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CFOs have to be on top of rapid changes

by Andrea Soh

Three execs who won the Best CFO awards talk about current challenges and new requirements such as sustainability reporting

Roundtable participants:

- **Tony Mallek, CFO, Singapore Press Holdings;**
- **Loh Kai Keong, executive director and group CFO, Boustead Singapore;**
- **Tan Kah Ghee, CFO, Keong Hong Holdings.**

Moderator: Andrea Soh, correspondent, The Business Times

Question: *What are the challenges of being a CFO in your field?*

Tony Mallek: The media business is in a brave new world, transiting after many decades of stability to a turbulent future.

Accountants are expected to look backwards to report what's happened. The challenge though is to find a way to peer over the horizon, and appreciate what's coming, then find the words to explain, cajole, convince colleagues and business partners alike, to prepare for the instability ahead.

One analogy puts the CFO's role as architect of the organisation. I wonder if that analogy conveys too much of a static state, given the rate of disruption in the world today.

Tan Kah Ghee: CFOs nowadays not only have to assume responsibility for financial-related matters such as accounting and reporting functions, they have to take on responsibilities relating to risk management, business development and corporate strategy.

The CFO has to be mindful of aligning the financial strategy of the organisation with its overall business strategy.

In SMEs, CFOs need to multi-task, as they usually don't have the luxury of having

dedicated departments or personnel dealing with such matters. Additionally, in Keong Hong, as we are involved in construction, property development and investment, there is a need to balance the cashflow requirements and cycles across these activities.

Loh Kai Keong: As CFO, I have to address the challenge of aligning my career philosophy with that of my boss, that is, understanding his business philosophy, commercial rationales, business initiatives and advising him on critical and relevant accounting issues, while maintaining professionalism such that I am not inhibited from singling issues out even if they conflict with his point of view.

Amid turbulent times, with the recent collapse in the oil and gas market, the currency headwinds, global political upheaval and sluggish global economy – all of which have significant negative impact on business operations – CFOs will have to adapt their contributions to remain relevant.

In particular, it is incumbent on CFOs to assume more strategic and advisory roles to assist their bosses in crisis management.

Q: *What advice would you give to new CFOs?*

Mr Tan: I would advise new CFOs to be prepared to take on many roles in addition to the scope of finance such as legal, business development, strategic planning and risk management. They have to be dynamic as the business landscape is constantly changing.

Mr Mallek: Be very thankful to your staff and colleagues. To customers and suppliers. Regulators and investors. They keep you in place.

Be very grateful for the guidance and feedback you get from your board and boss. They keep you safe.

Mr Loh: As an effective CFO one must absolutely uphold personal integrity and

commitment to the profession by maintaining the highest possible standard.

In fulfilling integrity and commitment, one must ensure unwavering compliance with laws, regulations and best practices in corporate governance without letting self-interest conflict one's decision process.

Next, one must diligently keep abreast with the ever changing landscape of the accounting profession, be it significant changes or new introduction of accounting standards, or the need to adapt to new and expanded roles of the CFO which have evolved over time.

Q: *How do you weigh up increasing calls for sustainability reporting and integrated reporting against the accompanying business costs?*

Mr Tan: With increasing calls for sustainability and integrated reporting, there will be greater time and resources expended to fulfil these and other regulatory requirements.

Nevertheless, I believe that increased emphasis on these matters is the way to go for companies and businesses in general. Complying with such requirements allows an organisation to have an overview of what they

are doing right and highlight areas for improvement.

Mr Loh: Management's pre-occupation is generally devoted to relentless pursuit of a single-minded focus of achieving reasonable returns on shareholders' equity.

On the other hand, most stakeholders prefer visibility of the company's operations beyond financial numbers.

Personally, I feel that there must be a balance or reconciliation, that is, a guide on an acceptable allocation of resources for complying with the sustainability reporting (and eventually integrated reporting) rules. If listed entities are mandated to comply, all collectively should agree to devote their best efforts to do it well.

Mr Mallek: There is such a clutter of issues today that clamour for priority, time and attention. They range from earnings performance, to cyber security, to unending regulatory change.

Sustainability and integrated reporting would be great if it disciplines us to address these issues in a methodical manner – to give us more order from the chaos.