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The Value of Resolutions

Resolutions encourage us to evaluate our lives, identify areas for improvement, and set specific, achievable goals.

By Richard T. Brady, CMA, CGFM, CDFM

New Year's resolutions have become an intrinsic part of our annual rituals, often symbolizing a fresh start and an opportunity for personal growth. These commitments serve as markers for self-improvement and goal setting. Psychologically, they play a significant role in motivating individuals to make positive changes in their lives.

I've always been a staunch "anti-resolutionist." My opposition is driven as much by the crowded gyms in January (which usually thin out by the third week) as it is by a sense that something should be started immediately if it's important enough to be done, and not delayed to some arbitrary date on the calendar.

But I do understand the importance of resolutions, and the new year is as good a time as any to get started on personal and professional growth. The start of a new year signifies a clean slate, creating a psychological divide between the past and the future. This temporal landmark effect serves as a catalyst for change, allowing individuals to mentally separate themselves from previous shortcomings and focus on new possibilities.

The process of setting resolutions also involves introspection and self-reflection, which are crucial for personal development. It encourages individuals to evaluate their lives, identify areas for improvement, and set specific, achievable goals. Research in psychology suggests that successful goal pursuits require a strategic approach. Setting specific, measurable, achievable, relevant, and time-bound goals, commonly known as SMART goals, increases the likelihood of achievement. Additionally, creating a plan with actionable steps, monitoring progress, and adapting to setbacks are essential components of goal maintenance. Leveraging social support and accountability can significantly impact goal adherence. Sharing resolutions with friends, family, or a support group fosters a sense of commitment and encourages individuals to stay on track. Finally, linking or chaining new, desired habits to existing habits or behaviors increases the likelihood that the new habit will be retained.

In the realm of accounting and finance, New Year's resolutions hold particular relevance. Professionals in the field often grapple with the need for precision, organization, and continuous improvement. At the same time, the profession is faced with a changing operating environment and emerging technologies. The megatrends shaping the profession—talent management and the future of work; enterprise risk management; digital transformation; regulatory and policy changes; and environmental, social, and governance mandates—can serve as catalysts for establishing resolutions. Setting targets for career advancement, such as pursuing professional certifications or expanding one's network, can also be integral resolutions in this field.

IMA® (Institute of Management Accountants) offers many resources to help practitioners achieve their career resolutions. Certifications like the CMA® (Certified Management Accountant), CSCA® (Certified in Strategy in Competitive Analysis), and newly launched FMAA™ (Financial & Managerial Accounting Associate) can help accounting and finance professionals hone their skills and demonstrate proficiency. Other IMA resources such as continuing education courses, webinars, podcasts, conferences, and publications can strengthen knowledge and provide access to new opportunities.

New Year's resolutions serve as powerful tools for personal development, rooted in psychological principles of goal setting and self-improvement. For IMA members and accounting and finance professionals, resolutions play a vital role in aligning personal and professional goals with the issues impacting the profession. It's convincing enough for even a staunch anti-resolutionist like me to be persuaded—and maybe to pick up a few new habits in 2024!

Richard T. Brady, CMA, CGFM, CDFM, is the CEO of the American Society of Military Comptrollers (ASMC) and Chair of the IMA Global Board of Directors. He's a member of IMA's Nation's Capital Chapter. You can reach Rich at rich.brady@imanet.org or via LinkedIn.

Welcome, New CMAs: November 2023

348 IMA members became CMAs between November 1 and November 30, 2023.

By Ella Suponitskiy, CMA, CPA, CAE

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948 IMA members became CMAs between December 1 and December 31, 2023.

By Ella Suponitskiy, CMA, CPA, CAE

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Waleed Mohamed Makhlouf Abdelsalam

Ahmed Hamed Mohamed Sadek
Dina Mohamed Shaban
Abdallah Mohammad
Krishnapriya Mohan
Parvathy Mohan
Nabil Hamza Mohimtule
Faizal Babu Moorkath
Julian S. J. Mosad
Asvina Moses Vethamonickam Moses
Qi Mu
Akhil Mukundan
Bharat Khilu Mulani
Ketan Mulchandani
Mohamed Moosa Mustafa
Haya Mutlaq
Sheetal Nagdev
Jayesh Jairaj Nallikkal
Jaganath R. Narayan
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Josef Nelson
Khaled Nemer
Bea Nemis
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Anh Nguyen Hong
Ngoc Nguyen Thi Anh
Ly Nguyen Thi Truc
Hang Nguyen Thuy
Tianying Ni
Wenrui Ning
Brianne Dawn Nolte
Nawal Noor Ahmed
Fabiha Noshin
Mario Yair Nunez
Maria Vaneza Onda
Akshay Sunil Pai
Rajesh Pal
Jikai Pan
Xiaoling Pang
Muhammed Shamil Panote
Jude Eric Noel Pantinople
Muhammed Ashique Parasseri
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Minae Park
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Amit Alan Pinto
Joseph Nuyda Planas
Siddharth Poddar
Evan Polkinghorne
Priya Padmanabha Poojari
Mohammed Shafeeq Poozhikunnath
Andrew David Posavec
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Cherine Nordea Pottinger-Harris
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Munavvir Pv
Liang Qian
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Hanqi Qu
Nguyen Quang Vu
Shimaa Mohamed Rabee Khalifa
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Aleena Shaju
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Nan Shan
Caixia Shang
Muralimanohar Shanmugam
Abdul Savad Shanthiguri
Gui Shao
Keshav Sharma
Satya Prakash Sharma
Mina Raafat Shawky Kedes
Mhd Ammar Shekha
Liman Shen
Wenting Shen
Kirti Sheth
Lissa Shihab
Hyunjin Shin
Ahmed Adel Moustafa Shokr
Jing Shui
Afridh Siddiq
Narendra Kumar Sunder Sidhnani

Jolyon John Sigo
Romel Magbojos Silang
Manoj Kumar Singh
Ravi Singh
Sukanya Sivadasan
Nataliia Sokolovska
Shuangyi Song
Jose Antonio Sayson Sonquit
Amanda Spikes
Marko Stefanovic
Christopher Michael Sterren
Timothy Stewart
Yuxuan Su
Swetha Sudhir
Aalia Sultana
Heyao Sun
Junyun Sun
Mengwei Sun
Muhammed Yassin Sunil Babu Rehna
Rohit Suresh
Vaishnavi Suresh
Priscilla Suriyathep
Edward Surotchak
Prem Suthar
Fred Sutton
Jared Alexander Symonette
Fatema Isa Ali Taher Jawad
Mohammed Tajalsir Abden Aldirdiri
Li Tan
Ruoshi Tan
Irving Tang
Jiayu Tang
Juncheng Tang
Yueqi Tang
Sumit Kanheyalal Tawari
Ala' Thabit
Thosang Thang
Xeng Thao
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Cledson Aurelio Trinca
Vi Bach Truong
Rachel Nicole Tschida
Benjamin Turner
Aishwarya Jagadish Uchil
Vaishakh Udaybhanu
Kade Utz
Sreelekha V
Shanavas Vaidyarakath III
Lasya Priya Valasala
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Bijun Wang
Caifeng Wang
Chun Wang
Dongning Wang
Hongren Wang
Mingyue Wang
Qin Wang
Xia Wang
Xiang Wang
Xiangui Wang
Xiujuan Wang
Xiumin Wang
Xue Ai Wang
Yanan Wang
Yifei Wang
Ying Wang
Yitao Wang
Yixuan Wang
Zonghui Wang
Christopher R. Warren
Kelly Christopher Waters
Chaoyue Wei
Lingli Wei
Miao Wei
Xiangxuan Wei
Yanjie Wen
Christian Chance Wesley
Tisha D. White
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Matthew S. Wightman
Wendy S. Williams
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Linyu Wu
Liyan Wu
Shiman Wu
Shumin Wu
Shunxiang Wu
Ting Wu
Wenmei Wu
Yirui Wu
Zhuojun Wu
Zixuan Wu
Zhihan Xia
Juan Xiao
Xiao Xiao
Shijia Xie
Yun Xie
Dong Xiong
Kexin Xu
Mengdie Xu
Nannan Xu
Renze Xu
Ru Xu
Wei Xu
Xiaoyan Xu
Yixuan Xu
Yue Xu
Liyun Xue
Anes Mohammed Saif Yahya
Jiahui Yan
Yuxin Yan
Chen Yang
Demin Yang
Mengtian Yang
Mingtao Yang

Mingzhu Yang
Tongshuo Yang
Xiaoyun Yang
Yuanmei Yang
Jingtian Yao
Mengxia Yao
Siyu Yao
Sami Nabeil Yassin
Artanzia M. Jackson Yates
Xuan-Han Ye
Sharmane Reyes Yecla
Shih-Ying Yen
Xin Yi Yeo
Dandan Yi
Lingli Yi
Wenjuan Yi
Pak Kwan Yip
Zachary Ryan Yoesting
Mohamed Sabet Younes II
Hanfei Yu
Jianfei Yu
Meiyan Yu
Xiaoxue Yu
Xinwei Yu
Canjun Yuan
Huda Abdullah Hassan Yusuf
Jaquelyn Zapata
Matthew Zemanick
Fanqin Zeng
Lanying Zeng
Zepeng Zeng
Dongyu Zhang
Guihua Zhang
Haiping Zhang
Hong Zhang
Hua Zhang
Hui Zhang
Jiayuan Zhang
Kunjie Zhang
Lei Zhang
Li Zhang
Lingling Zhang
Manlin Zhang
Meng Zhang
Ming Zhang
Mingjin Zhang
Minjing Zhang
Nahui Zhang
Ou Zhang
Qin Zhang
Qizheng Zhang
Xian Zhang
Xiaoyue Zhang
Yahui Zhang
Yan Zhang
Yang Zhang
Yu Zhang
Chen Zhao
Chongzhi Zhao
Guang Zhao
Huan Zhao
Qiuhe Zhao
Shengshu Zhao
Xu Zhao
Yang Zhao
Limei Zheng
Lingling Zheng
Xinjia Zheng
Siyi Zhong
Yinyuan Zhong
Ziqing Zhong
Guofang Zhou
Miao Zhou
Puhuan Zhou
Rui Zhou
Xuefeng Zhou
Yanqiong Zhou
Yating Zhou
Yinghui Zhou
Lin Zhu
Mengqi Zhu
Ning Zhu
Wenjing Zhu
Yirui Zhu
Zixuan Zhu
Xiaojia Zhuang
Bryon Ziegler

Welcome, New CSCAs: November 2023

87 IMA members became CSCAs between November 1 and November 30, 2023.

By Ella Suponitskiy, CMA, CPA, CAE

For more information on CSCA certification, visit www.imanet.org/csca-credential.

Nemesio Virtudazo Abasola
Nikki Ann Lim Abdulmonap
Khalid Attiya Abouzead
Hasan Darwish Abu-Rous
Godson Adadevoh
Rana Alexander Akik
Anass Al Halabi
Abdulrahman Aljabr
Mohamed Fayez Al-Jaouni
Khalid Ahmed Almalki
Zaki Ali Alnassif
Erin M. Ankebrant
Daniel Louis Bailey
Eaustice Fabian Balie
Bryce Kalan Barich
David C. Belnap
Michael Boland
Herbert S. Burke
Fares Chahrour
Nathan Cross
Earaluz Alaina Cubacub
Nicholas Cybulskis
Dat Quoc Dinh
Tammy E. Drescher
Aisha Walid El Majzoub
John Fassetta
Xiaomin Fu
Nicholas George

Michael A. Gilbert
Garrett Gold
Jennie Lynn Gowan
Qiang Guo
Mark A. Hand
Jeremy Harber
Timothy Hinkel
Mohammed Arshad Hussain
Heather Jackson-Fassari
Rachel A. Jirles
Mohamed Khalifa Joudar
Michelle J. Kalb
Razi Khaddage
Mustaq Yusuf Khatri
Jurrian Leendert Kooijman
Satheesh Kunhadukkam
Vinod Kumaar Kunju
Mark Alex Kupelnick
Joshua Kuss
Andre Lehrbass
Ron Liebregts
Brent Litchy
Juanjuan Liu
Joseph Mijares Lojo
Syed Qumar Abbas Madani
Sarah Manna
Elizabeth Mathers
Hisato Matsumoto
Shayne Samuel Mazarira
Heather R. McCormick
Sean McLaughlin
Thomas Meisenzahl
Purnima Mishra
Maisam Fareez Mohamad
Markus Monssen-Wackerbeck
Mohamed Moussa
Adam H. Najm
Asei Oshima
Diya Navin Pardasani
Steven Pattyn
Ryan John Eusebio Pineda
Selemani Amani Ponda
Thomas Andrew Reynolds
James Ripsom
Kerrie Roberson
Alfredo Rodriguez
Jeton Sabanovski
Abdelrahman Samy Aly Hassan
Nicholas J. Sberna
Guillaume Sekala
Ali Jaafar Ali Sultan Ali
Shalini Suriyaprakash
Ryan Paul Swanson
Yasser M. Sweidan
Glenn Dale Delgado Trinidad
Jacob Wade
James C. Weaver
David Willson
Erhan Yilmaz

Balancing High Tech with High Touch

Advances in technology are reshaping the behaviors and skill sets of accounting and finance professionals.

By Lori Parks

Nancy Rademaker has more than 25 years of experience exploring how technology transforms society. She has worked for many IT companies, including five years at Microsoft in the Netherlands and Europe.

Enthusiastic about people and customer-centric strategies, Rademaker is most passionate about how technology influences people's behavior and how it helps them to share knowledge, create, and innovate. Her areas of expertise include digital transformation, extreme customer centricity, employee experience, disruption, AI, business model change, and leadership.

Rademaker is also the co-founder of two start-ups: Speakers Club, which provides training and coaching for speakers and businesspeople to enhance their speaking skills, and Drawify.com, a visual storytelling company that connects artists with business professionals who would like to make ideas become tangible illustrations.

Strategic Finance: What are the most common frustrations among business leaders in terms of connecting with the customer in a digital world?

> Nancy Rademaker will be a keynote speaker at IMA's Accounting & Finance European Conference, taking place on April 18, 2024, in Amsterdam, Netherlands, where she'll present on "Finding the Sweet Spot Between High Tech and High Touch."

Nancy Rademaker: The most common frustrations in my view are threefold. First, customer behavior in the digital space keeps changing. Customers today have vastly different expectations and ways of engaging with brands compared to even a few years ago. And so, the challenge lies in keeping up with these changing behaviors and preferences. Second, in the current Digital Age, we have an abundance of data, which might provide the opportunity to extract meaningful insights. Although that's a positive thing, companies often struggle with these huge amounts of data. They're overwhelmed by the volume of information, with the risk of leading to analysis paralysis. And third, even though customers expect personalized experiences, they're also more conscious about their privacy. European Union policy makers recently signed the AI Act, the world's first comprehensive AI law, and that, coupled with data laws like GDPR [General Data Protection Regulation] already in place, makes it challenging for businesses to balance personalization with respect for privacy.

SF: What do you think are the benefits of visual storytelling, and why is good visual storytelling underutilized in business?

NR: Our human brain processes visual information much faster than it does text. More importantly, not only is visual information processed faster (13 milliseconds!), but it's also retained more effectively (the scientific term for this is the "pictorial superiority effect"). This demonstrates that visual storytelling should be utilized in business, which, unfortunately, still isn't the case. If you want to clarify or summarize financial reports, visual stories are just great, both for understanding and for being memorable.

Using hand-drawn images (rather than computer-generated ones) has been proven to augment the benefits even more. I believe the reason that it isn't being done is that most of us feel uncomfortable drawing, which is exactly why we founded Drawify.com. With this platform, users can translate complex information into compelling and easy-to-remember visuals, without having to do any drawing at all.

SF: What would you like to see educational institutions do to improve students' comfort level with advanced technology?

NR: I would urge educational institutions to incorporate much more technology into their curricula. But that's easier said than done. The problem is that many of the educators themselves struggle with the rapid evolution (exponential by nature!) of technology. I would argue that more collaboration with businesses could greatly help and prepare students in a better way for their professional lives.

Collaboration amongst institutions in the development and offering of more online courses might also help. Next to that, it must be said that there's recently been great resistance within education about the use of ChatGPT by students, causing some universities to return to handwritten exams. My response to that is: How can you prepare students for a life in a world full of technology while denying them the use of it in their education?

SF: Do you believe there's a connection between employer adoption of technology and worker job satisfaction? More specifically, does removing tedious and routine tasks give workers more room for creativity and innovation?

NR: I do believe there is a significant connection between the adoption of technology in the workplace and worker job satisfaction in accounting and finance. If repetitive tasks are automated, employees can focus on more complex and engaging work, which may lead to increased job satisfaction as they feel their skills are being utilized more effectively. They will also have more mental space and time, which indeed allows them to engage in more creative and innovative activities. At the same time, that may also contribute to a better work-life balance.

The transition toward a more technology-driven business can also be challenging for some workers, though, especially for those who may feel uncomfortable with new technologies or fear job displacement. Extensive and proper training and reassurance of job security will be essential.

It's crucial to bear in mind that for any business, a shift in technology will demand a shift in culture first—one that supports innovation, continuous learning, and adaptation. And in my experience, this is precisely what leaders find the most challenging.

According to a recent survey by the U.K.'s Department of Education, finance is among the industries where jobs are most exposed to AI. Especially with generative AI, this can have a very disruptive effect on the business models within the industry, leaving many leaders losing sleep at night. For example, how do you go from a billable hours times rate for a business model if generative AI can reduce those billable hours by say 60% to 70%? And what if customers can now do their own analyses and detect market trends? The challenge for businesses in finance will be to protect the company's knowledge and use it in their own LLM [large language model] to allow for significantly better and or more predictive analyses than those publicly available.

Lori Parks is a staff writer/editor at IMA. You can reach her at (201) 474-1536 or lori.parks@imanet.org.

Tips for Transitioning into an Executive Leadership Role

Ajit Kambil's *The Leadership Accelerator* is recommended as a valuable tool kit for new and aspiring leaders to get up to speed.

By Wassia Kamon, CMA, CPA

Transitioning to executive leadership requires a mindset shift more than a skill set change. It's something I learned the hard way a couple of years ago as I stepped into my first executive role unprepared for what was ahead of me. But it doesn't have to be that way for the next generation of accounting and finance professionals. They can get guidance from the book *The Leadership Accelerator: The Playbook for Transitioning into Your New Executive Role* by Ajit Kambil, who honed his experience leading Deloitte Transition Labs, helping thousands of C-suite clients create a 180-day to one-year work plan.

The author did a fantastic job providing a framework to deal with common roadblocks that leaders may face during their first year in an executive leadership role. Each chapter ends with suggested "workouts" that provide readers with an actionable step-by-step guide for addressing key challenges during their transition. It's a must-read for first-time managers and executives.

Here are 10 lessons for aspiring and first-time finance managers, executives, and other leaders:

1. Embrace change, as executive leaders are expected to drive significant transformations and growth, not maintain the status quo.

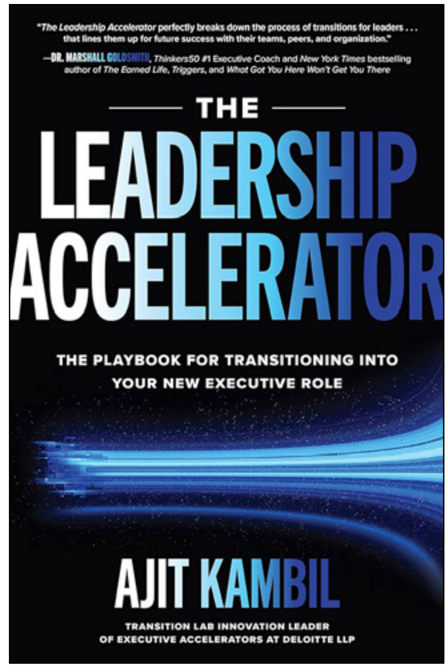
2. Manage your schedule and energy intentionally, aiming for a workweek of 50 to 60 hours maximum to maintain productivity and avoid burnout.

3. Recognize that effective communication strategies are as crucial as the tasks and projects themselves.

4. Identify and seize opportunities while also assessing underlying risks.

5. Set a realistic timeline, typically from six months to one year, to become fully acclimated to your new role and make a meaningful impact.

6. Focus on a maximum of five priorities at a time to maintain clarity and effectiveness in executing your leadership responsibilities.



7. Be intentional and strategic about cultivating relationships because people are at the core of your success.

8. Develop essential soft skills such as organization, strategic thinking, decisiveness, negotiation, and emotional intelligence.

9. Remember to leave a legacy by supporting the development of the next generation of leaders through mentorship.

10. Cultivate resilience to navigate unexpected challenges and disruptions that may arise during your transition.

The Leadership Accelerator offers a comprehensive and practical resource for those seeking to make a successful transition into a management or executive leadership position. By emphasizing the importance of maintaining a positive mindset despite challenges and providing actionable strategies for effective management, Kambil's book equips readers with the tools they need to navigate the complexities of executive leadership and thrive in their new role.

Wassia Kamon, CMA, CPA, is vice president of finance and corporate controller at the Low Income Investment Fund, a national nonprofit community development financial institution, a board member of IMA's Atlanta Chapter, and a member of IMA's Small Business Committee. You can reach her at Kamon.Wassia@outlook.com.

2023 Tax Filing Issues

There are several updates and issues that tax professionals should be aware of as they plan for the 2023 tax filing season.

By Yamini Rege and Anthony P. Curatola, Ph.D.

The Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 changed many retirement account rules and was expanded in 2022 with SECURE 2.0. Although there were expectations that tax legislation or a correction to SECURE 2.0 would have been enacted during the 117th Congress, 2nd session (2023), that didn't happen. This will make the 2023 tax filing session a bit challenging. This article reviews some of the issues that may affect taxpayers.

Form 1099-K

Section 9674 of the American Rescue Plan Act of 2021 amended Internal Revenue Code (IRC) §6050W requiring third party settlement organizations (TPSOs), such as PayPal and Venmo, to issue Form 1099-K to the taxpayer and the Internal Revenue Service (IRS) when transactions exceed $600 in aggregate payments during the year. This amendment was to be effective for calendar years 2022 and thereafter. However, the IRS delayed the implementation of this amendment after receiving comments from taxpayers, tax professionals, and payment processors that sufficient lead time was needed to implement this change. Notice 2023-10 (2023-3 Internal Revenue Bulletin (IRB) 403) was issued on January 17, 2023, delaying the start of the amendment until calendar years beginning after December 31, 2022. Notice 2023-74 was issued on November 24, 2023, further delaying the start of the amendment until calendar year 2024. Therefore, TPSOs are now required to report aggregate transactions exceeding $20,000 and more than 200 transactions for calendar year 2023.

The IRS also indicated in Information Release 2023-221 (November 21, 2023) that the $600 threshold is complex and is estimated to affect 44 million taxpayers, many of whom may not even have a tax obligation. In addition, this reporting process will impact taxpayers living in states with a state income tax. The IRS is therefore investigating 2024 as a transition year, which would set the threshold at $5,000. The purpose of this higher threshold is to allow TPSOs and taxpayers to gain insight into the implementation process of this new filing and reporting process. It would also allow the IRS an opportunity to handle fewer issues during this period. This transition period may lead Congress to modify IRC §6050W, but only time will tell.

Electronically Filed Requirements

The IRS issued final regulations (T.D. 9972) in February 2023 implementing the changes made by the Taxpayer First Act (TFA), which was enacted on July 1, 2019. Pursuant to TFA, e-filing of returns is required by persons filing 100 returns in calendar year 2021 and then reduced to 10 returns after 2021. Partnerships, on the other hand, are required to e-file 50 or more returns after 2020. The final regulations, however, delay the requirement to e-file until 2024.

The rationale for requiring e-filing of returns is expressed in a House Committee on Ways and Means report that "paperless filing is the preferred and most convenient means of filing Federal tax and information returns." As noted in that report, "Electronic filing produces a number of benefits both for taxpayers and the IRS, including shorter processing times, fewer errors, and better data." The committee said the efficiencies and cost savings achieved through electronic filing justify expanding such requirements.

Estate Tax Issues

The Tax Cuts and Jobs Act (TCJA) of 2017 sunsets at the end of 2025, which means there are only two years left before the unified tax credit (UTC)—a dollar amount that a person can give during their lifetime before gift or estate taxes apply—amount drops to pre-2018 levels unless Congress extends this tax provision. The UTC exclusion amount for 2024 is $13.61 million, which, if reverted to pre-2018 levels today, would be approximately $6.8 million.

There are two noteworthy issues. First, individuals taking advantage of the increased gift tax exclusion amount currently won't be adversely impacted after 2025 (Reg. §20.2010-1(c)(2)). That is, an individual who made taxable gifts of $9 million prior to the decrease in the UTC exclusion amount (in 2025 to $6.8 million) wouldn't be required to restore any of the excess UTC claimed (i.e., $2.2 million). Likewise, if the taxpayer dies after 2025, when the basic exclusion amount is hypothetically $6.8 million, the taxpayer isn't required to restore the exclusion amount.

Second, an individual who fails to take advantage of the higher UTC amount before TCJA sunsets can't carry forward any unused amount. In this case, the unused $2.4 million is lost. Although very few people are impacted by the UTC amount, it does impact some individuals, and, as such, some taxpayers need to be advised of this situation.

RMD for Inherited IRAs, Bonus Depreciation and Per Diem Rates

The original SECURE Act of 2019 modified the required minimum distribution (RMD) rules for designated beneficiaries who aren't surviving spouses for retirement plans. The initial thought was that the entire inherited individual retirement account had to be distributed by the end of the 10th year and no distributions required during the 10-year period. Treasury issued proposed regulations that distributions would be required during the 10 years beginning in 2022. However, the IRS delayed the issuance of the final regulations initially to 2023 by Notice 2022-53 and then recently to 2024 by Notice 2023-54.

TCJA introduced 100% bonus depreciation for business assets with a recovery period of 20 years or less and certain other property. The benefit of bonus depreciation is the ability of a business owner to deduct the full amount of an acquired asset in the year of acquisition. However, this tax provision wasn't permanent, and the percentage phases out 80% for 2022, 60% for 2024, 40% for 2025, and finally 20% for 2026.

In addition, Treasury issued Notice 2023-68 with special per diem rates for the period of October 1, 2023, through September 30, 2024. Taxpayers claiming business expenses under the per diem method for travel within the United States in lieu of actual lodging, meal, and incidental expenses would apply the rates applicable for travel in each quarter. The applicable per diem rates for travel prior to October 1 and after September 30 in non-high-cost localities are $214 (was $202 and $204, respectively) and in high-cost localities are $309 (was $296 and $297, respectively). The portion of the rates treated as paid-for meals remains unchanged at $74 for high-cost localities and $64 for all other localities. A listing of the high-cost localities is available in Notice 2022-44 for 2023 and Notice 2023-68 for 2024.

Tax preparers are facing another challenging year of providing quality service to their clients without running afoul of the tax pitfalls that are abundant.

Yamini Rege is the Vertex Fellow at Drexel University. She can be reached at rege1902@gmail.com.

Anthony P. Curatola, Ph.D., is editor of the Taxes column for Strategic Finance, the Joseph F. Ford Professor of Accounting at Drexel University in Philadelphia, Pa., and a member of IMA's Greater Philadelphia Chapter. You can reach Tony at (215) 895-1453 or curatola@drexel.edu.

STRATEGIC FINANCE

What Makes a Good Leader?

Leaders who display strong character, are purpose-driven, focus on results, and cultivate situational awareness are more effective.

By Nick Lebredo, Ph.D., CMA, CFM, CPA, CFE

Leadership is one of the most researched and written-about topics in professional development advice. Yet it's also true that we get a variety of responses when we ask others to define leadership or to list the attributes of an effective leader. Like so many other concepts, a person's perspective on what makes a good leader often depends on their own personal values and experiences more than a universally shared definition or understanding of ideal leadership characteristics. That said, there are essential attributes that contribute to effective leadership. Highly effective leaders display strong character, are purpose-driven, are results-oriented, and have a strong sense of situational awareness.

Having Strong Character

Professionals demand integrity in a leader. Integrity is often used interchangeably with honesty but comes more directly from the Latin word *integer*, which means whole or complete. To have integrity involves ensuring your actions are in line with your words and not saying one thing but doing another. In essence, it means that leaders are authentic, know who they are, stay true to that, and make sure their actions are consistent with their words.

This is where another important aspect of character, courage, is frequently revealed. Some think of courage as a rare virtue of heroes, e.g., something that soldiers or first responders display when risking their lives. While these types of situations are indeed exceptional illustrations of courage, effective leaders understand that they need courage every day while multitasking, delegating tasks, resolving conflicts, having difficult conversations with team members, making decisions, or taking action.

Being a respected leader who consistently sets the right example and positively motivates others requires courage, which is a critical aspect of a leader's character. Taking responsibility and being accountable for one's actions also require courage. As the renowned author C.S. Lewis stated, "Courage is not simply one of the virtues, but the form of every virtue at the testing point, which means at the point of highest reality."

Other important pillars of character include trustworthiness, respect, responsibility, fairness, caring, and citizenship. All of those must be cultivated in oneself, demonstrated on a daily basis, and earned to be considered a good leader in others' estimation.

Being Purpose-Driven

Much has been written about the servant leadership style of prioritizing, serving the greater good and putting a team, organization, and other stakeholders first. Serving others should be much more than a nice-to-have leadership attribute. Instead, it's inherent to the definition of every form of leadership. The desire to serve others in the pursuit of a higher purpose is much more than a particular style of leadership but rather an imperative for all leaders.

So how does a leader begin to serve and inspire others? Leaders need to be able to articulate a shared vision and organizational mission in a compelling way. In this regard, strong communication skills play an important role. In practice, people often equate communication skills with the ability to be a persuasive orator. However, poor leaders often shortchange other essential aspects of communication such as writing and listening. When leaders listen, they stand to benefit not only from what they may learn but also by making others feel valued and appreciated. There are few better ways to begin helping, managing, and influencing others than to attentively listen to their concerns.

The best purpose-driven leaders embody the organization's purpose and mission, communicate openly and regularly about them, and make decisions through an ethical lens while taking sustainable business management and the organizational purpose and mission into account. They take care to balance the interests of all stakeholders.

Being Results-Oriented

Good leaders get things done. To be effective, leaders need to develop confidence and garner the trust of their followers. A key component of gaining the trust of others is displaying competence and good judgment. The bottom line is that results matter, and leaders must be able to show progress in fulfilling their mandate or the confidence of their colleagues will erode over time.

The competence of a leader depends heavily on their skill in influencing followers to support a worthy cause and executing their organization's mission regardless of external perceptions or actions. Maintaining the confidence to act competently and decisively is dependent on developing a keen sense of self-awareness that helps leaders recognize their own strengths and limitations as well as those of their team members.

It's important for leaders to set clear expectations and goals, track the team's progress toward achieving them, and hold themselves and their direct reports accountable to their organization's mission and those they serve. Finally, strong leaders do a postmortem, analyzing results and highlighting successes, areas for improvement, and lessons learned.

Having Situational Awareness

Beyond possessing the valued characteristic of self-awareness, a leader should also strive to understand the environment in which they operate. Effective leaders appreciate the significance of considering multiple perspectives and how external factors can influence possibilities, occurrences, and actions.

"I am I and my circumstance, and if I do not save it, I do not save myself" were the sage words of the Spanish philosopher José Ortega y Gasset, reminding us that we're all products of our circumstances. Historically, we most often tend to remember the leaders who led during tumultuous times, whose circumstances called for extraordinary leadership and who rose to the occasion. Consequently, leaders need to recognize that they aren't only influenced by circumstances but have a duty to analyze the nuances of those circumstances and step up to meet the challenges they present.

In other words, it isn't enough to understand our situation and that of our team members; we must not allow ourselves or our direct reports to feel powerless. Fulfilling the duty to meet the challenge of our circumstances is facilitated by having integrity and grit, as well as becoming a thoughtful student of history. It's helpful to study the prior successes and failures of other leaders in similar situations.

While it's tempting to think our circumstances are completely unique, it's often the case that others have encountered similar or worse situations that can provide us with valuable lessons. Jim Collins, noted author of *Good to Great: Why Some Companies Make the Leap and Others Don't*, wrote that modeling the highest form of leadership means having a strong sense of humility and not seeking to glorify one's own ego or status. Instead, highly effective leaders are constantly aspiring to learn and grow. Knowing when to seek outside advice is indispensable.

While the term leadership may mean different things to different people, the ability of leaders to inspire and influence people is often a derivative of their strong character, their commitment to a higher purpose, their ability to get things done, and their ability to not only adapt to but also overcome their circumstances. Are you up to the challenge?

Nick Lebredo, Ph.D., CMA, CFM, CPA, CFE, is a professor of accounting and business management for DeVry University's Keller Graduate School of Management. He's a member of IMA's Central Florida Chapter and a past faculty member of the IMA Leadership Academy. He can be reached at drnickcpa@gmail.com.

Sustainability Accounting and Corporate Governance

Sustainability accounting presents new leadership opportunities for CFOs and finance organizations.

By Mark L. Frigo, Ph.D., CMA, CPA; Robert Herz, CPA, FCA; and Ray Whittington, Ph.D., CMA, CPA

How can companies make the connection between sustainability accounting and corporate governance? Continuing research in the Strategic Risk Management Lab at DePaul University's Kellstadt Graduate School of Business studies how companies can develop and execute strategies to create long-term sustainable value based on risk governance. This research includes studying leading practices in developing the connection between sustainability accounting and corporate governance.

Sustainability and Long-Term Value Creation, published in *Strategic Finance* in October 2022, discussed how companies make the connection between sustainability strategies and finance to create and protect long-term value. Turning the focus to sustainability accounting and corporate governance, it's time to explore how to apply the Strategic Risk Assessment process to sustainability and how sustainability accounting can use the process from the 2020 Committee of Sponsoring Organizations of the Treadway Commission (COSO) report *Creating and Protecting Value: Understanding and Implementing Enterprise Risk Management* to develop a strategic approach to sustainability accounting and reporting.

Mark L. Frigo and Robert Herz—who serves on the boards of directors and various board committees of companies including Fannie Mae, Morgan Stanley, and Workiva, and who served as chair of the Financial Accounting Standards Board (FASB) from 2002 to 2010—are joined by Ray Whittington—who served as dean of the Driehaus College of Business and director of the School of Accountancy & MIS at DePaul University—to discuss the latest developments in sustainability accounting, corporate governance, and strategic risk assessment.

Skills for Boards and Executive Teams

Effective corporate governance, especially as it pertains to sustainability, calls for specific skills, expertise, and experience on the part of executive teams and boards. Research at DePaul University has found that high-performance companies support a knowledge-building culture and develop distinct adaptive capabilities as discussed in Strategic Life-Cycle Analysis: The Role of the CFO and Strategic Valuation in the New Economy.

Mark L. Frigo (MLF): Bob, during a panel titled "Building Better Boards" at Notre Dame's Center for Accounting Research & Education (CARE) conference on Accountability in a Sustainable World in September 2023, you mentioned that the expectations of board members has risen, which requires new skills, expertise, and backgrounds. You also mentioned that boards can develop a skills/experience matrix and that these skills/experience matrices are being disclosed by some companies in SEC [U.S. Securities & Exchange Commission] proxy statements. What are your recommendations for developing the skills and expertise of boards?

Robert Herz (RH): Yes, boards need expertise in a number of new areas (including cyber risks and risk management), a tapestry of expertise, and the ability to develop a skills/experience matrix. In addition to expanding the gender and ethnic composition of their boards, many boards have also been trying to expand the range of backgrounds, experiences, and skills of candidates that serve on their boards. Following the enactment of the Sarbanes-Oxley Act in 2002, public company boards added former partners of public accounting firms and current and former CFOs that qualified as being "financially literate" and as "audit committee financial experts" to their boards and audit committees. In the wake of the Great Recession and financial crisis of 2008-2009, candidates with experience in risk management were increasingly sought, particularly for the boards of financial institutions. The growing importance of technology to most companies and rising threats from cybersecurity have prompted many boards to add members with significant experience in those areas. And with environmental, social, and governance (ESG) issues and sustainability now being an area of focus for CEOs, senior management, and boards, candidates with experience in ESG issues are being recruited.

Board Training and Board Professionalism

MLF: Research at DePaul University has found that sustainable high-performance companies invest in organizational and human capital, especially as it pertains to the skills and expertise of its board and executive team. This requires keeping up to date with significant forces of change to develop resiliency (see also Resiliency and Strategic Risk Management in the May 2023 issue of *Strategic Finance*).

You've stressed that an element of professionalism is for board members to engage in ongoing training to keep up to date in today's environment. This training should obviously be customized and tailored to the company and the specific board members, rather than boilerplate training. Please describe your advice for board training and board professionalism.

RH: Yes, service on boards means being a member of a profession that requires certain knowledge and skills and a commitment to keeping up to date on current internal and external developments that impact the companies on whose boards you serve and on the role and responsibilities as a member of the boards and various board committees.

I have found that many companies provide periodic educational sessions and deep dives on relevant matters and that there are many groups and organizations including the National Association of Corporate Directors; Tapestry Networks; the major accounting and law firms; leading business and law schools that offer conferences, webinars, podcasts, and email alerts; and a cornucopia of publications on developments and subjects of interest to board members and members of particular board committees. I find in-person and virtual conferences and get-togethers of board members from different companies very helpful, and they provide an opportunity not only to get updates on current topics and issues, but also for attendees to inform each other on what we are seeing in our roles, to exchange views, and to share best practices.

Professional Education and University Education

MLF: The area of sustainability accounting is evolving. Please describe your advice for accounting educators in terms of including sustainability accounting and corporate governance in accounting education and in professional education for accounting professionals, including CFOs.

RH: In response to increasing demand from investors, the area of sustainability accounting and reporting has been rapidly evolving in recent years with more companies now publishing annual sustainability reports and new standards and regulations mandating disclosures relating to greenhouse gas (GHG) emissions, human capital, and other ESG issues. Accordingly, companies have been turning to their accounting and finance groups along with internal subject-matter experts and outside advisors to put in place the systems, processes, and internal controls needed to produce this information for both internal and external reporting. Increasingly, this information is being subjected to independent assurance by a company's auditor or another assurance provider.

In addition, board and audit committee oversight of these activities has also been evolving in recent years. For example, audit committees are often now charged with overseeing the company's sustainability reporting. As a result, companies, accounting firms, and consultants have been hiring more graduates versed in ESG issues and sustainability reporting, making it increasingly important for accounting educators to get up to speed on these subjects and to develop and include relevant courses in the curriculum. Fortunately, there's an increasing volume of educational materials, conferences, and webinars by the major accounting and consulting firms, professional organizations, and organizations such as the International Sustainability Standards Board (ISSB), the Global Reporting Initiative, and COSO that can aid accounting educators in course development.

Strategic Risk Assessment and Sustainability Accounting

MLF: In this section, Ray Whittington joins the discussion focused on ongoing research in the Sustainability Accounting & Reporting Initiative at DePaul University.

Ray Whittington (RW): In Sustainability and Long-Term Value Creation (*Strategic Finance*, October 2022), we discussed how companies make the connection between sustainability strategies and finance to create and protect long-term value. We discussed how to use the Strategic Risk Assessment process from the COSO guidance paper mentioned above. This process can be useful in developing a way for boards and executive teams to integrate sustainability strategies with ERM [enterprise risk management] and to develop a strategic approach to developing sustainability accounting and reporting. Please describe the latest developments in the initiative and your advice about how boards and executive teams can take a strategic approach to sustainability accounting using this Strategic Risk Assessment process in today's environment.

MLF: During the last year, I have conducted interviews with board members and executives about sustainability accounting and corporate governance. In a recent discussion with Jim

Logothetis, who serves on boards and advises boards, he indicated that the Strategic Risk Assessment process provides a rigorous systematic approach that has been vetted by boards and executive teams and provides a continuous process for the development of knowledge and skills of board members and executives in the area of sustainability accounting.

In a recent discussion with an experienced board member, Dennis Chookaszian, he stated, "It's critical for a board to establish a risk-oversight process that's board driven." The Strategic Risk Assessment process provides a way to establish a risk-oversight process that is board driven.

RW: What regulatory factors are impacting sustainability accounting and corporate governance?

MLF: Recently the Federal Reserve, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency have published guidance to banks relating to climate change. This is an area where sustainability accounting knowledge and skills can be valuable for boards at banks as well as boards of bank loan customers. The Strategic Risk Assessment process provides a systematic way for boards to develop needed knowledge and skills in sustainability accounting. This process can include adopting E-liability carbon accounting developed by Robert Kaplan and Karthik Ramanna (see Sustainability Strategies and Net-Zero Goals), which is a simple but rigorous approach relating to climate-change GHG data. I advise bank boards and boards of bank loan customers to become knowledgeable in E-liability carbon accounting to help in navigating this regulatory guidance.

MLF/RW: The Strategic Risk Assessment process should consider sustainability risks in relation to a company's suppliers and customers. The areas of supply chain risk and customer sustainability risks have risen in importance in recent years. As we have discussed, for years ERM has focused on the risks inherent in companies' supply chain and customer base. However, recent developments have caused management and boards to specifically focus on the risks in these two areas related to sustainability. This is vividly illustrated by the new guidance that describes how financial institutions should manage putative climate risks. It emphasizes that climate-related financial risks should be identified, measured, monitored, and controlled within the institution's risk management framework. It indicates that these risks should be incorporated into the institutions' lending policies to help ensure that their loan portfolio remains consistent with the institutions' risk appetite.

While the management and boards of some companies may adequately incorporate sustainability risk, this new guidance serves as a reminder of the increased importance of sustainability risks related to a company's suppliers and major customers.

Failure to adequately consider the sustainability risks of suppliers may put the company's supply chain at risk. To adequately consider supplier sustainability risks, the company may need to delve deeper into the operations of the supplier than has been done in the past. There may even be a need to scrutinize the supply chain of the supplier. If the company has major customers, a similar analysis may be needed. This is especially true when loss of the customer presents significant risk to the company.

A number of risk analysis tools are available for considering stakeholder sustainability risk, including exposure analysis, heat maps, climate risk dashboards, and scenario analysis. Scenario analysis is particularly useful in evaluating the intermediate and long-term potential sustainability risks. Those tools can be used along with the Strategic Risk Assessment process.

CFOs and management accounting professionals have an opportunity to take a leadership role in developing the skills and expertise of board members and leading the way by developing these skills and expertise in the finance function of the organization. Here are a few action items for CFOs and finance organizations:

- Assess the skills and expertise of the finance function in sustainability accounting; this may include how to use the COSO Strategic Risk Assessment process for sustainability accounting development and the E-liability carbon accounting method for measuring GHG emissions.

- Assess the skills and expertise of the board in sustainability accounting, and identify needed training areas and resources.
- Develop an action plan for board training and executive team training in sustainability accounting, and implement the action plan.
- Assess the firm's strategic risk assessment process to determine if it's sufficiently comprehensive in its consideration of sustainability risks.

This article is part of the Creating Long-Term Sustainable Value Creation series (see Creating Long-Term Sustainable Value by Mark L. Frigo and Dominic Barton in the October 2018 issue of *Strategic Finance*) and part of the Sustainability Accounting & Reporting Initiative in the Strategy, Execution and Valuation Initiative and Strategic Risk Management Lab at DePaul University, which focuses on leading practices in sustainability accounting and reporting to help corporate professionals, advisors, and investors create and protect long-term value.

Mark L. Frigo, Ph.D., CMA, CPA, is the cofounder of the Center for Strategy, Execution and Valuation and the Strategic Risk Management Lab in the Kellstadt Graduate School of Business at DePaul University and Ezerski Endowed Chair of Strategy and Leadership Emeritus in the Driehaus College of Business at DePaul. You can reach Mark at mfrigo@depaul.edu.

Robert Herz, CPA, FCA, served as executive in residence at Columbia Business School and serves on the boards of directors and various board committees including Fannie Mae, Morgan Stanley, and Workiva. He served as chair of the Financial Accounting Standards Board (FASB) from 2002 to 2010 and was also one of the original members of the International Accounting Standards Board (IASB). You can reach Bob at rh2551@gsb.columbia.edu.

Ray Whittington, Ph.D., CMA, CPA, served as director of the School of Accountancy & MIS in the Driehaus College of Business at DePaul University, where he also served as dean. He is spearheading the Sustainability Accounting & Reporting Initiative at DePaul with Mark Frigo. You can reach Ray at rwhittin@depaul.edu.

Ethical Failure Led to the FTX Scandal

Analyzing aspects of the FTX scandal highlights the importance of ethics, corporate governance, and internal controls.

By Daniel Butcher

In November 2023, after a monthlong trial in New York City, Sam Bankman-Fried (SBF), a 31-year-old former billionaire known as the "King of Crypto," who earned his fortune running one of the biggest cryptocurrency exchanges in the world, was found guilty of fraud and money laundering. The jury found him guilty of lying to investors and lenders and stealing billions of dollars from the company he had founded, FTX, which was once valued at $32 billion. Customer withdrawals precipitated a run that exposed an $8 billion hole in the cryptocurrency exchange's accounts and led to its collapse into bankruptcy in 2022.

Bankman-Fried's sentencing is set for March 28, 2024; he's expected to spend decades in prison. His case illustrates ethical issues that are applicable far beyond the world of cryptocurrencies and blockchain.

Ethical Breaches

Scandals of this sort often stem from—or are enabled by—defects in internal controls, regulatory compliance, human resources, and system integrity. Sam Taylor, head of corporate intelligence, Americas, at global cybersecurity consultancy S-RM, suggests that these factors apply to the case of FTX. Bankman-Fried consistently told FTX investors that multiple controls were in place, which was the crux of the U.S. Securities & Exchange Commission (SEC) civil complaint against the company. Many FTX funds were domiciled in offshore jurisdictions and allegedly handled by inexperienced people, Taylor says.

Sam Taylor, head of corporate intelligence, Americas, S-RM

"SBF's texts...suggest the decision to domicile the company in the Bahamas was an attempt to avoid future regulation," he says. "Due to SBF's leadership style, during FTX's rapid growth period, it seemingly leapfrogged over the essential [step of putting in place a corporate governance] structure, and controls were never established."

Red Flags

Some of the failures at FTX include unreliable financial statements, mishandling of confidential data, diversion of corporate funds to purchase homes for employees, poor recordkeeping, and a lack of centralized control of company cash. These appear to be a result of a laissez-faire attitude to regulations and laws, as well as ethical breaches.

FTX allegedly had no recordkeeping, due in part to Bankman-Fried's use of applications such as Snapchat that auto-delete after a short period of time for communication. Cryptocurrency isn't regulated in the same way as securities are yet. However, if FTX were overseen by an independent regulatory body such as the Financial Industry Regulatory Authority or the SEC, the use of auto-deleting communications would be a direct violation of current requirements on brokerage firms and exchange markets to maintain records of communication and that they be available in a format where they can be reviewed for compliance purposes. The SEC has fined multiple banks and broker-dealers for failures to regulate off-book WhatsApp or text messages.

"The failure of FTX to log communications wasn't a direct violation of federal securities laws, since it wasn't regulated, but it is a standard that any other major financial institution would have to follow, and future regulation may require this standard for the cryptocurrency industry," Taylor says. "From an ethical standpoint, and something that may have been inferred by the jury, it suggests SBF wanted the freedom to say what he wanted without it ever coming back to him."

Another warning sign comes from a lack of trustworthy audits performed on FTX's financial statements. One audit was conducted by an entity describing itself as "the first-ever CPA firm to officially open its metaverse headquarters in the metaverse platform Decentraland." Further, many companies in the FTX Group allegedly didn't have appropriate corporate governance, hold board meetings, or maintain an accurate list of bank accounts and account signatories. FTX lacked a CFO and internal audit team, and many of its subsidiaries—including cryptocurrency trading firm Alameda Research—didn't have a CFO, chief risk officer, or controller.

"If the default of the firm is to seek out a Decentraland-based CPA, it would be hard if not impossible for the controller, CFO, or compliance officer to impose generally accepted corporate governance standards," Taylor says. "Anyone in that role suggesting stronger controls would've likely met stiff resistance; they would want independent directors, independent auditors with experience auditing global or public companies, and the establishment of multiple layers of review and approval of financial statements and board decisions.

"What we know now is that FTX didn't have a board of directors, which allowed SBF to maintain total control," he says. "Independent oversight and respect for those in independent roles are keys to prevent the fraud that occurred here."

Lessons Learned

The FTX scandal illustrates that several elements are necessary to prevent fraud and promote ethics, according to Taylor:

- Independent board oversight,
- Independent auditors,
- A strong general counsel with experience at a regulated financial institution,
- An internal compliance department reviewing the activities of all personnel with trading responsibilities, and
- A strong financial crimes or compliance controls group looking for conflicts of interest, sanctions issues, political exposure or influence, anti-money laundering, know-your-customers, risk management, etc.

"These functions aren't cheap and take time to get up and running, but compared to a bankruptcy, the costs are de minimis," he says.

While strong internal controls can prevent the types of unusually close relationships, poor corporate culture, and compromised systems that exposed FTX shareholders to elevated risks, they aren't a panacea. It's important for organizational leaders to instill an ethical culture as well.

"It's true that internal controls can prevent this [kind of ethical breach] generally," Taylor says. "However, a poor corporate culture and compromised systems can [enable bad actors to] find a way to circumvent any controls if they stem from the top, in this case: SBF."

The fraud at FTX was a basic violation of the wall between the trading platforms—FTX and Alameda—as the founder allegedly comingled or borrowed against its customers' funds. While cryptocurrency and blockchain are relatively new technologies, that type of scandal has happened several times in history.

"[Bernie] Madoff took in new customer funds to pay out old customers as part of a Ponzi scheme; however, this case is slightly different as it hews more closely to a failure to disclose an inherent conflict of interest between Alameda and FTX," Taylor says. "This dynamic comes closer to a series of cases in the early 2000s brought by then-New York Attorney General Elliott Spitzer against investment banks for failing to disclose conflicts of interest between the stocks their analysts were recommending and the deals those same banks were running.

"The core legal and ethical issue here is disclosure," he says. "If you're telling one client one thing while not disclosing you have a conflict of interest, you're not on solid ethical ground."

IMA Ethics Helpline

IMA offers an Ethics Helpline service to members and other professionals. Contact the Helpline for free, confidential consultation on ethical business issues. To access it in the U.S. and Canada, call: (800) 245-1383.

Individuals outside of the U.S. and Canada may have to dial another toll-free access code first before dialing the Ethics Helpline. Please follow the instructions below:

- Visit the AT&T website.
- Find your country and its corresponding number on the page.
- Dial the numbers provided before you dial the ethics helpline number.

If you have trouble calling the toll-free numbers, please contact IMA Member Services at +1 (201) 573-9000 or ima@imanet.org for support.

If your country of residence is not listed on the AT&T web portal or if you experience difficulties accessing the Ethics Helpline, please email helpline@imanet.org. Please include your phone number along with the details of your ethical question, dilemma, or concern. All proprietary and personal details will be kept confidential.

Please visit IMA's Ethics Center.

Daniel Butcher is the finance editor at IMA and staff liaison to IMA's Committee on Ethics. You can reach him at daniel.butcher@imanet.org.

Embracing Neurodiversity in Accounting and Finance

Neurodivergent employees can foster a culture of innovation, problem solving, and different perspectives.

By Anthony Pacilio

Neurodiversity is the range of differences in individual brain function and behavioral traits. Conditions that are most common among those who are described as neurodivergent include autism spectrum disorder, dyslexia, dyspraxia, and attention-deficit/hyperactivity disorder. Neurodivergent employees may have skills in key areas such as attention to detail, pattern recognition, and problem solving that can bring new approaches to traditional tasks and may lead to increased productivity.

By embracing neurodiversity, employers—especially those in accounting and finance—can benefit from a workplace teeming with creativity, innovation, and a dynamic company culture. In a results-driven profession, diversity of thought and problem-solving skills provide a competitive advantage, such as creating more efficient workflows while empowering neurodivergent individuals to find meaningful and long-lasting careers.

Attract and Retain

When held to neurotypical expectations, neurodivergent individuals may be passed over for job opportunities, even if they have the right experience or advanced degrees. However, implementing best practices can set up neurodivergent candidates and organizations for success.

Attracting and retaining neurodivergent individuals starts at the beginning of the talent acquisition life cycle. Job applications and the interview process should be inclusive and accessible, as well as offer a wide array of accommodations. Job descriptions with concrete language and clear requirements encourage neurodivergent job seekers to apply, while ambiguous job postings may intimidate candidates and make them believe they aren't qualified. For the interview stage, employers might remove the panel-style format and instead hold individual, time-limited, one-on-one conversations with candidates. A hands-on evaluation as part of a supportive interview allows neurodivergent individuals to better showcase their skills.

Other on-the-job accommodations help to retain neurodiverse talent. These resources, which can instill confidence when at work, improve accessibility, and foster an overall more inclusive work environment, include:

- Meeting agendas to help prepare for the conversation and providing recordings of the call to refer to after the discussion.
- Noise-canceling headphones and quiet workspaces to limit distractions and for when individuals need to take a moment to decompress.
- Employee resource groups or business resource groups that allow employees to connect with other like-minded employees on meaningful topics.
- Work environment options, either at home or in an office setting, for an optimal and productive atmosphere.
- Web accessibility courses for employees who create website and intranet content for improved accessibility standards.

In addition to these accommodations, a neurodiversity-certified professional who works directly with neurodivergent employees can further help mentor, advocate, and assist in an individual's career development. The International Board of Credentialing and Continuing Education Standards offers such certifications to help professionals ensure that workplaces are attracting and retaining neurodiverse talent effectively.

What's Next?

To ensure the successful implementation of neurodiversity employment programs and training, it's vital to lean into technological advancements, such as generative AI, that can help individualize a program. AI specifically complements the process by tailoring onboarding and training for neurodivergent or neurotypical employees based on accommodations, preferences, experiences, and skills.

Additionally, the U.S. government is looking to increase neurodiversity in the workplace, which will continue to drive employment programs throughout the country. Government agencies have begun to develop their own neurodiversity at work programs, and it's crucial that they continue to hire from this talent pool and create industry standards as they do so. Especially at the local level, engagement with government and small to mid-size businesses can make all the difference.

Partnerships with schools, universities, government agencies, and other businesses help to educate everyone on the available opportunities and success neurodiversity brings to the workplace. This industry expansion and awareness at the academic level fuels the momentum.

Industry Success

Introducing neurodiverse talent in the workplace has demonstrated considerable success. Beyond the positive impact neurodiversity can have on an organization's culture, there's a strategic business advantage at play.

Data reports are staples for financial leaders to make real-time and sound business decisions. In one case, a wealth management provider needed to take raw data from reports related to IT service management, capital financials, and human capital management, and then synchronize the data. The company decided to improve its analytics platform and business intelligence (BI) reports by tapping into the neurodiverse talent pool.

With pertinent skills including attention to detail and innovation, a neurodiverse team introduced daily testing coverage to the analytics platform and built an automation framework, improving overall productivity. Through the framework, the team was able to validate more than 75% of the base extracted tables every day and document more than 30 feature files with more than 200 test scenarios. It later built another automated testing framework to validate more than 45 production BI reports used by stakeholders. This saved the provider more than 20 hours of weekly manual validation.

The team also successfully implemented a daily reporting checklist to alert the group's leadership when reports were operable, which provided more testing coverage. The team solved past issues caused by disparate reporting and stale data to ensure data integrity in its reports.

This is one of many examples that demonstrates how a team of neurodivergent individuals can change processes to automate workflows and increase productivity for entire departments.

Long-Lasting Impact

The accounting and finance profession stands to benefit from embracing neurodiversity employment. By hiring neurodivergent individuals, companies can unlock a wealth of untapped potential and foster a culture of innovation, problem solving, and different perspectives—all key to the fast-paced and evolving world of accounting and finance.

These programs are not only providing jobs but also creating meaningful career paths for neurodivergent individuals. They build on individual strengths, promote inclusivity, and contribute to a more equitable society. A commitment to neurodiversity isn't just a step toward a more inclusive workplace, but a stride toward a more diverse and efficient accounting and finance profession.

Anthony Pacilio is vice president of Neurodiverse Solutions at CAI. He can be reached at anthony.pacilio@cai.io.

The Best of Strategic Finance 2023

We've rounded up the most popular articles that appeared in *Strategic Finance* in 2023.

By SF Staff

Here are 10 of the most popular *Strategic Finance* articles from the past year.

1. Dual CMA and CPA Certification: A Winning Combination
By Lori R. Fuller, Ph.D., CPA; Joseph M. Hargadon, Ph.D., CMA, CPA; and Peter F. Oehlers, DBA, CMA, CPA
August 2023
Students can follow a nine-step plan to prepare for both the CMA and CPA while still in school.

2. ChatGPT and AI in Accounting Education and Research
By Laurie Burney, Ph.D., CMA, CSCA; Kimberly Church, Ph.D.; Mfon Akpan, DBA, CGMA; and Scott Dell, DBA, CPA
August 2023
What's the future of ChatGPT and other AI in the accounting classroom and research?

3. Leading with Data Analytics
By Elhadi E. Elimam, CMA
July 2023
Leaders inspire others to achieve goals by explaining how data analysis informs decision making.

4. When Change Isn't So Good: New Management Brings Ethical Dilemmas
By Dawn Schwartz, DBA, CMA, CPA, CFE
July 2023
The 2023 Carl Menconi Case Writing Competition winner centers on new management and ethical dilemmas.

5. People, Planet, and Profit at King Arthur Baking Company
By Daniel Butcher
March 2023
King Arthur Baking Company balances funding sustainability initiatives and prioritizing ESG with staying in the black.

6. CFO to CFO: Leading the Way by Prioritizing DE&I
By Daniel Butcher
September 2023
The CFOs of Grainger and H+K International say the accounting profession is lagging behind in DE&I.

7. Max Minus Min in a Pivot Table
By Bill Jelen
February 2023
Excel calculates the MIN and MAX, then DAX will calculate the maximum minus the minimum and come up with the accurate delta.

8. IMA Life: Double Gold Triumph
By Prasart Jongjaroenkamol, Ph.D., CMA, CSCA
October 2023
This professor won a gold medal for his performance on both the CMA and CSCA exams.

9. COSO and Trust in Sustainability Reporting
By Anum Zahra, CMA; Brad Monterio; and Paul E. Juras, Ph.D., CMA, CSCA, CPA
May 2023
COSO's *Internal Control–Integrated Framework* can help organizations to earn trust in their sustainability information.

10. Small Business vs. IP Trolls
By Dana Riess, CMA, CFM, CSCP, CPIM
December 2023
To protect against patent or trademark trolls, business owners should start with a global mindset.

Strategic Finance is the award-winning flagship publication of IMA® (Institute of Management Accountants). Every month, our thought-provoking articles offer advice that helps financial professionals perform their jobs more effectively, advance their careers, grow personally and professionally, and make their organizations more profitable.

FEATURE

2024 CFO Outlook: Insights into Business Trends

The CFOs of Fleetcor, Empeon, and Weis Markets share advice for finance leaders to navigate anticipated challenges this year.

By Daniel Butcher

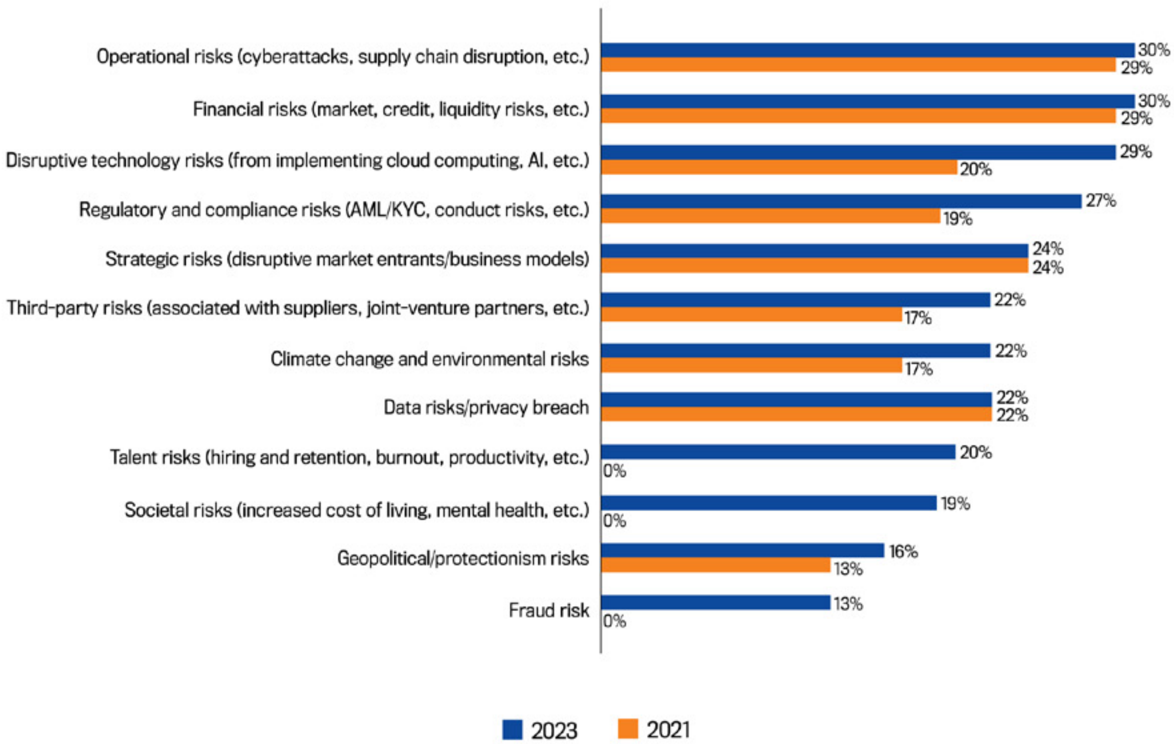
Today, in many sectors, the CFO is the gatekeeper of a company's cost and growth agenda. Yet business growth and organizational resilience are under extreme pressure. CFOs now operate in a competitive landscape where risks are evolving, pervasive, and interconnected. Accounting and finance leaders must make strategic plans and set goals for their team and organization despite a high level of uncertainty.

Jason Dess, global lead of the CFO & Enterprise Value practice at Accenture, says that risk is everywhere (see Figure 1): Risk lives in your organization's data (quality, availability, and privacy); your people (access and retention of talent, skills development, well-being, and burnout); your operations (cyber, resilience, and controls); your financial results (credit, currencies, crypto, and customer); and especially the macro environment (geopolitical landscape, technology, and competitors).

FIGURE 1: RISK IS EVERYWHERE

Companies faced with a large number of risk categories that are on the rise. Technology and regulatory risks join operational and financial risks as those commanding attention.

Q: Which of the following risk categories have risen up the agenda most significantly in terms of their potential impact on your business in the last two years?



77% say risks are more difficult to detect and manage than ever before.

Disruptive technology risk is the top risk in the U.S. and the joint top risk in the U.K.

Societal risk is considered the top risk in Japan and the joint-third top risk in France.

Source: Accenture

According to the *Accenture Risk Study: 2024 Edition*, 77% of those surveyed said risks are increasingly difficult to detect and manage. CFOs' levels of concern over many risk categories are on the rise. Some, such as disruptive technology risks, have made significant gains since 2021—a real challenge as technology is a great enabler of growth for CFOs—and 81% of survey respondents said risks in other sectors are now important to their business (see Figure 2).

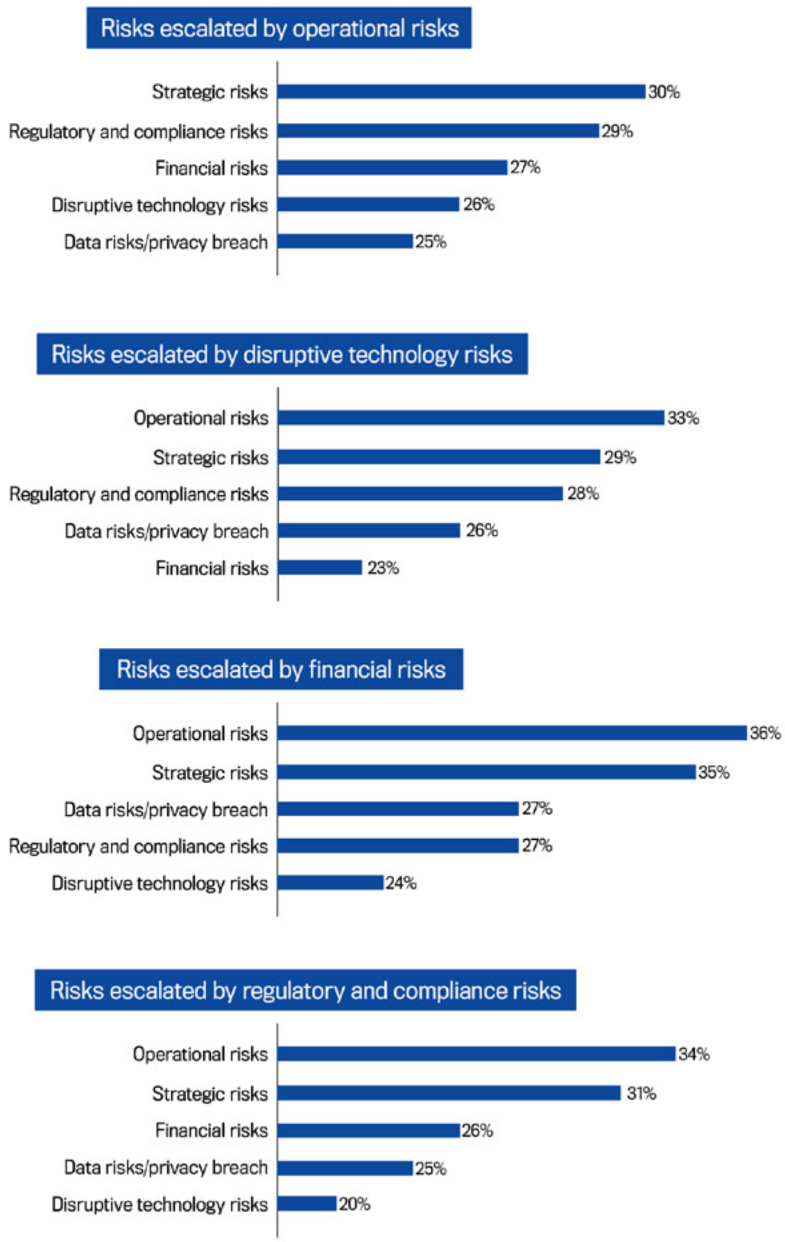
"Risk contagion is a mounting issue that CFOs need to be aware of across their value chain," Dess says. "As disruption continues at a frenetic pace, the importance of managing risk will become even more critical across many industries.

"CFOs should be considering how to detect risks that are hard to see or even understand; how to manage a web of risks that impact and threaten all areas of their business; and how to mitigate risks that create exponential threats," he says. "Risk will never disappear, but when you're

FIGURE 2: TOP RISKS ARE INTERCONNECTED

The risk landscape is becoming more complex as risks become increasingly interconnected. Among the top risks, strategic and operational risks are most commonly escalated by the emergence of other risks.

Q: You stated that the above risks significantly rose up the agenda in the past two years. Have these escalated the importance of any other risks? If so, which? (Top five escalated risks shown only for the four most important risks according to the previous question)



83% say complex, interconnected new risks are emerging at a more rapid pace than ever before, compared with 76% in 2021.

81% say risks in other sectors are now important to their business.

Source: Accenture

prepared for it, you're better able to respond to it, manage it, and mitigate it—and if you do this properly, it can actually drive revenue."


Jason Dess, Accenture

Major Issues, Challenges, and Concerns for 2024

The macroeconomic environment is a bit uncertain and has been for some time, increasing the challenge of predicting how the global economy will perform in 2024. Tom Panther, CFO of Fleetcor Technologies, Inc., says that he always looks closely at the United States, which is the company's largest market, and Brazil and the United Kingdom, its other two major markets, as well as continental Europe.

"Those economies have had persistently high inflation that has been followed up with high interest rates, and most people and small businesses have burned through all the COVID stimulus and savings," Panther says. "I think the macro environment is just a cooling; we're moderating our outlook, but our expectation is that none of those markets is going into deep recession.


Tom Panther, Fleetcor Technologies

"We've seen some recent reports around inflation coming down both here and in some of the other major markets that we operate in, so we hope those areas are going to have a soft landing, but we're going to be mindful of how those economies perform," he says. "We'll make sure that we continue to position ourselves from a liquidity, a balance-sheet, and a resource-allocation perspective to be able to operate in a slowing macro environment."

The biggest challenge in 2024 for Weis Markets, Inc.—a Pennsylvania-based food retailer that operates 197 stores, a distribution center, a store support center, and manufacturing plants for meat processing and dairy products—is achieving strategic business goals despite the changing marketplace impacted by ongoing inflation, rising interest rates, and declining government benefits. At the same time, says Michael Lockard, senior VP, CFO, and treasurer of Weis Markets, the company is dealing with continuing supply chain disruptions that result in out-of-stock items and significantly longer lead times for essential supplies and equipment orders. The retailer also faces the continuing labor workforce challenge of attracting and retaining talent in the post-pandemic environment across all of its facilities.


Michael Lockard, Weis Markets

"To address these challenges, we're focused on improving efficiencies and our understanding of customers' evolving behaviors. In addition, we continue to work on being an employer of choice," Lockard says. "Our company has a strong balance sheet, an engaged and experienced associate team, and stable third-generation family ownership, which allow us to focus on long-term profitable growth.

"We prudently reinvest in our store base, including new stores, remodels, store projects, as well as e-commerce and company-wide technologies that accelerate business process transformation and offer a consistently strong associate and customer experience," he says.

Staying on top of technological advancements will become an even greater challenge in 2024 with the rapid advances in generative AI and other innovations. The increase in data volume has

Michell Guzelgul, Empeon

significantly evolved the CFO role in the last few years, and tech is now a fundamental part of the job description. To be successful, CFOs must keep up with the latest innovations and identify opportunities to implement them.

"This new technology will likely require learning a new skill set and investing in employee training," says Michell Guzelgul, CFO of Empeon. "Personally, I'm looking into additional training to help me master tech we're considering implementing at Empeon.

"Additionally, with 2024 being an election year, I'm preparing for shifting regulations and policies that directly impact our healthcare customers," he says. "Having candid conversations with our customers about the impact of these regulations and ensuring our solutions help them to remain compliant will be key."

Trends to Watch This Year and Beyond

The ever-expanding data landscape presents opportunities and challenges for CFOs. Guzelgul predicts the importance of data management and analytics will continue to grow, driven by increased data volume and complexity, the push for improved efficiency and accuracy, and an emphasis on data-driven decision making.

"We must harness this wealth of data to extract its value and make informed decisions—traditional tools like Excel are no longer sufficient to handle the evolving demands of finance," he says. "CFOs must keep up with technology to enhance the efficiency and effectiveness of their financial operations.

"By doing so, we can adapt to the changing landscape and drive positive transformations that benefit our entire organization."

Today, a significantly higher percentage of the American workforce has the option of working remotely in some capacity compared to pre-pandemic levels. Work-from-home (WFH) and hybrid work schedules have been and will continue to be a key driver in increased eat-at-home spending compared to eat-away-from-home.

What CFOs Look for in Finance Candidates

A key part of the finance team's role is extracting value from complex data, synthesizing it into critical takeaways, and communicating the results with the C-suite, says Michell Guzelgul, Empeon's CFO. To accomplish this, candidates must have a firm grasp of data management, analysis, and visualization. They must also possess a learning mindset, as he predicts that the financial landscape is going to shift dramatically in the next few years. Being willing and able to develop new skills and learn new technology is critical to success, Guzelgul says.

Finance candidates better have the right core competencies for the role—the skills, relevant experience, and smarts are table stakes, according to Tom Panther, Fleetcor's CFO.

"To me, those skills get candidates in the door, but the differentiator then is their character: Do they have a fire in their belly? Are they good communicators? Do they have ambition? Where is their tenacity and persistency to solve problems and think outside the box?" Panther says. "The character piece separates the people who we're trying to bring into the organization from the rest.

"Our expansive footprint requires people to be good problem solvers; they should be able to function autonomously, bring ideas and solutions," he says. "I'm looking for people who can connect the dots and think conceptually."

Michael Lockard, Weis Markets, Inc.'s CFO, is looking for the following in finance candidates:

In-demand skills:
- Microsoft Office
- Financial analysis
- Budgeting/forecasting
- Tax management
- Accounting: account reconciliations
- Leadership
- Communication

Types of experience:
- External audit
- Industry accountant
- Business analyst

Characteristics:
- Dependable
- Intellectual curiosity
- Adaptable/flexible/change management
- Customer service mindset
- Ambitious

"We also expect increased customer adoption of e-commerce solutions and preference for a unified omni-channel experience," Lockard says. "As a result of lingering post-pandemic-related supply chain issues, more companies are investing in end-to-end manufacturing and distribution to minimize service disruptions.

"As CFO, I work with a team that anticipates and adapts to these emerging trends," he says. "Our management team understands the need to stay competitive while offering flexibility to the entire workforce where practical."

Lockard and other Weis Markets finance leaders support these efforts by helping the rest of the management team to set targets and goals that factor in increased investments in talent, e-commerce, omni-channel/digital marketing, and supply chain solutions. This includes analyzing available trend data and providing relevant insights to help decision makers at every level of the company.

"The goal is to understand how our business is doing in close-to-real time, identify where performance can improve, and then clearly communicate needed adjustments to achieve success," Lockard says.

Strategic Planning and Goal Setting

At Fleetcor, the finance function is heavily involved in working alongside the business to set the company's strategy—not just the CFO, but his whole team. Panther says that the finance team has a four-pronged process for setting strategic priorities and goals: evaluate, diagnose, report, and allocate.

"That's the way I think about the office of the CFO and what we're doing to help drive the company," Panther says. "We evaluate the company's performance—its strengths and its weaknesses.

"We diagnose how it's doing," he says. "We report that out and then decide how we should allocate resources in order to make sure that we optimize the portfolio."

Finance professionals assess the company's performance. They ask themselves: Where do we want to go as a team and an organization? Then, they discuss strategic and tactics to figure out the best way to get there.

"When I'm sitting with people who don't understand finance—often they think it's boring or they can't relate to it—I say, 'We're kind of like your financial physician. We take scads of information. We analyze it," Panther says. "If all I did is dump that information in your lap, you probably wouldn't understand anything about it.

"It's my job as a financial physician to then evaluate that information, diagnose how you're doing, report it back to you in a digestible fashion, and then go tell you what you're good at and what you're not so good at so that you can be a healthier individual," he says. "That's where our role fits in within the organization, making it healthier financially."

At Fleetcor, strategic planning is a multifaceted, multidisciplinary process: In addition to the C-suite, finance, IT, marketing/business development, and HR are all in the room. Fleetcor executives formulate the strategic business plan and the financial plan in concert. The finance team helps to provide answers—supported by numbers—to questions such as: How are we doing? What's the momentum of the company? How is this line of business performing relative to budget and its forecast? What are its pain points?

"My team is very involved in pulling together analysis related to those plans and then saying, 'OK, now where can we go in 2024? How do we take what we have and move it forward?'" Panther says. "The team is very involved in the sizing and the evaluation of various initiatives that we have underway and asking, 'Are we getting the right return on our spend?'

"We spend hundreds of millions of dollars a year on sales and marketing in order to be able to achieve top-line organic growth of 10%—you just don't grow at 10% year after year without cultivating that with investment," he says. "My finance team is very involved in working with the business and looking at how we spend those sales and marketing dollars in order to be as effective as possible and generate returns.

"For 2024, internally our focus is continuing to go down our strategic path around simplification and growing the company; deepening, not broadening, is a real focus of ours," Panther says.

The Rise of Sustainability and ESG Standards

While sustainability; climate-risk disclosure; and environmental, social, and governance (ESG) regulations and requirements add an additional layer of complexity to the finance role, Guzelgul says that most finance leaders are happy to see these criteria become increasingly important to organizations. These standards create additional societal benefits at both the micro and macro levels and hold leaders and businesses to a new level of responsibility, he says.

"Long gone are the days of just maximizing profit at all costs, Guzelgul says. "Finance leaders now have to stop and ask themselves, 'How does the following short- and long-term financial planning impact our employees and customers, and what impact will this have on society as a whole?'

"With this new way of thinking, the benefit of being a private company is that the answer is no longer strictly about maximizing profit but rather maximizing the overall benefit of everyone, even if that comes at a cost to the company," he says.

Since Weis Markets is a U.S.-based publicly traded company, its executives closely monitor the evolving government regulations and have committed to fully comply with any future updates to them. The senior management team and board of directors already integrate ESG issues into the company's culture with a mission statement that includes being good stewards of the environment and giving back to the communities that the company serves.

"We have a robust sustainability program, which started in 2008 and has resulted in reducing [the company's] greenhouse gas emissions by 57%," Lockard says. "It also helps reduce our impact on the communities we serve and improve efficiencies that often result in significant cost reductions, as detailed in our annual sustainability report.

"In our most recent year of reporting, 55% of our waste was diverted from landfills," he says.

Associates at every level of Weis Markets—in-store, across the supply chain, at manufacturing plants, and at its support center—have supported the growth of the company's sustainability program. Its accounting and finance associates are now more involved in this space, particularly with the evolving external reporting guidelines, standards, and requirements, such as the proposed climate disclosure rule of the U.S. Securities & Exchange Commission (SEC), which, once officially approved, will require companies to provide an accounting of their greenhouse gas emissions, the environmental risks they face, and the measures they're taking in response.

Overcoming Supply Chain Challenges

Weis Markets' accounting and finance team members have worked capably in support of the organization's dynamic supply chain and procurement processes. This has allowed the company to stay agile and quickly adapt to an evolving business landscape.

"We have streamlined our procure-to-pay cycle for vendors by reducing prior inefficiencies in due diligence setup, purchase order creation, and invoice processing," Lockard says. "We have also increased electronic disbursements and remittances."

Supply chain disruptions are ongoing due to world events and inclement weather, but Weis Markets executives strive to be adaptable and provide customers with alternative product options, he says. The company is also investing in software and facilities to stay ahead of the disruptions within its control.

"As finance leaders, we need to actively monitor trends and quantify their impact on business performance," Lockard says. "Being food retailers, we need to be keenly aware of the trends that impact our product supply chain and our customers' demand for food-at-home purchases."

Evolving Technology and the Finance Function

Despite many finance executives dipping their toe to test out the fast-evolving AI phenomenon, it's still early days as far as mass application of such technology to the finance function. For example, collaborating with IT and vendor partners, Lockard and fellow Weis Markets executives are monitoring the dynamic developments in AI in order to complete proof-of-concept tests for use cases with an acceptable return on investment within the accounting team and finance function.

Rapid developments in generative AI are transforming—and will continue to substantially transform—the finance function and accounting profession. However, Empeon's Guzelgul predicts that technology won't replace humans.

"Finance professionals must learn new skills to leverage AI and remain relevant in the current environment," he says. "Ultimately, generative AI will alter our workflows, increase our efficiency, and empower us to extract more value from the plethora of financial data available."

Over the past year, Empeon has placed an emphasis on automation in all aspects of its business. This has been especially true in the finance department. The company has developers working around the clock to automate all manual tasks.

"We're reaching the maximum efficiency that automation can provide and are in talks with several AI-based accounting software vendors to help plug in the holes where humans are still needed, allowing people to focus on more important matters," Guzelgul says. "These AI tools will help reduce and catch errors by utilizing historical data and provide recommendations for improvement in areas we generally wouldn't think of."

At the store level, Weis Markets has invested in dual-use checkout lanes, shifted from mainly paper ads to more personalized digital marketing and coupons, and provided more e-commerce choices for its customers. At the distribution center, the company is investing in software to streamline warehouse operations across multiple locations. To upgrade in-store support, Weis Markets invested in work collaboration tools to keep associates engaged, connected, and productive while still promoting a safe and healthy work environment.

"We're realizing the benefits of investing in software that will upgrade our company's entire fresh food operations life cycle along with equipment that can streamline the self-checkout point-of-sale experience," Lockard says. "In October 2023, we began to realize the benefits of executing Project Sunrise, which is the implementation of software, which will transform our legacy human capital management and financial systems and processes."

Fleetcor has been a very acquisitive organization, and with that comes the need for constant integration of software and IT. The company is working to migrate its various businesses onto a common enterprise resource planning (ERP) platform.

"Optimizing those platforms, especially across an organization as large as Fleetcor, can really drive our ability to evaluate, diagnose, report, and allocate because we'll be on common platforms, and we'll have the ability to mine data," Panther says.

Fleetcor's finance technology architecture framework is a common ERP built with a reporting tool like Hyperion, which is supported by data lakes. Panther says he's a big believer in data lakes that allow his team to capture application-level, customer, and vendor information.

"You put that in a data-lake environment with people on my team who know how to mine and query that data and work in very nimble and agile environments," Panther says. "What I've seen over the course of my career is significant value-added impact from people who can work with data in an agile fashion.

"The tech stack that we're building—common ERP; a planning, forecasting, and reporting tool; and a series of data lakes supported by a business intelligence tool—allows us to do data mining and enhances our advisory support of the business," he says. "We'll stay contemporary in the AI arena, but right now, I'd rather focus on building that core platform that I just described, rather than jumping out to the outer rim."

WFH, Hybrid, or Back to the Office?

Lockard says that Weis Markets' leadership teams understand that the company's in-store and supply chain associates have limited options to work remotely due to the nature of their work. In recent years, he says, the company's leaders have worked diligently to keep employees safe and support them.

“We’re grateful for their continued contributions and proud of the high level of service they’ve maintained through extraordinary circumstances,” Lockard says. “When possible, we offer flexible hybrid schedules to our support associates, initially for safety and health reasons but later to stay competitive in the marketplace for talent, providing the tools and flexibility they need to remain connected and productive, but we work in a business where personal interaction is an important part of the culture and customer experience.

“I have learned to better acknowledge that no company is perfect and admit that we don’t have all the answers,” he says. “I believe we can strike the right balance by being authentic leaders, actively listening, getting feedback through periodic surveys and town hall sessions, and communicating clearly and frequently.”

In terms of tips for managing remote work teams, Lockard encourages Weis Markets associates to use their cameras (except on camera-free Fridays) in video-conference meetings to better promote engagement and teamwork. Company managers attempt to adjourn meetings five minutes early in order to allow transition time before the next meeting.

“We utilize a shared calendar for management to intentionally plan days to provide food to the entire department in order to build teamwork and reinforce the company culture,” Lockard says.

Currently, Empeon allows its employees to choose whether they work from home or come into the office. Some prefer the office, while others work better from the comfort of their own homes.

“We want to ensure our people are working in the environment that best suits them and their needs,” Guzelgul says. “Thankfully, we haven’t needed to adjust our management style much, as Empeon was ahead of the curve on the WFH concept and has had this model in place for years—we’ve fostered a unique environment built on trust and work-life balance.

“When you provide employees with the comfort of WFH and remove the stress of things like their daily commute, you would be surprised by the increase in efficiency and quality of life reported by employees,” he says. “To execute a successful WFH policy, organizations must provide employees with the guidance, feedback, and up-to-date equipment necessary for them to be successful in their role.”

Fleetcor asks candidates for open positions whether they’re willing to come into the office. Panther believes that in-person interactions in an office are crucial.

Governance and Professional Ethics

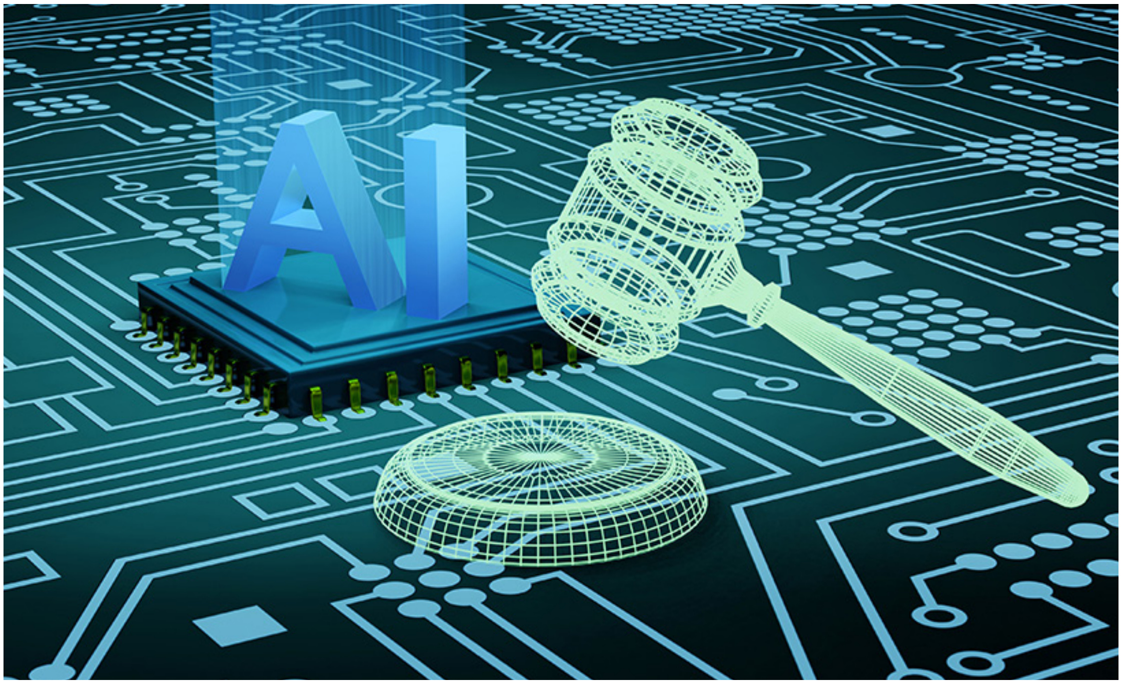
Weis Markets recently implemented the new SEC governance requirement to implement a clawback policy for recovery of erroneously awarded compensation and cybersecurity oversight from the board of directors. Executives receive annual training using learning management software regarding the company’s business code of conduct, which includes information on its ethics hotline.

Empeon’s Guzelgul says he believes that business leaders must strike a balance between running a successful business and maintaining ethical responsibility, with an emphasis on transparent and sustainable decision making. This includes the ever-evolving expectations of customers, vendors, employees, and other stakeholders.

“It’s a complex and delicate balance that requires empathy and strategic viewpoints to ensure you’re considering everyone’s needs and maintaining overall employee well-being too,” Guzelgul says. “At the same time, discretion is needed to stay focused and maximize the utility for the company; therefore, this delicate seesaw is always top of mind, and we are constantly looking for ways to improve.”

Daniel Butcher is the finance editor at IMA and staff liaison to IMA’s Committee on Ethics. You can reach him at daniel.butcher@imanet.org.

FEATURE



Ethics of ChatGPT in Education

While ChatGPT can provide benefits to students' education, educators must mitigate its ethical issues.

By Steven Mintz, Ph.D.

Since its public launch in November 2022, ChatGPT has captured the world's imagination about its capabilities. ChatGPT can respond to complex questions and produce comprehensive, essay-length answers on virtually any topic (see "What Is ChatGPT?"). As such, it can revolutionize the way students learn. ChatGPT and other chatbots, such as Google's Bard, can accept text input to help write code, generate stories, look up information, and more. However, there are ethical risks—including compromised data privacy, biased inputs, inaccuracies/misleading results, unreliability, plagiarism, and a lack of transparency and accountability—that need to be addressed. This article evaluates these risks from the perspectives of both students and educators. It also addresses ways to mitigate risk, such as implementing appropriate security measures to counteract possible security and privacy risks.

What Is ChatGPT?

ChatGPT—a chatbot developed by the research and deployment company OpenAI—is trained to follow an instruction in a prompt and provide a detailed response. Unlike Google, which has static and stored results, ChatGPT uses deep learning to produce results from one or more sentences that provide background information or pose a question. This involves self-improvement or self-learning capabilities.

An artificial language model, ChatGPT depends on the data it's fed to make inferences and return accurate information. Using a wide range of internet data, ChatGPT can help users answer questions, write articles, program code, and conduct in-depth conversations on a substantial range of topics. Some users even ask ChatGPT to take on more complex forms of these tasks, including crafting job descriptions, writing company mission statements, and even drafting termination agreements by using its knowledge base, input answers, and key references.

In accounting and finance, ChatGPT can be used to enhance audit practice and can be a valuable tool in financial management. The auditing profession uses innovative technologies and digital data to assist in developing audit programs. AI and ChatGPT can save time and resources by relieving auditors from performing repetitive, mundane tasks. As a result, auditors can devote more time and attention to creative work and critical thinking. ChatGPT can help finance professionals, who are entrusted with managing the financial responsibilities of an organization, by automating routine tasks, analyzing large amounts of data, providing guidance in decision making, and creating financial reports.

Whether in accounting and finance or elsewhere, generative AI systems like ChatGPT can give inaccurate or misleading results because of prompts that are too vague due to poor data sources. The more detailed and specific the prompts, the more reliable the responses. The limitation of the technology means it can experience problems on relatively simple queries. Accountability can be elusive because of the way data inputs are determined. The issue is one of trust: Why should we trust ChatGPT responses when there is no way to verify its usefulness?

Student and Educator Views

Given the advancements in providing responses to queries, educators need to be cognizant of the uses of ChatGPT as well as how to handle ethical risks and increase reliability. Educators should undergo training and familiarize themselves with the tool's features, capabilities, and limitations. They also should emphasize responsible usage, ensuring that ChatGPT is used to enhance learning and not replace it.

Students are the major stakeholders in using ChatGPT in a university setting. They can use it as a tool to complete written assignments and write research papers, and for examinations. It can be used as a resource, much like a search engine. The difference is that a search engine, such as Google, searches the internet to provide relevant results while ChatGPT uses deep learning to generate humanlike responses to user prompts.

A survey of college students conducted by BestColleges showed mixed results on how students view the ethical risks of using ChatGPT in the classroom and how their instructors view it from a learning perspective (see "Student Views").

The results seem contradictory. While about half of students have used ChatGPT or a similar application, more of them said they don't intend to use it going forward, even though 61% believe it will be the new normal. This hesitancy may be due to a lack of clarity on the part of professors regarding their expectations for students in using the technology.

Other researchers have reported stronger feelings on the part of respondents about the ethical risks of using ChatGPT. Study.com, for example, showed that students, by a 2-to-1 ratio compared to college professors, believe ChatGPT should be banned. However, while 72% of professors who are aware of ChatGPT are concerned about possible cheating, fewer than half believe it should be banned (see "Educator Views"). Because 66% of professors support students having access to the technology, one possible explanation may be that professors believe ChatGPT has learning value but feel guidelines are needed to deal with its ethical risks, including plagiarism. Laurie Burney, Kimberly Church, Mfon Akpan, and Scott Dell support this theory by suggesting that the use of ChatGPT and other AI in education can be met with resistance because its use can walk "a fine line between questionable integrity and employing a valuable educational tool."

Not all educators believe that using ChatGPT is a bad thing. John Villasenor tells students in his class at the UCLA School of Law that they can use ChatGPT in their writing assignments. He suggests that rather than banning students from using labor-saving and time-saving AI writing tools, educators should teach students to use them ethically and productively. He emphasizes the practical reasons for using ChatGPT, including learning "how to engage productively with AI systems, using them to both complement and enhance human creativity with the extraordinary power promised by mid-21st-century AI."

It's likely that student views will change over time and with increased applications in education and as educators define the limitations of ChatGPT usage. We can expect more students to turn to ChatGPT to enhance classroom performance, especially since their classmates may turn to it. Ultimately, all students may come to rely on it to remain competitive. Otherwise, some students may have an unfair advantage when educators grade their work. Fairness is an ethical value that ensures students are given the same opportunities to perform at the highest level.

Student Views

The following are results from a survey of college students conducted March 6-13, 2023, by BestColleges, an online resource for college students.

- 43% of college students have used ChatGPT or a similar AI application.
- 50% of those who have used ChatGPT have used it to complete assignments or exams (22% of all college students in the survey).
- 57% don't intend to use it or continue using it to complete their schoolwork.
- 31% say their instructors, course materials, or school honor codes have explicitly prohibited AI tools.
- 54% say their instructors haven't openly discussed the use of AI tools like ChatGPT.
- 60% report that their instructors or schools haven't specified how to use AI tools ethically or responsibly.
- 61% think AI tools like ChatGPT will become the new normal.
- 51% agree that using AI tools to complete assignments and exams counts as cheating and plagiarism, while 20% disagree. The rest are neutral.
- 40% say that using AI defeats the purpose of education.

Source: Lyss Welding, Half of College Students Say Using AI on Schoolwork Is Cheating or Plagiarism, BestColleges, March 17, 2023.

Educator Views

The following are results of research by Study.com, an online resource for students and educators.

- 48% of students admitted to using ChatGPT for an at-home test or quiz, 53% had it write an essay, and 22% had it write an outline for a paper.
- 72% of college students believe that ChatGPT should be banned from their college's network.
- 82% of college professors are aware of ChatGPT.
- 72% of college professors who are aware of ChatGPT are concerned about its impact on cheating.
- 34% of all educators believe that ChatGPT should be banned in schools and universities, while 66% support students having access to it.
- 5% of educators say that they have used ChatGPT to teach a class, and 7% have used the platform to create writing prompts.

Source: Chris Westfall, Educators Battle Plagiarism As 89% Of Students Admit To Using OpenAI's ChatGPT For Homework, Forbes, January 28, 2023.

Ethical Issues

The use of ChatGPT creates ethical issues that need to be addressed by students and educators. The overriding issue is one of trustworthiness. Beyond concerns about the reliability of responses provided by ChatGPT, educators should ensure that the workings of the system are known by students and standards are set for its use in coursework. Table 1 provides a summary of the ethical issues and the implications for education.

TABLE 1: ETHICAL ISSUES OF USING CHATGPT

Ethical Issues	Implications for Education
Data privacy	Inform students not to place sensitive, private, or confidential information into the chat box, including questions and prompts.
Fairness	Verify that all students have equal access to ChatGPT.
Biased inputs	Recognize that information entered into the system may be skewed to represent one point of view over others.
Inaccuracies/misleading results	Inform students to specifically request reliable sources of evidence to support ChatGPT responses.
Reliability	Cross-check responses with other sources to counteract potential biases.
Plagiarism	Use one or more detectors to identify cheating.
Transparency	Explain to students why ChatGPT has provided certain responses.
Accountability	Ensure that ChatGPT provides the most relevant and useful prompts.

Data privacy. Given ChatGPT's access to vast amounts of data, there's a risk that this data could be compromised, either through hacking or by other means. Proper security measures should be in place to protect the data from unauthorized access. Students shouldn't place private information into the chat box.

Fairness. The ethical value of fairness is part of the foundation for grading students. Some students with greater access to technology may have an unfair advantage when using ChatGPT over those students who don't.

Biased inputs. Educators should be aware of the potential for bias that may occur if information is skewed to support one point of view over another. ChatGPT may also show a preference for certain topics it considers more important than others. The presence of bias can have serious implications for the reliability of the outcomes generated. Educators can analyze ChatGPT-generated answers/essays that favor a particular viewpoint, which can help to recognize bias in the system.

Inaccuracies/misleading results. ChatGPT may come up with incorrect, inaccurate, or incomplete information depending on the questions asked. One reason is it doesn't generate answers by looking for the information in a database, as would a Google search, but rather it draws on patterns it learned in its training. One way to deal with such issues is to submit feedback to the responses to ChatGPT and see whether it produces more reliable information.

David Wood headed up a group of hundreds of accounting educators using data from 14 countries and 186 institutions to compare ChatGPT and student performance for 28,085 questions from accounting assessments and textbook test banks. As of January 2023, ChatGPT provided correct answers for 56.5% of questions and partially correct answers for an additional 9.4% of questions. Wood and his coauthors found that "Students generally outperform ChatGPT, but the bot can approximate average human performance in some topic areas and for certain question types" ("The ChatGPT Artificial Intelligence Chatbot: How Well Does It Answer Accounting Assessments Questions?" *Issues in Accounting Education*, November 2023, pp. 1-28). It's likely that ChatGPT's performance will improve over time and with advances in machine learning.

Reliability. ChatGPT is generally reliable for straightforward factual questions but can yield less helpful, more generalized responses to complex topics. By asking clear and specific questions, ChatGPT can produce reliable results.

According to Dave Epstein, professor of practice at Boston University's Questrom School of Business, technology can go wrong: picking up unreliable or even wrong material and producing it as fact. He cautions that the output from ChatGPT should be evaluated and a judgment made whether it's true and useful for the question asked. This is important to ensure the reliability of data produced by the system. One way to do so is to cross-check the responses with other sources to alleviate uncertainty.

Plagiarism. ChatGPT can facilitate using advanced teaching methodologies, promoting interactive learning, and developing students' critical thinking skills. The obvious issue for educators is that ChatGPT has the potential to facilitate cheating by students without being detected, most likely through plagiarism. This has implications for academic integrity and could undermine the fundamental values of higher education.

Wood and his coauthors noted that students are short-circuiting the learning process by using ChatGPT to cheat. There are ways to deal with student cheating by conducting oral examinations, administering exams in a setting where technology can't be accessed, shifting from traditional exams to more presentation-style assignments, or pretesting exams with ChatGPT to assess whether the questions can be correctly answered.

Some professors are phasing out take-home, open-book assignments—which became a dominant method of assessment during the COVID-19 pandemic but now seem vulnerable to chatbots. Instead, they're opting for in-class assignments, handwritten papers, group work, and oral exams. These are useful methodologies to counteract the motivation to cheat using AI technologies and ChatGPT.

Ethical risks can also be mitigated by relying on OpenAI and other companies such as Turnitin that have developed tools to detect text generated by language models such as ChatGPT. Turnitin is an advanced writing detection technology that's highly reliable and proficient in distinguishing between AI- and human-written text and is specialized for student writing. However, educators should use caution: AI technology is moving so fast that any tool is likely already out of date. These detectors may not be accurate because some are being introduced before they have been widely vetted and may not be reliable to distinguish between AI-generated responses and human-generated content. In one instance, a high school senior wrote a paper on socialism and Turnitin flagged it for plagiarism. It was discovered that the student didn't copy the paper from information provided by ChatGPT; rather, it was an outlier. It may be a good idea to use a second detector to assess whether cheating has occurred.

As the previously mentioned surveys show, there's a divide between students and educators regarding whether ChatGPT should be banned. Given that both groups recognize the possibility of cheating and plagiarism, it's up to educators to set standards and communicate them to students.

Transparency. Transparency in AI is about clearly communicating the workings of AI systems to users. Students should understand why they have been given a particular response when ChatGPT responds to a query. The goal is to ensure that AI doesn't become a "black box"—a machine that takes in data and produces answers without understanding how it arrived at those conclusions. Transparency enhances trustworthiness and builds confidence in using ChatGPT.

Accountability. Increased accountability and transparency in ChatGPT help to ensure that users are receiving the most relevant and useful prompts. Appropriate measures should be taken to reduce the potential for bias in the system.

Implications for Accounting and Finance Education

Educators should be knowledgeable not only about the factors raised in Table 1 and the previous sections but also the uses of ChatGPT in business settings. It's essential to teach students about the value that this technology brings to the real world. ChatGPT can be used to solve complex accounting and finance problems, generate summaries and reports, make recommendations, and conduct data analysis, such as analyzing financial reports. However, the bot may not collect information from reliable sources, and the information may be outdated, incorrect, or biased.

A key advantage is that ChatGPT in education can adapt to each student's unique learning style and pace. It can provide resources to write an essay on a particular topic, help the student to write the essay, and then the student can query ChatGPT with follow-up questions. It can also facilitate collaborative learning by facilitating group discussions to produce ideas or solve problems. Plus, ChatGPT can provide students with immediate feedback on their work. It can answer questions, provide explanations, and even suggest resources to use to better understand the issues related to the student's prompt.

Students also should realize that ChatGPT can get things wrong, so they should look for confirmation from other resources. They should fact-check responses, which can engage critical thinking skills. Students graduating from accounting and finance programs in the future will be expected to work with AI-generated text and need to learn how to engage productively with AI systems such as ChatGPT.

Educators should realize that they have reached a crossroads in educating students. ChatGPT will be as transformational as Google was in 1998. Educators need to learn how to engage with it in a meaningful way. ChatGPT is here to stay. Rather than banning it, educators should find ways to incorporate it into the curricula in a meaningful way so it can be a valuable educational tool.

Steven Mintz, Ph.D., is professor emeritus of accounting at California Polytechnic State University. He can be reached at smintz@calpoly.edu.

STRATEGIC FINANCE

AI and the Transformation of the CFO Role

With their increasing role in technology decision making, CFOs have the opportunity to deploy AI and automation for optimal financial operations.

By Isaac Heller

AI has cast a spotlight on the current state of financial software and on the changing role of the CFO as well. More than ever before, CFOs are responsible for major technology decisions—so, it's the CFO's mission to see their organization adopt AI and begin leveraging it now to achieve the greatest possible success in the future. From the CFO's perspective, deploying AI and automation is essential to managing financial operations effectively, driving growth, and maximizing value for the organization.

Most significantly, AI holds the promise of helping CFOs to focus on high-level strategic decision making no less than the day-to-day mechanics of transaction management, recordkeeping, and reporting. What does this expanded focus mean to the CFO? How are organizations, financial teams, and even third-party partners dealing with its impact? As AI grows increasingly important across the financial industry, these questions are well worth exploring.

AI and Finance Technology: The Big Picture

Before we delve into the ways in which forward-looking CFOs are leveraging AI-powered technology, it might be useful to evaluate AI's place in the financial industry today and where it's headed. Adoption of AI has more than doubled since 2017, according to a 2022 McKinsey survey; in 2017, 20% of respondents reported using AI in at least one business area, compared to 50% in 2022. Investment in AI has increased accordingly, as more than 50% of the McKinsey survey respondents reported spending more than 5% of their digital budgets on AI in 2022, up from 40% in 2017.

Gartner predicted that 50% of organizations will use AI to replace "time-consuming bottom-up forecasting approaches" by 2028 and suggested that AI will mature as a "practical, off-the-shelf innovation" over the next five years. Further, the same Gartner survey found that 80% of CFOs expect to increase spending on AI over the next two years.

While 85% of financial services providers are currently using AI, over the next two years 77% expect AI to become essential to their operations and 64% expect to become mass adopters of AI, according to a global survey from the World Economic Forum and the University of Cambridge Judge Business School.

Among banks using AI applications, the aggregate potential cost savings was estimated at $447 billion by 2023, Insider Intelligence reported. The global AI financial services market is projected to reach $130 billion by 2027, growing from $8 billion in 2019, as reported in a 2021 Emergen Research market analysis. Although many organizations have yet to fully embrace AI, a 2019 Deloitte Insights report declared that AI's early adopter phase was already coming to a close. Now that AI is everywhere, and here to stay, it has surely leapt into a top-of-mind position for savvy CFOs. Indeed, more than 60% of finance executives expect AI and automation to have a profound impact on their industry over the next 10 years, according to a 2023 survey conducted by Trullion—more than cybersecurity, analytics, Big Data, biotech, and renewable energy combined.

The CFO's Role in the Age of AI

Interestingly, the drive to embrace AI and explore its potential happens to come at the same time as another key change affecting corporate leadership: the evolving role of the CFO. In the past, key technology decisions belonged to the chief information officer (CIO), which would plant AI firmly in the CIO's bucket. Today many tech decisions are dispersed across the C-suite (for example, the chief marketing officer owns the direction and selection of the marketing technology software), with the CFO—perhaps the most pragmatic role in the C-suite—owning the overall technology stack. (A specialized IT finance role has emerged as well, reflecting the growing importance of fintech.) As technology spending power shifts, the CFO is ideally positioned to advocate for investing in advanced fintech solutions—and to champion the unique opportunities AI provides.

From a day-to-day perspective, the CFO's role in the age of AI doesn't look dramatically different in the way that, say, the database administrator's role changed with the advent of the cloud. Rather, AI has accelerated the fruition of operational goals that CFOs have long aspired toward—becoming increasingly strategic and lean.

AI-powered systems help CFOs achieve those goals by providing a stable, consistent, and cost-effective platform that not only introduces new efficiencies within organizations, but can also be shared with external partners as needed. In the context of accounting and audit workflows, for example, CFOs are empowered to work with auditors and advisory firms in a more synchronous manner, with less of the stop-start inefficiency that often hinders workflows with external partners. Moreover, the AI platform in effect offers a shared language, which reduces friction in general when finance teams and third parties collaborate. These efficiencies result in leaner organizations and ultimately free up time for CFOs to sharpen their focus on strategic decision making or leverage their increased bandwidth to accomplish other value-add objectives.

As recently as 2020, MIT Sloan research indicated that CFOs didn't necessarily see themselves leading the charge for AI. Today, however, with assessing, evaluating, and implementing technology solutions within their sphere, CFOs clearly play a vital leadership role in adopting AI. It's the CFO who ensures that AI is leveraged to align perfectly with their organization's strategic objectives and financial goals.

Understanding AI

What precisely is AI? And why should businesses aim to understand and leverage this modern technology? Although it isn't truly new, having been conceived in 1950 by famed mathematician Alan Turing, AI is continuously and rapidly evolving as a branch of computer science that "teaches" machines to do work as humans usually do. (AI arguably broke through to mainstream consciousness in the form of ChatGPT, a generative AI platform that began making headlines in 2022.) We focus on core technologies at the heart of AI: machine learning, natural language processing, and computer vision.

Machine learning enables computers to learn from data and apply what they learn; natural language processing enables them to understand, analyze, and generate humanlike language; and computer vision enables computers to recognize, classify, and respond to images. With these combined capabilities, machines can not only digest information but use it for problem solving and decision making, just as Turing theorized. AI solutions recently released also include Bard, a large language model conversational AI tool from Google that can be prompted to create content; Claude, an AI assistant from Anthropic thats capable of conversational and text-processing tasks; and LLaMA, a large language model from Meta that provides a foundational performant model for AI researchers.

In any industry, AI and automation can process the routine and "labor-intensive" aspects of data management—described by MIT Sloan Management Review as "cleaning, extracting, integrating, cataloging, labeling, and organizing data, and defining and performing the many data-related tasks that often lead to frustration among both data scientists and employees without 'data' in their titles." Finance professionals identified automating data entry and financial reporting as their top priority, according to the Trullion survey. With its ability to organize massive data sets, mine data, and analyze the value of data, AI promises to have an especially powerful impact on workflows in the CFO's world.

AI in the CFO's World

CFOs are forecasting a bright future with AI because, among its many abilities, AI is highly effective at three functions that are particularly relevant to finance.

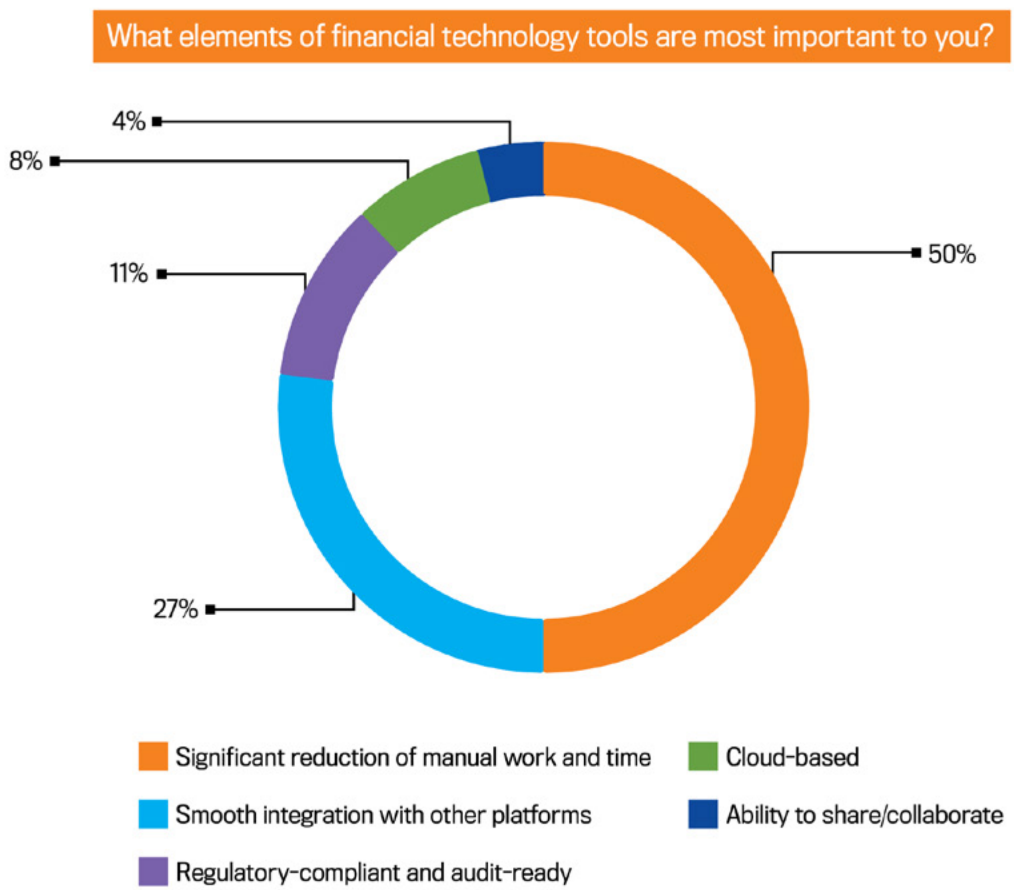
Aggregating and centralizing widely varied types of data. AI has the power to upload structured data from all documents generated by departments across the enterprise, and to extract and interpret information from unstructured sources like contracts, emails, and financial reports. Thus, it becomes possible to extract and tag detailed data from any type of file quickly and efficiently—which becomes more and more important in the age of a digital data explosion.

As Bank of England executive Mark Carney once noted, it would be impossible to keep up with the flood of data constantly flowing into the bank without AI, since that would be tantamount to "each supervisor reading the complete works of Shakespeare twice a week, every week of the year." Further, leveraging AI ensures that all transactions are supported by a full audit trail, so outputs are reliably audit-ready.

Automating repetitive tasks with a high degree of accuracy. Among the Trullion survey respondents, 50% say the most important role of financial tools is to reduce the time spent on manual work, as shown in Figure 1. AI-based solutions do exactly that by automating a full range of routine yet mission-critical accounting practices, from data entry, bookkeeping, and financial reporting to audits, forecasts, and tax compliance.

AI algorithms can even detect anomalies and identify patterns that may indicate irregular activity and flag them for investigation. By taking over manual accounting activities, AI streamlines processes, cuts down on errors and duplicated efforts, and reduces costs. According to a 2023 report, the global market for AI in fintech is estimated to reach $9.8 billion in 2023 and expand to $30.6 billion by 2028—driven in large part by a growing demand for process automation in financial institutions.

FIGURE 1: FINANCIAL TOOLS AND MANUAL WORK



Source: Trullion

Gathering, analyzing, and interpreting financial data in real time. AI data analytics tools help accountants analyze vast amounts of financial data more quickly and with greater accuracy than ever before. CFOs can expect enhanced access to accurate, up-to-the-moment information promptly, no longer waiting days for critical answers. A 2022 global survey from Workday revealed the importance of that development, as it found that accessing "clear information that they can act on quickly...continues to be a struggle" for finance leaders; 64% of respondents reported that it took weeks to see results at the close of reporting periods, while a mere 31% considered themselves "confident in their teams' ability to model multiple scenarios." AI changes the game by providing CFOs with the kind of meaningful insights they need to make informed, data-driven decisions and make them quickly.

There's a newly ubiquitous AI technology now in play as well: generative AI. As explained in a recent Deloitte report, generative AI can create original content—not only "concise and coherent" text, but audio and video images as well—and "add contextual awareness and human-like decision-making to enterprise and finance workflows." Because generative AI is extremely smart about synthesizing financial data and answering questions in real time, it's easy to see how well it can meet the needs and objectives of any CFO. Indeed, a recent survey of senior AI professionals from Dataiku and Databricks found that 45% are "working actively" on generative AI use cases, while more than 60% plan to use that technology over the next year. To the researchers, this "widespread use of technology not even a year old" at a global level seems "nothing short of amazing."

Putting AI to Work

CFOs may rely on AI to optimize high-stakes data analysis and for financial and operational counsel, but this technology has a significant impact on every role across the finance organizational chart as well. Thanks to continuous advances and increasing competition in AI technology, it's no longer seen as too risky or too expensive to adopt. CFOs who have a deep understanding of AI's concrete advantages should be leading their teams to leverage AI technology across the enterprise—even if it requires pushing employees past any anxieties and doubts.

On a practical level, that means seeking out the most promising areas to automate without necessarily aiming for a dramatic return on investment (ROI) from the start. It's worthwhile to begin by automating areas that will result in a modest ROI, as they can open up the option for high-ROI use cases in the future. For example, it makes sense early on to invest in extracting critical data from leases, invoices, contracts, documents, systems, and databases. Bringing together high-level data as never before—and connecting it to accounting workflows as well—is one of AI's greatest powers. As the process of introducing automation proceeds, it's important to ensure a smooth integration with existing platforms in the finance technology stack, as nearly 40% of the Trullion survey respondents noted.

Successfully implementing AI extends beyond the organization itself when CFOs decide to promote its benefits to their auditing and advisory firms. Why would finance leaders encourage auditors and advisors to adopt third-party AI technology? For one thing, after auditors have collected a wealth of comprehensive financial data, most CFOs could find more high-value uses for that data in a heartbeat. The information collected during annual audits offers one more opportunity for CFOs to glean strategic insights from their data.

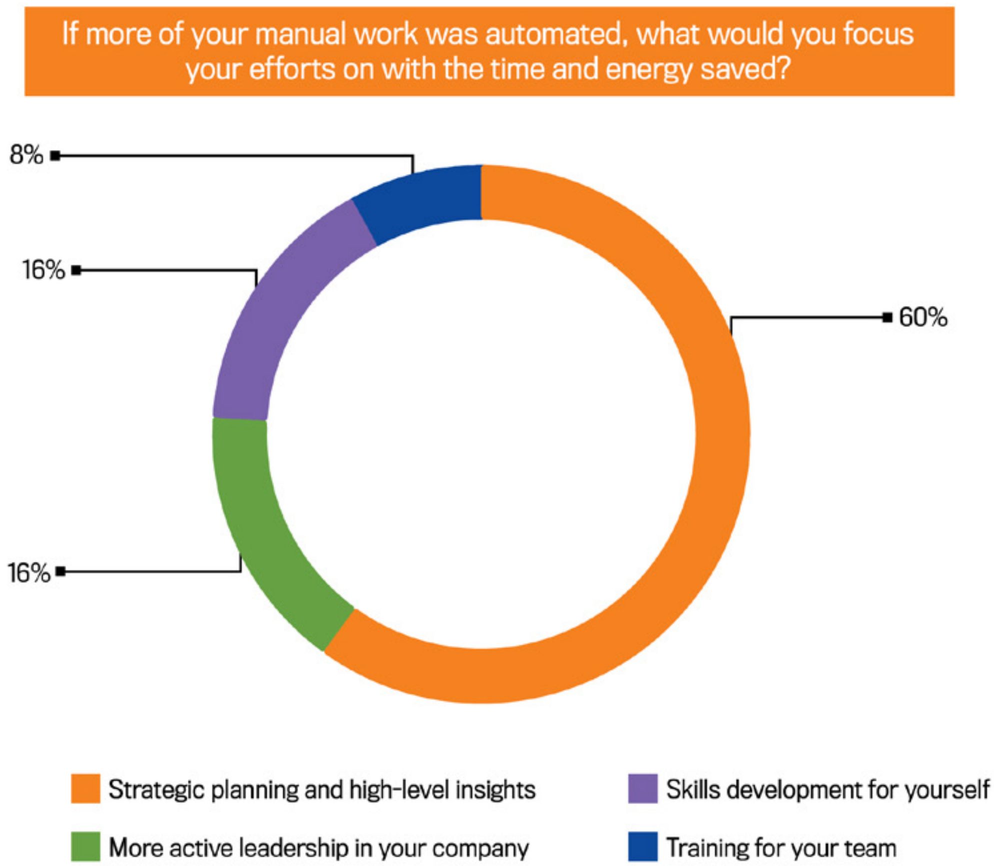
Many professionals are ready to embrace this technology, according to 60% of the Trullion survey respondents, who indicated they would spend the time freed up by AI and automation for planning and developing high-level insights, as shown in Figure 2. Even so, CFOs can expect to encounter challenges throughout the AI adoption process, including the need to foster company-wide buy-in and to choose the best implementation partners. But the potential rewards are great: a new level of operational efficiency, enhanced compliance, and significant competitive advantages. Moreover, CFOs who collaborate with innovative cross-functional teams and keep their eyes on emerging technology trends are the ones most likely to capitalize on new opportunities for growth and to keep honing their competitive edge.

The Human Factor

Of all the challenges AI implementations may present to CFOs, the very human uncertainty surrounding this new frontier is proving to be one of the more complex. At times the term "AI" itself seems able to inspire cultural resistance among the workforce, as some people wonder: Is this technology actually smarter than I am? Will it hurt my long-term job stability? Fortunately, this reaction seems to be diminishing as AI technology becomes more familiar and less intimidating to many employees.

At its most fundamental level, AI relieves accounting professionals of repetitive manual processes, those routine clerical tasks that become increasingly tedious when performed day after day. (Some 95% of finance professionals spend at least an hour a day working with Excel spreadsheets, the Trullion survey found, and for 61% of them it's actually more than four hours a day; among controllers, that jumps to 70%.) By absorbing such work, AI frees accountants to spend their time on more creative and strategic responsibilities. CFOs need to help people understand that their jobs will not disappear—they'll just become more interesting. Moreover, it appears that generative AI technology may actually create new jobs.

FIGURE 2: FOCUS WITH FREE TIME



Source: Trullion

Brookings Institute advises CFOs to create corporate cultures based on the understanding that "humans should not cede significant decision-making to machines. Rather, experts should use technology to help prioritize their own efforts and enhance their work."

Even as CFOs are focusing their attention on AI, human accountants may be a greater source of concern at the moment, as those in traditional roles are leaving the profession in ever-growing numbers. This troubling trend has contributed to an ongoing accounting staff shortage; some industry experts suspect it may explain a recent spate of substandard internal control over financial reporting disclosures. In fact, financial executives currently consider finding and retaining top talent their greatest challenge, according to more than 30% of those responding to the Trullion survey. Deploying AI technology may be the key to filling the gap by reinvigorating the industry and attracting the brightest talent. (Of course, recruiting AI tech talent has become a challenge unto itself.)

AI can have a significant impact on another top priority for CFOs—regulatory compliance. Given the myriad federal and international standards governing accounting, the compliance bar is high. AI provides an extra layer of accuracy and insight by pulling large amounts of data from the widest possible scope of sources easily and efficiently, cross-referencing data and accounting judgments, and verifying and validating information. It can help ensure that regulators understand how key conclusions are derived and demonstrate that the findings are repeatable. AI technology thus enables finance teams to generate financial reports and disclosures that are more precise and reliable than ever before, and make them accessible in real time to finance teams and external stakeholders alike. Still, it's highly likely that CFOs will always be needed to direct and guide the process, and make sure it's as complete and cost-effective as possible. It takes a human executive to navigate the unique complexities of regulatory compliance within any institution.

Could AI take over the CFO's job? Until recently, the complexity of the CFO position insulated it from any possibility of automation. Academic research finds that C-suite roles fall within the top 12% of positions that could eventually be eliminated or altered by generative AI. At this moment, however, AI "isn't ready to negotiate contracts with your suppliers and customers, evaluate your employees, or allocate your company's capital," according to *Fortune*. Legal expert David Wilkins wonders if AI will ever "make us feel that we have been heard, been valued, been judged by something we can understand, meaning another human being?" One thing is clear, however: A human CFO and AI technology together make a powerful team. For the foreseeable future, that combination of strengths seems to offer the best chance for a stable, efficient, and productive organization.

The CFO's Journey

The majority of business leaders surveyed during Workday's 2022 study remarked that it's hard to stay ahead of changing business needs without a "timely, clear view" of organizational finances, or while IT is still struggling to "free data from silos" to support more informed decision making. AI offers practical technology solutions to those dilemmas, which are available today. More advanced capabilities—those designed to leverage generative AI to enhance financing planning and budgeting—are more futuristic. CFOs can't yet try out various "what-if" scenarios (i.e., What if we adjust the head count in a certain department? How would that affect our budget?), but it's only a matter of time until they can.

Despite the attention and excitement surrounding AI at this moment, CFOs should really be looking five, 10, or 20 years ahead at this point in their technology journey, establishing long-term road maps to adoption. Businesses are choosing sophisticated AI-enabled tools as harbingers of things to come, setting themselves up for success tomorrow. Businesses are preparing to thrive in a new AI-powered world just as they prepared to thrive in a cloud-based world years ago—and they're securing an invaluable competitive advantage in the process.

AI is among the most powerful new technologies we've ever encountered. It isn't a magic wand that will change a business overnight in one broad stroke, but it certainly offers the remarkable ability to facilitate change through one incremental gain after another. It's brought us to the edge of a fundamental transformation that promises to have a more far-reaching impact than any technological advancement in recent memory, including the cloud. It's safe to say that CFOs who embrace AI today will be well-prepared for the future—and those who hesitate are destined to be left behind, with the more discerning and decisive CFOs stepping up to take their place.

Isaac Heller is co-founder and CEO of Trullion. You can reach him at info@trullion.com.

STRATEGIC FINANCE

Microsoft Copilot Brings More AI to Excel

Microsoft previews the Copilot features for Excel. Using natural language, you can add calculations, sort, filter, and highlight.

By Bill Jelen

In December 2023, Microsoft began a preview of its new Copilot feature. Currently, the preview is only available to enterprise customers with more than 100 Microsoft 365 licenses. Microsoft gave me an opportunity to give it a test flight. The results are promising.

Copilot is a broad term for several features at Microsoft. Each app (Excel, Word, PowerPoint, Outlook, and Teams) has different functionality. There is also a Business Chat feature in Copilot that uses a large language model along with data in your calendar, emails, chats, documents, meetings, and contacts to perform tasks. The descriptions below are of the Copilot tools in Excel.

According to Microsoft, Copilot will improve productivity by allowing you to interact with your data using natural language.

Work with your IT administrators to get access to the Copilot preview (see Figure 1). Your data has to be stored in OneDrive, and you have to format the data as a Table using Ctrl+T or Home, Format as Table.

You'll see a Copilot icon on the right side of the Home tab. Click the icon, and a Copilot Preview pane will open on the right. The four main sections are:

- Add new column of formulas.
- Highlight certain data using conditional formatting.
- Sort and/or filter your data.
- Analyze your data using pivot tables or pivot charts.

Figure 2 shows a sample data set. There are columns for Revenue, COGS, and Profit.

Say that you want to add a column to calculate Gross Profit Percent. In my company, this is generally abbreviated as GP%. I click in the Copilot prompt box and type "Add a calculation for GP%" and press Enter.

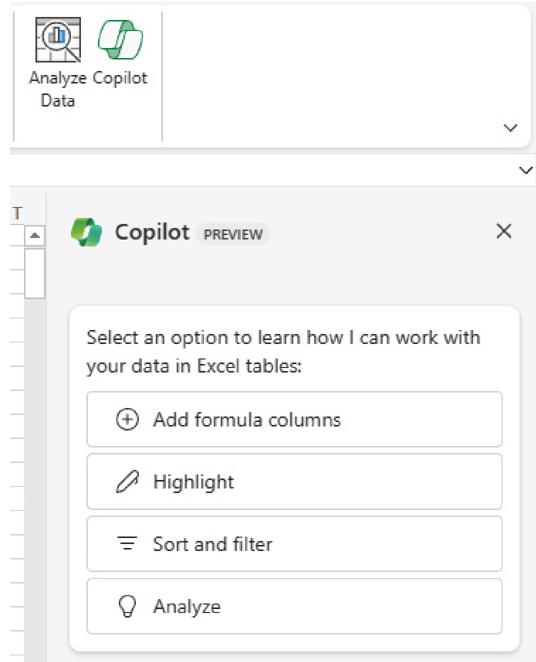
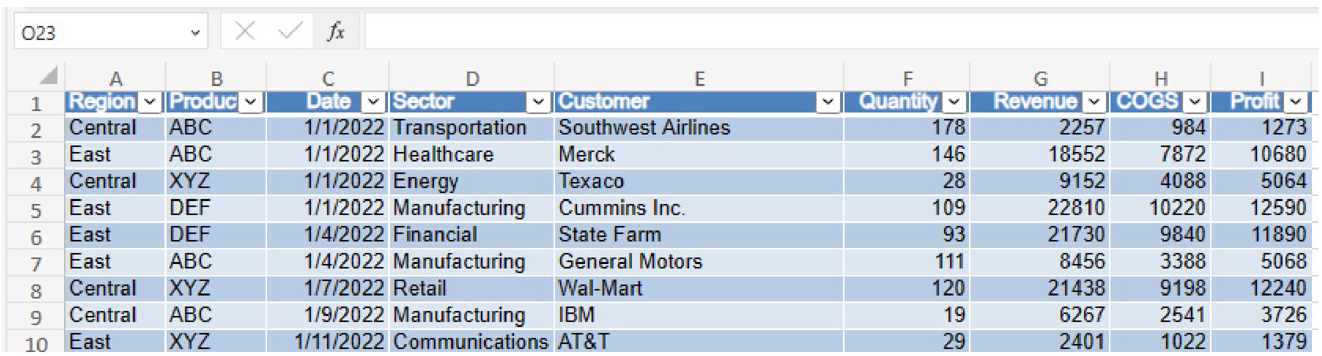


Figure 1



O23

	A	B	C	D	E	F	G	H	I
1	Region	Produc	Date	Sector	Customer	Quantity	Revenue	COGS	Profit
2	Central	ABC	1/1/2022	Transportation	Southwest Airlines	178	2257	984	1273
3	East	ABC	1/1/2022	Healthcare	Merck	146	18552	7872	10680
4	Central	XYZ	1/1/2022	Energy	Texaco	28	9152	4088	5064
5	East	DEF	1/1/2022	Manufacturing	Cummins Inc.	109	22810	10220	12590
6	East	DEF	1/4/2022	Financial	State Farm	93	21730	9840	11890
7	East	ABC	1/4/2022	Manufacturing	General Motors	111	8456	3388	5068
8	Central	XYZ	1/7/2022	Retail	Wal-Mart	120	21438	9198	12240
9	Central	ABC	1/9/2022	Manufacturing	IBM	19	6267	2541	3726
10	East	XYZ	1/11/2022	Communications	AT&T	29	2401	1022	1379

Figure 2

Excel takes tens of seconds to process the question. There are various status updates where it says it's working on understanding the question, then understanding the data.

It eventually comes back with Figure 3. It's suggested a valid formula to calculate gross profit percent. Just as a note here, if this were my data, I would have come up with a simpler calculation of Profit divided by Revenue, but (Revenue – COGS) divided by Revenue also works.

Note that your choices are to have it explain the formula or to Insert the formula as a new column.

If you open the section to explain the formula, it does a good job of explaining how the formula will work, as shown in Figure 4.

Hover over Insert Column and a preview of the new column appears.

Click Insert Column and you have a suitable formula added to your data set as shown in Figure 5.

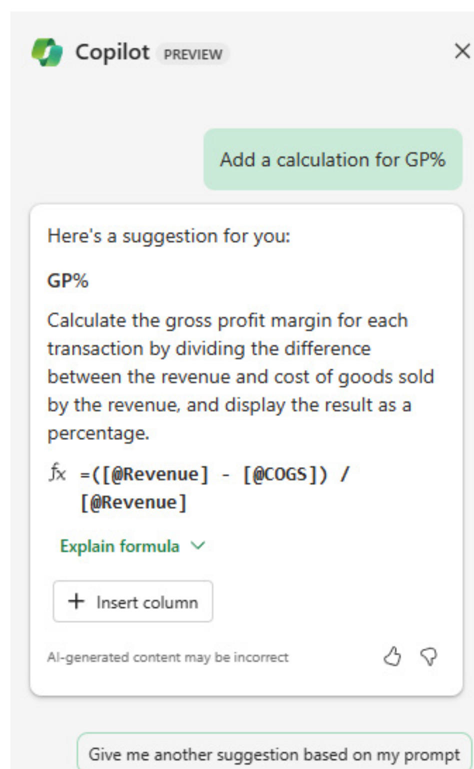


Figure 3

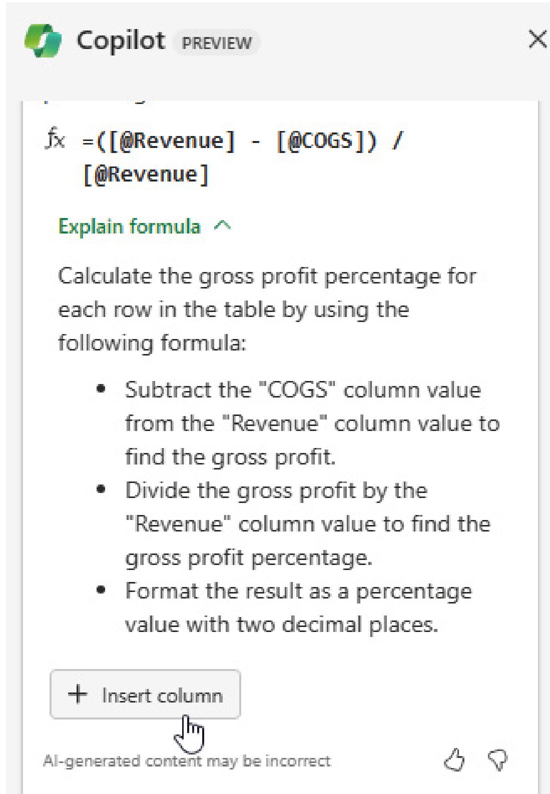


Figure 4

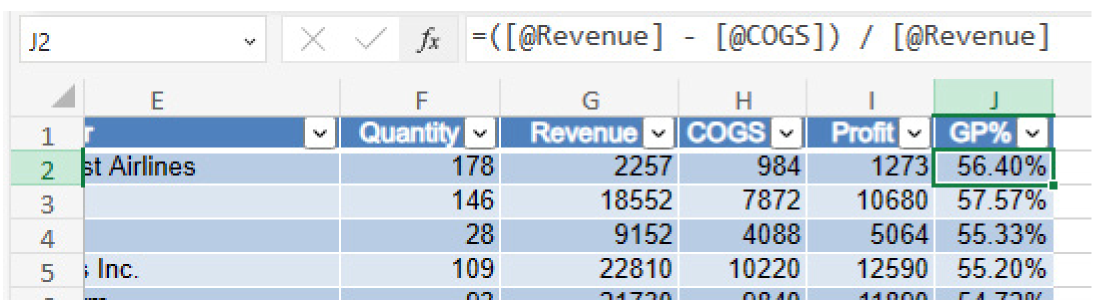


Figure 5

In the Copilot pane it reports that they added the column. There is a large button to Undo. There are also feedback buttons where you can report back to Microsoft if the answer worked or not.

Highlighting Certain Cells

I tried a prompt of "Highlight all rows where GP% is in the top 20%." Copilot answered, "For now, I can only do that for columns in tables. Try asking me to apply formatting in a table column instead."

As shown in Figure 6, I then changed the prompt to "Highlight cells where GP% is in the top 20%." After 10 to 15 seconds, Microsoft has set up conditional formatting to highlight the top 20% of GP% values.

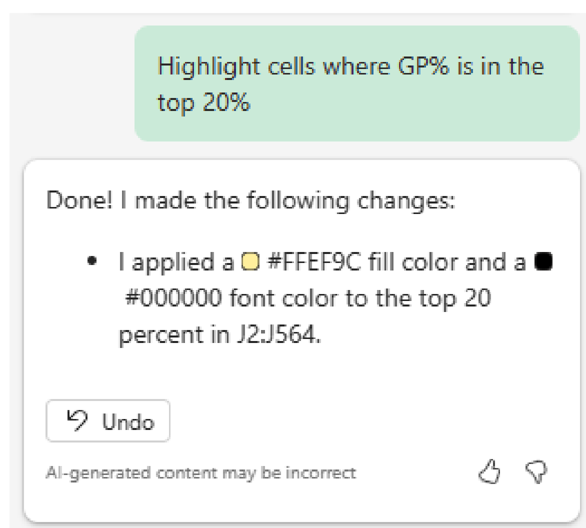


Figure 6

The yellow highlighting appears in the data. To check the logic, I open Home, Conditional Formatting, and Manage rules, and the rules are correct, as shown in Figure 7.

Here are some other examples of calculations created by Copilot:

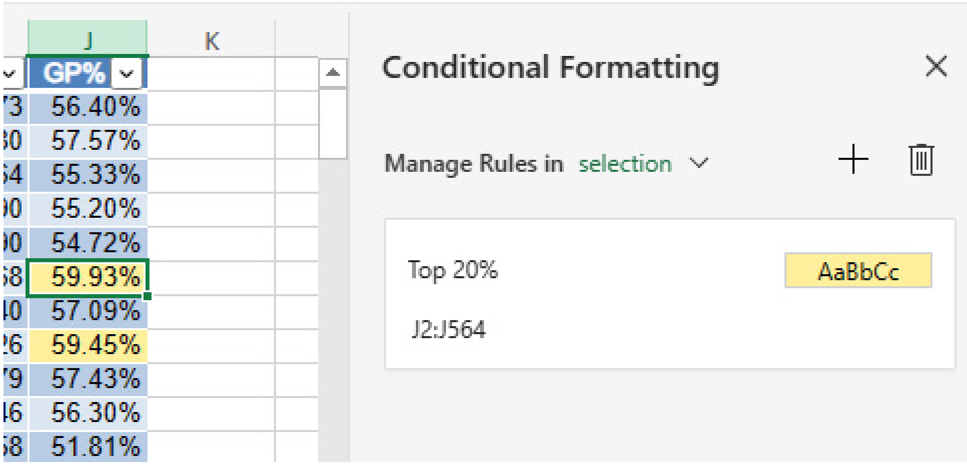


Figure 7

Running total for revenue:
=SUM(INDEX([Revenue],1):[@Revenue])

Calculate a bonus of 2% of revenue if GP% is greater than 55%:
=IF([@[GP%]] > 0.55, [@Revenue] * 0.02, 0)

Calculate a bonus of 2% of revenue if the product is ABC and the GP% is in the top 20%:
=IF(AND([@Product]=”ABC”,[@[GP%]]>=PERCENTILE.INC([GP%],0.8)),[@Revenue]*0.02,0)

Calculate a $100 bonus if the quantity is a prime number:
=IF(ISNUMBER(MATCH([@Quantity],{2,3,5,7,11,13,17,19,23,29,31,37,41,43,47,53,59,61,67,71,73,79,83,89,97},0)),100,0)

The first three are correct. The fourth one will work for some rows but not other rows. It does represent a clever approach and certainly better than when ChatGPT tried to make up a nonexistent ISPRIME function as described in the March 2023 issue of the magazine.

In Figure 8, I asked Excel to sort by two columns and it had no problem with this.

In Figure 9, I asked which customer had the highest revenue. The preview of the pivot table gives me the correct answer.

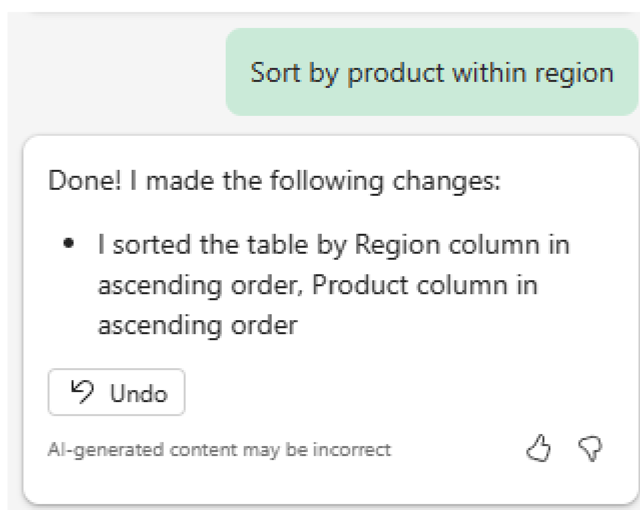


Figure 8

It Isn’t Perfect Yet

Currently, Copilot seems to fail with some slightly more complex commands:

Highlight all dates in the month of February: the concept of February confused Copilot. It offered to highlight everything in the current month.

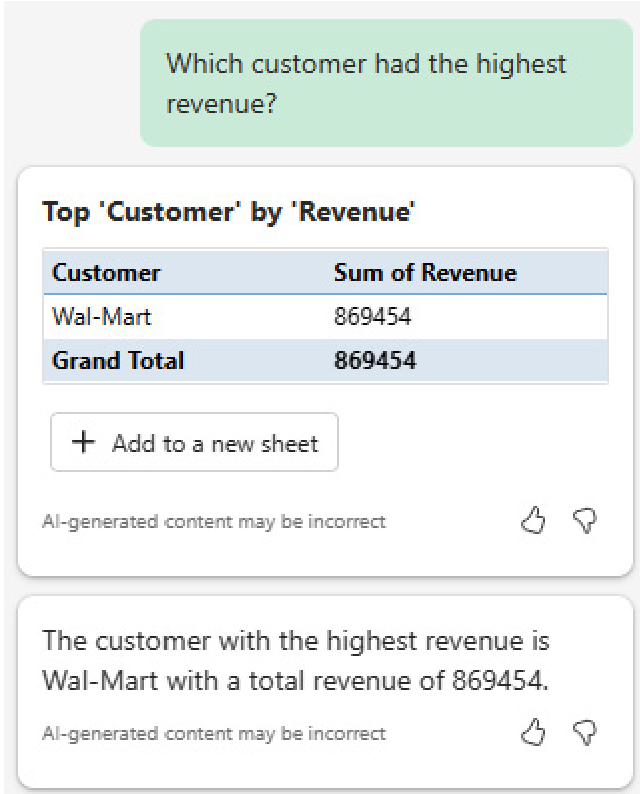


Figure 9

Create a pivot table with revenue by year and month and format revenue as currency: Copilot could create the pivot table but couldn't apply formatting to the revenue values. And then, when I asked it to format the pivot table, it reported that it only worked with tables and not with pivot tables.

Highlight the revenue amount that's the maximum revenue for each customer. Copilot instead highlighted the top revenue overall and not for each customer.

Promising First Pass

Although it isn't perfect, the feature is still in preview and shows a lot of promise. As the team at Microsoft gets feedback from the big companies in the preview, it will be able to improve the results.

Bill Jelen is the host of MrExcel.com and the author of 67 books about Excel. He helped create IMA's Excel courses on data analytics and the IMA Excel 365: Tips in Ten series of microlearning courses. Send questions for future articles to IMA@MrExcel.com.

STRATEGIC FINANCE

The Power of Human Behavior in Data Strategy

Consider these seven human behavior essentials when driving data engagement and innovation in your organization.

By Fatema El-Wakeel, CMA

In the maturing landscape of data and analytics, organizations are constantly looking for ways to harness the power of data for better decision making and improved operations. But data strategy isn't just about technology; it's also about people—their behavior within the organization as well as customer psychology. Understanding and influencing human behavior can be a game changer in driving data strategy. Organizations have the opportunity to stimulate conversations about data and ensure the effective initiation of analytics projects.

Data strategy is a form of change management. Its main role is making fundamental shifts in the way organizations operate, with data, analytics, and merging technologies at its core. However, many aspects of data strategy may look mysterious to those who aren't practitioners. Optimal data strategy requires cross-functional buy-in and robust business engagement. This is where human behavior plays a pivotal role.

Cross-Functional Buy-In

One of the challenges that organizations face in implementing data strategy is obtaining buy-in from various departments and stakeholders. Human behavior, including resistance to change and fear of the unknown, can often hinder progress. To overcome this, it's essential to communicate the value of data strategy in terms that resonate with different teams.

For example, marketing might be invested in data strategy for its potential to enhance customer targeting and increase return on investment, while the finance department might focus on cost optimization and revenue growth. Communicating and contextualizing the advantages of emerging technologies and analytics for different audiences can be instrumental in gaining their support. When data strategy leverages AI and machine learning models to ensure that features resonate with customer preferences through AI-driven insights, it can ensure buy-in from the marketing department and finance will be convinced because it will increase revenue.

Amazon is a great example of robust business engagement. When it introduced the one-click order feature, it not only made the shopping experience more convenient for customers but also significantly boosted Amazon's profits. This is a testament to how understanding customer behavior can lead to innovations that benefit both the organization and its customers.

Behavioral Economics and Data Strategy

Behavioral economics, a field that studies the psychological factors influencing economic decisions, provides valuable insights for data strategists. It helps in understanding how individuals make choices, assess risks, and react to incentives. Integrating these insights into data strategy can help in creating data-driven incentives and decision-making processes.

Netflix is a success story in understanding human behavior. Its autoplay feature that rolls into the next episode creates a seamless viewing experience. By catering to viewers' natural desire for convenience and instant gratification, Netflix has gained a loyal and engaged user base. Social media platforms like Instagram, TikTok, and YouTube use AI to build on human psychology by using notifications and suggestions, keeping their users engaged. The personalized content leads to returns to the platforms.

Customer Needs and the User Experience

In any data strategy, it's essential to align your initiatives with the needs and preferences of your customers or users. This is a critical aspect of human behavior that can't be overlooked. Can you seamlessly transition your customers to the next project or offering? Can you simplify the process of requesting and receiving data and analytics projects? Understanding what your customers truly want is key to a successful data strategy.

Today, instant gratification and making it easy for users to access and use data and analytics tools are crucial. Employ user-friendly interfaces and platforms that facilitate easy navigation and quick access to insights. The more effortless it is for users to engage with data, the more they'll be inclined to utilize it in their decision-making processes.

Feedback and Habits

Incorporating feedback from users is another significant aspect of understanding human behavior. Employ agile methodologies to adapt and evolve your data strategy continuously. Engaging users in feedback loops ensures that your data initiatives remain relevant and aligned with their needs.

For example, think about a manufacturing company using digital twins for predictive maintenance. By involving maintenance engineers in feedback loops, the company will be able to tailor the digital twins to the organization's need. Agile methodologies provide iterations based on feedback loops. Adjustments to the digital twin's algorithms can be easily amended to ensure effectiveness in predicting maintenance and meet the user's need.

Data strategy isn't always about motivation. There will be times when motivation fades. Therefore, creating a habit of data, analytics, and emerging technologies within your organization is essential. This is where building a data-driven culture comes into play. By normalizing reliance on data and emerging technologies when making decisions, organizations create a habitual approach to utilizing them rather than actually having to consciously think about them. It becomes second nature and part of the organizational fabric.

Promote regular training and workshops to keep the workforce updated with the latest data tools and techniques. Encourage a culture of curiosity and experimentation, where employees feel comfortable using data to solve problems and make decisions. Over time, this habitual approach to data can become an integral part of the organization's DNA.

The power of human behavior in data strategy can't be overestimated. It isn't just about technology or methodologies; it's about understanding what drives individuals and groups within an organization. Amazon and Netflix are prime examples of how organizations have leveraged human behavior to create innovations that make processes more convenient while also significantly boosting profits.

Data strategy is a form of change management, and understanding human behavior is crucial for driving this change. Cross-functional buy-in, behavioral economics, and aligning data initiatives with customer needs are all essential aspects of this strategy. Additionally, creating a seamless user experience, listening to feedback, and building habits around data use are vital for long-term success.

While technology and data methodologies are essential components of data strategy, it's ultimately the human behavior within an organization that can make or break its success. By recognizing the significance of human behavior and aligning data initiatives accordingly, organizations can unlock the full potential of their data strategy and drive innovation and growth. Data strategy isn't just about data; it's about people, their behavior, and the positive impact that can be achieved when the two are in sync.

Fatema El-Wakeel, CMA, is a data strategy and emerging technology thought leader, University of Cambridge academic, and Unilever practitioner. You can reach her on LinkedIn.

Empowering the Next Generation

A belief in inspiring others to work collaboratively and creatively has shaped the career of IMA's Bangalore Chapter president.

By Madhavi Lokhande, Ph.D., CMA

I'm an academic by profession, and in my role, I'm the director and dean of the Welingkar Institute of Management (We School) in Bangalore, India. I also serve on the academic boards of several universities and colleges. Given that most of my life's work has been geared toward students, it isn't surprising that my first volunteering experience with IMA® (Institute of Management Accountants) began with the Bangalore Chapter in 2020, when I began serving as the director of student relations. In 2021, I became president of the chapter, a position I still hold.

My involvement with the Bangalore Chapter began because of my commitment to go above and beyond the routine expectations of my job and my belief in taking initiative to inspire others to work collaboratively and creatively. Throughout my career, I've tried to demonstrate transformative and innovative leadership skills by empowering groups, fostering effective change, and contributing to an organization's success by maintaining successful relationships. I've done this in my role within my educational institution—where I've helped to promote the institution's mission, vision, and core values internally and externally within the local community and the state, and at the national and international levels—and I've tried to take this same approach to my volunteering role within IMA.

I'm pleased that, during my tenure as chapter president, our chapter has been able to accomplish so much. For example, we've been able to offer continuing professional education (CPE) sessions on many contemporary topics like environmental, social, and governance; design thinking; and innovation. We've also invited international IMA staff and volunteer leaders—including Chair-Emeritus Gwen van Berne and former Chair Sandra Richtermeyer, among others—to conduct our CPE sessions, which were well-received by the global online and in-person attendees. We were even the first chapter in India to develop a newsletter, featuring interesting items like finance-based crosswords and puzzles, a word grid with finance terms, and more.

Our chapter is still very committed to reaching students and to spreading awareness about the CMA® (Certified Management Accountant) certification. For example, the chapter hosted an in-person CPE event, CMA Nxt 2022, on the role of technology in finance, and, in 2023, the chapter organized a conference for CMA students, featuring technical sessions and soft skill workshops. Both events received great feedback from participants. The chapter also nurtures and mentors the student chapter of Christ University and successfully added a second student chapter, at Jain University, in November 2023. The Bangalore Chapter plans to add two more student chapters in 2024 to encourage young CMAs, which again will be a first among the other chapters in India.

Most of my experience at IMA has been driven by my belief in individual social responsibility, and I firmly advocate for the cause of diversity, equity, and inclusion every chance I get. I'm glad that IMA shares this commitment. Since 2015, I've volunteered as a mentor for women microentrepreneurs as part of my role as an educator for activities of the National Entrepreneurship Network. I also run Padhaai, a not-for-profit and voluntary organization that promotes inclusive education. The social activism of Padhaai contributes toward the education of underprivileged children, especially girls, in rural areas. I'm proud to say that the Bangalore Chapter, under my leadership, has sponsored a girl student in need of financial support for IMA membership, certification, and exam preparation.

In addition to my role as Bangalore Chapter president, I'm happy to be involved in various other worthwhile volunteer initiatives at IMA. I serve as a member of the Committee on Academic Relations, the IMA Research Foundation, the India Regional Advisory Council, and the India Chapter Leadership Group, and as an evaluator for the Student Case Competition in India. I'm also a member of the IMA Leadership Academy and assist with new course development. I was also recognized with the R. Lee Brummet Exemplary Educator Award in 2023.

Madhavi Lokhande, Ph.D., CMA, is the director and dean of the Welingkar Institute of Management and president of IMA's Bangalore Chapter. You can reach her at madhavial@yahoo.com.