CGMA

Riding the Waves of Transformation

Finance in the Age of AI

Tom Hood

CGMA, CPA, CITP

Executive Vice President – Business Engagement & Growth

September 17, 2024

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Trust
Opportunity
Prosperity

698,000
Members, candidates, and engaged professionals

10,000+
Volunteers

188
Countries and territories

Learning Objectives

1. **Identify** the latest trends and issues facing finance and accounting teams.
2. **Analyze** the role that technology plays in enhancing the effectiveness of finance teams and identify the new skills, capabilities, and mindsets needed to maximize digital tools.
3. **Evaluate** the effectiveness of current talent management strategies and develop a talent game plan aligned with the changing needs of finance and accounting.

Tom Hood, CPA, CGMA, CITP

"If there is a conversation about the future of the profession, you're bound to hear Hood's name mentioned as one of the people leading the way." – Accounting Today

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EVP of Business Engagement & Growth
AICPA-CIMA
Business Learning Institute

Email: tom.hood@aicpa-cima.com

- Named the Second Most Influential in Accounting by Accounting Today Magazine 2011-present
- Top 100 Influencer by LinkedIn (700,000+ followers)
- Member of the Forbes Finance Council
- CPA Practice Adviser Accounting Hall of Fame
- Top 25 Public Accounting Thought Leaders by CPA Practice Adviser
- Former CEO of Maryland Association of CPAs
- Former CFO of Highway Construction Company
- Graduate of Johns Hopkins University (MS) and Loyola University of MD (BA)

@tomhood

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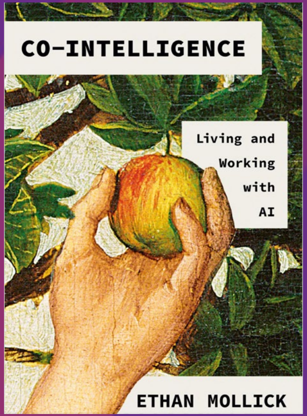
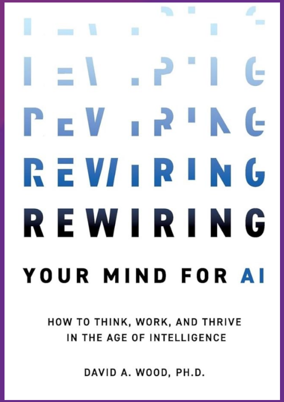
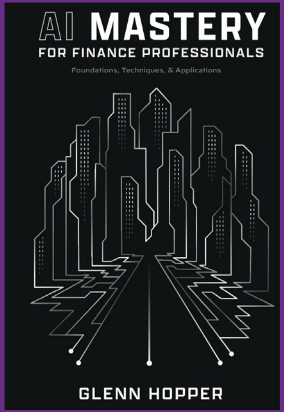
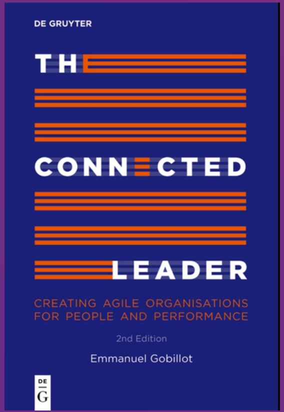
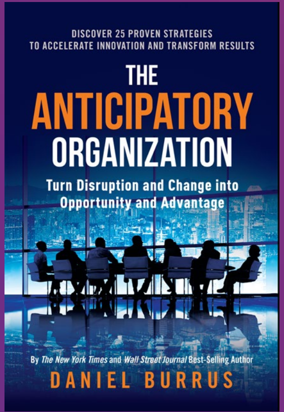
"If I have seen further it is by standing on the shoulders of GIANTS" - Sir Isaac Newton









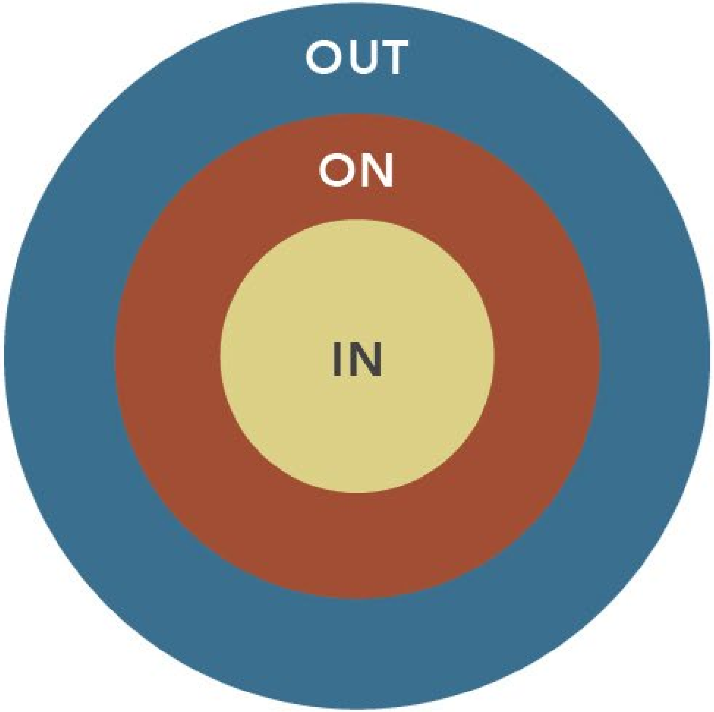


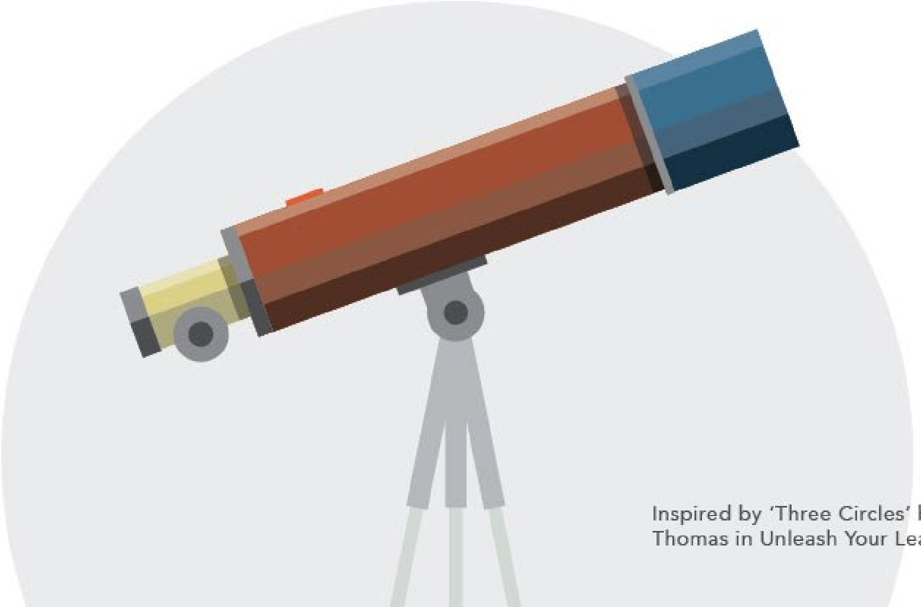
Global Finance Leaders convene to Co-Create the Future of Finance

accenture
AON
ATRIUM HOSPITALITY
aws
bp
Coca-Cola
DeIORIOS
DISCOVER FINANCIAL SERVICES
Electro Rent
Smarter Solutions for Testing & Technology
fpd
FRANKLIN TEMPLETON
General Mills
Georgetown University
GSK
IBM
Insight
KET Solutions LLC
Kimberly-Clark
KK Solutions Inc
LIBERTY BANK
LOWE'S Home Improvement Warehouse
MARS WRIGLEY
MERCK
MGM RESORTS INTERNATIONAL
NIKE
ORACLE
Prudential
randstad
TD
REALTERM
RIGHT ADVISORY
Russell Reynolds Associates
salesforce
SC&H GROUP
Shell
Stanley Black & Decker
Swiss Re
Ted's Montana Grill
Authentic American Dining
teradata.
Tetra Pak®
PROTECTS WHAT'S GOOD
verizon
AICPA & CIMA
THE WORLD BANK
IBRD · IDA | WORLD BANK GROUP
workday.
yelp

THREE CIRCLES

Opportunity Scout





Inspired by ‘Three Circles’ by Emmanuel Gobillot and Katherine Thomas in Unleash Your Leader - How to Win In Business

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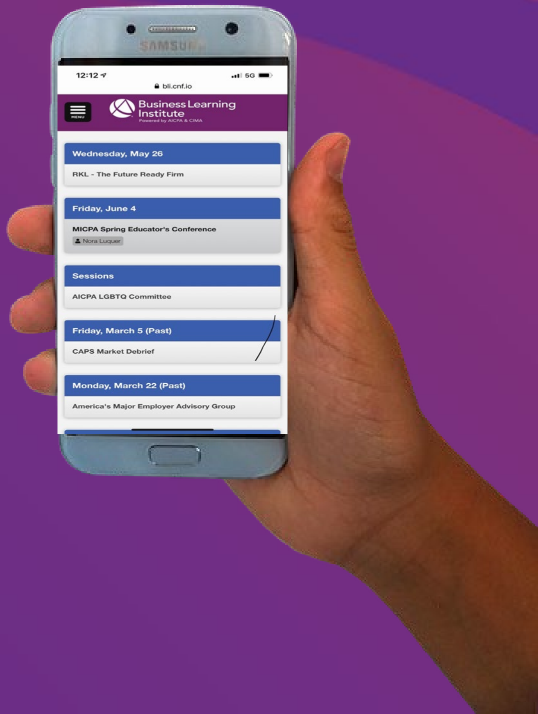

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Context – Day One

Trends & Issues Facing Corporate Finance
Changing Role & Mandate

“It is always Day One at Amazon.

The outside world can push you into Day Two if you won’t or can’t embrace powerful trends quickly. If you fight them, you’re probably fighting the future. Embrace them and you have a tailwind”. - Jeff Bezos -Amazon

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Industrial Revolutions – From 4IR to 1PR^2

Industrial Era Revolutions

INDUSTRY 1.0
Mechanization
Steam Power
Weave Loom

1784

INDUSTRY 2.0
Mass Production
Assembly Line
Electrical Energy

1870

INDUSTRY 3.0
Automation
Computers & Electronics

1969

Exponential

Productivity Era Revolutions

PRODUCTIVITY 1.0
Cyber-Physical
Self-Managing
Distributed
Regenerative Systems

5G RPA IoT
3D Big Data

2007

INDUSTRY 5.0
PRODUCTIVITY 2.0
AI / GenAI
ChatGPT
Co-Pilot
Quantum Computing

COVID & ChatGPT Acceleratorss

Today

Source: 1PR^2 - Nancy Giordano - Leadering: The Ways Visionary Leaders Play Bigger

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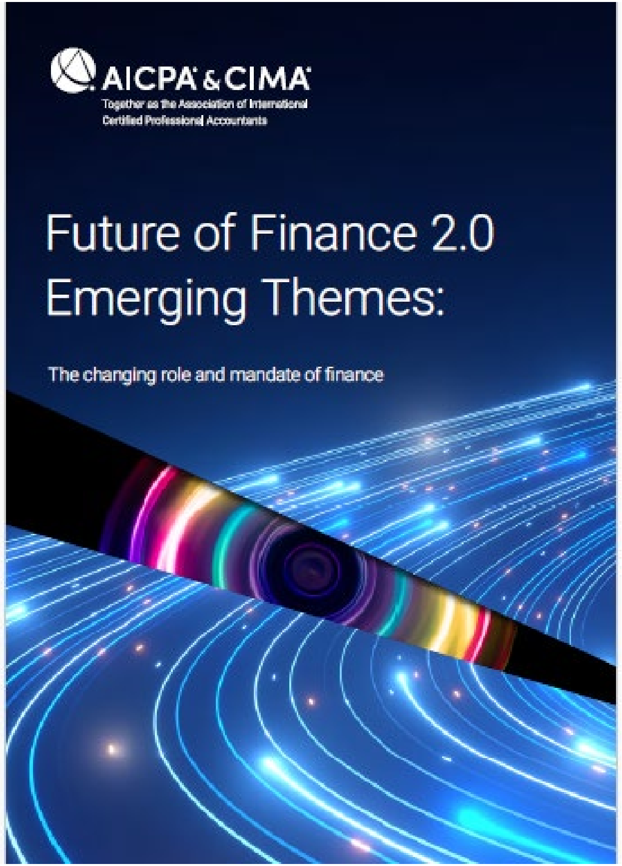
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Future of Finance 2.0 Emerging Themes:
The changing role and mandate of finance


Value and partnership
Sustainability
Leading people and transformations
Data and technology
Finance and Accounting

Top 5 Issues Facing Corporate Finance/Accounting Teams

1. Digital Transformation
2. Gen AI & AI
3. Need for New Skills
4. Finding & Retaining Talent
5. Maintaining Culture in Hybrid Environment
6. Innovation & Growth (previously Inflation & Recession)

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Digital Transformation & Gen AI take the top 2 spots for CFOs with Upkskilling & Reskilling as #3 Finding & Retaining Talent dropped to #4

As of our Future of Finance Summit on Dec 10, 2023

4Q 2023 economic outlook survey

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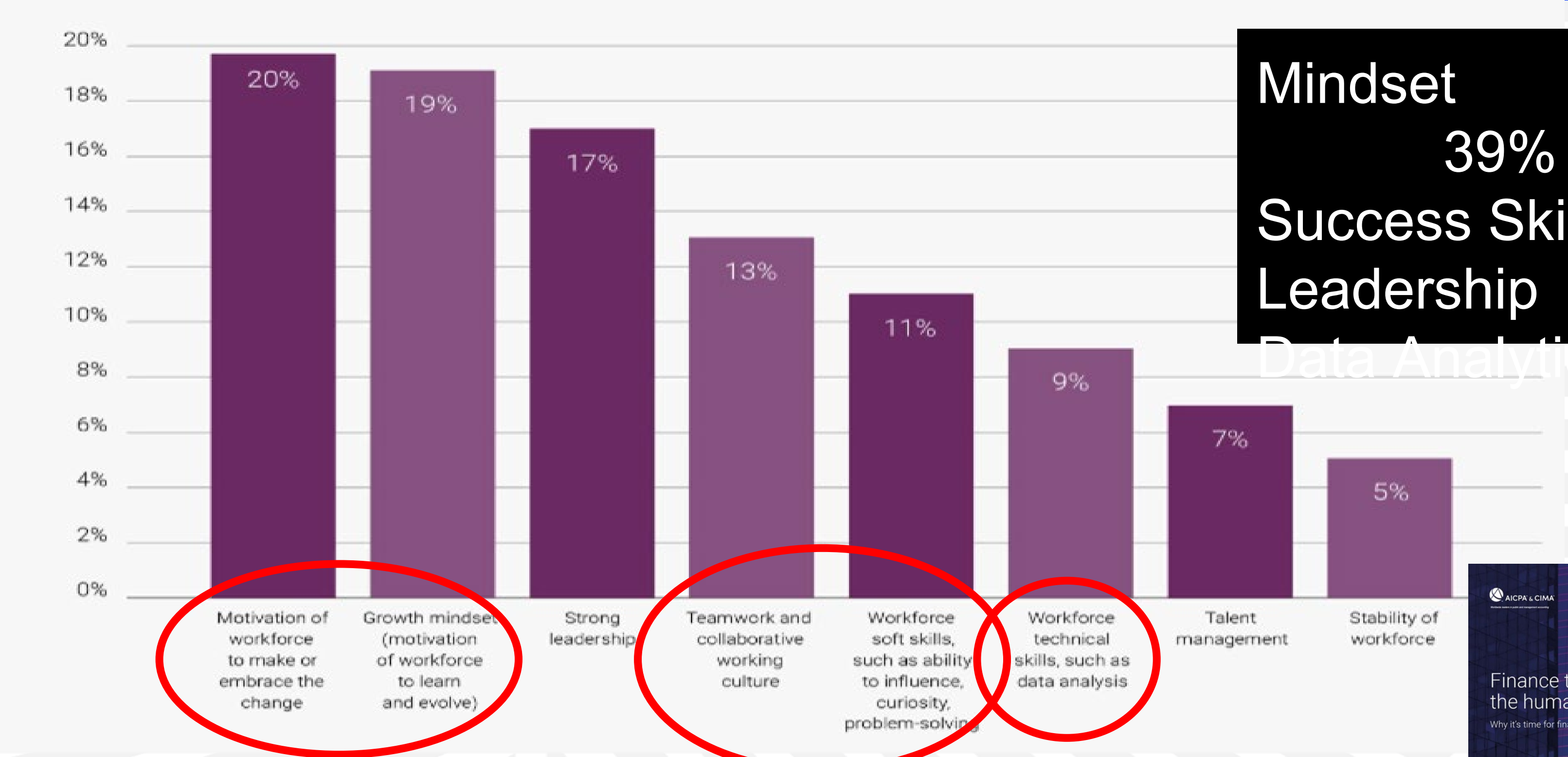
89% of transformation success is about *people!*



Mindset 39%
Success Skills 24%
Leadership 17%
Data Analytics 9%

Source: AICPA & CIMA/KPMG. *Finance Transformation: The Human Perspective*, 2020

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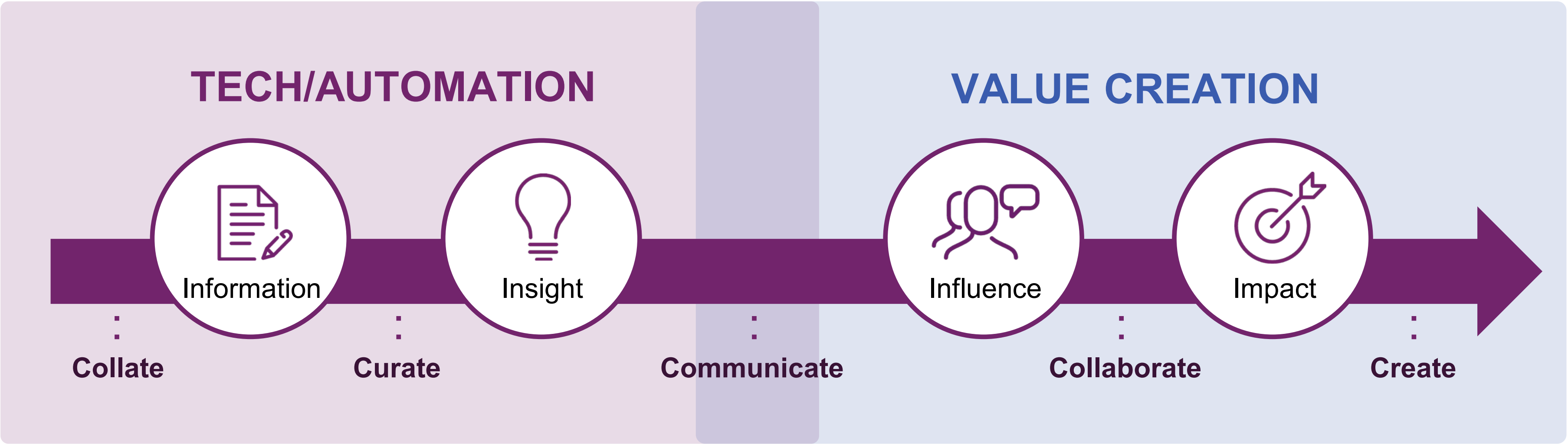
New Mindsets

How you think about the future shapes your actions today AND your actions today will shape your future. In other words your Futureview is the Future YOU!

- Dan Burrus, futurist

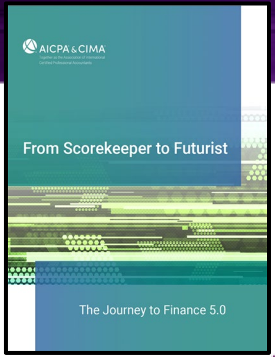
The shifting role and mandate of finance



Financial accounting – Recording/Control	Management accounting – FP&A/Decision support	Execution
Events • Transactions • Recognition • Measure • Record	Report • Analysis • Hypothesis • Causality	Replicate • Create
KNOW WHAT/WHEN	KNOW WHY	KNOW WHO / HOW

Evolution of the Management Accountant

FAME – Finance Assessment Model for Effectiveness



Assemble

Information

Analyse

Insights

Advice

Influence (Decision)

Apply

Impact

Scorekeeper

Basic understanding of operations. Works in annual cycles

KNOW WHAT/WHEN

Advisor

Moderate understanding of the organization and overall operations.

KNOW WHY

Partner

Strong understanding of organization's strategic environment & expert analyst.

KNOW HOW

Value Creator

Expert in developing strategic vision and execution.

DO

Futurist

Leader in innovation & change management

NEXT

Chief Future Officer

Accounting & Finance

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From:	To:
Rearview mirror	Windshield View
Hindsight	Strategic Foresight
Cost mindset	Value Focus
Core	Core AND Edge
CF 'No'	CFO 'Know'
Scorekeeper	Intelligent Advisor / Value Partner
Tangibles	Tangibles + Intangibles
Descriptive Analytics	Prescriptive Analytics

Ethics, Stewardship & Trust

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New Skillsets

“The hard is soft and the soft is hard “
- Tom Peters

The Hard skills are soft, they change all of the time and become obsolete. The Soft skills are hard, difficult to learn and take years to master.

Newskilling - T-Shaped Finance Professional

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Boundary Crossing Competencies

WIDE

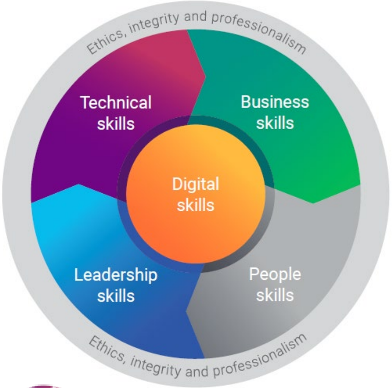
Strategic & Critical Thinking
Synthesizing Intelligence to Insight

Leadership & Sensemaking	Anticipation & Serving Evolving Needs		Communication & Storytelling	Integration & Collaboration
Business Skills	**People Skills**	**Agile**	**Leadership Skills**	**Digital Skills**

DEEP

Technical & Functional Knowledge & Expertise

Data & Tech-savvy



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Ethics, Integrity & Professionalism

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The CGMA Finance Leadership Program

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Strategic Case Study Exam

Strategic Management
- Competitive Advantage
- Strategy Formulation
- Strategy Implementation
- Digital Strategy

Strategy Management Skills Certificate

Risk Management
- Enterprise Risk Management
- Strategic Risk
- Internal Control
- Cybersecurity

Enterprise Risk Management Skills Certificate

Financial Strategy
- Financial Policies and Objectives
- Debt and Equity Finance
- Financial Risks
- Business Valuation and Acquisitions

Corporate Financial Strategy Skills Certificate

CPA DEVELOPMENT PATH TO CGMA DESIGNATION

Management Case Study Exam

Performance and Project Mgmt.
- Business Models
- Leading and Managing People
- Project Management

Team Performance Management Skills Certificate

Advanced Mgmt. Accounting
- Cost Competitiveness
- Organizational Performance
- Pricing and Capital Investment Decisions
- Managing Risk and Uncertainty

Financial Planning and Analysis Skills Certificate

Advanced Financial Reporting
- Advanced Financial Statements
- Complex Group Reporting
- Financial Statement Analysis
- Long-term financing

Financial Statement Analysis Skills Certificate

Diploma in Advanced Management Accounting

Finance or Accounting degree holders

Operational Case Study Exam

Digital Finance
- Finance Function Transformation
- Finance Business Partnering
- Data and Analytics

Digital Finance Skills Certificate

Management Accounting
- Cost Accounting
- Budgeting and Planning
- Short-term Decision Making

Budget and Cost Analysis Skills Certificate

Financial Reporting
- Regulatory Environment
- Financial Statements
- Principles of Taxation
- Managing Working Capital

Financial Reporting Skills Certificate

Diploma in Management Accounting

Four-year degree – business related, non-financial

Enterprise Pillar | Performance Pillar | Financial Pillar

Foundation Level - Business & Finance Essentials

* Non-business related, High School & Two-Year College Pathway

All learning and exams are based on experiential case studies where your staff will learn the language and techniques of your corporate clients and CFOs.

From 'CFO No' to 'CFO Know'

Embrace Fusion Skills: To excel in the AI era, employees and members must develop new skills that facilitate effective collaboration with AI.

Intelligent Interrogation: The ability to prompt AI systems in ways that improve reasoning and outcomes.

Judgment Integration: Bringing human discernment into AI interactions to ensure trustworthy, accurate, and ethical outcomes.

Reciprocal Apprenticing: Helping AI learn the specific tasks and contexts of your work while simultaneously improving your ability to train and refine AI tools.

-Source: HBR Embracing GenAI at Work

Source: Calum Chase/ AICPA & CIMA FFLAG

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New Toolsets

Moving from ‘doing digital’ to ‘being digital’

“If you automate you must elevate the skills of your team.”

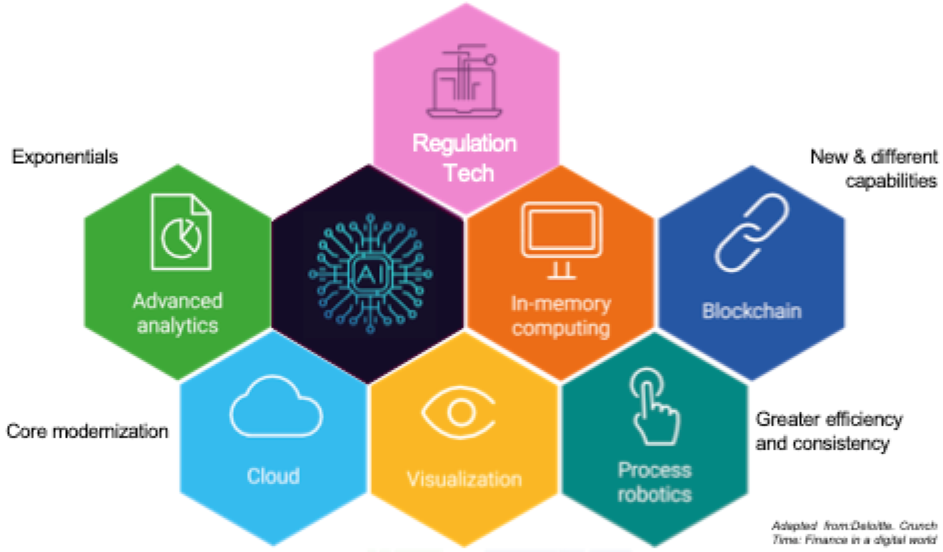
- Mike Walsh, Futurist

Technology advancements driving innovation

- The financial industry is undergoing a rapid transformation driven by technological advancements.

- These innovations are reshaping various aspects of finance, from payments and investments to risk management and compliance.

- Technology is enabling new products, services and business models, enhancing customer experience and driving efficiency.



Adapted from:Deloitte. Crunch Time: Finance in a digital world

AI : Implications for Management Accountants

See the Business Potential

- Driving potential use cases to drive top line new product development.
- Identification of potential use cases and cost efficiencies and importantly the limitations and risks.

Integrating AI into the Finance & Accounting processes

- Transforming Core Accounting and Finance Operations – GL reviews, P2P, O2C, R2R.
- Improved business partnering – Decision making, Budgeting & Forecasting.

Interacting with AI

- Understand data, statistics and bias.
- How machines learn and how algorithms solve problems.

Understanding the implications on Roles, Org Design, Training & Development

- Creating capability to cope with the unprecedented rate and pace of change.
- Driving rapid response to training and development of the workforce.

Championing Generative AI & Overcoming Obstacles

- Supporting the Business Case for the Investment in AI and Gen AI.
- Overcoming adoption challenges with regards to Ethics, Data Governance , Data Accuracy, Outputs.

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The Changing Shape of Finance & Accounting

Addressing future organization structure and capability shifts in finance

“We are the last generation of CEO’s to lead an all HUMAN workforce”

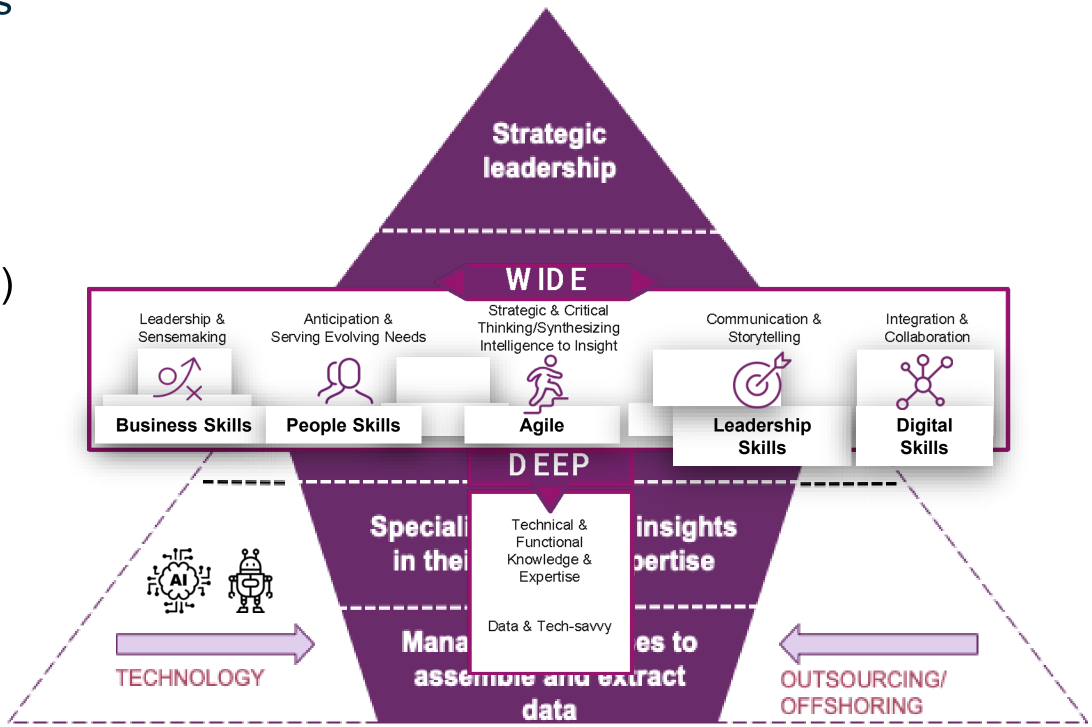
- Marc Benioff, CEO SalesForce
- World Economic Forum

“Your students will need to graduate prepared to lead a team of PhDs (AI) on their first day of work.”

- AI Leader in Big Four Firm

“This trend, once mostly the domain of large firms, is now accelerating across mid-sized and smaller accounting firms, fundamentally reshaping the global accounting workforce.”

- Reuters, Apr 29, 2025



Closing Thoughts

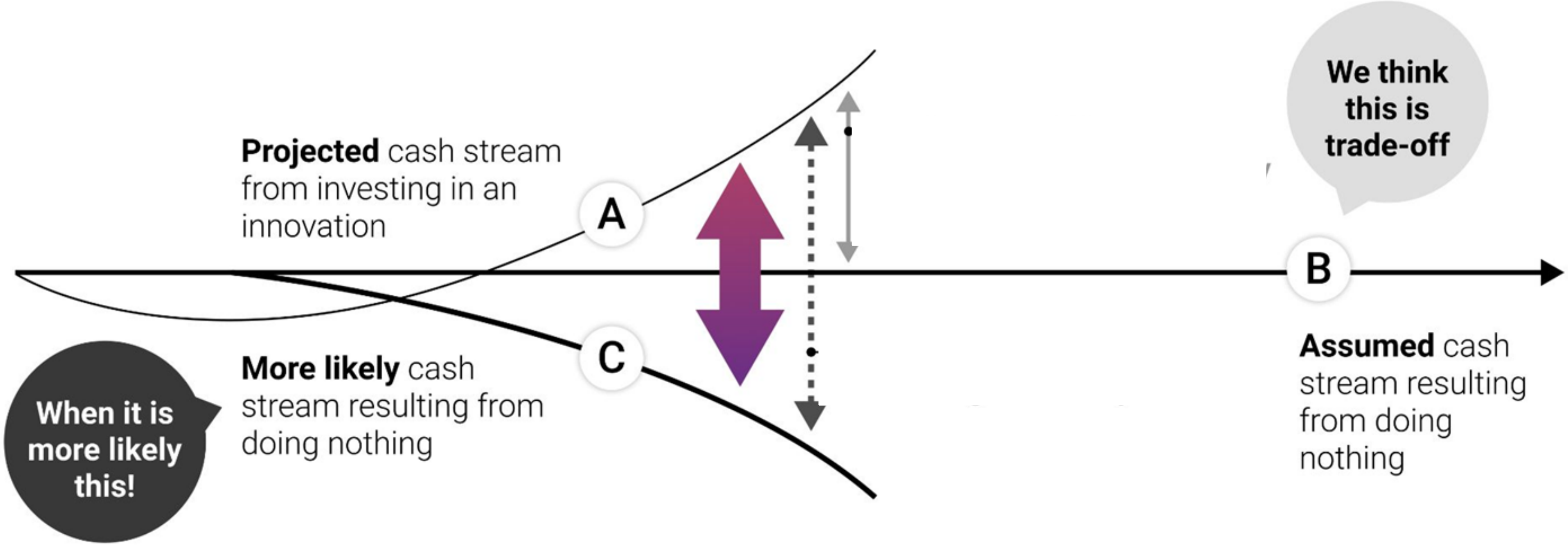
$L > C^2$

In a period of rapid change and increasing complexity, the winners are going to be the people who can **LEARN** faster than the rate of **CHANGE** and faster than their **COMPETITION**.

Tom Hood, CPA, CITP, CGMA

Disruption and RONI

The gap is widening, faster!



RONI = Risk of not investing

Source: Clayton Christensen, “Innovation Killers”

Embrace the Genius of the ‘AND’

Perform **AND** **Transform**

Deliver results today

Achieve our vision
The power that drives us forward

“The test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function.”

- F.Scott Fitzgerald

Inspired by Jim Collins and Olivier Van Duüren (Microsoft)

Anticipation, Agility, Adaptation