

October 2017

Generation gap

Compliance & monitoring

Technology

NBA Member Group Accountants in Business

Future vision for the profession of Finance Professional

Convergence

Sustainability

Accountants
in business

NBA

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Table of contents

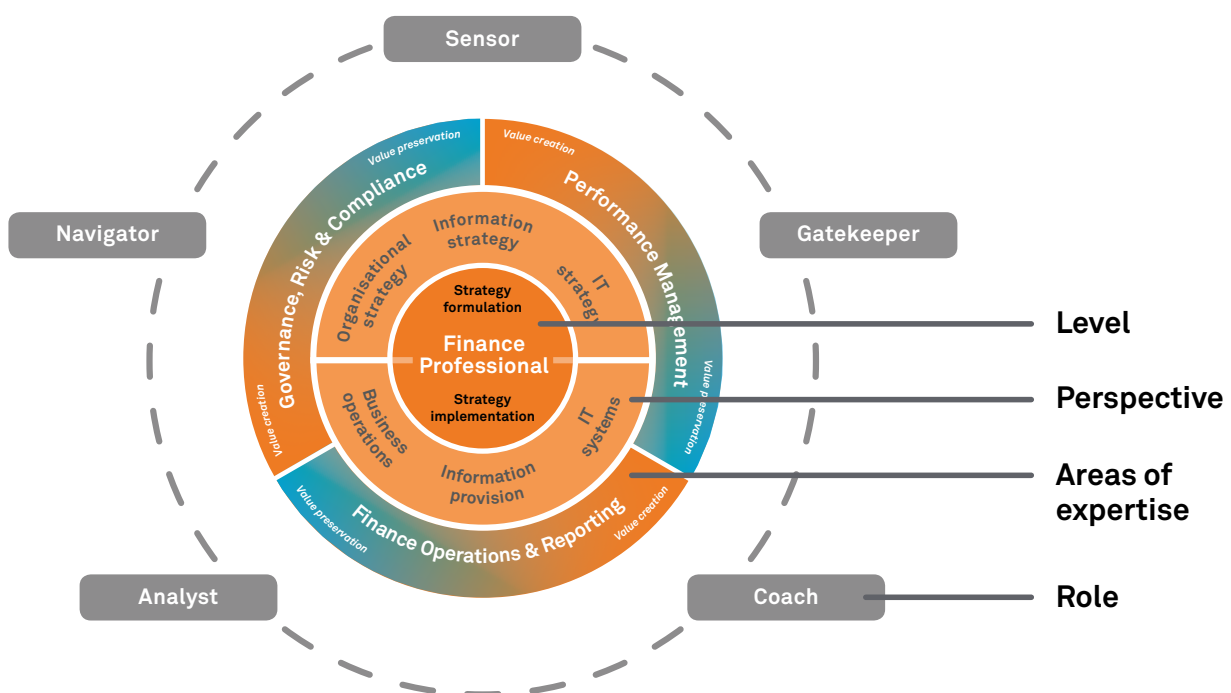
Summary	4
1. Introduction	6
2. External developments	7
3. The finance professional model	9
3.1 Who is the finance professional?	
3.2 The components of the model	
3.2.1 Level	
3.2.2 Perspectives: organisation, information, and IT	
3.2.3 Areas of expertise	
3.2.4 Roles	
4. Conclusion	15
Appendix 1 Process and participants for round table meetings	16
Appendix 2 Model from Vision Statement on the Profession of Financial Professional, September 2014	17

Summary

Finance professionals continually encounter all sorts of challenges in their work. This is predominantly the result of rapid, far-reaching societal and technological developments. The standpoint taken in this 'vision paper' is that the way in which finance professionals deal with their particular challenges is determined by a select number of factors. Together, these factors form the finance professional model. The model provides tools that will ensure that all people involved are speaking the same language and are able to understand one another. Among other things, the model will help determine the requirements that finance professionals must satisfy within an organisation, identify the risks they incur when performing their duties, develop training curricula and life-long training opportunities. The aim of all of this is to ensure that finance professionals are able to stay ahead of the game in their profession and thus contribute to the (financially) healthy future of the organisations they work for.

The model consists of the following four components:

1. The **level** at which the finance professional operates.
2. The **perspectives** from which the finance professional performs their role.
3. The **areas of expertise** that the finance professional focuses on and the extent to which they are geared towards value creation and value preservation.
4. The **roles** that the finance professional is able to fulfil.



To clarify, the position that a finance professional fulfills within their organisation depends on how they interpret their role, and this interpretation is in turn determined by the level at which they operate (such as at the strategy formulation level), the perspective from which they operate (such as the IT perspective), and the areas of expertise they focus on (such as Performance Management).

Moreover, there are various external developments that constantly affect the interpretation of the model, namely technology, generation gap, convergence, compliance & monitoring, and sustainability.

1 | Introduction

At the end of 2014, the partnership between the NBA (Koninklijke Nederlandse Beroepsorganisatie van Accountants) and VRC (Vereniging van Registercontrollers) published the 'Vision paper regarding the profession of Financial Professional'. This vision paper contained a model that represented the profession of Finance Professional using the following three components: key domains, personality domains, and external developments; core aspects, personality aspects, and external developments.¹ Since its launch, this model has been used by a range of organisations, universities of applied sciences, training institutes, and researchers. It has also been used internally as an important steering tool in developing a professional profile and developing life-long training opportunities.

To maintain its relevance, this vision is frequently reassessed by members and stakeholders and adjusted if need be; the time to make such adjustments has now come. The previously mentioned model was mostly geared towards the person that fulfils the profession of finance professional and their required expertise and competencies. In this model, two new dimensions have been added which determine the way in which finance professionals can be positioned within the spectrum of occurring tasks. These two new dimensions are (1) strategy formulation versus strategy implementation and (2) organisation domain, information domain, and IT domain. Moreover, there is a need to further aggregate the trends included in the previous model and align them more with prospected future developments. Technological changes in particular deservedly occupy a more prominent place in the new model.

The model is further expounded upon in paragraph 3. Paragraph 2 first discusses the external developments that are relevant to finance professionals.

¹ This model resulted from the partnership between the NBA and VRC prior to September 2017 and is included in appendix 2.

2 | External developments

The environment within which finance professionals work is becoming increasingly dynamic and complex. As such, they have to be able to notice relevant developments on time. This is a necessary aspect of them being able to analyse the effects thereof for their organisations and the finance position in general, respond to those effects, and keep their own knowledge and skills up to date.

The most important developments which will have an effect on finance positions are discussed in further detail below.

Technology

Rapid technological changes require adequate adjustments within organisations and are leading to new business models. Data analytics, artificial intelligence, social media, the Internet of Things, dashboards, cloud computing, robotic process automation, and blockchain are increasingly important topics in board rooms all over, and as such, also directly or indirectly influence finance positions.

Generation gap

A seemingly irreconcilable generation gap is arising between millennials and 'the older generation' these days. The new generation has never known a world in which technology did not occupy a dominant role. Partly for this reason, young people these days think differently and have a different attitude towards life. Moreover, young finance professionals these days are trained differently; for example, traditional accounting plays a secondary role within curricula, and conversely, data modelling is on the rise in education programmes. As such, the knowledge and expertise of younger and older finance professionals are in danger of diverging.

Convergence

Business and finance positions touch upon one another's fields more and more these days, because managers produce and interpret their own information and require less input from finance professionals. This is one type of convergence that is currently going on. A second type of convergence is the fact that competitors increasingly work together in ecosystems that also include suppliers, financiers, clients, and service providers. This second form applies both within and outside organisations. An accompanying challenge is the fact that changes in business are often more rapid than changes in finance, which is something that finance professionals have to take into account for their service provision in terms of speed and complexity.

Compliance & monitoring

Governments have an increased tendency towards regulation and monitoring. This places a lot of demands on organisations and leads to all sorts of implementation issues. The consequences of non-compliance are becoming more severe, causing people to shift their opinions regarding risks. Moreover, it is hard for trust to play a considerable role when everything is so carefully regulated. The exact effects of these tendencies remain unclear as of yet, but they are certainly something for finance professionals to look out for.

Sustainability

Organisations must take (partial) responsibility for the entire production chain within which they operate, both in terms of the environment as well as in terms of economic and social factors (such as fighting child labour). These sustainability aspects have an impact on organisations' *raison d'être*, and as such, on their value. Attention for non-financial information, integrated reporting and the transition towards a circular economy plays an important role in this respect.

3 | The finance professional model

3.1 Who is the finance professional?

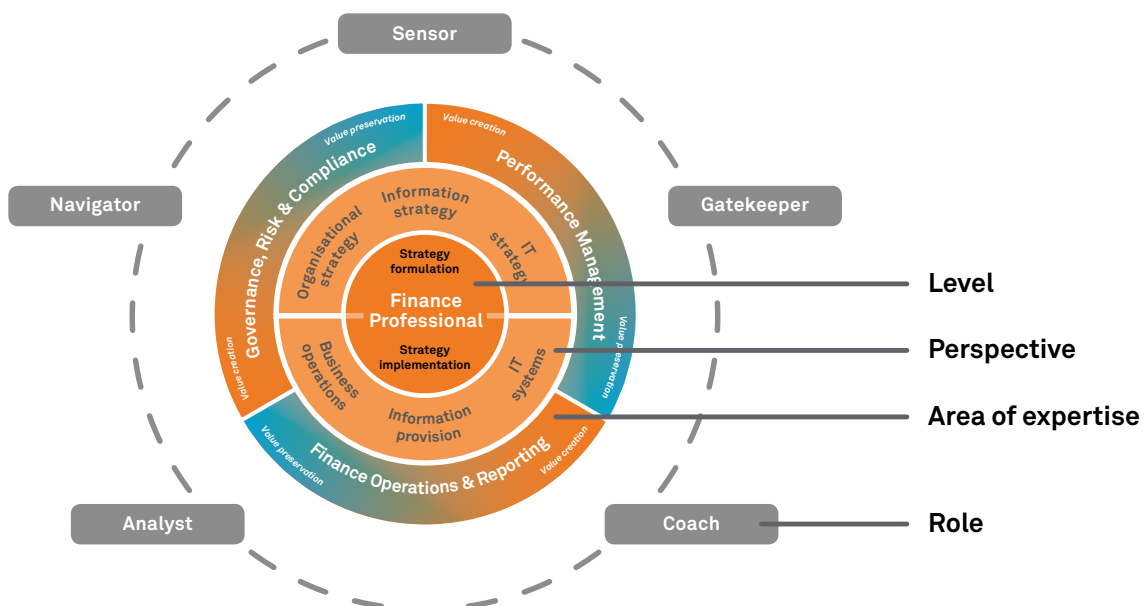
The finance professional is a highly trained officer involved to a greater or lesser degree with governance, risk & compliance, performance management and/or finance, operations & reporting within an organisation.

The finance professional has the expertise and competencies to bear financial (end) responsibility. Some positions that they can occupy are chief financial officer, financial director, business controller, financial controller, finance & control manager, management accountant, business analyst, or governance, risk & compliance manager. They can also occupy management of supervisory roles, in which case they operate across a very broad field.

If the finance professional is a chartered accountant (RA or AA), that means they have additional obligations and represent additional values related to that title. Among other things, they have an obligation towards life-long training, are bound by a professional oath, and actively observe the NBA's regulation regarding professional rules and rules of conduct for accountants.

3.2 The components of the model

This paragraph discusses the various components of the finance professional model.



The model revolves around the finance professional, which is why the finance professional fulfills the central position in the model. But which position do finance professionals occupy within their organisations? This depends on their interpretation of their role, i.e. the subjective way in which they themselves shape their position. This interpretation is determined by the level at which they operate (such as at the strategy formulation level), the perspective from which they operate (such as the IT perspective), and the areas of expertise they focus on (such as Governance, Risk & Compliance).

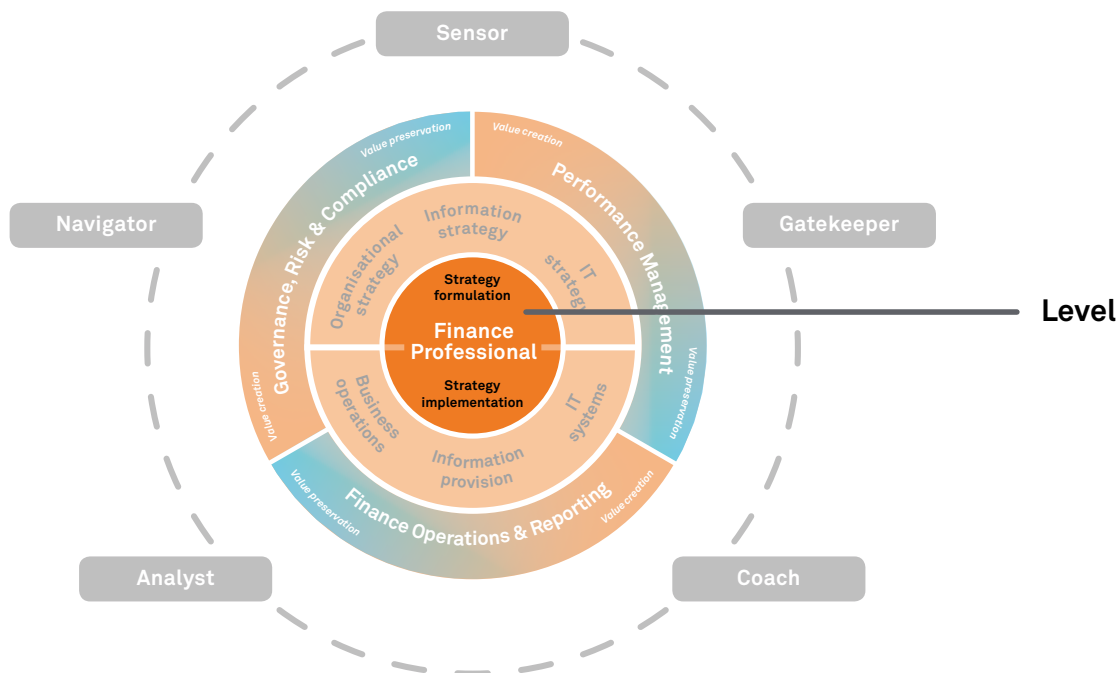
The finance professional's interpretation of their role changes under the influence of all sorts of external developments as well (please refer to paragraph 2, among others).

The model consists of the following four components:

1. The **level** at which the finance professional operates.
2. The **perspectives** from which the finance professional performs their role.
3. The **areas of expertise** that the finance professional focuses on and the extent to which they are geared towards creating and preserving value.
4. The **roles** that the finance professional is able to fulfil.

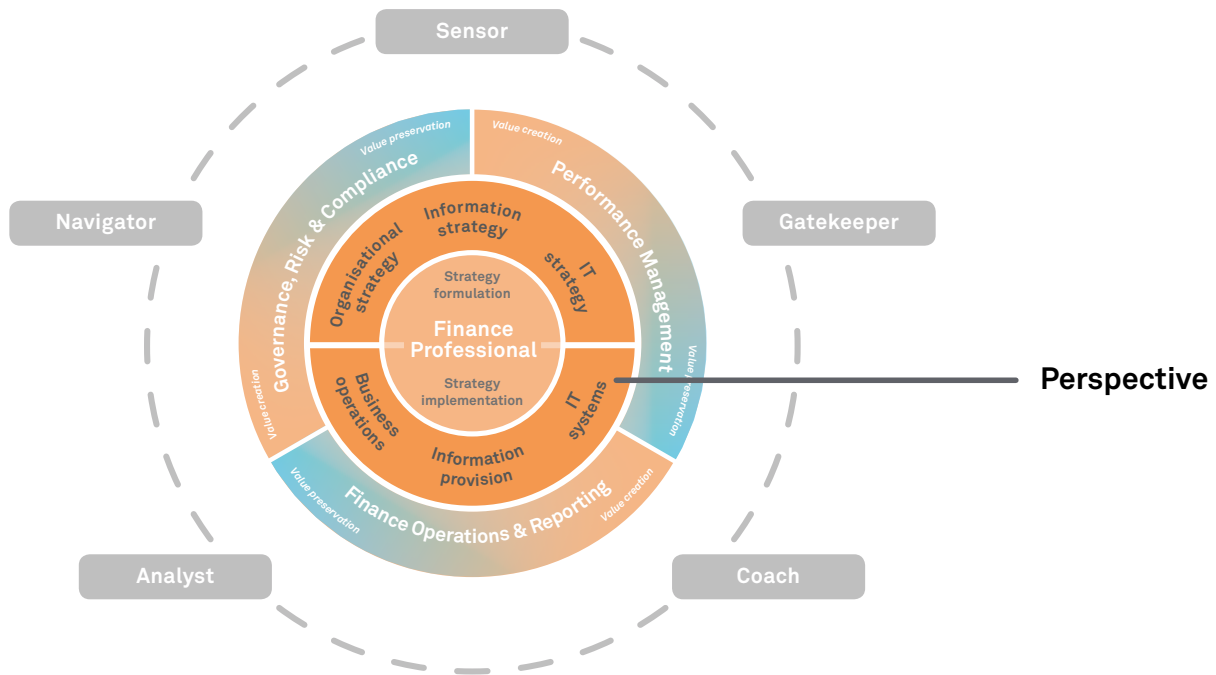
These four components are developed further below.

3.2.1 Level



The finance professional works at various levels in the continuum between strategy formulation and strategy implementation. Strategy formulation (strategic level) deals with the process of determining the way in which the organisation aims to distinguish itself. Strategy implementation (operational level) deals with the process of translating strategy into concrete actions by deploying controls. The level at which the finance professional works obviously depends on situational factors, such as their personal preferences, personal capacities, the required capacities within their organisation, and the available positions within their organisation.

3.2.2 Perspectives: organisation, information, and IT



The way in which finance professionals perform their role is largely determined by the organisations in which they work. The organisation is described from an organisational perspective and an IT perspective, in which information provision forms the bridge between these two perspectives. The perspectives continually have to be fine-tuned to ensure that influences from IT can be taken into account adequately. This fine-tuning takes place at both the strategic and the operational level.

The levels and perspectives mentioned in this publication combine in various ways to result in the following six domains in which finance professionals operate:

1. Organisational strategy
2. Information strategy
3. IT strategy
4. Business operations
5. Information provision
6. IT systems

1. Organisational strategy

Organisational strategy is about the way in which the organisation wants to achieve its objectives and distinguish itself in the long term, and usually also includes how the organisation wishes to compete with its competitors.

2. Information strategy

Information strategy has to do with the objectives for which and the way in which the organisation uses its information, choosing between information to support its business operations and information as a strategic weapon.

3. IT strategy

IT strategy is about the objectives for which and the way in which the organisation uses its IT, choosing between IT to support its business operations and IT as a strategic weapon. If an organisation chooses to employ IT as a strategic weapon, this will have a different effect on the finance professional's position than if the organisation views IT as a corollary of the strategy first and foremost.

4. Business operations

Business operations refers to the way in which organisations organise their processes and provide guidance in striving for its objectives.

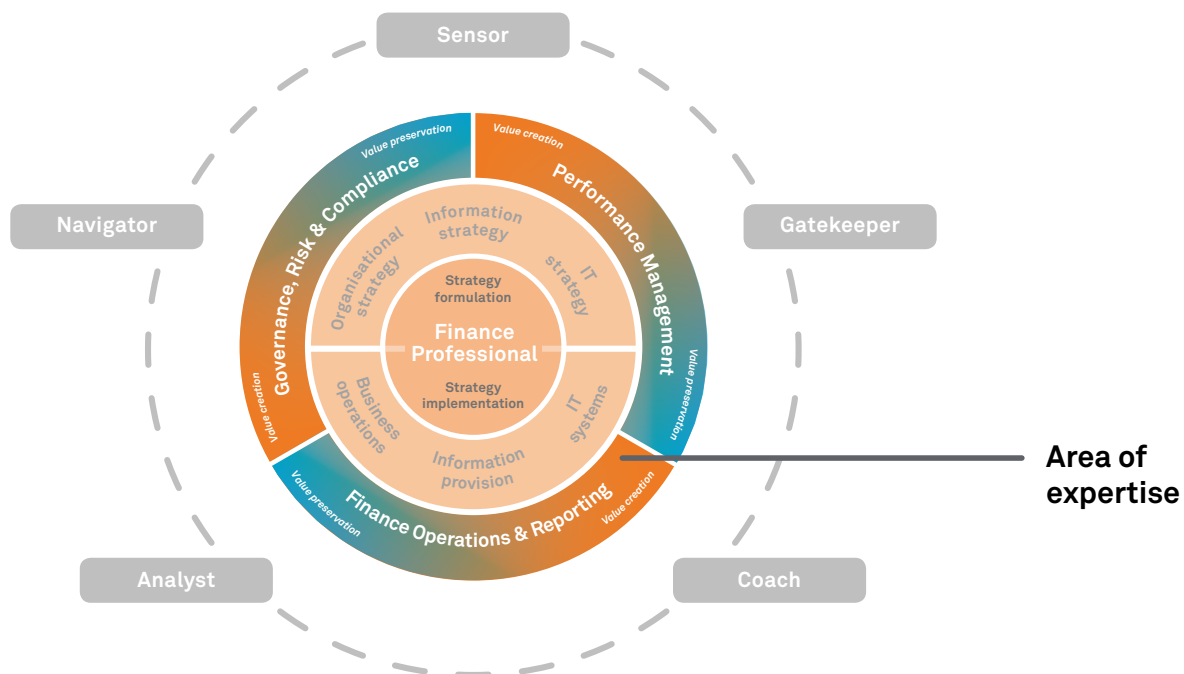
5. Information provision

Information provision refers to the operational activity of gathering, recording, and processing data to obtain reliable and relevant information for decision-making, for proper accountability, and for the organisation's proper functioning. Making sure information (both financial and non-financial) is reliable is a crucial element of this process.

6. IT systems

IT systems are comprised of an organisation's hardware, software, the connections between those two, and the connections with IT systems of other organisations.

3.2.3 Areas of expertise



The finance professional's three most important areas of expertise are: (a) Governance, Risk & Compliance; (b) Performance Management; and (c) Finance Operations & Reporting. Every finance professional deals with these three areas of expertise to a greater or lesser extent.

Within these three areas of expertise, the finance professional performs a range of duties geared towards creating value creation and/or preserving value. The interpretation thereof depends on, among other things, the phase that the organisation is in. Value creation refers to the finance professional's activities that (are expected to) increase the value of an organisation, such as a good investment analysis with market information and scenarios. Value preservation on the other hand refers to those activities of the finance professional that are important and/or legally required but do not result or result to a very limited extent in value creation for the organisation, such as creating a monthly report containing only financial, retrospective information and no steering information or KPIs.

(a) Governance, Risk & Compliance

The finance professional's responsibilities and duties with regard to Governance, Risk & Compliance have to do with providing advice regarding the organisation's governance and risk management systems and adherence to relevant legislation and regulations, including the development and functioning of an effective internal management system.

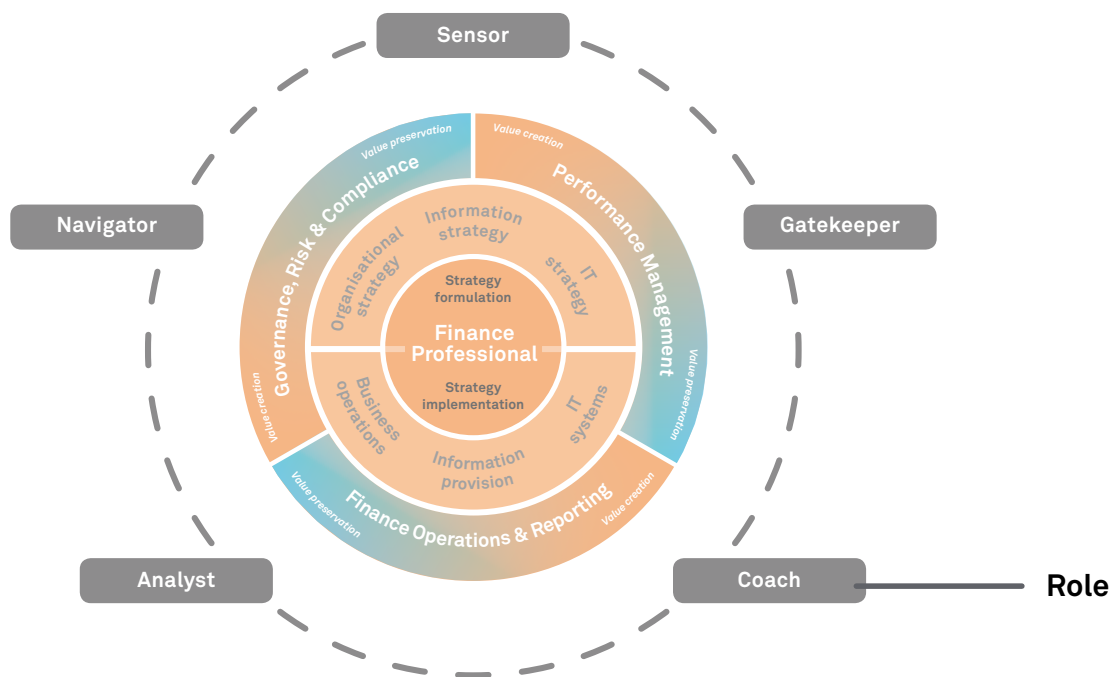
(b) Performance Management

The finance professional's responsibilities and duties with regard to Performance Management have to do with providing advice to increase the organisation's effectiveness and efficiency, ranging from proposals to lower the required working capital, plans to generate revenue through new business models, and assessing fixed assets and capital investments. In order for the finance professional to be able to do so, an effective management control system has to be set up for the realisation of the organisations objectives, using (among other things) budgets, forecasts, suitable KPIs and (scenario) analyses. Treasury activities are also part of Performance Management.

(c) Finance Operations & Reporting

The finance professional's responsibilities and duties with regard to Finance Operations & Reporting have to do with drawing up the annual financial statements for stakeholders in line with all applicable external rules of reporting and providing the organisation with the required financial and non-financial information regarding steering and responsibilities. In relation to this aspect, non-financial information (and the way it relates to financial information) is becoming increasingly important. Data analysis (whether of 'Big Data' or not), both quantitatively (financial and non-financial) and qualitatively, and dealing with both internal and external data, also falls into this category.

3.2.4 Roles



This section discusses the various roles that finance professionals can fulfil. Generally speaking, all of these roles can be part of their position to a greater or lesser extent. Which of these possible roles is actually included in the concrete interpretation of their role differs from position to position and from one finance professional to the next. The basic idea behind all this is that the various roles require different behavioural competencies.

Sensor

The role of the sensor is about picking up on important signals both within and outside of the organisation, based on which the organisation may have to take action. Within the organisation, these signals tend to be the operational risks that the organisation is incurring, and outside of the organisation, these are strategic or external risks and opportunities. The question the sensor deals with is whether there are any changes in the playing field, and how these should be responded to. This role is highly interactive.

Navigator

In the navigating role, the finance professional is the one at the helm, steering the organisation in the right direction. He does so based on his extensive knowledge of finance and control, and in doing so, stimulates new information and communications technology, such as continuous monitoring, robotic process automation, and blockchain. A crucial factor in all this is the finance professional's strategic vision regarding the direction that the organisation should take in order to be successful in the long term. To do so, the navigator develops various scenarios and provides advice regarding those scenarios. Continuous fine-tuning of a long-term vision and short-term action is crucial in this role.

Coach

In the role of coach, the finance professional ensures that the finance position is operating like a well-oiled machine. He provides direction for projects (of change) and/or supervises a department. The coach is the one who allocates tasks and provides the right conditions to ensure that others can do their work properly. Moreover, the coach ensures that the relationship to other positions is made properly clear and that collaboration is smooth, and also manages conflicts. Finally, the coach is involved in developing employees outside of the financial position, to increase their effectiveness and as such, the efficacy of the overall organisation. This also extends to communicating, enthusing, and motivating within all levels of the organisation.

Analyst

The analyst is most of all a researcher, an interpreter, and a reporter, involving data analysis and providing a clear image of how the organisation is doing in terms of achieving the objectives it has set for itself. The afore-mentioned analyses include both internal and external information. The analyst knows what data is required, how the data analysis process should be accomplished, and also caters to the information needs of the other roles.

Gatekeeper

The gatekeeper ensures that the organisation's foundation is in good order, monitors the control mechanisms, and is an important element of the organisation's moral compass. The gatekeeper has a strongly developed ethical set of values and considers it their duty to ensure that society's trust in the organisation is not violated. The gatekeeper is equipped to deal with resistance, knows how to be professionally critical, and does not shy away from positioning themselves as such.

For all roles, change is a constant; due to the previously mentioned external factors, the interpretation of their position with all of its corresponding roles is subject to constant change. It is essential for the finance professional to be aware of this fact and adapt accordingly.

4 | Conclusion

The model outlined in the previous sections provides a future vision for the profession of finance professional, a profession that is constantly changing, both as a whole and for individual finance professionals.

The model can be used as a starting point for developing professional profiles such as financial controller, business controller, and CFO, for determining the job requirements and competency requirements within an organisation, and for developing training curricula. Moreover, it provides tools that will ensure that all people involved speak the same language, to enable continued conversation on the topic of what the profession of finance professional stands for and how it will develop in the future. As such, this vision paper will once again serve as the starting point for discussion and reflection, to enable fine-tuning and improvements with the aim of safeguarding the quality, continued development, and added value of the finance professional, both now and in the future.

Appendix 1 |

Process and participants for round table meetings

To establish this model, two round table meetings were held in the first half of 2017 featuring a representative group of finance professionals who work in the corporate world or in government. A number of scientists, teachers, and representatives of the Board of the NBA member group Accountants in Business also attended. Moreover, additional scientists and experts were consulted. During the first round table meeting, the most important external developments were inventoried, and the participants discussed how these developments relate to finance professionals' duties, areas of expertise, and interpretations of their roles. Based on this discussion, the model was then modified and fine-tuned even further during a second round table meeting.

The following people participated in the round table discussions.

Name	Organisation
drs. Frits van Alem RA	FrieslandCampina
drs. Stephan van den Broek RA RC	Management meets Singularity
dr. Tjerk Budding	VU Amsterdam
Laurens Frenay	Radboud University Nijmegen
drs. Claudia Heger-Goed CPC	EICPC management
Jasper van Hoeven RA*	Management of NBA member group Accountants in Business/The Perfect Fit
drs. Luuk Hogeveen RA	Jacobs Douwe Egberts
Hans Huiszoon MSc AA	ContinuouZ
Meine Jongedijk MSc	Yacht
Kees van Kempen	KPN
mr. drs. Erik Kolthof*	NBA member group Accountants in Business
drs. Marianne Nieuwenhuis RC*	NBA member group Accountants in Business
dr. Pieter van Oijen	Randstad
dr. Luc Quadackers*	Utrecht University of Applied Sciences/Margila
drs. Coen Reinders RA*	Management of NBA member group Accountants in Business/TriFinance
Paul Slegers RA	Management of NBA member group Accountants in Business/Stichting Onderwijs Midden-Limburg (Foundation for Education in Central Limburg)
Willem Spek MSc RA	Silver Cross
mr. Erica Steenwijk AA	NBA member group Accountants in Business
prof. dr. Eddy Vaassen RA*	Tilburg University/BDO
drs. Jerry van Weldam RA	ING
drs. Patrick van Zuilen RA	KLM

* Also participated in creating the vision paper

Appendix 2 | Model from Vision Statement on the Profession of Financial Professional

September 2014 (developed by the partnership between the NBA and VRC prior to September 2017)



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