

Ajith Nivard Cabraal: Management Accountants – focusing on the re-positioning of the profession

Special address by Mr Ajith Nivard Cabraal, Governor of the Central Bank of Sri Lanka, at the Global Summit, organised by The Institute of Cost and Works Accountants of India on “Repositioning the Management Accountant”, New Delhi, 12 January 2008.

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The theme of the Conference suggests that the Management Accountants of today are *de facto* doing something different to the traditional role of the Management Accountant.

The new *de facto* role seems to be more of that of a strategist and a performance management specialist, rather than a historical “information supplying” or even a “decision facilitating” role of an accountant.

If one were to drill down, we may perhaps note that the education and training of those who have become strategists and performance management specialists may not have necessarily been intended that way.

But yet, it happened. How did this happen?

- Perhaps **the training**, although intended to create management accountants, was appropriate to create a strategist.
- Perhaps the training, **coupled with business developments and public expectations**, shaped management accountants to become strategists or the deliverers of outputs rather than contributors of inputs only.
- Perhaps **the ability of the management accountant, as a result of his core disciplines, enabled him to respond effectively to unfolding developments and then deliver new outputs**, and such abilities were recognized by the business community in the course of time.

If all this happened without anyone consciously or deliberately “positioning” the Management Accountant in that role, what is the need to “re-position” the management accountant now? Now that some re-positioning has already taken place, albeit accidentally, need we do more? Should we let the *status quo* remain? Why should we tinker with the Management Accountant now? By the time we do that, would the goal posts have shifted due to the rapid developments that are always taking place?

To answer these questions, we may need to take a long hard look at the **future of the global business environment** over the next 10 years.

What do we see?

We see

- new developments: tremendous change and a rapid rate of changing;
- blurring of traditional roles: different people doing old jobs; new people doing new jobs;
- new skills and multi-disciplinary teams at work;
- *status quo* being challenged all the time and impermanence becoming a feature;
- volatility becoming a given fact and chaos being the order of the day; eg: sub-primes, \$100 per barrel of oil, Global terrorism, etc. etc.

In that scenario, Management Accountants would need to be consciously trained to deal with, and manage emerging new issues and risks, in addition to the normal duties undertaken by the typical Accountant.

How will all this affect the Management Accountant? It is likely that even in this turbulent scenario, the core-training of the Management Accountant may still be relevant. However, supplementary training may need to be constantly kept up to date, in order that the Management Accountant has a meaningful impact on the organization.

This would be made even more difficult because issues, problems and responses are no longer of a local nature. In most cases, responses need to be regional or even international.

If we act together we can pool our resources, learn from our experiences and be ready for the unknown. That is what we need to be doing.

In that sense, the Management Accountants of the world, seem to be on the right track.

We say, we wish to be seen as Strategists and as Performance Management Specialists. If so, what should we do?

- (a) As far as education and training is concerned, in addition to all what we learn now, a greater focus in **communication and human resource management** may be necessary. These new skills would be the tools to; (i) manage better, (ii) perform better, and (iii) deliver outputs better.
- (b) Develop skills in **marketing** and understand the importance and the specialist nature of the subject.
- (c) Develop the proper **managerial attitude** which focuses on outputs rather than inputs.

If a person is to focus on “outputs” a few important steps would need to enter his work and life. These are very well enunciated in the 2500 year old teachings of Lord Buddha. Usually, we seek the guidance of this Great Teacher in spiritual matters. But in this instance, we could benefit by His teaching which is very relevant, in my view, to the business attitude of the re-positioned Management Accountant.

This specific teaching which even today could serve as a simple “**to do list**” for ourselves to deliver outputs, may be set out as **6 point doctrine** –

First, **Arambhaka Dhathu**. That is, the action should start. Ideas, proposals, plans, strategies are of no use, unless they are converted into action. Discussions are of no value unless it leads to action. What is tangible would be action and without starting the action, our overall visions and missions would never be realized.

Second, **Nikkhama Dhathu**. That is, the action should continue. There are many actions that we commence, but stop quickly. It is like the opening of a bottle of Soda; a lot of hiss; a lot of gas; a lot of noise, but becomes flat after some time. Very often, we do not have the energy, the drive, the motivation or the staying power to continue with the actions that we start. Therefore, we need to ensure that actions are continued, if the performance is to be achieved.

Thirdly, **Parakkama Dhathu**. That means, the action should not be affected by interruptions and challenges. In the performance of any action, we will definitely encounter resistance and opposition. Often, at the first whiff of opposition, we retreat. If we are to perform, we need to build in ourselves, the ability and the courage to meet with obstructions and move forward, in the face of challenges. Otherwise, our performance would not be realized.

Fourth, **Thithi Dhathu**. That is, stay firm in the intended path. Even in the midst of opposition or challenges, we have to develop the ability to be focused and move with a clear vision and determination. We should not be distracted. We should not dilute the impact of our performance.

Fifth, is the ***Thawara Dhathu***. That is, the action should convey a strong stable message of commitment and dedication. Such a strong signal is often infectious and when the leader shows such firm commitment, performance often improves.

Sixth, ***Upakkama Dhathu***. That is, being wise to cleverly steer the path and induce others to also support the performance of the particular action. That is not easy, but it is vital. Inducing all within the team to move towards a single goal is the best assurance of success.

We are today living and working in an unforgiving world. In this unforgiving world, the business sector in which we operate is intolerant of failure. Failure or even suggestion of failure invokes harsh penalties and abrupt ends to promising careers. We show how many important heads rolled after the “sub-prime” issue hit the market. However high and mighty a person may be, failure or non-performance or sub-performance is not forgiven. All past victories are erased with a single failure. A single failure of a high magnitude eliminates massive and hard-earned gains made over many years. That is why performance is so vital and important.

It is therefore timely that the Management Accountants are focusing on the re-positioning of the profession.

It is wise that you are talking about how to project yourselves and promote yourselves in the future. It is refreshing that you are talking with your stakeholders and then planning your re-positioning, because the relevance of your position is of paramount importance, if you are to survive and thrive. My learning as a Chartered Accountant as well as a Management Accountant helped me a great deal in my activities and in my performance over the years. I believe my own successes can be traced to the roots of such learning, education, and training. Like me, I am sure we have all benefited immensely by the initial training and guidance we have received from our respective institutes.

Let us now build on those foundations and strengths and move forward with confidence and certainty even in the midst of tremendous challenges and competition. I am sure our profession, notwithstanding the numerous changes that are taking place, would remain relevant to the business and commercial world.

We owe it to our respective economies to keep it that way. I congratulate all of you for the interest you are taking and the contribution you are making.

I wish you all success and prosperity.