Relevance gained - the #FutureReady CPA in Industry 4.0

Tom Hood, CPA, CITP, CGMA
CEO
Maryland Association of CPAs
Business Learning Institute

@tomhood #CPATheOne
mise en place
"everything in its place"
relevance
possibility
THREE CIRCLES
Opportunity Scout

Inspired by ‘Three Circles’ by Emmanuel Gobillot and Katherine Thomas in Unleash Your Leader - How to Win In Business
'If the rate of change on the outside exceeds the rate of change on the inside, the end is near.'

— Jack Welch
Industrial Revolutions

Transforming Industries & Innovation

**Industry 1.0**
- Mechanization
- Steam power
- Weave loom

**Industry 2.0**
- Mass production
- Assembly line
- Electrical energy

**Industry 3.0**
- Automation
- Computers & Electronics

**Industry 4.0**
- Cyber Physical Systems
- Internet of Things
- Networks

1784  1870  1969  Today
Top Challenges
5 T’s

...two overarching concerns in the minds of the profession’s leaders: the impact of new technologies, and accounting’s ability to adapt to the rapid pace of change.

Source: Accounting Today Top 100 Most Influential People
There is an explosion of software, tools and even categories of accounting and financial applications all taking advantage of the three hard trend accelerators of processing power, storage and bandwidth.

What can you do today that was impossible just a few years ago?
What can you do today that was impossible just a few years ago?

Or even just last year?
Exponential change in Accounting in just Eighteen months!

To

IBM Watson

KPMG

To

MindBridge

GARBELMAN WINSLOW
Certified Public Accountants
Benish • Deck • Grannell • Ewaski • Bowling

To

RPA Automation Anywhere

McCormick

The Future of Bookkeeping

botkeeper
ARE WE TRANSFORMING YET??
1. Certainty
2. Capacity
3. Capabilities
4. Core Purpose & Values
5. Culture
Start with **Certainty** - FUTURE FACTS
where we know the future is going...

1. Exponential pace of technology innovation (A.I., Cloud, Big Data)
2. Increased complexity of regulations and standards
3. Increased automation of technical knowledge
4. Increasing shortage of talent
5. Clients/Companies demanding insights because of disruption
6. Proactive, anticipatory skills in demand
7. Increasing outside competition
8. Strong culture required to innovate fast enough
9. Trust, relationships and uniquely human skills in increasing demand

Based on our work with Top 500 CPA Firms based on hard trends
Top Technology Trends Impacting the Profession in Next Three Years

1. Artificial intelligence, machine learning, and cognitive computing in audit and tax
2. Big Data and high-speed data analytics
3. Adaptive and predictive cybersecurity
4. Virtualization and automation of processes and services (RPA)
5. Mobile apps for business process innovation
6. Blockchains and cryptocurrency
7. Advanced cloud computing
8. Smarter smartphones and tablets drive mobile process automation
9. Virtualization of desktops, storage, applications, and networking
10. Social business applications

Source: 2018 Top technology Trends – Burrus Research
BLI-MACPA Research over one thousand finance and accounting professionals globally
2. Create Capacity - Automate current operations & workflow automation

People - Strengths, Engagement, Purpose

Operational Excellence:
Workflow & Process (e.g. XCM)

Technology
a. Cloud
b. Data Analytics & Visualisation
c. Robotic Process Automation (RPA)

Note: Do not make processes reflect old work patterns, design for new software capabilities
3. Capabilities - Upskill your team with #FutureReady skills

If you automate, you must elevate, (the skills of your team). - Mike Walsh futurist
“Clients [and companies] are no longer looking for just a rearview mirror view, but the view through the windshield on where we are going and how to navigate the risks, opportunities, changing regulations, and globalization.”

– Chris Stansbury
CFO, Arrow Electronics
The T Shaped Professional

BOUNDARY CROSSING COMPETENCIES

<table>
<thead>
<tr>
<th>WIDE</th>
<th>DEEP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>Technical &amp; Functional Knowledge &amp; Expertise</td>
</tr>
<tr>
<td>Anticipating &amp; Serving Evolving Needs</td>
<td>Tech-savvy &amp; Data Analytics</td>
</tr>
<tr>
<td>Strategic &amp; Critical Thinking/Synthesizing Intelligence to Insight</td>
<td>Empathy, Trust &amp; Relationships</td>
</tr>
<tr>
<td>Communication</td>
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<td>Integration &amp; Collaboration</td>
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Core Competencies

A unique combination of human skills, knowledge and technology that provides value and results to the user. Enhancing our Core Competencies is key to sustaining a competitive and differential advantage in the marketplace.

- Communications Skills
- Leadership Skills
- Critical-Thinking and Problem-Solving Skills
- Anticipating and Serving Evolving Needs
- Synthesizing Intelligence to Insight
- Integration and Collaboration
"Everyone keeps telling accountants that they need to change their focus from the historic and the backward-looking, and to start being proactive and offering future-focused advice – but no one tells them how.

The beauty of the [Anticipatory Organization](http://www.blionline.org/ao) program is that it actually gives you a set of tools to harness the hard trends that are shaping the future, and use them to create new value for your firm and your clients.” - Daniel Hood, Editor-in-Chief, Accounting Today

Elevate & accelerate your firm’s culture and build the skills needed for the future [http://www.blionline.org/ao](http://www.blionline.org/ao)
In a period of rapid change and increasing complexity, the winners are going to be the people who can LEARN faster than the rate of CHANGE and faster than their COMPETITION.

Tom Hood, CPA, CITP, CGMA
that’s why we’re here—to make a dent in the universe.
CPAs are trusted advisors who enable people and organizations to shape their future, Combining insight with integrity, CPAs deliver value by:

1. Communicating with clarity and objectivity
2. Translating information into knowledge
3. Anticipating and creating opportunities
4. Designing pathways to transform vision to reality
The Potential for Automation of Activities in Finance & Accounting

### Automation Potential
- **Data collection**: 64%
- **Data processing**: 69%
- **Applying expertise**: 18%
- **Stakeholder interactions**: 20%
- **Managing others**: 9%

Estimates of extent to which different types of roles could be automated; Source: McKinsey

### Information Flow
- Information
- Insight
- Influence
- Impact

### Finance Work
- **Finance works in isolation**: More automatable activities
- **Finance works with others**: Less automatable activities

Source: CGMA - Changing Technology & Finance
CPA VISION CORE PURPOSE
CPAs: Making sense of a changing and complex world

CORE VALUES
The essential and enduring beliefs that we uphold over time. Core values enable us to retain our unique character and value as we embrace the changing dynamics of a global economy.

- Integrity
- Competence
- Lifelong Learning
- Objectivity
- Commitment to Excellence
- Relevance in the Global Marketplace
Finance & Accounting Transformed

What the Future Firm & Finance Team structure will evolve into as you become digitally mature.

This follows the same pattern we are seeing in public accounting firms where we are moving from the pyramid to the diamond.

Source: CGMA whitepaper The changing shape of the finance function
5. Culture

culture eats strategy for Breakfast
# Futureview & Mindset - EXERCISE # 5

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<thead>
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<th>1</th>
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<th>7</th>
<th>8</th>
<th>9-10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nothing has changed; we continue to do things as we always have</td>
<td>We are starting to transform by doing things differently based on what is possible today</td>
<td>We are constantly reshaping the way we do things based on what we know will happen in the future</td>
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Where is your firm?

Where are you?
**CREATING THE MAGNETIC FIRM**

<table>
<thead>
<tr>
<th>Purpose Driven</th>
<th>Great Leadership</th>
<th>Culture of Growth</th>
<th>Inspiring Workplace</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision, Purpose and Values-Based - Mutual Respect</td>
<td>Transparent and Inspirational Leadership</td>
<td>Learning Culture - Self and Formal Development</td>
<td>Flexible and Open Work Environment</td>
</tr>
<tr>
<td>Focus on Strengths and Positivity</td>
<td>Build Consensus, Commitment and Trust</td>
<td>Career &amp; Growth Orientation – Career Paths</td>
<td>Work/Life Integration</td>
</tr>
<tr>
<td>Inclusive and Diverse</td>
<td>Leadership Development at All Levels</td>
<td>Customer and Relationship Focused</td>
<td>Accountability, Coaching and Feedback</td>
</tr>
<tr>
<td>High Performance - Insight to Action</td>
<td>Anticipatory and Proactive</td>
<td>Collaborative and Team-Based</td>
<td>Effective Technology Tools - Mobile</td>
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</table>
1. Certainty
2. Capacity
3. Capabilities
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5. Culture
Disruption and RONI

The gap is widening, faster!

RONI = Risk of Not Investing

Source: Clayton Christensen, “Innovation Killers”
TO BE BUILT TO LAST YOU MUST BE BUILT TO CHANGE.
Innovation and Adaptation = Growth
If there is a conversation about the future of the profession, you're bound to hear Hood's name mentioned as one of the people leading the way.

– Accounting Today

Tom Hood, CPA, CITP, CGMA

- CPA Practice Adviser Accounting Hall of Fame
- Named the Second Most Influential in Accounting by Accounting Today Magazine 2011-present
- Top 100 Influencer by LinkedIn (700,000+ followers)
- Member of the Forbes Finance Council
- Top 25 Influencers in Learning & HR by HR Examiner
- Top 25 Public Accounting Thought Leaders by CPA Practice Adviser

CEO
Maryland Association of CPAs (MACPA) macpa.org
Business Learning Institute (BLI) blionline.org

Tom Hood, CPA, CITP, CGMA

LinkedIn: linkedin.com/in/tomhood
Resources to help you elevate and accelerate your finance team transformation

Our Business Learning Institute can help you in your firm transformation with developing the right future-focused strategy based on the hard trends of where we are certain the future is going. Our i2a: Insight to Action Strategic Planning Framework creates the vision for the future, creates buy-in from your team, and sets actions to accomplish it.

Our FutureReady Curriculum can be customized to fit your firm with a wide selection of programs in multiple formats to build or enhance your current training and development needs.

Our flagship product - The Anticipatory Organization®:Accounting and Finance Edition can elevate and accelerate a #FutureReafy culture, create a common language, accelerate innovation, and build the foundation for value-added consulting skills.

Email us: learn@blionline.org Call 888-481-3500
<table>
<thead>
<tr>
<th>Finance and Accounting Professional's Competencies</th>
<th>Eric Brynjolfsson &amp; Andrew McAfee</th>
<th>Geoff Colvin</th>
<th>Thomas Davenport and Julia Kirby</th>
<th>Klaus Schwab</th>
<th>Marina Gorbis</th>
<th>Jeanne Meister &amp; Karie Willyard</th>
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</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>Ideation</td>
<td>Lead &amp; Inspire people</td>
<td>Social &amp; emotional Intelligence</td>
<td>Analytical thinking and innovation</td>
<td>Cross Cultural Competency</td>
<td>Globally focused &amp; Cross cultural</td>
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<tr>
<td>Anticipating and Serving Evolving Needs</td>
<td>Creativity</td>
<td>Empathy</td>
<td>Novel &amp; adaptive thinking</td>
<td>Active learning and learning strategies</td>
<td>Social Intelligence</td>
<td>Team Development</td>
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<tr>
<td>Critical Thinking and Problem Solving</td>
<td>Innovation</td>
<td>Build relationships</td>
<td>Sensemaking</td>
<td>Creativity, originality and initiative</td>
<td>Transdisciplinarity</td>
<td>Tech Savvy</td>
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<tr>
<td>Synthesizing Intelligence to Insight</td>
<td>Large frame pattern recognition (outside their frame)</td>
<td>Brainstorm (ideation) Creativity / innovation</td>
<td>Moral and Ethical Reasoning</td>
<td>Technology design and programming</td>
<td>Novel and Adaptive Thinking</td>
<td>Collaborative mindset</td>
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<tr>
<td>Communications</td>
<td>Strategic Guidance vs Tactical Acuity</td>
<td>Collaborate</td>
<td></td>
<td>Critical thinking and analysis</td>
<td>Sensemaking</td>
<td>Future-Facing</td>
</tr>
<tr>
<td>Technology Savvy &amp; Data Analytics</td>
<td>Complex communication</td>
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<td>Complex problem-solving</td>
<td>New media literacy</td>
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<td>Integration &amp; Collaboration</td>
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<td>Leadership and social influence</td>
<td>Computational Thinking</td>
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<td>Functional &amp; Domain Expertise</td>
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<td>Emotional Intelligence</td>
<td>Virtual Collaboration</td>
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<td>Reasoning, problem-solving and ideation</td>
<td>Design mindset</td>
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<td>Systems analysis and evaluation</td>
<td>Cognitive Load Management</td>
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[www.bilonline.org](http://www.bilonline.org)

The skills CPAs, consultants and advisory services professionals will need in the future and the emergence of the T-shaped professional.

AOAF provides a foundation of proactive, consulting skills across the entire firm by creating a common language with a common set of skills and tools.
“Everyone keeps telling accountants that they need to change their focus from the historic and the backward-looking, and to start being proactive and offering future-focused advice – but no one tells them how.

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Elevate & accelerate your firm’s culture and build the skills needed for the future  

http://www.blionline.org/ao

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<th>Process Step</th>
<th>Common Leadership Competencies</th>
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<td>Know What’s Next</td>
<td>Strategic Thinking</td>
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<td>External Awareness</td>
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<td>Vision</td>
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<td>Continuous Learning</td>
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<td>Develop Opportunities</td>
<td>Innovation</td>
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<td>Prioritization</td>
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<td>Shape the Future</td>
<td>Business Acumen</td>
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<td>Decisiveness</td>
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<td>Accelerate Success</td>
<td>Influencing / Persuading</td>
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<td>Consensus Building</td>
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FUTURE-PROOF
with Bill Sheridan

Hosted by:

https://futureready.libsyn.com
1. Ability to simplify
2. Ability to delegate and elevate
3. Ability to predict (anticipate)
4. Ability to systematize
5. Ability to structure

https://strategyx.blionline.org