A finance leader in ACCA's Finance Transformation Group commented: "A year/18 months is plenty of time in place for Gen Ys. Then they want to move. They tend to have quite inflated opinions of their capabilities and their expertise. They also look for more work/life balance as well and a lot of them are quite happy to work for a year, travel for six months. I think traditional expectations around starting work, grinding through until you're 65, grabbing your final salary pension scheme, it's not for these youngsters."

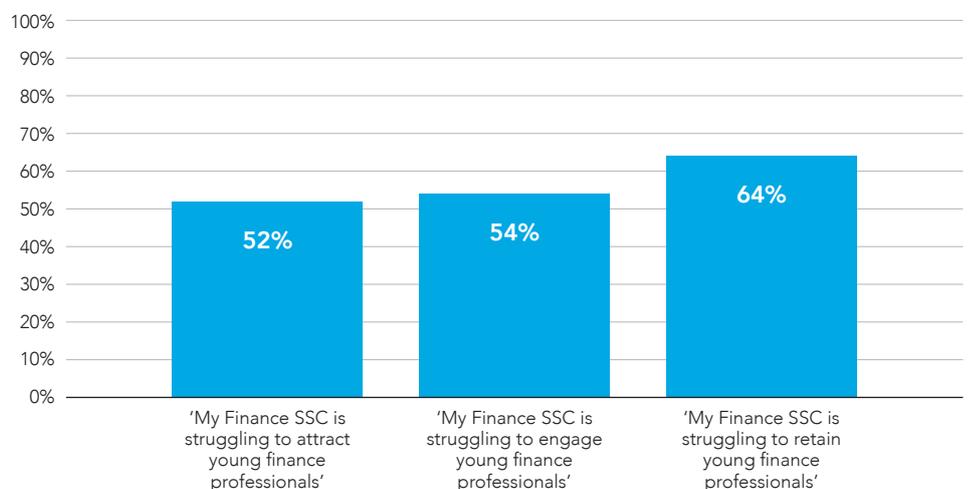
60%

agree or strongly agree that it is difficult to attract finance leaders with the necessary capabilities into the Finance SSC

61%

agree or strongly agree that it is difficult to retain finance leaders with the necessary capabilities in the Finance SSC

Figure 2.2: Attraction, engagement and retention of young finance professionals in the finance shared service centre (SSC)



Are Gen Y's considering career options beyond finance careers because of the shared services entry point, or do they really aspire to follow careers out of finance?

2.5 GENERATION Y ASPIRATION MISMATCH?

Are Generation Y finance professionals as a group inclined to follow traditional finance career paths? Does positioning shared services as the entry point for finance careers, without a pathway to broader finance roles, make attracting and retaining them more difficult? Another finance leader in ACCA's Finance Transformation Group thinks that shared services are challenging to sell to young finance professionals. "Now that we have a shared service centre model, selling that kind of opportunity to younger generations, well, we're finding it a little bit more difficult. When we sell it as a career in finance, they'll queue up but when you sell a career in shared services, it's a bit of a harder task." His comment begs the proverbial chicken-and-egg question: are Gen Y's considering career options beyond finance careers because of the shared services entry point, or do they really aspire to follow careers out of finance? And perhaps there is a more fundamental question: how do we address the perception that, for many, finance shared services are not seen as an integral part of 'finance'.

Among all respondents, 70% believe that the youngest finance professionals are looking for a way out into non-finance

shared services roles, while 59% believe they expect to move out of the finance function altogether, perhaps into the business at some point during their career. Yet what they bring to the finance function, even for a short time, is valued. According to a shared services leader in ACCA's Finance Transformation Group, "they're coming in as young bright 25-year olds with a lot of energy and a lot of fresh best practices that maybe we hadn't thought of yet and we can implement them and quickly drive continuous improvement. They may only be hanging around for two or three years with us and then move on somewhere else but I see them bringing lots of ideas. I think rapid movement of young talent is actually a positive thing for the finance function."

Even so, how much mobility is too much mobility? And what are the implications for the future of the finance function given that the entry point is often shared services? Among both more senior and younger professional respondents, 76% think that the calculus of attraction, engagement and retention falls short. How should finance talent development across all career avenues – retained, CoE and shared services – evolve to attract – and hold – the best and brightest, ensuring that the future is bright?

70%

agree or strongly agree that young finance professionals want a career that extends beyond the Finance SSC into other non-Finance SSC functions and roles

59%

agree or strongly agree that young finance professionals want to move outside the entire finance function at some point

76%

agree or strongly agree that young finance professionals perceive that their career development aspirations and role mobility exceeds what Finance SSC roles can provide



Looking forward, ACCA's research programme has a simple goal: to provide an unparalleled thought leadership platform addressing the biggest challenge facing finance functions today. If it does not adapt, will the finance function find itself short of the critical talent required to both develop the business and manage risk?

Is the finance function of the future missing out on talent? Is it at a juncture? Should career paths be restructured and skill sets redefined? Should the way that businesses attract, develop, engage and retain finance professionals change? Should the SSC brand be championed more effectively as an integral part of the finance organisation? If it does not adapt, will the finance function find itself short of the critical talent required to both develop the business and manage risk?

Alan Johnson, non-executive director and former CFO, Jerónimo Martins SGPS, SA, sums it up well. "When shared services were initially set up around 15 to 20 years ago, whether in-sourced or out-sourced, the key driver was for efficiency and cost savings, and these were mostly realised. The consistency and efficiency were followed by significant quality improvements. Today there is a considerable pool of finance talent working in shared service organisations who have insights, skills and expertise that would add substantial value by being given the opportunity to work in what is called the 'retained finance organization'. Equally, in developing broad-based finance careers for the future, time spent in shared finance service organisations prepares accountants well for other senior finance roles in the rapidly-changing business environment. Finance leaders, and CFOs, must give greater visibility to the important part that finance shared services play in the total value chains of organisations."

Perhaps the widespread adoption of shared services and outsourcing is a much-needed wake up call for the finance function. It gives us the opportunity to connect the dots between all finance roles, examining what capabilities are necessary to deliver the greatest value to the enterprise, and how best to attain them through training and career pathing. We'll be able to define and develop templates for career success. And, most importantly, we can unlock the code to make finance a career of choice for the thousands of young people globally.

3.1 NEXT STEPS

Looking forward, ACCA's research programme has a simple goal: to provide an unparalleled thought leadership platform addressing the biggest challenge facing finance functions today. Over the next two years the programme will be exploring some of the critical issues raised by the survey results.

- Career paths – identifying evolving career paths, and best practices in developing talent, both within finance shared services and outsourcing models, and in the retained finance function
- Leadership profiles – identifying the leadership patterns and profiles expected to emerge from maturing operations and changing finance function models
- Generational impact – assessing the implications of the workforce shift from baby boomers to Generation Y by considering the ambition, motivation, work habits, and career aspirations of the younger workers, and what these mean for the finance function
- Learning and capability – identifying capabilities necessary for finance professionals to excel in light of evolving service models, and the industry-leading learning practices that ensure attainment of the relevant skills
- Globalisation – identifying potential pools of talent, and their characteristics, as finance delivery increasingly globalises
- Technology – assessing the implications that digitisation could have for the both finance organisation and finance careers

For further information on this programme visit www.accaglobal.com/talent

EA-TALENT-EQUATION