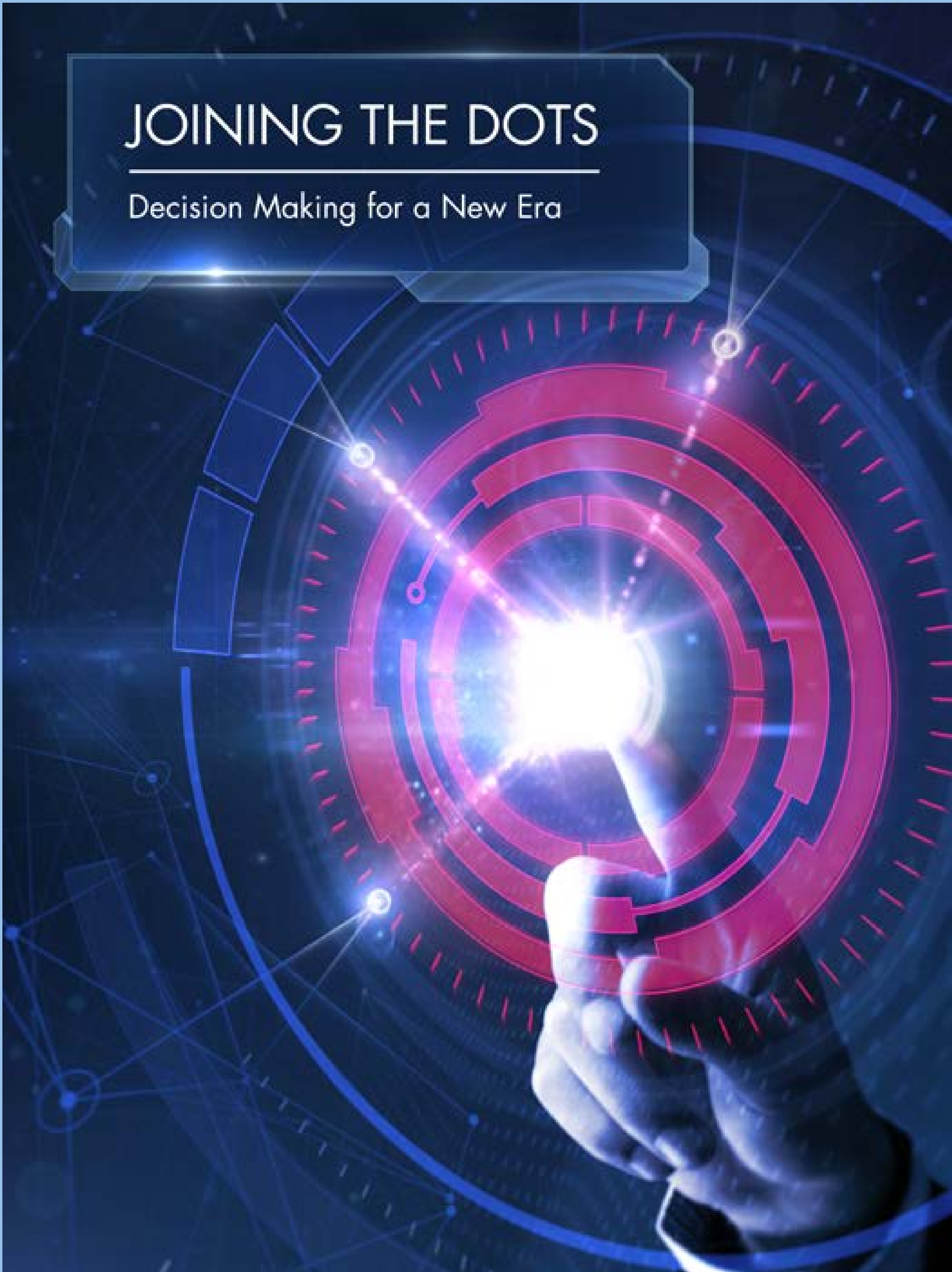
JOINING THE DOTS

Decision Making for a New Era



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ABOUT CGMA

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ABOUT THIS REPORT

This report is based on a survey commissioned by CIMA and the AICPA, and conducted by Longitude Research, of 300 C-level executives at large organisations from 16 countries around the world. The survey was supplemented by in-depth interviews for deeper insight with:

- Patrick Conway, Chief Knowledge Officer, US Army Training and Doctrine Command
- Kenneth Goldman, CFO, Yahoo
- Simon Henry, FCMA, CGMA, CFO, Royal Dutch Shell
- Deirdre Mahlan, CPA, CGMA, President of North America, Diageo
- Andre Oerlemans, CFO, Weight Watchers Benelux
- Arvind Prasad, Managing Director, Ushdev International
- Claire Suddens-Spiers, Head of South East Asia, Rothschild
- Alexander Visser, CFO, Philips Africa
- Mark Weinberger, Global Chairman and CEO, EY

We would like to thank everyone who contributed their insights and expertise to this report.

CONTENTS

THE NEW BUSINESS AS USUAL

Every day, senior business leaders across the world make decisions that shape the future successes—or failures—of their organisations.

For today's executives, charting the most effective future strategy and seizing the right opportunities for the organisation can feel akin to deciding where to build on shifting sands. The conditions in which businesses are operating are volatile and uncertain. 'Business as usual' no longer exists and the rules of the game are being transformed.

A decision that seems shrewd today can quickly look misguided, as new information becomes available or the context changes. And a decision that backs the wrong business model may cause systemic failure. With large organisations, this may have severe ramifications for a range of stakeholders, including governments and communities.

We cannot always be sure which decision will ultimately matter most. We therefore need to take each decision based on the best possible information and shaped by the best possible judgement.

That is why the research presented in *Joining the dots: Decision making for a new era* is so important. The research investigates the effectiveness of C-level decision-making practices in large organisations across the globe and suggests that senior leaders are struggling to make the right decisions in many cases. The large majority find themselves battling against bureaucratic decision-making processes, siloed and short-term thinking, breakdowns in trust and collaboration inside the organisation and difficulties with translating ever-expanding volumes of information into relevant knowledge.

What is more, the research also indicates that leaders are often failing to learn effectively from past outcomes. It builds on the major thought leadership report which marked the launch of the joint venture between AICPA and CIMA, *Rebooting Business – valuing the human dimension* which identified four key challenges:

- Unlocking value from the human dimension of the business
- Balancing short-term pressures with driving success over the long term
- Recognising and grasping the power of transparency
- Working in collaboration to join the dots.[1]

Joining the dots: Decision making for a new era also responds to the issues raised in the earlier report by providing practical guidance for optimising the 'human dimension' within the organisation, which ultimately makes or breaks business success.

The solutions to many of the decision-making challenges we have identified can be achieved through more integrated thinking—cutting through silos to connect the relevant people and information from across the organisation. Joining the dots in this way enables leaders to see the big picture. It means that all of the relevant insight is available when making decisions. It enables the analysis of how the business is performing in its market and why, drawing on the business model as a powerful frame of reference. And it means encouraging behaviours that build a foundation of trust upon which information is shared and influence secured.

1. Rebooting Business—valuing the human dimension, CGMA, January 2012

Organisations need a powerful framework led by the CFO and their management accounting functions to help leaders take the best possible decisions and in so doing to implement practical solutions that address the challenges of decision making today—this will prevent the decision-making gap from growing further. All the relevant information needs to be brought together, organised on the basis of a shared understanding of the business model, focusing on key performance indicators, in order that resources can be best allocated and risk managed to maximise cash generation. Our Global Management Accounting Principles® provide this framework to power up individuals and businesses to succeed, ensuring that information is influential, relevant and underpins analysis on a basis of trust across and beyond the business. The Principles therefore provide the new operating framework for decision making which will create value over the short, medium and long term.

Drawing on the Global Management Accounting Principles, we demonstrate the power of integrated thinking and what is required to put it into practice. The ability to join the dots requires new competencies, new behaviours and new mindsets—powering up the organisation's people to recognise the importance of all stakeholders in creating and sharing value. What is more, we have demonstrated that this approach produces far better outcomes. And if those people inside the business can trust each other more, it will also lay the foundations for the wider restoration of trust in business across society.

We hope that the insights contained in this report will help you to build on the work your organisation is doing to make its decision-making practices more effective, and fit for the future business environment.

CHARLES TILLEY
FCMA, CGMA, Chief Executive, CIMA

BARRY C. MELANCON
CPA, CGMA, President and Chief Executive Officer, AICPA

EXECUTIVE SUMMARY

In today's 'VUCA' world—characterised by volatility, uncertainty, complexity and ambiguity—strategic decision making is increasingly critical. It is also becoming harder and harder to get right. As discontinuity becomes the norm and the most established business models come under threat, organisations need to make good strategic decisions quickly—and then deliver on their choices.

Yet our research has found a number of major flaws in companies' decision making, which is costing them dearly. It paints a compelling picture of decision-making models that are no longer fit for purpose. Our survey of major organisations around the world suggests that decision making in many businesses could be fundamentally improved.

As our key findings demonstrate, many companies are struggling to:

- Overcome bureaucracy and achieve agile decision making
- Build greater levels of trust and improve collaboration
- Take a long-term view and define the right metrics
- Turn huge volumes of data into strategic insight
- Build the decision-making skills of senior leaders.

BUREAUCRACY AND THE NEED FOR AGILE DECISION-MAKING

- Large companies' decision-making structures are undermining their competitiveness. The single biggest barrier to more effective decision making cited by our respondents (29%) is that organisational silos and bureaucracy are creating coordination problems. Further, 72% of companies have had at least one strategic initiative fail in the last three years because of delays in decision making, while 42% say they have lost competitive advantage because they have been slower to make decisions than more agile competitors.

GREATER TRUST AND COLLABORATION REQUIRED

- Trust and collaboration must be improved to enable integrated thinking. Top-level leaders recognise the need for more employee input in decision making but are struggling to make this happen. Overall, 70% admit there is moderate or significant room for improving active collaboration between leaders and employees, and 65% say the same about trust. For a surprisingly high number, there is some disconnect among executive peers too—43% feel that levels of trust with other C-suite leaders could be improved.

BALANCING SHORT, MEDIUM AND LONG TERM OBJECTIVES

- Post-crisis improvements have yet to be fully implemented. Despite pressure on large companies to rethink their priorities in the post-financial crisis environment, important considerations—such as incentive structures and engagement of external stakeholders—remain relatively low on the agenda. Our analysis reveals that only 39% are confident that their bonus structures are helping them strike the right balance in short-, medium- and long-term value generation. Just 23% believe they are highly effective at fully assessing the needs of external stakeholders.
- Business leaders are struggling to find the metrics to gauge performance in a world where value can no longer be measured simply through traditional accounting measures. 34% of respondents report that they find it challenging to select the right combination of metrics to measure business performance over different time frames.

TRANSLATING DATA INTO INSIGHT

- Information overload and difficulties working with big data are hindering effective decision making for many. An overwhelming 80% of respondents admit that their organisation used flawed information to make a strategic decision at least once in the last three years. One third (32%) of respondents say big data has made things worse, not better, for decision making, while a modest 37% say it has helped. Moreover, 36% say their organisation is not coping with information overload. For those that can gain greater mastery of big data, there is therefore a significant opportunity to steal a competitive march on rivals.

BUILDING THE DECISION-MAKING SKILLS OF SENIOR LEADERS

- Senior leaders require new skills to make effective decisions in today's fast-paced and uncertain business environment. Business leaders put limitations in their own skill-sets among the top two biggest problems when it comes to making more effective decisions, with 28% acknowledging the need for new skills to meet the demands they face today. They recognise a need for improvement and greater support in four key areas in order to work effectively: interpreting new data sources; learning from past outcomes; enabling challenges to traditional thinking; and ensuring deeper collaboration between themselves and with employees.

INTEGRATED THINKERS MAKE BETTER DECISIONS IN UNCERTAIN TIMES

- A significant minority of organisations are transforming their ability to make the right decisions and achieve great outcomes, even in times of disruption and uncertainty. We call these organisations 'Integrated Thinkers'.

THE RISE OF THE INTEGRATED THINKERS

While many are struggling to make headway in their decision-making capability, there is a group of organisations at the other end of the spectrum. These companies are using high-calibre decision making to drive performance and bottom-line results, as well as making their organisation an attractive and stimulating environment for talented people. We call these organisations 'Integrated Thinkers' and they are characterised by strong implementation of the Global Management Accounting Principles® that provide a foundation for effective decision making and the creation of value in large organisations. These principles are: Influence, Relevance, Analysis and Trust.

THE GLOBAL MANAGEMENT ACCOUNTING PRINCIPLES UNDERPIN INTEGRATED THINKING, ENABLING DECISION MAKING THAT CREATES VALUE FOR THE ORGANISATION

INFLUENCE

COMMUNICATION PROVIDES INSIGHT THAT IS INFLUENTIAL

Integrated Thinkers break down silos to encourage integrated thinking.

RELEVANCE

INFORMATION IS RELEVANT

Integrated Thinkers make relevant information available to decision-makers when they need it.

VALUE

TRUST

STEWARDSHIP BUILDS TRUST

Integrated Thinkers make the decision-making process more effective and transparent. They provide scrutiny, accountability and seek to balance short and longer term value.

ANALYSIS

IMPACT ON VALUE IS ANALYSED

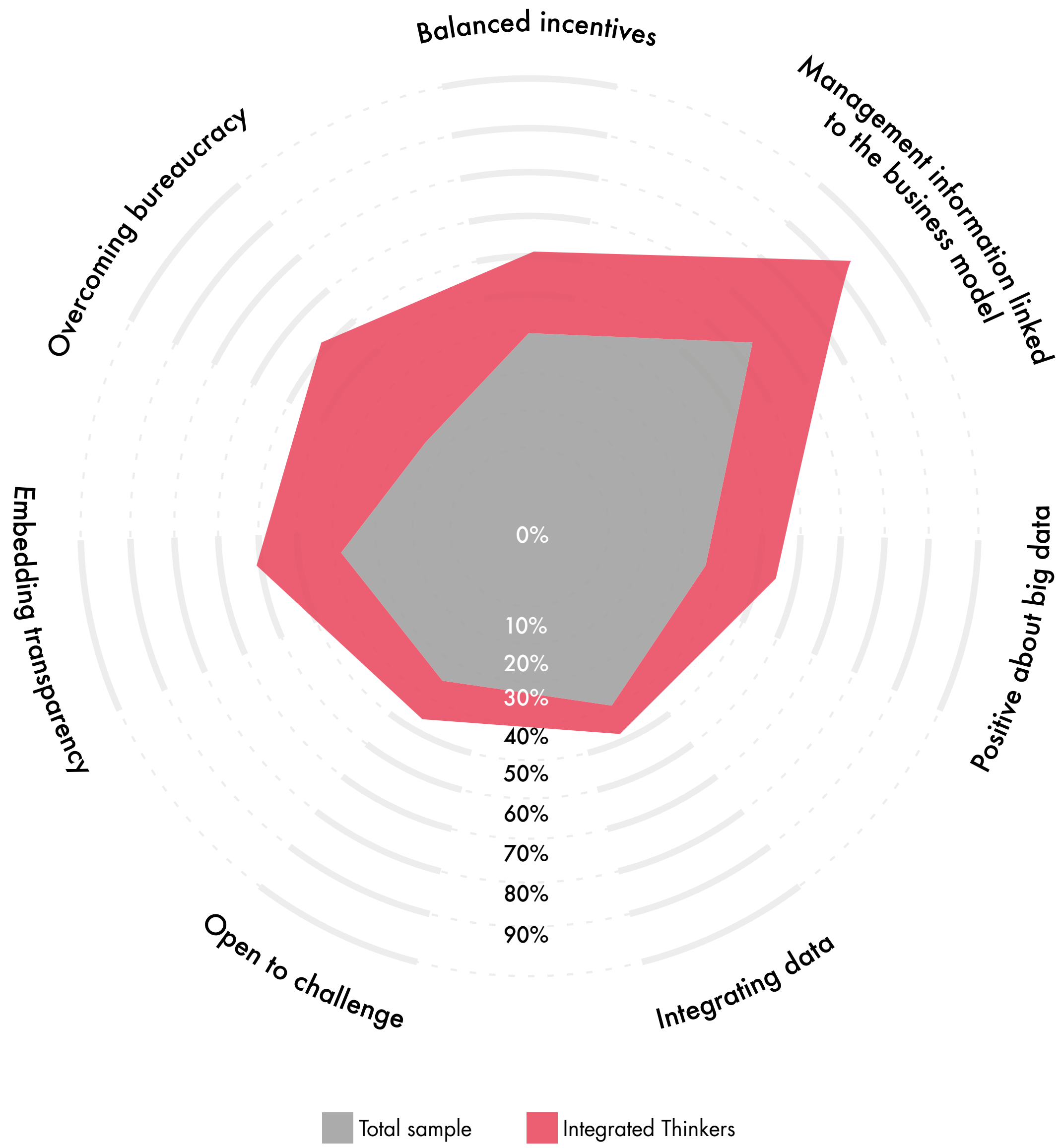
Integrated Thinkers connect the organisation's strategy to its business model.

In our survey, we found a distinct group of organisations—25% of our total respondents—that have an advanced capability in these four areas. They are breaking down silos and bureaucratic hurdles, making sense of large volumes of data, ensuring management intelligence is aligned with the business model, and building trust and transparency between a firm's leadership team and its people.

Figure1 shows how these organisations are out-performing others, from the integration of their data to their appetite for overcoming bureaucracy.

FIGURE 1: HOW INTEGRATED THINKERS ENJOY A DECISION-MAKING ADVANTAGE

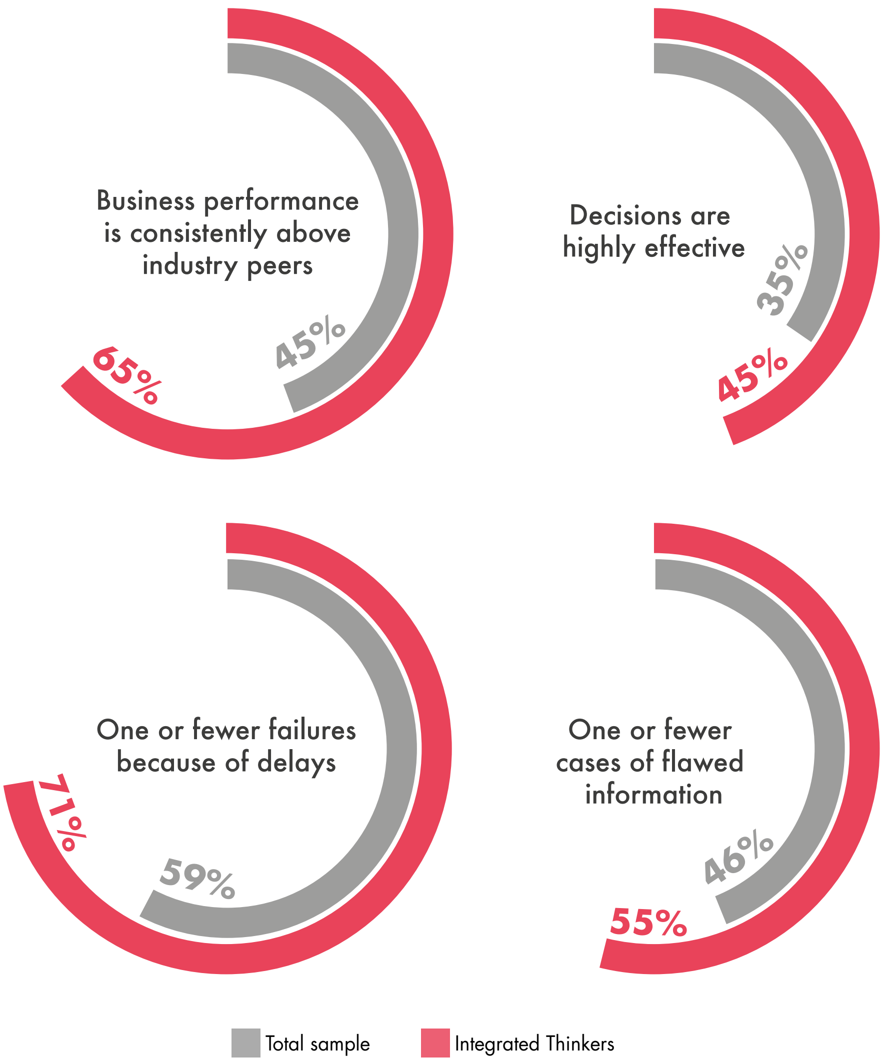
INTEGRATED THINKERS ARE MORE EFFECTIVE IN THE KEY FACTORS THAT AFFECT DECISION MAKING.



This decision-making advantage enjoyed by Integrated Thinkers delivers a significant upside (See Figure 2).

- When we asked respondents how their organisations have performed over the past two years, relative to others in their industry, the majority of Integrated Thinkers cited a better performance.
- Integrated Thinkers have been more effective at executing decisions once the decision has been reached.
- Integrated Thinkers see fewer of their strategic initiatives fail because of delays in decision-making.
- They are also less susceptible to delivering flawed information to decision-makers.

FIGURE 2: INTEGRATED THINKERS OUTPERFORM THE REST OF THE PACK



Integrated Thinkers have made the greatest progress along the road to decision-making excellence and enjoy a significant competitive advantage. In the analysis that follows, we outline the challenges that other organisations face—and the success factors they need to achieve—as they strive to become Integrated Thinkers.

INTEGRATED THINKING

Integrated thinking is the active consideration by an organisation of the relationships between its various operating and functional units and the resources and relationships that the organisation uses or affects. Integrated thinking leads to more joined-up decision making and actions that consider the creation of value over the short, medium and long term. Integrated thinking takes into account the connectivity and interdependencies between the range of factors that affect an organisation's ability to create value over time, including:

- The resources and relationships — or capitals[2] — that the organisation uses or affects, and the critical interdependencies, including trade-offs, between them
- The capacity of the organisation to respond to key stakeholders' legitimate needs and interests
- How the organisation tailors its business model and strategy to respond to its external environment and the risks and opportunities it faces
- The organisation's activities, performance (financial and other) and outcomes in terms of the capitals — past, present and future.

Embedding integrated thinking into an organisation's activities enables joined-up information to flow more naturally into management reporting, analysis and decision making. It also leads to better integration of the information systems that support internal and external reporting and communication, including preparation of the integrated report.

Source: The International IR Framework, The International Integrated Reporting Council, December 2013.

2. According to the International Integrated Reporting Council (IIRC), the six 'capitals' are: financial, manufactured, intellectual, human, social and relationship, and natural.

INTRODUCTION: LEADING IN A NEW ERA

High-quality decision making has never been more important—or more difficult. Senior business leaders are striving to position their organisations to thrive in the short, medium and long term, but they are having to do so in an operating environment that is volatile and uncertain.

Fluctuating economic conditions, geopolitical risk, regulatory pressures and climate change all represent major obstacles and challenges for organisations. Moreover, the stakes get higher by the day. The growing desire of the public, media and government to hold businesses accountable for their actions is facilitated by the emergence of global rapid-fire communication channels such as social media. This requires decision-makers to consider a much broader range of stakeholders than in the past, as well as adopting a broader view of what constitutes value. The new business as usual demands that companies move beyond a shareholder-centric focus, as this alone is no longer sufficient to drive businesses in the direction they need to go. Instead, companies need a focus that recognises the need to create and share value for the wider society in which they operate.

In addition to these challenges, competition from agile and innovative rivals, many of whom are disrupting traditional business models by harnessing advances in technology, is relentless in today's markets.

In a parallel trend, leaders may now have access to richer sources of data than ever before to help them form their judgements. However, without the right tools and expertise, this can leave them drowning in 'information overload', rather than being supported by useful insights.

Against this backdrop, leaders must make smarter decisions—and make them more quickly. Organisations therefore must professionalise their decision making. They need to avoid basing strategies on impulses rather than insights. Long-term competitive advantage will be undermined in those organisations that cannot respond decisively to agile rivals and rethink their business models for the market of tomorrow. Those that cannot make sense of faster-flowing and more complex data also face being left behind.

Our research probed the key areas that need to be addressed to deliver more effective decision making, from the quality of management information, to the fitness of organisations' people and processes. Building the solutions to these challenges is a multi-faceted process. Among other factors, it will involve investing in new tools and systems, developing smarter, leaner decision-making structures, and building stronger human relationships across organisations, among others.

Yet without a joined-up approach, none of these solutions will be effective. For instance, it may be possible to integrate data from across a global organisation by using sophisticated new software tools, but without embedding the relevant expertise from local markets, the context will be lost and its usefulness compromised.

In short, organisations must improve their ability to think in an integrated way, breaking down not just informational silos but those that exist between their people. Putting this into practice is not easy. Without exception, large organisations are being held back in their decision making by their own history, legacy and culture. The most effective decision-making models for the future environment will not necessarily look the same in every organisation, nor will they be implemented overnight.

However, the time to act is now. The window of opportunity for change will be short-lived as slow-moving organisations without agile and professional decision-making processes are left behind by advances in technology and the emergence of new business models.

Our research provides a roadmap for making such a shift. It highlights a clear connection between successful decision making and specific business practices. The Integrated Thinkers, as we describe those organisations that have made most progress, are already charting the course for others to follow.

1: BATTLING WITH BUREAUCRACY: CAN LARGE STILL BE LEAN?

> "If you want to get to fast and agile, you need a sustained approach to change culture."
>
> Simon Henry, FCMA, CGMA, CFO, Royal Dutch Shell

Today's large multinationals are complex organisms. Each one is a construct of its own history and legacy. Overly bureaucratic processes and inefficiencies can hinder effective communication and fast, decisive action.

Agility of response is increasingly important in today's fast-moving markets, but many organisations are struggling. Our research found that:

- 72% of companies have had at least one strategic initiative fail in the last three years because of delays in their decision-making process.
- Close to half (42%) concede that they have lost competitive advantage to more agile competitors because of slow decision making.

Our survey clearly establishes that bureaucracy remains a major challenge to organisational agility today. Nearly one-third (29%) say organisational silos and bureaucracy create coordination problems. This is the single biggest barrier that respondents face.

While executives recognise the problem, large organisations often struggle to win the battle against bureaucracy. It takes a long-term effort, focusing not only on the manifestations but also the causes of bureaucracy. "If you want to get to fast and agile, you need a sustained approach to change culture," says Simon Henry FCMA, CGMA, CFO of Royal Dutch Shell. "This is particularly so if you're building on 100 years of successful history. You want to retain 70% of the culture and change 30%."

MIND THE GAP: OPPORTUNITIES FOR MAJOR IMPROVEMENT

We conducted a gap analysis of responses to our survey to highlight those factors which senior leaders said were highly important for decision making, and yet were currently lacking effectiveness today. While the results showed that there is room for improvement in most areas, they also identify those factors that need to be more urgently prioritised.

There are clearly areas in which organisations are making good progress. For example, respondents feel that it is important to measure the value of intangible assets—such as customer relationships, people and technology. They also feel they are more effective at executing on that goal than on others (highlighted in green in Figure 3 on the next page).

However, one of the most significant gaps in decision-making capability for organisations today is in stripping bureaucracy out of the process, along with investing in new tools to help integrate external and internal information (highlighted in orange in Figure 3). These areas are viewed as being highly important for effective decision making, and yet few of our respondents score themselves as highly effective today.

In addition there are a set of issues (highlighted in red) that we believe have been overlooked and merit more attention—organisations rate themselves as less effective in these important areas and yet they still place them further down their priority list. These include elements that are critical for better future decision making, such as the engagement of external stakeholders, embedding diverse perspectives in decision-making groups, and gaining more effective learning from past outcomes.

FIGURE 3: WHICH AREAS NEED PRIORITISING TO IMPROVE DECISION MAKING?

THE WELL PROGRESSED

C-suite rate the following factors as highly important and those they are highly effective at executing:

- Embedding transparency about decision making
- Understanding how business model must adapt
- Measuring value of people
- Measuring value of technology
- Measuring value of customer

GOOD PROGRESS

Organisations are making good progress and should continue to improve on these factors

THE IMPORTANT CHALLENGES

C-suite rate the following factors as highly important and those they are less effective at executing:

- Delivering relevant timely information
- Investment in data integration tools
- Preventing bureaucracy hindering decisions

CLOSE THE GAP

Organisations need to urgently prioritise their effectiveness in these valuable areas

THE OVERLOOKED

C-suite rate the following factors as less important and those they are least effective at executing:

- Applying big data analytics
- Learning from past outcomes
- Breaking down silos
- Involving relevant people
- Engaging external stakeholders
- Ensuring diverse perspectives are heard

ATTENTION REQUIRED

Organisations need to re-evaluate the importance of these factors and look to more effectively integrate them into their decision-making processes

THE ROAD TO AGILITY: QUICKER, FASTER, SMARTER

Lack of agility comes at a price. Organisations may miss market opportunities, suffer from inflated costs, and find that staff are demoralised. They need to take concerted action to address the root causes of bureaucracy and clear the road ahead.

At Royal Dutch Shell, this means combining long-term tactics with quick-fire responses to the changing landscape. "We've already been developing in this area for 10 years, pulling many of the levers from management restructuring to changing the reward and appraisal systems," says Mr Henry. "Then, you need to take the initiative. For example, when the oil price fell so sharply, that stimulus actually helps convince people there's a need to increase the ambition and the pace of the work."

At internet giant Yahoo, CFO Kenneth Goldman says one of his first acts on joining the company was to restructure the reporting lines. "I did much more functionalisation of the organisation. I placed all of the accounting under a controller and I put all of our corporate planning under one person. This allows me to get things done more quickly and more directly," he says. He also set up decision-making forums to improve communication lines among teams. "We created meetings to get everybody together. These were weekly meetings to go through the capital projects and the strategic deals and partnerships. With all the people in the room, that has made decision making quicker."

Meanwhile, for Alexander Visser, the CFO of Philips Africa, standardisation is the key to cutting out bureaucracy. "One issue for many companies is their system landscape makes it very difficult for them to communicate quickly and effectively across the organisation," he says. "At Philips, we are building what we call the Philips integrated landscape, standardising processes, data and systems. This connects information from different functions so it's available at everyone's fingertips."

There will be times when solving these problems requires a balancing act. For example, many organisations believe that smaller groups of stakeholders are important to accelerating the decision-making process. However, that may jar with the principle that good decision making also requires the input of wide-ranging employee and external-stakeholder groups. In practice, this will require transparent and simple sign-off procedures so that final decisions are not delayed.

Sustained effort to win the battle against bureaucracy and deliver agile decision making will pay dividends. Our research highlights the gains made by our Integrated Thinkers in this area. Across all respondents, only 28% had not experienced a failed strategic initiative because of slow decision making. Among Integrated Thinkers, 40% had been able to avoid this kind of failure in its entirety.

2: BREAKDOWNS IN TRUST AND COLLABORATION ARE PREVENTING INTEGRATED THINKING

> "We assemble multi-functional groups intermingled with different capabilities—it takes a very high-performing team with a mixture of talents to achieve a strategic objective."
>
> Patrick Conway, Chief Knowledge Officer, US Army Training and Doctrine Command

When we use the words "trust" and "transparency" with relation to big business, we automatically assume the major cause for concern is about a breakdown in relationships between large organisations and wider society.

Yet our survey reveals that senior leaders also have real concerns about internal levels of trust and collaboration. Trust is often lacking even between managers and employees in the same business. Close to half of respondents (43%) said their level of trust in fellow executives needed improvement, while 57% said more active collaboration was required. Relationships with the rest of the workforce are in even greater need of attention. Almost two-thirds (65%) said levels of trust between leaders and employees required improvement, while 70% called for more active collaboration between the two.

FIGURE 4: IMPROVING INTERNAL TRUST IS KEY TO MORE INTEGRATED THINKING

Executive team level of trust

43% of executive teams see a need to improve levels of trust with fellow executives

57% of executive teams see a need to improve active collaboration with fellow executives

Leaders and employees level of trust

65% of the workforce said levels of trust between leaders and employees required improvement

70% of the workforce called for more active collaboration between leaders and employees

In the context of decision making, internal trust is key. Having trust means that people will share information and insight and provides the basis for different groups to meet shared judgements. These are essential attributes for making robust decisions that do not back-fire to cause excessive risk and damage.

THE CASE FOR INCREASED TRUST AND COLLABORATION

The problem of low levels of trust appears to be more acute in the largest organisations, where leaders may be more remote from their employees and one another. Almost two-thirds (62%) of respondents from organisations with more than 5,000 employees told us that an improvement in trust is required between different functions and business units. For organisations with fewer than 1,000 employees, this drops to 53%.

Today's business environment is too complex and the demands of different markets too nuanced to make decisions in isolation. "Clearly the days of the 'imperial' CEO are over," says Mark Weinberger, Global Chairman and CEO of EY. "No one person has all the information necessary to make decisions. You need the people with the right experiences at the table who bring that knowledge, whether it be their business units or their functions."

Mr Henry says that while many senior leaders are keen to take on board the input of employees further down the hierarchy, it can be difficult in practice for their views to be heard at the most senior decision-making levels. For Mr Weinberger, the solution is a cultural one. "If you don't have an organisation that will let employees raise questions without recourse and bring ideas forward, or think about challenging some of the priorities and decisions of the organisation, then you will not have that level of engagement and that transparency you need to be able to win them over," he explains. "We put huge importance on measuring our employee engagement, frequently asking whether they understand our strategy and feel they have opportunity to give input."

There is a structural factor in the equation too, with many large organisations consolidating their globalised core functions, from finance to HR, R&D to sales. Patrick Conway, Chief Knowledge Officer at US Army Training and Doctrine Command, says part of the solution is to understand the high-level strategic objectives that transcend each function.

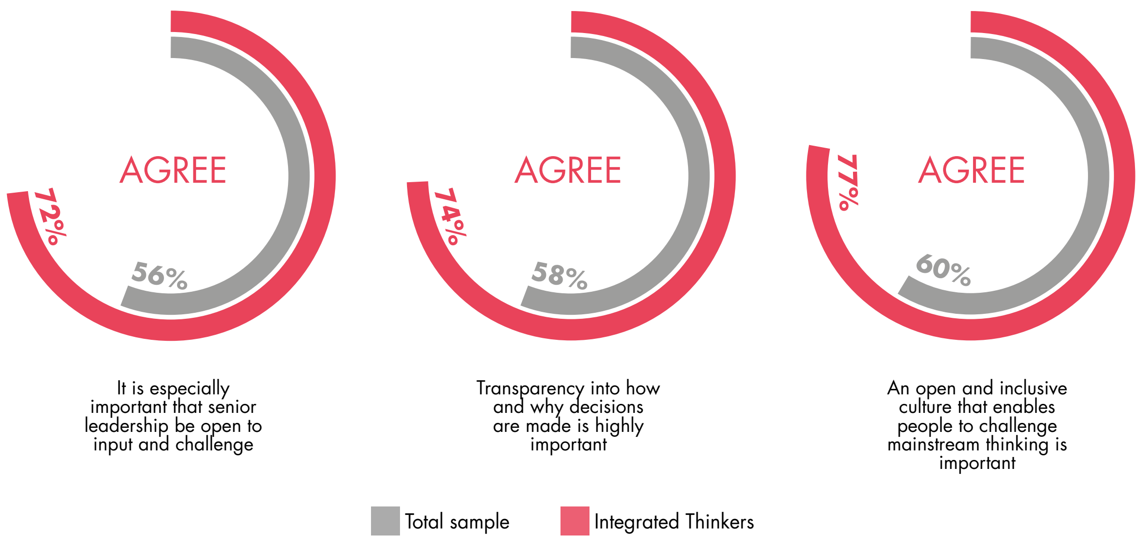
"We focus on achieving objectives above all else, and it takes multi-functional teams working together and collaborating to achieve those objectives," he says. "It's similar to what is done on a battlefield. There, you have multi-functional groups, from squads and companies to battalions, which are all built around the capabilities needed to achieve whatever objectives they're after. It takes these very high-performing teams, with a mixture of talents, to get results."

There is also a case for greater empowerment of employees further down the hierarchy. "Our big change as we have grown geographically has been to decentralise decision making, so that local managers with the expertise to make the decisions are those who do so," says Arvind Prasad, the Managing Director of metal trading firm Ushdev International. However, this approach requires that the organisation's strategic vision is communicated with complete clarity to all employees. This enables them to make the right choices for the broader organisation when faced with difficult options (see sidebar on *Trust is the key to collaboration for the US Army*).

These cultures are not easy to embed. Mr Visser of Philips puts it this way: "I think a lot of multinationals preach that they want to be entrepreneurial, but they also want to keep control over the decision-making process—that doesn't go hand in hand."

INTEGRATED THINKERS

Our analysis shows that Integrated Thinkers are already making the cultural shift required for cross-functional and bottom-up collaboration:



CASE STUDY

TRUST IS THE KEY TO COLLABORATION FOR THE US ARMY

Patrick Conway, Chief Knowledge Officer at US Army Training and Doctrine Command, says large organisations with a top-down culture can become unwieldy. Instead, he insists, they need to empower, localised decision making lower down the hierarchy, fuelled by collaboration and mutual trust.

Mr Conway says his organisation's approach to instilling agility, especially in its decision-making processes, is to empower people. "There are some organisations that will gather a lot of information, and then a select few individuals will make 'boardroom-like' decisions. While sometimes that's necessary, it's really more about decentralising the decision-making process down to lower levels, enabled with tools such as collaboration platforms and scalable dashboards, that allows each level of the organisation to view itself and see how it is progressing," he explains.

Implementing this approach requires high levels of trust across the organisation, which he credits to establishing a common understanding and ownership of shared objectives. "Not every decision needs to be made in the boardroom or at the highest level," he argues. As long as people understand the intent of what's to be achieved—and are able to see their own progress in achieving their piece of that intent—then you can empower people to make important decisions,".

"We spend a lot of time looking at a strategic plan to ensure it is concise, and contains what we call the 'leader's intent', summarising the outcome and where we want to go. As the plan is further developed through subordinate levels of the organisation, the objectives become more finite and measurable, ultimately down to each individual, who makes the day-to-day decisions necessary to meet the intent laid out in a strategic plan."

3: SHUNNING SHORT-TERMISM: BALANCING SHORT, MEDIUM AND LONG-TERM OBJECTIVES

> "We need to have a long-term strategy so that we're aware of what parts of the business may need further investment and the longer timelines to those investments. But we can't neglect the short-term checks and balances."
>
> Claire Suddens-Spiers,
> Head of South East Asia, Rothschild

In today's complex and interconnected global markets, economic volatility has become the norm. Looking ahead at the wider operating environment, political, social and environmental risks are also increasing. Against this backdrop, it is critical that organisations make decisions that enable them to compete in the short, medium and long-term, whatever the eventuality. To achieve this, organisations have to take a broader, more integrated view of the business. As well as recognising the importance of all stakeholders in creating and sharing value, the need is to understand where value actually lies today: for example, in intangible assets such as reputation, brand and intellectual property.

Yet, in our survey, almost half (48%) of respondents say they are struggling to balance their short, medium and long-term objectives as they make key decisions about their organisations' futures.

THE NEED FOR AN OUTWARD-LOOKING PERSPECTIVE

In the aftermath of the financial crisis, much was made of the internalised thinking that led investment banks and other financial services organisations to make decisions in search of short-term gains. The highly leveraged model that many adopted was not sustainable for the long term. What is more, there was little consideration of the ramifications of the sector's lending and investment practices for communities, businesses and individuals.

Our analysis shows that many organisations appreciate the importance when setting strategy of assessing the needs of a wider group of external stakeholders. However, while 45% say this is highly important. Only 23% rate themselves as highly effective at doing so.

EY's Mr Weinberger thinks that this is an important issue and that leaders must get better at engaging with external stakeholders. "Senior leaders have to be more external-facing today," he argues. "You've got to be on the ground talking to government, regulators, suppliers and clients so that you understand what they're looking at and trying to address. That's paramount as you're crafting a business strategy—external factors, whether geopolitical risks, regulatory changes, or new competitors, have a huge impact on business today."

It is important not to view any external stakeholders, such as regulators, as a challenge to be resisted. Instead, Mr Weinberger believes, working together and innovating with stakeholders is an opportunity to learn and to educate. "Where is their capital going, where are their investments going to be? That's where I think you get really good insights," he says.

In the energy industry, where the long-term business model is vulnerable to shifts in fossil fuel demand and environmental risks, Mr Henry says it is impossible to make decisions for the long term without deepening external engagement (see sidebar on *How Shell has honed its future gazing*). "We are renowned for developing a scenario analysis that looks at alternative societal, political, economic and business developments, and then places the energy industry in that context over a 30-to-40-year period looking forward," he says. "We invite academics, government and free thinkers into that discussion, to develop several alternative ways that the world may develop and to push the boundaries of our thinking."

SHIFTING THE METRICS

Our research indicates that at least two further distinct factors are contributing to the difficulties that leaders are facing:

- **Poorly aligned incentive structures:** more than a third (34%) of respondents say their company's incentive and bonus structures are hindering their ability to generate value for the short, medium and long term
- **Inappropriate performance measurement tools:** the same proportion (34%) report that they find it challenging to select the right combination of metrics to measure business performance over different time frames

At Diageo, President of North America, Deirdre Mahlan CPA, CGMA says they have changed the balance of their short-term incentives. Now they place a greater emphasis on broader growth measures rather than net profit alone, and link long-term incentives more tightly to long-term returns. "If something is strategically important and critical for us then we should be prepared to take a longer payback period, and we want part of people's rewards to be tied to those longer-term returns too," she says. "If you make a decision which then fails, it's going to impact your reward." The incentive structure is also something that must be continuously monitored and evolved as necessary. "I would advocate an ongoing review and evaluation of the outcomes of the incentive plans. It has to be done every year to understand the intended and unintended consequences at a market and group level of the incentives we had in place," she adds.

Claire Suddens-Spiers, Head of South East Asia at Rothschild, says senior leaders are focused on this balance. "We need to have a long-term strategy so that we're aware of what parts of the business may need further investment and the longer timelines to those investments," she says. "But we can't neglect the short-term checks and balances. If you have those in place, there are red flags that identify when a business is going off track."

At Philips Africa, Mr Visser has had to adjust the metrics used for assessing performance when entering new markets in Africa. "In some emerging markets, we very quickly managed to achieve sales and bottom-line targets," he says. "However, this is perhaps not the right measurements in an emerging market. "You won't be successful unless you keep a close watch on making sure you have extremely tight back-office processes in place and skilled people with local knowledge on the ground."

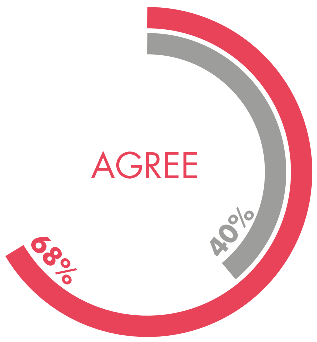
DEFINING METRICS IN A NEW WORLD OF INTANGIBLE ASSETS

The challenge for senior leaders is not just about aligning incentive structures more closely with long-term strategy. Many are also struggling to find the appropriate metrics to gauge performance in a world where value can no longer be measured simply by traditional accounting measures. For many organisations, the value of intangible assets—such as reputation, brand and intellectual property—are increasingly important. Recent research from Brand Finance, covering more than 58,000 companies quoted in more than120 countries and 120 stock exchanges, found that their total Enterprise Value was $71 trillion as at the end of 2014. Of this value, $33.5 trillion represented Net Tangible Assets (NTA), while $11 trillion was ascribed to intangible assets and $26.5 trillion to 'undisclosed value'.

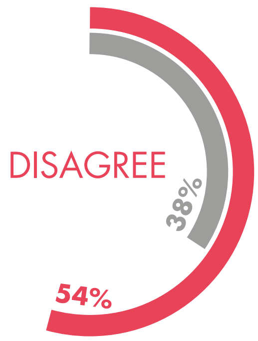
Source: Global Intangible Financial Tracker 2015, April 2015, Brand Finance in partnership with CIMA

INTEGRATED THINKERS

The Integrated Thinkers in our research underline the importance of aligning metrics with the key value drivers of the business.



They are highly effective in their understanding of how their business model needs to adapt over time in response to market trends



They have difficulty making decisions that balance objectives for the short, medium and long-term

Total sample | Integrated Thinkers

CASE STUDY

HOW SHELL HAS HONED ITS FUTURE GAZING

Simon Henry FCMA, CGMA, CFO of Royal Dutch Shell, explains how Shell Scenarios, a long-established unit of the oil business, is crucial in setting the agenda over the short, medium and longer terms.

“Our industry has to look beyond the shorter term, because we never invest for just two to three years.

“We developed a programme of scenario analysis to look at alternative societal, political, economic and business developments, and then to place the energy industry in that context over a 30- to 40-year period looking forward. It’s not just views from within Shell that inform the discussion. We run facilitated workshops that aim to put as diverse a set of people in a room as possible, such as NGOs and academics. And, today, we look more to China, or India, or Brazil than we might to Europe.

“The idea is to develop two or three alternative ways that the world may develop—they may not necessarily be independent or mutually exclusive. We then think about the current positioning and the long-term strategic positioning of Shell and how that plays out against the different scenarios. That leads to the development every three years of a broader 10-to-15-year strategic plan. Annually, there’s a quantification of the plan, as well as a benchmarking test as to whether it’s still relevant.

“In the medium-to-long term, the process forces us to think about the competitive environment—what actually will help you to win competitively in 10 or 15 years’ time in different scenarios. You can then work that backwards to identify the no-regret, low-regret or possibly huge value-creation decisions that you might take based on those different outcomes.

“The acquisitions we have made have been pitted against what we know and what we don’t know. For example, one thing we know is that in the oil side of our business, access to molecules is challenging—and access to molecules that can be developed at a competitive cost is even more challenging. Brazil is a massive part of what is available, plus it’s a deep water investment, where we specialise. Our assessment of all those risks is that the proposed BG Group acquisition is robust and resilient against almost any scenario that we can see, compared with certain other transactions that we could have pursued.”

4: PANNING FOR GOLD: TRANSLATING DATA INTO INSIGHT IN THE ERA OF INFORMATION OVERLOAD

> "Modelling can be very dynamic in today's world—the information is constantly changing in a climate or environment that is more volatile than in the past."
>
> Kenneth Goldman,
> CFO, Yahoo

Senior decision makers have more information than ever before at their disposal as they contemplate the future direction of their organisations. The potential of big data—the greater volume, velocity and variety of information available—is significant and growing all the time. Sophisticated analytics tools can allow organisations to turn raw and often unstructured information into strategic insight, driving competitive advantage and managing risk.

80%

of respondents

point to at least one occasion in the last three years where their organisation has made a strategic decision and subsequently discovered it was based on flawed information.

"The sophistication of information and its availability for real-time decision-making is in a different place from where it was a few years ago," says Mr Henry of Royal Dutch Shell. "Tapping into these information sources to react in tougher times is critical, and can be a major opportunity to create or protect value." At Yahoo, Mr Goldman adds: "Modelling can be very dynamic in today's world—the information is constantly changing in a climate or environment that is more volatile than in the past."

THE RISK OF DROWNING IN DATA

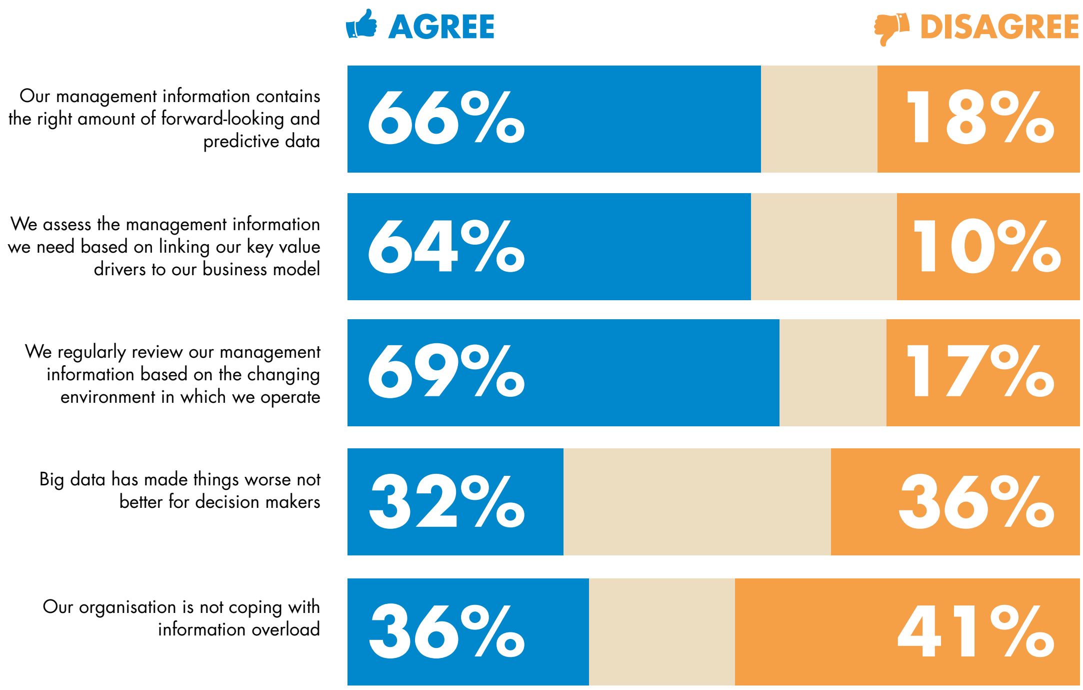
Equally, however, the proliferation of data carries the risk of information overload. Decision makers at those organisations that fail to prioritise and process the data they receive—extracting what is relevant and making it meaningful by adding context and practical insight—will not hear clear signals from their data. They will only hear noise.

As EY's Mr Weinberger puts it: "Data is important, but remember that numbers are the results of what you do, they're not what you do. Revenues are a direct result of how much value you bring to your clients and customers. If you truly focus on them, and serve their needs, the revenues will follow. Clients and customers tell you things data won't."

Our research suggests that there is a real and present danger of information overload for many organisations. Less than a third of respondents (32%) say their organisation is highly effective at ensuring all information delivered to decision makers is relevant and timely. More than a third (36%) say their organisation is not coping with information overload.

Indeed, in some cases, the use of data is actively doing harm. A significant 80% of respondents point to at least one occasion in the last three years where their organisation has made a strategic decision and subsequently discovered it was based on flawed information. While 37% of organisations say big data has helped them to make better decisions, a worrying 32% say it has actually made things worse.

FIGURE 5: BIG DATA'S MIXED PICTURE



"People can slice and dice data in so many ways, but sometimes it adds to the white noise and gives lots of people a channel to ask irrelevant questions because they are not close enough to the real business," warns Claire Suddens-Spiers of Rothschild. "You need to understand the context to be able to really understand the information, or there is a real danger you can fall into analysis paralysis." Decision-makers at the corporate headquarters of large, global organisations, for example, must appreciate the context and specific demands of local markets to understand local information. "If the head office is focusing on a global KPI, it might not be relevant in a local context," she says. "Markets are different and market practices are different, so you can't apply the same standards to some of the data contained within those KPIs. You have to understand the context in order to be able to really analyse the information."

MOVING FROM INFORMATION OVERLOAD TO ACTIONABLE INSIGHT

Organisations' capabilities and practices are beginning to reflect the fact that big data and analytics have become an increasingly important item on the leadership agenda, organisations' capabilities and practices are beginning to reflect this. Two-thirds of decision makers (66%) say they receive the right amount of forward-looking management information. An even higher proportion (69%) say they regularly review management information on the basis of their changing operating environment. This suggests organisations are becoming more adept at screening out the noise to understand which data is most relevant.

Fully exploiting data analytics requires significant and ongoing investment in (and commitment to) developing capability and performance. Organisations need to understand how to:

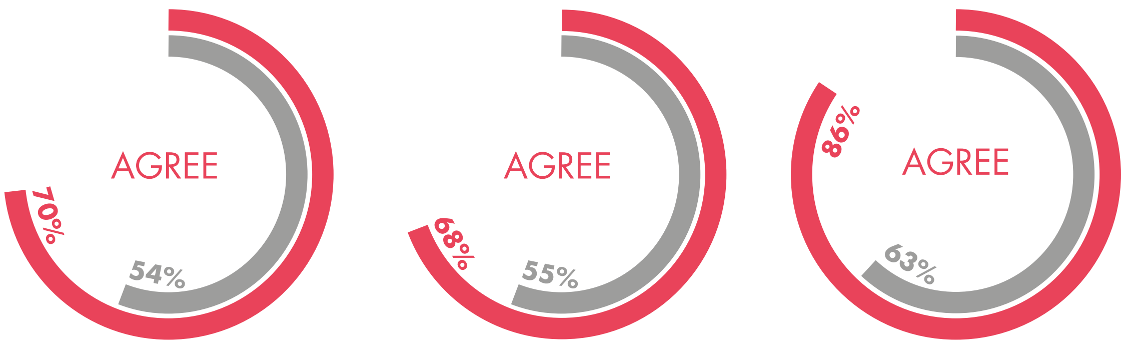
- Prioritise data and think carefully about how they use both internal and external sources of information. Data on competitor performance, say, or environmental impact, may be invaluable given the increasing diversity of risks that large organisations face, but only if interpretation leads to genuine actionable insight.
- Accelerate the dissemination of information throughout the organisation. The pressure for near-to-real-time analytics is likely to increase, with new tools and technologies becoming available all the time. Ms Claire Suddens-Spiers says that implementing such tools is key to ensuring that

information is readily available to people right across the organisation. However, the benefits of such systems can only be realised when organisations ensure that their people can make time to input the data in the first place. "That can sometimes be a challenge, when people are busy rushing between meetings," she says.

- Identify technologies that can foster the sharing of information by promoting more person-to-person interactions. "We run a 'deal desk', which is really a daily meeting for 15 minutes of all our different geographies. Anybody who needs more information is just a call away. We take full advantage of all the different chat mechanisms available today to bring our people together." says Mr Prasad of Ushdev International.
- Build their forecasting capability. For Andre Oerlemans, CFO of Weight Watchers Benelux, in a customer-focused business, this is a critical step to gauge the impact of new propositions and services. "I would say the biggest challenge is no matter how much data we have, the biggest issue in our organisation is still the ability to predict what will happen next year. Since we are so fully related to the choices of our consumers, the biggest difficulty for us is to judge the impact of a new programme or a true innovation next year compared to this year," he says.
- Put relevant information in the hands of key decision-makers across the business. Data scientists can help organisations to extract information from many sources. However, only those leaders with a deep understanding of their businesses will understand what insight is required and how to use it.

INTEGRATED THINKERS

The Integrated Thinkers in our survey prize data and are adept at aligning their application of data with enterprise strategy.



Financial data is especially valuable in decision making

Non-financial data is especially valuable

Already assessing the management information they need by focusing on the key value drivers of the business model

Total sample   Integrated Thinkers

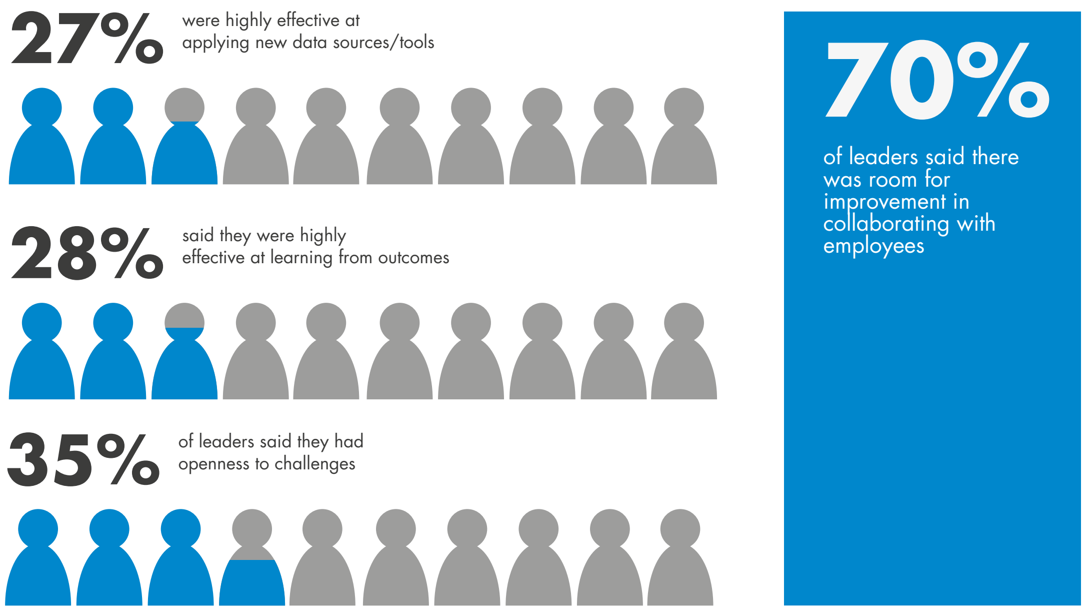
5: DEVELOPING THE DECISION-MAKING CAPABILITY OF SENIOR EXECUTIVES

> "We have formal reviews of how effective our decisions have been. These include post-investment reviews that feed into formal learning networks, with lessons communicated and fed back."
>
> Simon Henry, FCMA, CGMA, CFO, Royal Dutch Shell

The decision-making buck stops with an organisation's leaders. They are the ones who must be able to react rapidly, seize emerging opportunities, and make tough choices. In today's business environment, this requires not only experience and intuition, but also specific skillsets and capabilities. In our survey, many leaders were candid in admitting they are not as effective as they would like to be in key areas. They also identified specific attributes where they need help to develop their skills. Improving skills and effectiveness must now be a leadership development priority for organisations as they seek growth opportunities and manage risks.

FIGURE 6: WHERE ARE THE LEADERS FALLING SHORT?

LEADERS' DEFICIENCIES



BETTER LEARNING FROM OUTCOMES

Strikingly, just 28% of all respondents felt their organisation was effective at enabling senior leaders to learn from the outcomes of decisions. Amongst Integrated Thinkers, by contrast, that figure was markedly higher, at 51%. The danger facing organisations without an effective approach is that they will simply repeat past mistakes. They could also fail to understand all of the reasons for previous successes. When this happens, innovation is curtailed and employees become disengaged as the organisation moves away from a culture of continuous learning.

Tackling this problem should be a priority. Organisations can take a number of steps to do so:

- Introduce specific learning and review processes. For example, implementing formal reviews of major investment decisions with feedback mechanisms to ensure lessons are communicated and fed back, such as those used by Royal Dutch Shell
- Invest in skills. Demand is increasing for data scientists and finance executives with data expertise. Closer integration between data specialists and other functions can help to unlock new sources of information, delivering fresh insights about past outcomes as well as helping to predict the future environment. Related to this, only 27% of senior leaders in our survey rate themselves as being highly effective at interpreting new data sources and tools. Recognising the need for greater organisational support in this area, 40% say that data scientists should be given greater responsibility in the decision-making process
- Embrace the behavioural and psychological dimension. To deliver better outcomes, senior leaders need to become more open to their decisions being scrutinised and challenged by colleagues, employees and external stakeholders. Currently, however, only 35% of organisations rate their senior leadership's openness to input and challenge as highly effective. Again, there is a clear example set by the Integrated Thinkers, where this figure stands at 44%

CONCLUSION: PRINCIPLES ENSURE THAT INTEGRATED THINKERS MAKE BETTER DECISIONS IN UNCERTAIN TIMES

> "With lots of technological change, as well as an ageing population and geopolitical shifts, there are major challenges to our system... companies have to consider their resilience factor. They need to employ health metrics and apply the kind of rigour that Global Management Accounting Principles provide."
>
> Dominic Barton, Global Managing Director, McKinsey[3]

3. FM Magazine, CIMA, October 2015.

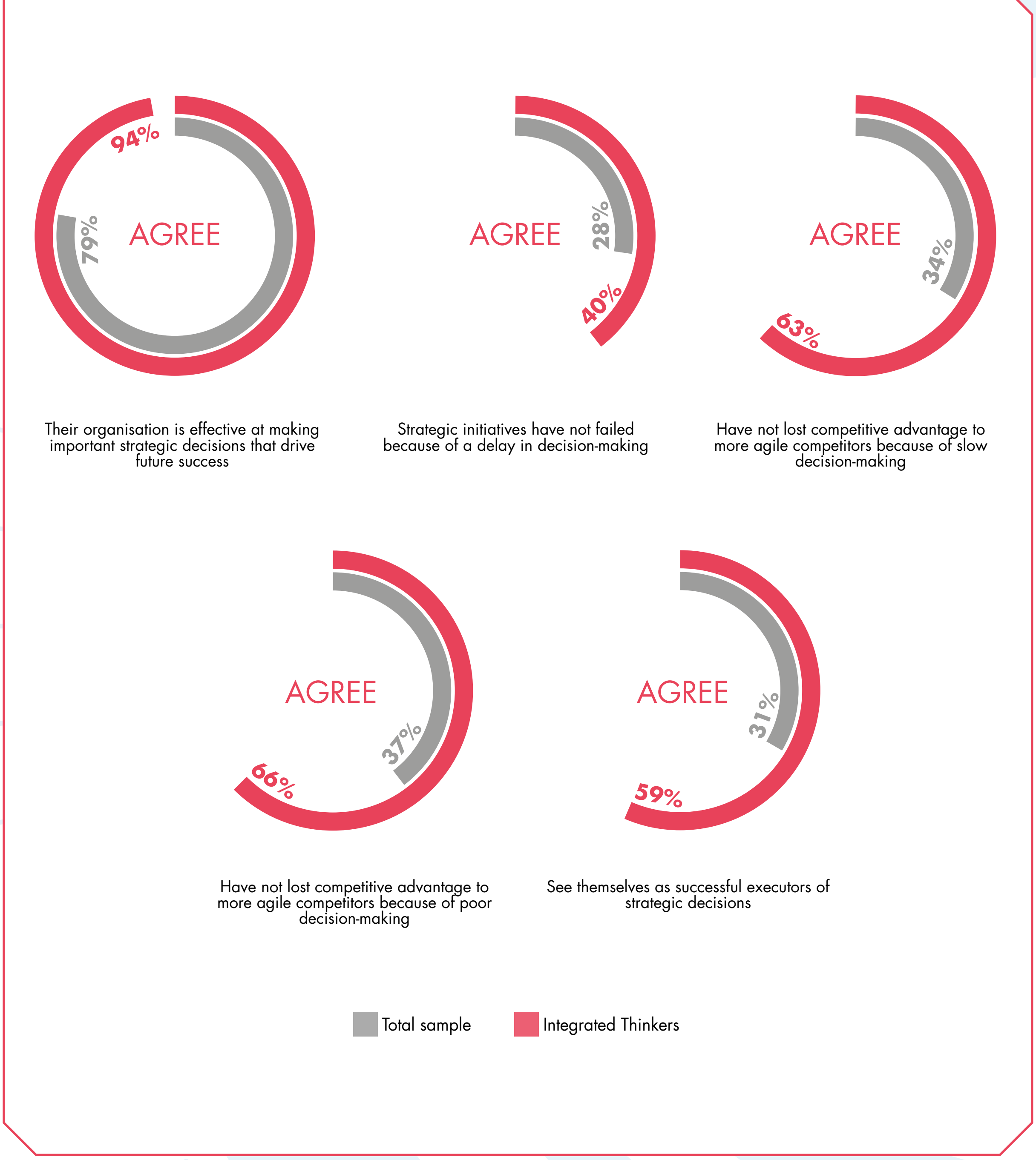
Flaws in decision making are taking a heavy toll on companies. Our research shows that close to three-quarters of companies, 72%, have seen a strategic initiative fail as a result of decision delays. Around half feel at a disadvantage to their more agile competitors. And, despite years of operational improvement and the introduction of collaboration tools to improve agility, almost one in three feel stymied by bureaucracy.

Despite this perfect storm of issues, there are glimpses of clear sky. Our research has shown where the main decision-making deficiencies lie. At the same time, the Integrated Thinkers we have identified provide best practice for companies seeking to tackle their decision weaknesses.

Achieving the decision-making performance of our Integrated Thinkers will require wide-ranging change. Organisations will need to make both hard changes to processes and tools, but also soft changes to behaviours, culture and leadership styles:

- Build greater trust between leaders and employees to improve the sharing of information and to ensure fresh perspectives are heard in supporting decision making
- Balance both financial and non-financial information to capture a broader understanding of all the key value drivers, moving away from a solely traditional view of value in a business environment where that no longer makes sense
- Share relevant data that has insight layered onto it, to ensure that leaders can extract meaning from data and apply it in the right context
- Drive greater collaboration to make sure that the people with the right knowledge and experience from different business units and functions are involved in making decisions
- Put the right incentive structures in place to encourage decision-makers to take choices that will create value for the short, medium and long term
- Place greater emphasis on engagement with external stakeholders to develop a broader perspective on stakeholder value, helping to ensure the organisation's strategy is sustainable for the long term in today's fast-changing world
- Work harder to learn from the outcomes of previous decisions, adjusting review processes and performance metrics to drive better results in future
- Create greater transparency into how and why decisions are being made, helping to develop a deep understanding of the organisation's business model and align all employees with the wider strategy so they can work towards a common goal, and to facilitate enhanced relationships across the organisation

INTEGRATED THINKERS



The CGMA Global Management Accounting Principles are the best structured approach to help businesses achieve these changes. (See following section *The CGMA Perspective: Why management accounting is integrated thinking*).

In this disrupted environment, the leaders of major organisations have no option but to work much harder on their decision-making capability and approach. All people—leaders and front-line staff—make mistakes and wrong choices. However, by changing the approach and processes by which decisions are made, organisations can transform their ability to make the right choices and achieve great outcomes, even in times of disruption and uncertainty.


GLOBAL MANAGEMENT ACCOUNTING PRINCIPLES©
INFLUENCE
RELEVANCE
VALUE
TRUST
ANALYSIS

THE CGMA PERSPECTIVE: WHY MANAGEMENT ACCOUNTING IS INTEGRATED THINKING

A good place to start is to adopt the CGMA Global Management Accounting Principles as the best framework for integrated thinking and decision making. Management accounting is at the heart of high quality decision making, because it brings to the fore the most relevant information and analysis to create and preserve value. It recognises the importance of accounting for the business and not just the balance sheet. The four principles of Influence, Relevance, Analysis, and Trust are designed to help organisations to make better decisions, respond appropriately to the risks and opportunities they are presented with and protect the value they create (see *Global Management Accounting Principles*).

A company that has a robust management accounting system is a company that is powered up for success. The Global Management Accounting Principles describe the essence of integrated thinking. They enable the right information to be brought together that reflects a broad view of value creation over the short, medium and long term, analysing what is going on and why, using the business model as a frame of reference. And they promote behaviours that build trust from which information is shared and influence secured. In this way, management accounting is truly integrated thinking.

GLOBAL MANAGEMENT ACCOUNTING PRINCIPLES: BEST PRACTICE FOR INTEGRATED THINKING

INFLUENCE

COMMUNICATION PROVIDES INSIGHT THAT IS INFLUENTIAL

Management accounting begins and ends with conversations. The Principles have been designed to help organisations cut through silos and encourage integrated thinking, leading to better decision making.

RELEVANCE

INFORMATION IS RELEVANT

Management accounting makes relevant information available to decision-makers when they need it. The Principles provide guidance on identifying past, present and future information, including financial and non-financial data from internal and external sources. This includes social, environmental and economic data.

VALUE

TRUST

STEWARDSHIP BUILDS TRUST

Accountability and scrutiny make the decision-making process more objective. Balancing short-term commercial interests against long run value for stakeholders enhances credibility and trust.

ANALYSIS

IMPACT ON VALUE IS ANALYSED

Management accounting connects the organisation's strategy to its business model. This Principle helps organisations to simulate different scenarios to understand their impact on generating and preserving value.

> "There's no need for any sense of helplessness in the face of multiple uncertainties. What we need is a robust and consistent framework that's meaningful but high level enough to allow scope for radical changes from time to time in how we specifically approach, solve for or integrate a new development. This is where a principles-based framework, like the Global Management Accounting Principles, is absolutely spot-on. We cannot create a future-proof set of detailed rules — but we can develop a framework for analysis that recognises change is a constant and therefore that judgement is required."[4]
>
> Helena Morrissey, CBE, CEO Newton Investment Management, Founder of the 30% Club and Chair of the Investment Association

4. 2015 CIMA President's Dinner speech.

> "The public interest has much to gain from the Global Management Accounting Principles being adopted and generally accepted around the globe."[5]
>
> Guy Jubb, Global Head of Governance & Stewardship, Standard Life Investments

5. "Is there no accounting for management?", CIMA Presidential Conference, University of Edinburgh, 28 October 2015.

The Global Management Accounting Principles are critical in today's disrupted world. Leaders today face a shifting and highly challenging economic environment. The impact of new technologies, from robotics to the Internet of Things, are transforming how organisations operate and their business models. Globalisation will continue to accelerate, with the balance of power shifting between regions and new global competitors emerging. Demographic developments, such as the ageing population, will create significant economic challenges.

Management accounting professionals are a powerful ally in business. Combining high-level accounting skills with business management skills as defined by the CGMA Competency Framework, they connect all aspects of business and create real value.

Powering up people through the CGMA Competency Framework to take decisions — equipping them with the right skills and competencies together with the decision-making framework of the Global Management Accounting Principles — enables effective integrated thinking.


CGMA® COMPETENCY FRAMEWORK
PEOPLE
To influence people
Apply accounting and finance skills
TECHNICAL
VALUE
LEADERSHIP
And lead within the organisation
In the context of the business
BUSINESS
ETHICS, INTEGRITY AND PROFESSIONALISM

DRIVING INTEGRATED THINKING AND DECISION MAKING - FURTHER RESOURCES

CGMA RESOURCES

ESSENTIAL TOOLS FOR MANAGEMENT ACCOUNTANTS (CGMA, 2013)

This report contains information on 20 leading tools, including the balanced scorecard, value chain analysis and enterprise risk management.

www.cgma.org/essentialtools

REBOOTING BUSINESS - VALUING THE HUMAN DIMENSION

The ground-breaking report explores the challenges faced by organisations against the backdrop of a rapid pace of change brought about by globalisation, innovation and the fall-out from the global financial crisis.

www.cgma.org/rebootingbusiness

FROM INSIGHT TO IMPACT—UNLOCKING OPPORTUNITIES IN BIG DATA (CGMA, 2013)

This report investigates how leading finance professionals are using data to drive commercial impact. It highlights the top five business areas that could benefit from better data quality and analysis.

www.cgma.org/bigdata

FINANCE BUSINESS PARTNERING — THE CONVERSATIONS THAT COUNT (CGMA, 2015)

Finance business partnering makes an important contribution to improving decision making and ensuring the sustainable success of business.

This report shows the kinds of decisions management accountants support and how they contribute to these decisions.

www.cgma.org/businesspartnering

INTEGRATED THINKING (CGMA, 2014)

This brief highlights the benefits of integrated reporting. It shows that effective integrated reporting requires integrated thinking and decision making based on information that is broader, more interconnected and more forward-looking than traditional financial information.

www.cgma.org/integratedthinking

USEFUL FURTHER READING

THE INTERNATIONAL INTEGRATED REPORTING FRAMEWORK (IIRC, 2013)

The purpose of the <IR> Framework is to establish Guiding Principles and Content Elements to govern the overall concept of an integrated report. It is underpinned by the IIRC's vision of a world in which integrated thinking is embedded within mainstream business practice, facilitated by <IR> as the corporate reporting norm.

www.theiirc.org

CREATING VALUE WITH INTEGRATED THINKING (IFAC, 2015)

This paper explores the role of professional accountants in facilitating and improving integrated thinking in their organisation.

www.ifac.org

VALUING YOUR TALENT

This initiative is designed to help businesses understand the true value of their organisation by finding a common language and framework for the finance, HR and management professions, to help maximise the effectiveness of their people and the long-term prospects of the business.

www.valuingyourtalent.com

ABOUT THE RESEARCH

OVERVIEW

This report is based on a survey commissioned by CIMA and the AICPA, and conducted by Longitude Research, of 300 C-level executives at large organisations from 16 countries around the world. The survey was conducted in September 2015. All respondents held C-level positions at companies with annual revenues in excess of US$500m. The largest part of the sample was drawn from the US (17%), Canada (12%), China (8%), India (8%) and Japan (8%). The remainder of responses came from (in numerical order) Singapore, France, Germany, UK, Brazil, Italy, Russia, Belgium, South Africa, United Arab Emirates and the Netherlands.

ABOUT THE INTEGRATED THINKER ANALYSIS

We undertook a cluster analysis of our survey data to create distinct groups or 'clusters' of our survey respondents based upon their current effectiveness and behaviours in key aspects of decision-making. We deliberately selected as the core variables for our cluster analysis questions that best described the key principles of Influence, Relevance, Trust and Analysis. This analysis uncovered Integrated Thinkers as a distinct group, as outlined below:

Principle	Influence	Relevance	Trust	Analysis
Question from Survey	How effective are you at breaking down functional silos to discuss decisions with relevant people across the business?	How effective are you at ensuring that all information (financial and non-financial) delivered to decision makers is relevant and timely?	Level of trust between senior leaders and employees	Sufficient understanding of how the organisation's business model needs to adapt in response to market trends
Total sample score	27% Highly effective	32% Highly effective	65% Require significant or moderate improvement	41% Have sufficient understanding
Integrated thinkers	49% Highly effective	66% Highly effective	1% require significant or moderate improvement	68% have sufficient understanding

American Institute of CPAs
1211 Avenue of the Americas
New York, NY 10036-8775
T. +1 212 596 6200
F. +1 212 596 6213

Chartered Institute of Management Accountants
The Helicon
One South Place
London EC2M 2RB
United Kingdom
T. +44 (0)20 7663 5441
F. +44 (0)20 7663 5442

CIMA regional offices:

Africa
Office address:
4th floor, 54 Melrose Boulevard
Melrose Arch
Melrose North
Johannesburg, South Africa
T: +27 (0)11 788 8723
F: +27 (0)11 788 8724
johannesburg@cimaglobal.com

Middle East, South Asia and North Africa
356 Elvitigala Mawatha
Colombo 5
Sri Lanka
T: +94 (0)11 250 3880
F: +94 (0)11 250 3881
colombo@cimaglobal.com

South East Asia and Australasia
Level 1, Lot 1.05
KPMG Tower, 8 First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T: +60 (0) 3 77 230 230/232
F: +60 (0) 3 77 230 231
seasia@cimaglobal.com

Europe
The Helicon
One South Place
London EC2M 2RB
United Kingdom
T. +44 (0)20 7663 5441
F. +44 (0)20 7663 5442
cima.contact@cimaglobal.com

North Asia
1508A, 15th floor, AZIA Center
1233 Lujiazui Ring Road
Pudong Shanghai, 200120
China
T: +86 (0)21 6160 1558
F: +86 (0)21 6160 1568
infochina@cimaglobal.com

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Australia, Bangladesh, Botswana, China, Ghana, Hong Kong SAR, India, Ireland, Malaysia, Nigeria, Pakistan, Poland, Russia, Singapore, South Africa, Sri Lanka, UAE, UK, Zambia and Zimbabwe.

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