Finance & Management

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The monthly newsletter for members, with news, views and updates on current topics.

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND & WALES

Faculty of Finance and Management

'INVENTION BREEDS INVENTION' – Ralph Waldo Emerson

FORTHCOMING EVENT ...

AGM and lecture

12 June – The Faculty's annual general meeting will be held at Chartered Accountants' Hall at lunchtime, preceded by a lecture on 'Business valuation' by Maggie Mullen of Gravitas Partners.

For further details – see page 15

100th issue!

This issue of *Finance & Management* is the 100th monthly newsletter produced by the Faculty since its launch in January 1992. On Page 2, the Faculty's Head, Chris Jackson, assesses this milestone.

IN THIS MONTH'S MAILING ...

Good Practice Guideline

Issue 24

Measuring human capital

Are people the most valuable assets of a business? They are certainly the most important, since they create and maintain the value of the organisation for the stakeholders – but how do you value them? This *Good Practice Guideline* sets out the issues involved in measuring human capital, and suggests areas on which the finance function should concentrate.

HUMAN RESOURCES

The rise of the interim manager

More and more companies seem to be employing 'interim managers'. What exactly is this corporate animal? How can he/she provide a solution or benefit that a permanent appointee may not? What are the risks involved? **Richard Jones** sheds light on the phenomenon.

SEE ALSO 'THE INTERIM MANAGER'S PERSPECTIVE' ON PAGE 4

The medium of interim management is coming of age as more and more organisations recognise its place in the range of resourcing options available to them. The reality for organisations is that flexibility of resourcing – be it people, materials, plant or equipment – is a key component in business success today.

What is interim management and what are the alternatives?

In simple terms, interim management is the deployment of an independent senior executive or manager who has a successful track record in addressing a particular situation or problem. When you buy an interim management solution, you have the assurance that the individual concerned has the most relevant experience; someone for whom there is no learning curve. Compare this with the alternatives:

Alternative 1 – recruitment of an individual on a permanent basis

This process may take six months, or more, when you consider that a comprehensive search involves briefing a recruitment consultant, advertising, long listing, short listing, interviewing, possibly an assessment centre.

Also, any new permanent recruit will generally have been 'promoted' to the role. In their previous organisation, they will almost certainly have held less responsibility and have been attracted by the opportunity for career advancement. As such, although having the capability and potential to develop, they are likely to be initially under qualified for the role and may well take many months to bed in to new demands and adapt to a different culture.

The interim management solution, however, provides a person who is

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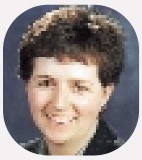

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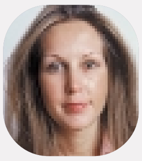

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A FACULTY MILESTONE!

Finance & Management reaches a century

This issue of *Finance & Management* marks the 100th issue of the Faculty's newsletter for members. The first issue of *Financial Focus*, as it was then known, was published in January 1992 during a downturn – and this was one of the earliest subjects we tackled. A lot has changed since then, but economic uncertainty again seems to be on the editorial agenda.

At that time the Faculty had only 2,000 potential members and the newsletter went out in the hope that the readers would respond positively to the idea of a faculty aimed primarily at the Institute's business members. Since then we have grown to around 10,000 members and the Faculty is thriving.

The Faculty has had four chairmen – Charles Scott, Jim Beveridge, John Edwards and, currently, Chris Pearce. I have lost count of the volunteers who have served the membership as Committee members. The quality of the Faculty's services owes much to their commitment and expertise.

Breadth

We have covered so many topics in the first 100 issues of the newsletter that it would be futile to list them. But we have not run out of ideas yet! This probably says a lot about the breadth of issues that you, the member, have to cover in your daily work.

The style of the first newsletters now looks very staid and we have come a long way in design, but we have maintained our objective of trying always to make the content accessible even when the subjects are complex.

The big issues in our early days were subjects such as activity based costing (ABC), budgeting, the future of the finance function and the importance of non financial performance measures.

The arguments have moved on but these issues are still on the agenda


Financial Focus

A warm welcome to the Faculty

The first issue – January 1992

today, albeit that ABC is a bit of a 'legacy' topic now. Although very few issues fall off the list of possible topics (Y2K is a rare example) there is a raft of new ones, with more added each year.

The topics of the next few years are likely to include the introduction of international accounting standards (IAS), XBRL, transparent reporting, the measurement and management of intangibles and, no doubt, budgeting.

I cannot predict what the future topics will be when we the reach the 200th issue, but I'm fairly sure that budgeting will still be on the list! F&M

CHRIS JACKSON
Head of the Faculty

The Faculty's publications, particularly F&M, are a key element of the services offered to members and they are consistently well-regarded in our member surveys. If you have any comments on F&M or any other Faculty publication, or if you would like to contribute an article or suggest a topic for consideration, please contact me – details at left.

Interim manager – *from page 1*

equipped to deliver from Day One. Once the basic introductions have been completed, the interim executive immediately focuses on the issues at hand. The result is a problem resolved many months earlier than if a new permanent appointment had been made.

Alternative 2 – secondment of an existing executive

Another alternative would be the secondment of an executive from another part of the organisation. Potentially this applies the same principle as the interim management solution – someone adequately qualified and experienced to unpick the problem and deliver a solution. But this is not necessarily the case. The organisation might be using the situation as a means of stretching a valued manager as part of their management development process. This is clearly a worthy objective but, of course, not without risk. Compare this with the assurance provided by the interim management solution, where there is clear evidence from the outset that the interim manager is highly experienced and fully qualified to perform the role.

Alternative 3 – instruction of consultants

Instructing a consultant or a firm of consultants is the third option open to organisations facing a problem. The advantage of using consultants is the objectivity of their approach and their ability to bring a fresh perspective and new thinking to the table. Generally, though, whilst the consultant may help to define the solution, they may still leave you with the problem of how to deliver it. For the interim manager, on the other hand, both the diagnosis and implementation are part of the same process – for them it is familiar territory, a repeat performance of a past success.

Does interim management provide value compared with the alternatives?

The natural instinct is to compare the base salary of the full time permanent employee or secondee with the day rate and cash cost of the interim manager. The latter generally works for his/her own limited company and charges a daily rate. If you acquire your interim through an intermediary, this daily rate will be marked up to cover the intermediary's costs and provide a margin.

We all know, of course, that a base salary attracts national insurance contributions, incentive arrangements, pensions and benefits costs, recruitment and training expenses and the like. In addition, the full time employee will certainly attract a notice period. If it should not work out (and this is always a possibility since, as mentioned earlier, a new recruit is generally under-experienced), the notice period may be paid out as cash by way of effecting a clean exit.

Interim managers, on the other hand, are not on fixed contracts and attract notice periods of no greater than one or two weeks in the early stage of an assignment. This gives the client maximum flexibility in reacting to changing conditions. The cost of an interim manager thus compares well with the fully costed permanent or seconded alternatives.

It is also important to weigh up the ongoing cost and potential long term damage to the business if the problem is not resolved. The costs of an interim executive may well pale into insignificance in that case.

> An interim's costs are small compared with those likely if the problem is not resolved

When are interim executives used?

The following examples, taken from the interim executive portfolio of a leading intermediary and member of the Interim Management Association, provide a 'real life' view of interim management in practice. This list is by no means exhaustive but is clearly indicative of the versatility of the interim management solution:

- *bank rescue* – a major retail bank had a concern about its significant exposure in a family-owned foods business in the North West. Within weeks it had replaced the family executives with an interim turnaround chief executive and a finance director. Within three months the business was under control, leaving the owners with only a small dilution of their shareholding;
- *sudden departure* – a specialist clearance company needed to replace its finance director fast after its bankers had lost faith. The initial task was to examine the controls and the status of a number of overseas contracts as well as report to the bank on the cash flow. This was achieved within six weeks following the appointment of an interim finance director. New controls were implemented realising immediate cash benefits. The interim stayed for a further eight months to restructure the finance function and to recruit a successor;
- *due diligence* – a venture capital company required help with the due diligence process for a care home business which was the subject of a management buyout. This was successfully completed and the interim continued to work on the integration plan and to recruit the permanent finance director;
- *corporate turnaround* – the finance director (FD) of a mid-capitalisation speciality chemicals Plc had been headhunted. The company had been making losses for some time and was in severe danger of being put into receivership. The reporting accountants firmly recommended appointment of an interim finance director with strong experience of turnaround. The appointment was made within seven days and the company was stabilised within three months – including fighting off a hostile bid;

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- *gap filling* – a major airport required a finance director for six months whilst it mounted a search for a permanent replacement after the sudden early retirement of the previous incumbent. The search process took longer than anticipated and as a consequence the interim FD was able to make many improvements to financial control and management information;
- *company disposal* – a private equity company was looking to dispose of a troublesome Italian subsidiary. At short notice, it required a UK based finance professional who spoke fluent Italian, to take control of the project. This included finding acquirers and handling due diligence and negotiations;
- *project management* – a large US-owned engineering business required an experienced programme director to scope, propose and implement an enterprise resource planning (ERP) system for the European subsidiaries. The specification and tender process was completed within nine months against the original plan of 12 months thus effecting considerable savings for the organisation;
- *skill gap* – an international group required an experienced finance professional to assist in an SAP implementation in its Swiss subsidiary. A German speaking accountant was sourced within five days. The implementation plan was quickly put back on track over a six month period;
- *acquisition integration* – a large US telecoms company had acquired a division of a UK Plc and wished to integrate its finance function processes rapidly. This involved the appointment of an interim finance executive who implemented a major rationalisation programme. This took less than a year and resulted in the interim being appointed to a permanent position; and
- *working capital management* – a large subsidiary of a healthcare group had a serious debtor problem. An experienced credit manager was provided within days to reduce debts and to introduce controls and procedures to avoid a recurrence.

How much risk is there in appointing an interim manager?
Using an interim management intermediary with membership of the Interim Management Association, the industry's professional body, ensures very little downside risk. Member companies invest heavily in assuring the quality of their networks of interim executives. They will interview and reference individuals to ensure that they have the necessary experience, skills and personal qualities. The intermediary will also employ experienced consultants to interpret the client brief accurately and to judge the attributes of suitable candidates.

Having obtained the brief, the intermediary will deliver a high quality shortlist to the client within days. Once appointed, the successful candidate will be able to start almost immediately. No fees are due until the candidate is actually 'on assignment'. Contracts are flexible with short notice periods and clients only pay for days attended plus agreed expenses. Throughout the assignment, the intermediary will maintain regular contact both with the interim manager and the client to ensure that the brief is fully implemented in the shortest possible time frame.

Conclusion
In summary, interim management is a vital resourcing medium for organisations in today's climate of change. It provides high quality, pre-screened and independent executives with the ability to successfully implement solutions against short time frames – and in many cases to leave the client with a value added legacy. Above all, clients have the assurance that the interim executive has experience of performing a similar task in the past – and can be contracted at a cost that compares favourably with the equivalent permanent employee. F&M

Richard Jones's article highlights many benefits enjoyed by companies using interim managers. However, there may also be disadvantages – such as the potential loss of vital knowledge when such managers leave. The Faculty is keen to encourage debate about these issues and would be pleased to hear from any member who has relevant experience. Contact: chris.jackson@icaew.co.uk

The interim manager's perspective

How do those increasing number of individuals calling themselves 'interim managers' feel about this trend? **James Haddock** adds some views from the 'supply side'.

As well as the 'demand-side' factors described in the previous article – which are responsible for some of the last decade's rapid growth in interim management – there are also important 'supply-side' factors. These are both negative (such as ageism in the permanent job market) and positive (eg the perceived lifestyle benefits).

What is interim management and what are the the other options?
In simple terms, interim management is the employment equivalent of television's 'Sex in the City' – short, intense relationships with minimal long-term commitment on either side. The focus is on doing the job well and moving on, in a way which preserves or enhances your reputation so that finding the next assignment is easier. Let's compare this with the other options.

A 'proper job'
The 'proper job' (as in the "Why don't you get a ….?" question, frequently favoured by anxious mothers) is much like the modern marriage. It is a relationship rarely lasting 'til death/retirement doth them part', but is still entered into on the basis that it will be permanent, with all the associated commitments on termination or retirement. This is great for security – if it works; less so, when it doesn't.

For the individual the issue is familiarity. If you like knowing where you fit in and the stability of a defined role then stick with 'proper jobs'. If on the other hand you:

- prefer project work;
- chafe at the constraints of a fixed hierarchy; and
- get bored if the job and the people don't change regularly,

then interim management may be an attractive proposition.

Consultancy/practice

Alternatively, consultancy or practice are of course the traditional ways of providing professional services. However, companies (and employees) have got used to the benefits of employees providing professional services and are looking to preserve them when increased productivity means that those employees aren't needed full time and/or all the time.

Why not pick and mix?

In fact, these days, all three of the above options might well figure in the 'portfolio career' of one individual combining a series of part-time interim assignments (each lasting several months) a part-time permanent role (archetypically but not necessarily a non-executive directorship) and a small consultancy practice.

Does interim management provide value (for the interim manager)?

The natural instinct is to compare the emoluments of a full time permanent role with the annualised day rate of the interim manager, making sure as accountants that we take in all the additional costs of an employee.

But what may be a saving to the client may also be a cost to the interim who has to cover such items himself. In addition there are the issues of how much it costs to get work, the need to pay for downtime and the lack of financial security. Unfortunately, not everyone appreciates that speed of response is only possible with an excess supply of interim managers, which has to be paid for.

Interim management gets lucrative when you find your assignments yourself, since then the agency's mark up (usually 25% to 35%) can be shared between you and your client. However, this is not to say that agencies don't add value to both the interim and the client – they do.

As a client, they quickly find you an appropriate interim. As an interim, every day you're not working erodes your reserves: of cash, self-confidence and family harmony. You may be lucky and have back-to-back assignments but the gap is usually weeks and when demand is slack (as at present) could easily be several months.

So although it can be galling to watch a quarter of the value your client attributes to your presence going to an intermediary, the hard reality is that you're getting three out of four days' work rather than none at all.

As well as the commercial risks faced by all interims, chartered accountants face other compliance issues. These include not just the Institute's requirements but a plethora of regulations, such as on money laundering and the Financial Services Authority rules on providing 'investment advice', many of which have been drafted without taking interims into account.

> As well as commercial risks, accountants face particular compliance issues

These issues explain why the main aims of the Institute's new Interim Management Special Interest Group* include:

- providing on-line advice on compliance, risk management and technical issues;
- working with the Institute on recognising Interim Management when structuring member services;
- working with groups such as the Interim Management Association to make regulatory bodies aware of the implications of interim management.

James Haddock is an experienced interim manager and director of Haddocks Ltd, providing interim transaction management. He is also behind the Institute's new Special Interest Group for Interim Managers, launched on 28 May.*
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So what are the compensations?

Essentially they boil down to flexibility and independence which may mean that you:

- get to spend time with your family or on holiday or on good works;
- can live where you want (since assignments can be anywhere why tie yourself to London?);
- get listened to rather than ignored when you suggest something unpopular or inconvenient; and
- find it easier to walk away when your client suggests something unethical.

Conclusion

Interim management differs from 'employment' and 'practice', and brings its own risks and rewards. Of the latter, one of the biggest is that, to paraphrase the previous article, "it provides high quality, independent executives with the opportunity to successfully implement solutions against short time frames and in many cases to leave the client with a value added legacy." F&M

* *Interim Management Special Interest Group – web site: www.icaew.co.uk/interimmanagement or contact Charmaine D'Souza. Tel: 020 7920 8504; e-mail: charmaine.dsouza@icaew.co.uk*

The euro – should the UK join the single currency?

On these two pages, *Finance & Management* presents the business case for and against the UK joining the European single currency. The political decisions have still to be made, so members may find it useful to remind themselves of the economic and business aspects of the debate.

YES

A level playing field for British businesses competing with 10 million European companies, greater stability, reduced costs and improved trading and investment opportunities... **Robert Guy** makes the case for adopting the euro.

The context

Early this month, the British government is expected to publish the assessment of its five economic tests for joining the euro.

But whatever the government will say when it publishes this assessment, it would be a great shame if short-term political considerations were allowed to trump Britain's long-term national economic interest and prevent a referendum taking place in this parliament.

However, I believe that when a referendum is held it would be in the interests of British business to vote 'yes' to membership. Let me explain why.

The immediate benefits

Joining the euro would, at one stroke, level the playing field for British businesses competing with 10 million European companies.

Businesses would enjoy greater stability, reduced costs and improved trading and investment opportunities.We would no longer waste £4.5 billion a year on administration costs when converting from sterling to the euro.

A trading nation

Britain has always been a great trading nation, but the simple truth is that in today's world, we need to be part of a big trading area to survive. Simple economic logic dictates that there is only one choice for Britain if we are to throw our lot in with a bigger trading block. Today, more than half of our trade is with Europe and exactly half is with countries that have adopted the euro.

Indeed, Britain has already made that choice. We are members of the European Union – an organisation that is soon to cover 25 countries and 450 million people. Just as we have benefited enormously from the creation of the European internal market, so we stand to profit from sharing a currency with an export market that accounts for more than half of our trade.

An end to currency volatility

Most importantly, the euro would end exchange rate volatility when dealing with our biggest trading partners. Sudden changes in rates can slash margins and, in the long term, completely cancel out profits. This climate of unpredictability affects exporters, suppliers, inward investors and the whole economy. Eliminating that pressure would provide our businesses with a solid platform for stable growth, while profits would be less dependent on matters beyond management control.

Small and medium-sized enterprises (SMEs) make up the vast majority of the 750,000 British businesses that trade with Europe. Some two million SMEs have a direct or indirect trade link with the single currency area and up to 3.5 million jobs depend on exports to Europe. Since the launch of the euro in 1999, sterling's volatility outside the euro has contributed to the loss of 3,500 manufacturing jobs a month.

Membership would make it cheaper and easier to sell goods and services to 300 million euro-zone consumers.

Being part of a single currency would also open up new opportunities for all businesses in Britain. Free from the risks of exchange rate fluctuations, SMEs would find it easier to expand abroad. More trade abroad would also mean more business for suppliers back home.

New opportunities

Indeed, we can already see from experience in the euro-zone that sharing a single currency is leading to a rapid increase in trade between its members. In the four years since the launch of the euro, Germany's trade with other EU countries has risen by 18 per cent as a share of national income. By contrast, Britain's has edged down slightly.

Foreign investment would be safe and secure, while larger companies would be able to achieve the economies of scale needed to compete on an equal footing with US global giants.

Britain is now struggling to attract foreign investment or to prevent companies relocating to the euro-zone to avoid exchange rate risk. The UN has forecast that Britain received 5.1% of foreign investment in Europe last year, compared with 28% before the euro was launched. It is becoming clear that remaining outside the euro carries risks. F&M

NO

Tim Martin puts the business case against adoption of the euro, arguing that as the current UK economic framework is clearly delivering better results than the euro-zone system, it would be a huge mistake to abandon it.

Euro's first year hardly a success

The most recent of the regular MORI 'Captains of Industry' polls showed an anti-euro majority for the first time since the poll began in 1997. And it's not surprising that business should be turning against the euro – since its first full year has hardly been a success. Despite all the pre-launch hype, we have seen rising prices, slow growth, cuts in public services, and rising unemployment in the core euro-zone countries. Unemployment in France and Germany has risen in every month except one since euro notes and coins were introduced. However, in Britain, unemployment has been falling, and growth has been stable over the last year.

The pro-euro campaign has based its argument almost wholly on the importance of currency stability.

But the most important thing for British business is that we maintain economic stability, and the flexibility to respond to changes in the global economy that we can't predict. The last thing British business wants is a return to the boom-bust cycle we experienced in the 1970s and 80s.

The key problem is that the euro-zone governments created an economic system that lacks enough flexibility. They have a number of serious problems: having to accept the single interest rate set by the European Central Bank (ECB) in Frankfurt; having their ability to tax and spend restricted by the rigid rules of the Stability Pact; a lack of labour mobility between member states; and no system of fiscal transfers to shift money from richer areas to underperforming areas.

Euro-zone lack of control over interest rates

The lack of control over their interest rates is the biggest problem. A recent report by French bank Société Générale showed that the single interest rate set by the ECB was right for just one euro-zone country – Austria. The single interest rate has caused particular problems for Germany. At a time when the German economy has been struggling, the ECB has kept interest rates too high. This has stifled recovery and contributed to the massive unemployment Germany now faces – estimated by the Institute for Labour Market Research to be as high as 7.2 million if the 'hidden unemployed' are taken into account.

But the single interest rate has also caused problems for countries such as Ireland by being too low for their needs. Ireland joined the euro when the Irish economy was booming and needed higher interest rates to keep the economy under control. Instead, joining the euro meant having to accept interest rates that were too low – leading to higher inflation.

Britain needs to keep control of interest rates because our economy is structured differently from the euro-zone economies. For example, we do more of our trade with countries outside the euro-zone and we receive vast amounts of investment from the US – far more than France and Germany do. Our mortgage market is also different, with a much higher level of home ownership than many other European countries, and with more reliance on variable rate mortgages. This means that the British economy reacts differently to changes in the global economy. A report from Oxford Economic Forecasting in March showed that Britain is four times more sensitive to changes in interest rates than the euro-zone.

Rigid spending rules

In normal circumstances, countries struggling economically like Germany would cut taxes and increase public spending to encourage demand in the economy and to kick-start a recovery. But this option is restricted in the euro-zone because of the rigid spending rules imposed by the Stability Pact.

The pact states that countries' budget deficits must not breach 3% of GDP in any year. Germany, with a deficit of 3.8%, is therefore in a position where it can't reduce interest rates and it can't cut tax because that would add to its budget deficit.

With these institutional problems it is not surprising that the euro-zone is suffering economically. While the first year of euro notes and coins has been a major disappointment with rising unemployment, rising prices, and cuts in public services, the British economy has been performing well. The economic framework we have in place is clearly delivering superior results – it would be a huge mistake to abandon it. F&M

YES

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NO

Tim Martin is a qualified barrister and founder of the Wetherspoon pub chain. Wetherspoon, which floated on the London Stock Exchange with 44 pubs, now has 557 outlets. He is a supporter of 'The No Campaign'
To support this campaign, or for further information on the euro, visit: www.no-euro.com
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The future of finance

Scott Parker set up the London-based UK office of Parson Consulting, a 'no-conflict' US management consulting company which has worked with a third of all Fortune 500 companies. www.parsonconsulting.com

In his recent lecture to Faculty members, consultant **Scott Parker** identified the five main future challenges for the finance function.

Speaker Scott Parker has for some time been steeped in the subject of finance's future. And, as he told his 'Finance of the future' audience, the current market place poses five basic challenges for finance directors (FDs) and their functions, namely:

1) reliability of information;
2) speed of reporting;
3) efficiency;
4) complexity; and
5) increasing demands from the business.

Parker went on to describe these challenges in detail.

1 Reliability of information

Independent research last year showed 81% of chief financial officers (CFOs) to rate reliability of information as their highest priority, Parker noted. Yet recent financial scandals have highlighted the fact that in the current climate reliability of information from others can never be taken as a given.

Hence the pressing issues now are the integrity of management (something which probably needs addressing at the team-building stage) and the independence of the auditor.

The US Sarbanes-Oxley legislation applies to all companies with US equity trading interests (65 of the UK's FTSE350) or debt or authorised depositary receipts (ADRs) there. So it is not just a US matter.

Sarbanes-Oxley requires CFOs to sign off the accounts – not that unusual in itself: chief executives and finance directors have signed their accounts in the UK for some time. However, the real significance of the act is that it means those companies affected must have a clear 'evidence' process throughout the organisation for every bit of that information signed off on, financial or non-financial.

The challenge for finance is to have robust processes in place. There are now technologies which allow for rules to be embedded within them – and understandably these enjoy a big take-up – but there is still a long way to go on these, said Parker. However, he conceded that in general automation will be a big plus for finance, in eliminating human error.

Another essential will be for finance to devote time to ensuring people understand the information needed, making sure they understand what accounting policies apply, and the details of the regulatory framework within which the company operates.

And to concentrate FDs' minds, Parker reminded the audience that the penalty, under Sarbanes-Oxley, for 'knowingly' giving false information, is 20 years' imprisonment.

2 Speed of reporting

One of the cornerstones of the Sarbanes-Oxley Act has been to improve the transparency of financial information for investors. To that end, the SEC has looked at enhancing reporting and disclosure requirements, specifically tightening up quarterly and annual reporting deadlines.

Thus companies listed in the US, which currently have to file their quarterly reports in 45 days must reduce that to 35 days in 2004, while for annual reports the reduction stipulated is from a current 90 days to 60 days in 2004.

Meanwhile, an EU draft directive is stipulating quarterly reporting with a deadline of 60 days. And, according to Parker, convergence with the US 35-day target for quarterly reporting is likely to follow in fairly short order.

The outcome may be beneficial, from a value point of view. The findings of a survey published by Parson Consulting last year seem to demonstrate that institutional investors place a premium on companies that move towards greater transparency and adherence to corporate governance principles.

The survey looked at interim reporting cycles for companies in the UK's FTSE 100 and quarterly ones for the US's S&P 500, and uncovered an intriguing link between cycle times and market valuation (see 'UK companies report quicker than US groups', *F&M*, issue 95, January 2003). A shorter reporting time is apparently taken as indicative of a well-run business.

Parson's research seemed to indicate a similar reaction to frequency – rather than speed – of reporting. It looked at the P/E ratios of those 46 FTSE100 companies which – having US equity listings – report quarterly, compared with those of the remaining 54 companies, which do not. Those producing quarterly reports had an average P/E 12% higher than the rest.

Again, a market premium appears to be attached to companies reporting more frequently. As Parker observed, "If a reporting operation is slick, then quarterly reporting presents no particular strain on it. And if a business's processes are forward-looking, again, the move to quarterly reports is no problem. It is all about being well-run, having control of your processes, and managing on a forward-looking basis. Markets like that."

And a move to more frequent reporting, he added, is likely to lead to a massive increase in the use of rolling forecasts over the next five years.

3 Efficiency

There is continuing pressure on FDs to keep costs down.

Over the past 10 years finance has evolved from having functions across the country to having transaction processing centres "churning out the accounts processed and accounts received", Parker observed. Nowadays, he added, we have an almost universal ability to have a 'lights out' processing centre – one where all electronic or paper transactions can take place without human personnel.

Thus, where past 'good practice' for the average AP clerk was to process 10,000 pieces of paper in a year, automating that function has resulted in 'good practice' of 40,000 or more pieces of paper being processed annually. In other words, we have eliminated almost all transaction processing headcount.

Outsourcing, though extremely popular, is not a cure-all. It is very attractive to have someone offer to take all your back office function off your hands, put it into a centre in India, pay you for the privilege, and give you a guaranteed cost. However, Parker suggested, they must be making a margin themselves, and if they are doing so through technology, why not do it yourself?

Given its greater efficiency, the finance function has become smaller. But with no corporate plan to 'grow' it, finance's enthusiasm for involvement in exciting business activities – in particular, performance management – is met with the reality of having to grind out monthly reporting figures and budgeting forecasts.

So future 'efficiency', for finance, has to be about re-engineering some of the processes to create capacity to do the exciting stuff.

4 Complexity

The world of financial reporting is at the same time becoming increasingly complex.

Looking at the advent of international accounting standards (IAS), Parker pointed out that their goal is the harmonisation of reporting globally, to be able to compare like with like, and it would be a big mistake for companies to see this as primarily a technical issue, and assume that 'the accountants are dealing with it'.

In fact, he said, the change will impact at the interface with financial markets. Adoption of IAS will be like speaking in a foreign language, and it is an investor relations issue to see that markets understand the language of these new principles-bound rather than rules-bound standards, and their impact on the company's key performance indicators, incentive plans, and tax planning.

> IAS will be like speaking a foreign language

Some of the key issues relating to IAS include:

- all expenses, including share options, will be regarded as profit and loss items;
- assets and liabilities will have to be included at 'fair value' rather than 'historic cost' (a challenge for heavily branded or research-intensive companies); and
- a time-line less relaxed than it might seem.

As Parker pointed out, to report using IAS (with comparison figures), by the 2005 deadline, companies with 31 December year-ends will need to have adopted the new standards from the beginning of 2003.

And to be managing the business in accordance with the IAS principles, before reporting on its performance, you need to start now. This necessitates first making an 'impact assessment', then designing the accounting framework, then starting to implement that framework across the business.

The move to IAS is not just a technical issue, and needs careful thought well before 2005 if you are to manage the business efficiently.

5 Increasing demands of the business

The key to making a difference to the business is to add value. Yet many FDs continue to do what they did 20 years ago, said Parker.

Most people nowadays think of free cash flow (FCF) as the tool for adding value. This concentrates on extending or prolonging cash flow – by product life cycle management, establishing a brand premium, moving upmarket, or offering loyalty cards and special deals. These are fundamental business drivers recognisable to FDs. Beneath them are the standard drivers of value creation established by Rappaport's work in the 1980s – such as growing revenue, increasing margins and reducing working capital.

It is at the next level, however, that FDs can really come into their element – in getting the best information to the right people and challenging them to make the correct decisions within the right time scale. This they can do by looking at the portfolio of available management tools – activity based costing, the balanced scorecard, value based management etcetera – and focusing on using the appropriate one for each of the different stages of management, from strategy setting to execution.

As an example of such focus within an organisation, Parker described the progress at Diageo, whose CEO Nick Rose controversially decided that, since the group was heavily branded, it made sense for finance to focus on delivering and developing better and more powerful brands. He moved the organisation to leading rather than lagging indicators – and fewer of them; he also emphasised re-forecasting, so that comparisons were year-on-year, with a focus on the future.

He sorted out the group's processes – eg reducing the top-down target-setting process, which basically drives the whole budget, to a mere four weeks. And he shifted the performance focus to improvement relative to the competition.

Rose also ensured that marketing spend is subjected to the same rigorous scrutiny as capital spend, and instituted a 'search and spin' policy of finding best practice in any area of activity within the organisation and 'spinning' it across all departments and units. Additionally he set up a decision support team, reporting to the CFO, but comprised of high potential individuals seconded from all areas of activity rather than solely finance.

Conclusion

In summary, Parker said that finance in the future will concern intangibles more than tangibles, and be about being a business partner in all areas, from transaction processing to report and control to decision support. The finance function of the future will be smaller than now, but more focused. Automation will handle the regular business, with shared service centres only dealing with exceptions to regular procedure/performance. Technology will also take the hard work out of report and control.

The important factor then will be what to do with the time freed up by this progress? The upshot will probably be a finance function that is more valuable, cheaper, and populated by a different type – those using their right-brained creative rather than left-brained logical side.

Finance will also need to be dynamic. With IAS and IFRS making figures comparable across the globe, and quarterly reporting making those figures appear more frequently, FDs will have less time to think about why their figures are as they are, and to get their story straight. Moreover, once XBRL is rolled out, comparison will be easy – analysts and investors will be able to call up, say, the EBIT for the world's top 10 companies. And those FDs who fail to deliver correct information face, under Sarbanes-Oxley, a prison sentence of 20 years.

Nevertheless, these are challenging times for the CFO, Parker added, and "those who manage to succeed are probably going to have the time of their lives". F&M

'Spend control' delivering the e-business dream?

The fundamental business problem of managing expenditure has been blighted historically by fragmented business systems. Now there may be a solution, as **Kevin McCarthy** explains.

After years of high promise, is the IT industry finally capable of delivering real strategic solutions to the fundamental problem of controlling expenditure? A new web-based concept, 'spend control', is designed to manage and control every stage of the expenditure cycle in an integrated environment that encompasses not only intra-organisational domains but also the wider world. And the cost savings it generates appear very tempting indeed. But, you may ask, can this new concept really provide me with the key to controlling and managing organisational spend? Can it deliver more than incremental improvements to our business performance?

Who needs 'spend control'?

It has been said that the Chancellor of the Exchequer controls the economy, but we accountants might argue that the reverse is true! Similarly many finance directors feel they are controlled by their costs rather than being able to manage them proactively.

Early IT systems computerised only some of the manual processes, without attempting to manage key processes in the expenditure chain. Hence, today, most organisations have invested heavily in systems which count historic costs, yet few have managed to gain strategic control.

The theory behind spend control is that it should deliver real operational control at greatly reduced cost by combining best practice procurement and financial control systems with management information (MI).

Exponents of spend control systems point to the following business advantages:

1) eliminating the 'paper chase' – wherever there is paper there is inefficiency;
2) improving management control over the expenditure pipeline, ensuring that all corporate 'rules' on authorisation and commitment accounting are met without excessive bureaucracy;
3) eliminating the causes of 'maverick buying' – the unauthorised purchase of goods and services which destroys the best efforts of those charged with managing expenditure;
4) reducing the high cost of processing all the documents in the purchasing cycle;
5) using modern technology to streamline and automate routine tasks;
6) reducing the costs of procuring goods and services by ensuring that all contracts are placed with preferred suppliers. Many companies have reduced non-pay overhead costs by around 7% as a result;
7) managing staff expense claims on-line; and
8) providing on-line reliable management information on the cost pipeline – essential for the timely preparation and quality of management and statutory accounts.

Key components for the e-business dream

To deliver the e-business dream and achieve the business advantages outlined above, any system will require all of the following key components:

- an integrated procurement and spend control system should streamline the processing of documents such as requisitions, purchase orders, receipt and return notes, purchase invoices, credit and debit notes;
- strategic procurement should incorporate flexible rules-based workflow authorisation, so that every order is sanctioned properly. The time-consuming tasks such as catalogue management and supplier management can be streamlined too. Most suppliers are delighted to offer significant discounts in return for the additional business;
- financial controls should include advanced commitment accounting including overspend management. Automation of traditionally time-consuming processes such as on-line invoice matching, mismatch troubleshooting and on-line accruals can reduce processing costs significantly. Other controls should prevent processing duplicate documents and payments;
- MI should enable users to track the progress of their documents on-line, as well as providing a wealth of information at all levels including management summary and detailed transaction reports. Technology can also provide key performance indicators, drill down, exception reports, and alerts;
- employee expense claim processing should be streamlined and controlled using the same building blocks;

> The most effective answer is a single database

- web architecture should provide remote users with quick and easy access to electronic documents and enable punch-out to supplier maintained catalogues enabling orders to be placed using negotiated discounts, as well as providing XML based communications with suppliers;
- streamlining and automation should be deployed to enable users to work quickly and efficiently. Examples include re-use of existing data for rapid data entry; user favourites; document templates; on-line updating; communication with suppliers;
- system management facilities must allow each company to work to its own rules;
- integration gateways with other systems should enable on-line and batch communication with any key systems such as ledgers, sales and payroll as well as helping to preserve data integrity and enable reliable cross-system reporting; and
- other requirements include that there be extensive and highly controlled security over user access and user capabilities; document routing and authorisation controls and user tolerances.

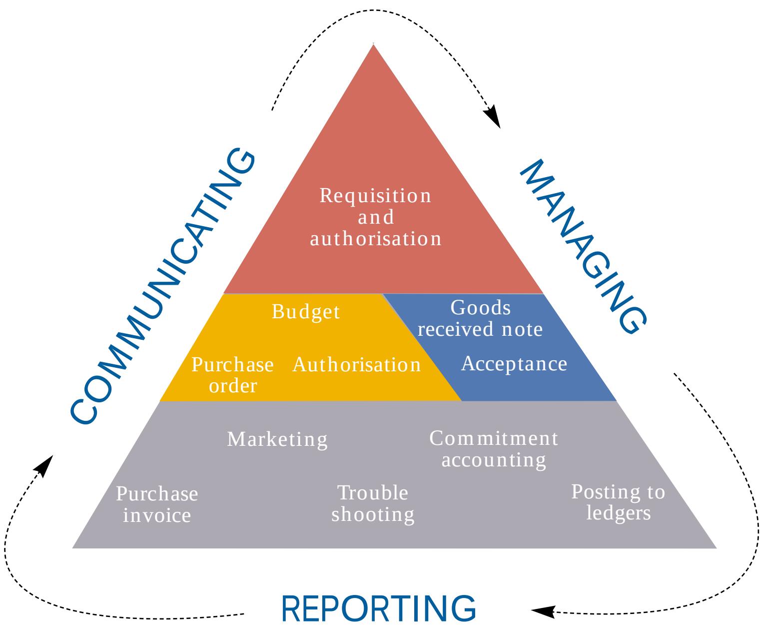
The single database

Some organisations need to empower many different types of users, including thousands of remote requisitioners, as well as regular users in procurement, finance and senior management.

Any reliance on manual files or batch updates for any of the processes in the expenditure chain will result in serious data fragmentation.

The most effective answer to the problems of fragmentation has proven to be the deployment of a single database (see Figure 1, below), in which procurement and account-

Figure 1 The single database approach



ing for the costs become part of the same expenditure system. Updates are automatically consistent throughout the database.

The on-line procurement agenda

Tony Blair has said that he wants Britain to become the best nation in the world for e-business. In the public sector most attention has been focused on e-procurement alone, but the dream cannot be delivered without the finance system and controls. Meanwhile in the private sector, the rapid growth of low cost 'no frills' operators has placed ever greater focus on spend control. For instance, Dell claims that using integrated procurement and spend control techniques has reduced its overhead costs to half the industry average.

The international German-owned transport company Hoyer has implemented spend control for its operations within the UK. Greg McLeen, finance director, said the impact is not just financial: "We wanted to achieve much faster visibility of our cost pipeline than our previous systems would allow. We wanted better management information that would enable us to take management action much earlier." The benefits are now being rolled out to Hoyer's operations in every other country in Europe.

Savings are greatest where on-line purchasing becomes an integral component of a well designed spend control system. E-procurement on its own will only deliver smaller tactical gains.

Conclusion

The concept of spend control has the power to resolve two significant paradoxes: control without bureaucracy, and increased accountability without increased overheads. Hence it has the capacity to realise the highest ideals of both finance and procurement executives.

At last finance directors have the means to be proactive and prevent overspending and waste, rather than simply report and complain about adverse spend variances each month. And purchasing professionals can attain their dream of many years' standing – being able to deliver 'best value' procurement without the barriers of mountains of paperwork.

Taken seriously, the concept of spend control offers a unique opportunity to deliver the e-business dream and transform business performance. F&M

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* *Blue Prism has published a 'white paper' (free to ICAEW members) exploring key spend control concepts in greater depth. It sets out for both public sector and private sector organisations the essential components to achieve 'best practice'. For copies, contact Blue Prism Ltd at: 17 Norwood Drive, Batley, West Yorkshire, WF17 0BN. Tel: 01924 423035; e-mail: info@blueprism.co.uk*

Useful web sites

E-BUSINESS LINKS

General e-business information is available from:

E-centre UK – includes public and members sites. The public site provides in-depth resources on e-commerce ranging from standards to electronic invoicing, with a glossary of e-commerce terms. Additionally, the members site aims to support organisations doing business electronically, and includes an information service along with further guidance on e-business issues.
www.e-centre.org.uk/

Electronic Commerce and the European Union – EU site aiming to 'keep Europe at the forefront of the digital economy'. Contains details on projects, directives, working papers, international cooperation projections and responses to global discussions. A detailed resource bank on the site provides the latest thinking on issues ranging from unsolicited commercial e-mail through to e-commerce opportunities for SMEs.
http://europa.eu.int/ISPO/ecommerce/

UK On-line for Business – web site from the DTI to provide small businesses with advice on on-line technologies and e-commerce.
www.ukonlineforbusiness.gov.uk/

Electronic Commerce Innovation Centre – site concerned with online commerce based at Cardiff University and funded by BT. Includes an outline of e-commerce, links to articles covering topical issues on e-commerce, pilot projects, and case studies of SMEs.
www.ecommerce.ac.uk

SPEND CONTROL

Further information about specific spend control solutions can be found on the following sites:

Ariba Inc
www.ariba.com/solutions/spendmanagement_FAQ.cfm

Verticalnet Software
www.verticalnet.com/

PeopleSoft Inc
www.peoplesoft.com/media/en/pdf/scm_totalprocurement0102.pdf

PROACTIS
www.lake.co.uk/product/proactis/

More e-business and management links are available from the ICAEW web site's links pages at: www.icaew.co.uk/library.htm

LEGAL

Are you 'family friendly'?

New 'family friendly' working legislation was introduced on 6 April this year as part of the Employment Act 2002. **Lorraine Heard** summarises the main points arising from the new laws.

Lorraine Heard is an employment partner at UK law firm Dickinson Dees.
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Flexible working

Under the Employment Act 2002, introduced on 6 April, employees with at least 26 weeks' service and a child under the age of six (or 18, if disabled) now have the legal right to request a flexible working pattern.

Eligible employees can request a change to their hours of work, place of work, or the times they are required to work. For example, they may seek a new working pattern comprising compressed hours (working their current hours over a shorter period), flexitime, job-sharing, staggered hours (different starting and finishing times) term-time working or home working.

On receiving an application an employer must meet with the employee and his/her representative to discuss the request, subsequently notifying the employee of its decision. If the request is refused, the employee may appeal. After conducting an appeal hearing the employer must notify the employee of the outcome of the hearing. Time limits apply to each step in the process. As the employee may seek redress if the procedure is not followed it is important that employers put administrative systems in place to ensure that they adhere to the relevant time limits.

There are eight grounds on which an employer may reject an application. They comprise: the burden of additional costs; a detrimental impact on quality, or performance, or on the ability to meet customer demand; an inability to reorganise work amongst existing staff; an inability to recruit additional staff; insufficiency of work in the period the employee proposes to work; and planned structural changes. The employer must produce a written explanation of the ground upon which it has rejected the request, describing the basis on which it is applicable.

An employment tribunal (or the Advisory Conciliation and Arbitration Service [ACAS] under its new arbitration scheme) cannot question an employer's business reasons, but the facts on which they are based may be scrutinised. It is therefore crucial that the factual information used to explain the rejection of the employee's request is accurate and justifiable. The employer may otherwise be ordered to reconsider the application, and the employee awarded compensation of up to eight weeks' pay.

> Employers should check evidence of entitlement

Maternity

The basic entitlement has increased to 26 weeks' paid leave. Those with sufficient qualifying service (ie those who have 26 weeks' service by the beginning of the 14th week before the expected week of childbirth) are entitled to a further 26 weeks' unpaid leave. Statutory maternity pay increases to 90% of the employee's average weekly earnings for the first six weeks followed by 20 weeks at the new 'basic rate'.

Adoption

A new right to 52 weeks' adoption leave is available to an employee who has been newly matched with a child for adoption and has 26 weeks' service when the match is confirmed. The first 26 weeks' leave is paid at the new 'basic rate'. Where a couple are adopting only one can take adoption leave: the other may take paternity leave, if eligible.

Paternity

Up to two weeks' paid paternity leave is available to the father of a child or partner of an adoptive parent provided the employee expects to have responsibility for the child's upbringing. Leave must be taken within 56 days of the date of birth or adoption and is paid at the new 'basic rate'.

General provisions

The new 'basic rate' of maternity, paternity and adoption pay is £100 a week or 90% of average weekly earnings if less. Small employers can recover 100% of these payments, and larger employers 92%.

Employees who take advantage of the adoption or paternity leave provisions are protected from detrimental treatment or dismissal. Employers should seek, and carefully check, evidence of entitlement received from employees claiming adoption or paternity leave.

There is a new requirement for an employer to respond to the employee's notification of intention to take maternity or adoption leave. The employer must, within 28 days, confirm the date on which the maternity or adoption leave will end. If the employee wishes to return to work before the date confirmed by the employer s/he must give at least 28 days' notice.

Equal pay questionnaires

An employee who believes s/he is paid less than a work colleague of the opposite sex may now serve a questionnaire on his/her employer seeking information about the colleague's employment conditions. Data protection issues arise and employers are recommended to seek advice before responding. F&M

HUMAN FACTORS

Getting the most from your meetings

Although meetings are an integral part of business life, they are rarely thought of as an area where 'best practice' should be formulated and applied. Yet there are many ways in which all involved can contribute to making meetings far more effective, as **Philip Moon** explains.

Philip Moon is a training consultant who runs short courses for the Chartered Management Institute.
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Sadly, most organisations do not consider offering training in meetings, except to someone about to take the chair. Yet almost everyone who regularly attends meetings has experienced the frustration of time used inefficiently.

It shouldn't have to be like that. 'A meeting', by the way, refers here as much to a brief one-to-one discussion about the progress of a project as to a formal, scheduled affair with an agenda and minutes taken. But whatever the degree of formality, how the relevant parties act can make the difference between going away from the encounter enlightened... or utterly confused.

The following are some guidelines – mostly common-sense, but surprisingly often forgotten – for getting the most out of meetings.

Before the meeting – all participants:

1) check that you know the meeting's purpose – and that the other participants have the same view;
2) check the time and place, and time parameters. Agree a finishing time, and don't agree to open-ended meetings;
3) work out what you want from the meeting and write it down briefly;
4) use your initial notes to work out what you will need to reach your objectives – ie what information do you need, and what must you supply to others;
5) make a list of points to be covered, and circulate relevant background material; and
6) if there are matters on which you foresee having to negotiate, work out the points on which you will and won't compromise.

Before the meeting – chairman's checklist:

1) is the meeting really necessary – what are the alternatives?
2) what will be the pay-off from achieving the objectives?
3) has an agenda been prepared and distributed, if required?
4) are all attendees aware of the meeting's location and time and in possession of relevant background information? and
5) do all the participants need to be in attendance throughout?

At the meeting – all participants:

1) agree the ground that needs to be covered, and if no formal agenda has been set, construct one now and write it down;
2) watch what you say and how you say it – but don't be afraid to express a view even if it looks set to make you the odd one out;
3) use suggestion rather than imposition. "Perhaps we could do it this way..." or "how about doing this.." will get a more positive response than "we must do this..." or "I propose that you do that...";
4) don't be aggressively critical. You can point out the downsides to people's suggestions, but still acknowledge their value;
5) once a decision is reached, note it down, plus details of what you have agreed to do and when; and
6) before the end of the meeting, check that you have met the objectives you established at the beginning.

At the meeting – chairman's checklist:

1) always start on time;
2) set out the objectives;
3) stay positive throughout the meeting;
4) follow up actions from the last meeting;
5) decide who will take the minutes;
6) encourage reserved participants;
7) silence sidetrackers;
8) adhere strictly to the agenda, and the timetable;
9) summarise decisions/proposed action as the meeting progresses, and at the end; and
10) ensure all items are covered.

At the meeting – attendee's checklist:

1) contribute constructively;
2) limit contributions to agenda items;
3) focus on the meeting's objectives;
4) be clear about follow up steps needed; and
5) avoid private discussions.

After the meeting – all:

1) write up your notes – even if only for yourself – immediately;
2) send out memos or letters to confirm the action you plan; and
3) finally, carry out the things you agreed to do.

After the meeting – chairperson's checklist:

1) was the meeting a success?
2) did the right people participate?
3) were all items on the agenda covered?
4) how should unfinished items be dealt with?
5) should meeting minutes be distributed?
6) is there anything that needs to be done differently next time? and
7) could the same result have been achieved without a meeting? F&M

FORTHCOMING FACULTY EVENTS

To attend any Faculty event, please fill out the form which adjoins this page, remove it by tearing along the perforation, and mail it or fax it to the services manager at the Faculty's address given on the bottom of the form.
If you have any queries relating to these or other events, please contact Jo Kinlochan on 020 7920 8486.

● 12 June
LUNCHTIME AGM and LECTURE
(Chartered Accountants' Hall, London)

FACULTY ANNUAL GENERAL MEETING
plus lecture – 'BUSINESS VALUATION' – MAGGIE MULLEN, GRAVITAS PARTNERS

Maggie Mullen, chairman of Gravitas Partners, will discuss some of the valuation issues arising within current markets and how they impact upon business. The lecture will begin at 12.30pm and will last until 1.20pm. The AGM will take place over the next 10 minutes, followed by a buffet luncheon until 2.00pm. All Faculty members are welcome and the event is free to them.

● 24 June
EVENING LECTURE
(Golden Tulip Hotel, Manchester)

'THE FUTURE OF FINANCE' – SCOTT PARKER, ATOS KPMG CONSULTING

Scott Parker, managing director at Atos KPMG Consulting*, will discuss the future of the finance function in an era of dramatic change for the CFO. He will consider the implications of recent and impending legislation and share insights from other companies on how they are responding to the new challenges. Registration 5.45pm; lecture 6.00pm; buffet and networking 7.00pm.
* *Scott Parker was previously with Parson Consulting – see page 8.*

THERE WILL BE NO FACULTY EVENTS
IN JULY AND AUGUST 2003

RECORDINGS OF FACULTY LECTURES IN 2002/03

The following lectures and conferences held by the Faculty in 2002 and 2003 are available, in both **audio** and **video** format.

To obtain a recording, please tick the audio and/or video box on the tear-off response form opposite.

There is a charge of £5.00 for audio recordings and £10.00 for video.

18 SEP HUMAN CAPITAL – MEASURING PEOPLE AS ASSETS
Andrew Mayo, a consultant on international human resource management, discusses how to balance people's cost with a quantitative measure of their value.

8 OCT ENTERPRISE PLANNING (ERP) SYSTEMS – DO THEY MEASURE UP?
Dennis Keeling of BASDA, the international software standards body, explores the pros and cons of these systems and looks at software industry trends.

3 DEC REALITY CHECK – STRATEGY'S ROLE IN CREATING WEALTH
Bob Gorzynski of Bristol University looks at what went wrong with 'new economy' companies and at the role of strategy.

22 JAN LINKING VALUE WITH VALUES
Malcolm Lewis of Strategic Value Partners argues that the 'organisational soul' can affect a business's value creation.

How you can help Mango to help others

Far from being hard-hearted 'bean counters', plenty of accountants yearn to put their skills to more philanthropic use. **Alex Jacobs** explains how Mango can help them realise that goal.

Alex Jacobs is a director of Mango. He trained with PricewaterhouseCoopers and worked with Oxfam on humanitarian programmes.
E-mail: ajacobs@mango.org.uk

Not many people associate accountants with international aid work. The newsworthy aid workers tend to be doctors, nurses and engineers, pictured bringing much needed help to disaster stricken people.

Yet aid agencies making contingency plans for a humanitarian response in a war-threatened area, for example, rely on teams comprising a wider range of human skills than the news tends to convey. And accountants have a central role to play in such teams.

The agencies' activities will include stock-piling relief items like medicines and emergency food aid, plus identifying the teams of aid workers who will carry out these programmes. And like all enterprises, aid agencies need to make the best use of their limited resources, which means taking a highly professional approach to managing their finances.

For example, Oxfam's annual budget is over £115 million. They may spend up to £5 million on an effort in a particular war-torn region. Field teams in such responses number hundreds, incurring expenditure in different currencies and different locations. Operations rapidly become complex and require intricate planning. There is also a real need to keep tight control over funds, so that all the money available is used for the purpose it was donated.

Relevant

That is why Mango was set up. Mango is a UK charity which applies the accountancy profession's skills and standards to relief and development agencies. For instance, Mango runs training courses introducing concepts such as budgeting, reporting, financial controls and management accounting for aid work.

Its other activities include capturing best practice from across the varied relief and development sector and publishing it as guidance and materials. In addition, it runs a register of qualified accountants who work overseas with aid agencies.

ICAEW president Peter Wyman has recognised the important contribution Mango makes with his official appeal*. Noting Mango's success, but also its need for new resources, he has undertaken, over the coming months, "to use my own office to increase awareness of Mango and to raise as much money as possible so that it can continue its excellent work".

Mango has been equally enthusiastically welcomed by the aid sector. In most sectors, 95% efficiency would be impressive. In life-saving humanitarian work, 95% efficiency could mean saving 95 lives out of 100.

The aid sector is continually seeking to improve its standards. If that means that efficiency rates increase by 1% a year, that is good news for donors and agencies alike. Most importantly, it is good news for beneficiaries. F&M

** To find out more about the 'Appeal', contact Brian Bannister, the Institute's director of communications.*
E-mail: brian.bannister@icaew.co.uk

IN FUTURE ISSUES...

Finance & Management

- Improving the FD's image
- Risk management
- Ways of controlling IT costs
- Supply chain management – with a case study

IN JULY'S MAILING...

Management Quarterly

- Corporate social responsibility – we explore this topical theme with several articles covering different aspects

Executive Summary

- A digest of the last quarter's Faculty publications

Finance & Management

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