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CEO Message: The Impact of New Technologies on the Management Accountant

Professor Janek Ratnatunga, CMA, IMAP

CEO, ICMA Australia

Computers, cell phones, the internet, and other new technologies have changed our lives and revolutionized business and industry in the last two decades. E-business, b2b, b2c, cloud computing have all changed the very business models of major corporations. Google, Facebook, Amazon, e-Bay could not have come into existence without such technologies. Here are some new technologies with the potential to make even greater changes to the way we do business and run our lives. Management Accountants must be aware that these technologies will have a major impact cost management and decision making.

In this issue of On Target, I will summarise the research I have undertaken for my next editorial in the *Journal of Applied Management Accounting Research* (JAMAR).

3-D Printing: A 3-D printer is literally a factory in a box; a person puts in raw material, pushes a button, and the box makes an object. 3D printing is any of various processes to make a three-dimensional object. In 3D printing, additive processes are used, in which successive layers of material are laid down under computer control. These objects can be of almost any shape or geometry, and are produced from a 3D model or other electronic data source. A 3D printer is a type of industrial robot. The management accountant must be aware of the significant changes to cost structures that result in 3-D printing. The old concept of direct materials and labour and indirect overhead allocated based on activities will need to be replaced by a costing model that recognizes the chemical elements of components. As these chemical elements can be used for a number of products; the concept of direct materials becomes a thing of the past. All costs are indirect. Also, the concept of set-up costs, transportation costs and quality control costs will need to be rethought. The benefits of mass production would be eliminated with the advent of 3D printing. Every product will be a customised product. In addition, there will be an impact on international trade. A design done in one country can be emailed to another without any shipping costs, insurance, customs duties or import taxes being paid.

Maglev: A magnetic levitation (Maglev) train uses magnetism to literally levitate right above a track. This enables the train to move across the ground at speeds of over 300 miles per hour using minimal energy and few moving parts. That means it provides high speed ground travel at little or no cost. The effects of Maglev travel could be as disruptive as earlier transportation advances like cars. It could also greatly reduce the cost of shipping and travel. The only thing blocking this technology would be the high cost of building Maglev lines. Whereas in 3-D printing the product was manufactured on the spot (thus requiring no delivery costs); a Maglev train can bring the product (or the person to do the service required) for very little variable cost to the location the product or service is required in. The main cost will be a sunk cost; i.e. the depreciation of the cost of building Maglev lines. This is much like the Telecommunications industry today. The main cost is the infrastructure; i.e. the Telecommunications network. The variable cost of a telephone call is almost zero.

Fuel cells: A fuel cell is a device that converts fuel such as hydrogen, natural gas, or gasoline directly into electricity. With such cells, all the energy needed for your home could be produced by a box in your basement. Other advances could be electric cars that could run for a year or more on a unit. The management accountant must be aware of the significant changes to energy cost structures that will result with this technology. The business model of power companies would need to be re-thought. They will no longer be generating power via a coal fired plant and transporting this power 1,000s of miles to business and household end-users. Also, as the emission of green-house gases will be minimised; this technology has the potential to impact Climate Change legislation. Governments may provide subsidies to businesses and homes that change to fuel cells.

Hydroponics: This is the science of growing plants in water and liquid fertilizer in a greenhouse instead of a farm's field. One advantage such Hydroponics operations have would be lower transportation costs; food could be grown in warehouses and other buildings in large cities and provide vegetables all year long. The management accountant must be aware of the significant changes to food production and food transport cost structures that will result with this technology. If crops can be grown 12 months a year in a climate controlled greenhouse that are in the local area of the end-user, how will traditional farms compete? In addition to food transport costs, this technology has the potential to reduce the emission of green-house gases from both farm equipment (carbon dioxide) and farm animals used as beasts of burden (methane). As such this technology has the potential to impact Climate Change legislation. Governments may provide subsidies to farm businesses using Hydroponics.

Robotic Vehicles: These are remote-controlled drones and robot planes are already changing the face of warfare and will soon be moving into other fields. Some examples could be buses and taxi cabs that drive themselves. Or delivery trucks without drivers. Another potential development would be pilot-less air shuttles that could pick people up and take them where they want to go. The management accountant must be aware of the significant changes to labour cost structures and human resource management that these robotic vehicles will bring about. Programming and specialist costs at central locations will increase, but the labour costs of those involved in the actual moving (truck drivers, pilots, ambulance drivers, etc.) will be reduced. In addition, all of the service stations, cafés, motels, and adult entertainment venues set up to service the long-haul drivers will have a reduction in clientele.

In summary, factories at home or in a small business (3D Printing); costless travel over long distances (Maglev); generators powering all home or small business energy requirements (Fuel Cells); a farm in your local city neighbourhood in a high-rise building (Hydroponics); driver-less taxis, ambulances and aircraft (Robotic Vehicles) are all technologies that are already with us, and only a few years away from commercialisation. The management accountant of today will need to be thinking of the strategic implications of such technologies in terms of cost management and business analysis.

In the next issue, I will cover new technologies that are expected to be commercialised in the next 10-20 years.

Warm Reards,

Professor Janek Ratnatunga CMA, IMAP
CEO, ICMA Australia

Is Fair Value Foul?

A Stanford professor argues that the less that investors use fair value accounting to value companies, the better.

As investors learned the hard way during the financial crisis, we live in a much faster financial world than the one that spawned historical accounting principles. The value of an asset — say, a mortgage-backed security — can fall off a cliff in a matter of days. When that happens, the most recent quarterly income statement can seem like ancient history.

Prior acknowledgment of this reality had resulted in the Financial Accounting Standards Board's Statement of Financial Accounting Standards 157, Fair Value Measurements (now known as ASC-820). The standard, which melded a scattered array of pronouncements into a single guidance, became effective for fiscal years beginning after November 15, 2007 — just in time for the fall of Lehman Brothers in September 2008.

Under fair value accounting, companies are now required to estimate the value of their assets and liabilities based on the price they could attract today, rather than what they originally cost. To be sure, such reporting is likely to have given stakeholders a more transparent picture of what was going on as huge financial institutions saw previously highly valued assets burning away during the crisis.

As could be expected, however, the reaction against fair value accounting started almost immediately. Bankers were in the front ranks of the protesters, claiming that the need to report assets at market prices when no markets for them existed actually made things worse by triggering fire sales. As time went on, traditionalists grumbled that growth in the use of fair value was interjecting too many estimates and predictions into what they considered the hard-and-fast science of accounting.

"As an investor, when I turn to financial statements, I want a trustworthy and interpretable account of what took place," Charles Lee, a professor of accounting at the Stanford Graduate School of Business, told the school's newsletter in July. "As soon as we start to anticipate future exchanges, we are in a world of speculation. And unfortunately, given dysfunctional managerial incentives and other moral hazard problems, it is often a world of fiction."

Indeed, in a December 2013 keynote address delivered at an accounting conference in London, Lee made the case that the less investors rely on a company's fair value to measure what their stocks are worth, the better.

True, he acknowledged, a standard definition of a company's equity value is the "present value of expected future payoffs to shareholders," a definition that sounds a whole lot closer to fair value than it does to historical accounting. And "valuation involves forecasting," Lee stressed. Investors "need to predict future cash flows, dividends, and discount rates. In fact, the essential task in valuation is forecasting."

But accountants should be extremely wary of getting into the business of prediction, Lee said. And fair value, which asks accountants to confirm corporate estimates of the market value of an asset or a liability even if no market exists for them, turns them into crystal-ball gazers rather than the historians of corporate finance they're intended to be.

To be sure, the historical fact provided by traditional accounting isn't in itself a reliable guide to future performance. On the other hand, predictions of corporations' value based on expectations of future cash-flows are "subjective, speculative, quasi-educated guesses about the future," Lee said in his speech.

A Language for Forecasting

So how can accountants and investors measure the value of a firm in a way that goes beyond guesswork, yet isn't stuck in the past? Lee's answer: cautious prognostication reined in by the strictures of historical accounting. In his speech, Lee outlined three important reasons why historical accounting numbers (and the accounting systems that generate them) are crucial to the task of valuing companies:

• **Historical accounting numbers provide "a language for forecasting."** Because they represent a good measurement of corporate transactions within a given period, for example, GAAP earnings provide a solid accounting model for forecasting future earnings. The historical method of reporting profits can help "because it specifies what is to be forecasted, directs you to the information needed to make the forecast, and shows you how to convert a stream of expected payoffs into a value estimate," said Lee.

• **Historical numbers provide integrity to the forecasts by providing a means to confirm their accuracy after the fact.** "Because accounting systems provide a structure for expressing what happened in a given time period, they impose discipline on market participants engaged in making forecasts about these time periods," Lee explained. "Today's earnings forecasts have credibility only because they can be compared to the actual (and audited) numbers reported in the future."

• **Accounting information itself can be useful in making forecasts.** In the footnotes to their financial reports, for instance, companies provide disclosures of such forward-looking information as contingencies, off-balance-sheet assets and liabilities, and information regarding the prospects of various lines of business.

In the wake of the financial crisis, the likelihood of stemming the growth of the use of estimates, forecasts, and fair-value accounting is slim to none. Corporate transactions are simply moving too fast to be captured by the accounting language of the past. At the same time, however, valuation will always require the springboard of solid historical accounting. Perhaps, as Lee suggests, it can take some of the guesswork out of forecasting by revealing the ways in which history can repeat itself.

Source: www.cfo.com

Retaining Youth – You've Hired Them. Now How Can You Keep Them Around?

Things aren't always what they seem. If I could give you one bit of advice on dealing with the latest generation of employees to come under your management, it would be to remember those words … things aren't always what they seem.

If you are like most business leaders, you've no doubt noticed to see a trend in the way employees behave in recent years. Most likely you consider it a negative trend – too much entitlement, not enough loyalty, no work ethic, only interested in themselves, and on and on. But I challenge you to consider that perhaps these are not negative trends, just different ones. Things aren't always what they seem.

To better understand who your employees are and what drives them to succeed, perhaps it's easiest to understand who they are not. You. That's right. They may even be your offspring but in the workplace they bear little resemblance to the "you" of yesteryear. Gen Xers (born 1965-1979) and Millenials (born after 1980) are operating in this world with a completely different perspective. Their definitions of loyalty, time and success are often quite different from yours. Rest assured they do recognize all of these concepts and value them in very important ways. The key to your organization's future success is understanding how the Millenials view the world and using that knowledge to motivate them in a way that works. Here's a hint: meet them where they are and they will achieve your underlying goals; try to force them to fit your definitions and they will run for the door every time.

So let's take a look at some of the pervasive myths about our youngest generation in the workforce and discuss why these changes are happening and how you can tailor your workplace to meet the needs of you, your employees and the company.

Myth: Younger generations have no work ethic.

Reality: Younger generations have a self-centered work ethic. This is not necessarily the negative that it may seem at first. Millenials are dedicated to completing their task well. They have not been raised in a way that demands them to look around and see what should be done next. Instead they ask "what is my job" and go about figuring the best, fastest way to complete that task. Then they consider themselves done. This is a key differentiator between your employees and yourself.

The younger they are, the more your employees view their jobs as "something to do between the weekends." For most, early employment has nothing to do with a career path; it is a way to earn money to have fun in their free time. And that is okay. When you understand what motivates your employees you are better able to set mutual expectations for success. Instead of being frustrated that your youngest employees are not interested in climbing your corporate ladder, embrace their true motivation – reliable spending money – and use it to your advantage. When you tell an employee, "I understand this is not your lifelong career, but to earn the paycheck every week, here is what I expect …" they are much more likely to respond than if you try to motivate with promises of promotions and titles down the road.

Understanding that being at the job isn't as important to Millenials as completing the assigned task also opens up new opportunities for motivation and reward. Younger employees are very likely to respond to offers of paid time off. A leading retail organization has recognized this new way of thinking with its Working Hard Card: When managers witness an employee rising to a challenge, exceeding expectations or otherwise giving 110% they can hand the employee a Working Hard Card on the spot. Each card is worth a set amount of paid time off to be used at the employee's discretion. It is a simple strategy that rewards employees in the currency they value most – their time.

Myth: They don't want to put in the hours to get ahead.

Reality: They are willing to put in the time to do the job, however they are uninterested in "face time." Gen Xers and Millenials view time as a currency. While Baby Boomers tend to see time as something to invest, the younger generations view it as a valuable currency not to be wasted. These are the generations that demand work-life balance and paid time off. They want to get the job done, then put it behind them and enjoy life.

Boomer managers have a tendency to lose the interest of their Millenial employees by looking too far into the future. Millenials live in timeframe based on right now. Their world has proven that nothing is a guarantee – from nationwide layoffs to war to soaring divorce rates, they have decided that there's not a lot you can count on. As a result they are not interested in promotion plans for five years from now. They don't even want to know what will happen at the end of the summer. Life is uncertain. To reach the Millenial employee and reduce turnover, make it certain.

Tell your employee that you have a plan. Take pains to ensure it is in a timeframe short enough for them to envision. Be prepared to fulfill your promise – once fooled, forever jaded. This approach feeds into their reality, while simultaneously building trust and buying you more time. Reward small successes along the way, string these milestones together and you will soon realize longer tenures among your staff.

Myth: They have no respect for authority.

Reality: They have great respect for leaders and loyalty. But no, as a rule they don't respect authority "just because." For the younger generations, every ounce of loyalty and respect must be earned. But when it is earned, it is given fiercely.

In fact, loyalty to the individual is the number one reason Xers and Millennials stay in the job, especially during the first three, tenuous years. Dissatisfaction with the boss is the number one reason they quit. So in order to increase retention, managers must take a flipped view on leadership – it is no longer enough to hire the right people and show them the way, now you must BE the right person to win their affection. Sounds a little touchy-feely for the workforce, yet the faster leaders understand this new relationship, the sooner you will see the reward in the way of increased retention.

There is one big caveat to the "be the person they want you to be" approach to leadership, however. Millenials have a tendency to seek tight bonds – they want a boss who is close, caring and aware. And you can be all that. It is very easy to cross the line between "boss as advocate" to "boss as friend." That is a slippery slope. It can be especially tempting in situations where managers and employees are close in age. When activities outside of the office become too regular, too casual or largely social in nature, it is time to examine how this will affect your role as a leader. What Millennial need most out of a boss is a guide, not a social life.

Myth: They don't want to grow up.

Reality: They really don't know how. The youngest generations in today's workforce are facing a delayed adulthood. They are getting married later, having children later and just generally facing the "real world" later. This isn't the result of a mutated maturity gene, it just is. And if we are being completely honest, Boomers had a lot to do with why it's happening. First, as parents, Boomers had a tendency to coddle their children and use their own good fortune to make sure their children didn't experience adversity. Second, as career models, Boomers demonstrated the toll of working long hours and "paying one's dues" in a way that made their children less likely to follow in their footsteps. Millenials today look at the corporate ladder and think, "there must be another way."

My advice to you – don't waste time wishing they were different. Don't spend your energy comparing today's youth to the desires and drive you had at age 18. These employees are not a reflection of you, nor are they an earlier version of you. And again, that is okay. Your task is to take this new understanding and use it to reposition how you interact with, motivate and reward your staff.

Take attire for instance. Your 18-year-old self would have gladly donned whatever uniform was necessary to fit the company mold. Be it pressed khakis and a tie or a specific corporate uniform, fitting in was part of the package. Today's youth wants to stand out. They want their individuality to shine through even when required to provide a consistent standard of service and performance. Balancing corporate needs with individual desires takes some creative thinking.

Home Depot is one company that has addressed this dilemma at a very basic level – company uniforms. They simply require that all employees wear a standard Home Depot apron. Be yourself underneath (within reason) and show the customer that you are on the Home Depot team with this bright orange apron. Is there a standard that you can adopt to accommodate individual preferences? Something to think about.

Not all change is bad.

As we've discussed, the myths surrounding today's young employees are not always what they seem. Attitudes toward work, life, loyalty and respect have all changed, but each is still considered valuable. In fact, some of the demands made by today's youth are creating positive benefits for employees in every generation. Flexibilty and respect for the individual, as well as the organization, are good for everyone. Loyalty from younger employees, once earned, is long-lasting. The adjustments you make to accommodate the changing attitudes of today's youth will be returned to you tenfold with decreased turnover, improved morale, and measurable business results.

And when the frustration mounts, just remember things aren't always what they seem. Open your mind to the possibility that there is a benign, generational reason for the disconnect between what you want and what your employees are providing, and you may just find room to create a shared vision of success.

About the Author

Cam Marston is a consultant who specializes in multigenerational communications and marketing, educating executives about the workplace expectations of different generations. He speaks to thousands of executives each year and leads intensive, on-site training sessions for companies. For more on Cam Marston and *Motivating the "What's In It For Me?" Workforce* , visit cammarston.com.

Workplace reform discussion could leave big questions hanging

By Paul Gollan and Cathy Xu, originally published on The Conversation.

The Productivity Commission's five issues papers, released yesterday, are the latest step in the government's inquiry into the link between industrial relations (IR) legislation and productivity.

Despite longstanding debate, there is still a lack of objective evidence on the links between the IR framework and productivity, especially at the workplace level. Before making wholesale change to the framework, we really need to understand whether there is a role for IR institutions in legislating workplace productivity through enterprise agreements, or whether this should be a matter for industry and employers to develop as part of their business models and strategies. This would leave IR institutions to focus on inhibitors such as requirements for structural readjustment and flexibility as market demands and labour and capital shift.

This new inquiry has a much needed intent of making sure "the Fair Work laws are balanced and effective" through examining the current operation of the laws and exploring future options to improve the workplace relations system.

Differing from its usual practice of releasing a single issues paper, this time the Commission has instead issued five extensive documents in line with its initial views about the priority issues, informed by prior consultations.

While the majority of the issues up for discussion were expected, a surprise inclusion in found in Issues Paper 2 concerning minimum wages, the award system (including penalty rates), and the National Employment Standards.

Debating the minimum wage

Commission chair Peter Harris argues the minimum wage was a key part of the workplace relations system in Australia, but asks if it is doing its job, who is benefiting from it, if there are costs associated with the system, whether it is adaptable, or if there are any better alternatives.

The answer is yet to be found, but this discussion could be an important missing piece from earlier analysis.

If wages and penalty rates are indeed above the market rate, instead of "compensating workers" working unsocial hours, the practices actually attract workers to work those unsociable hours to boost incomes. As a consequence it puts undue pressure on families and will eventually break down family support mechanisms. The alternative is welfare or higher base wages with negotiated individual or workplace-level agreements with set performance expectations.

As mentioned in the issues papers, if these payments were in line with labour market expectations then in some industries at particular times penalty rates might increase depending on the demands and labour/capital changes. There should always be a big caution note though for any possibility of lower minimum wages and penalty rates – there could be a double jeopardising effect to the households and the economy if the general income level of workers (hence their purchasing power) is lowered.

It would help if the research was undertaken on households where workers are working unsociable hours, receiving a substantial part of their income through penalty rates, for low versus high income households. This would enable us to see if households are working unsociable hours because workers "want" to increase their income, or if there is a need to compensate their existing income to make ends meet. Further research is also needed on how unsocial hours affect family well-being.

The bigger issues likely to be left unanswered are what we want as future jobs and what type of workplaces we want to build for a better future. Real reform needs to dig deeper to address these issues, and we must recognise the limitations of IR legislation in addressing them.

The Commission is due to report by the end of November 2015, with initial public feedback on its issues papers to be concluded by March 13. The Commission will produce a draft report midyear, hold hearings after the draft and seek two rounds of submissions over the course of the inquiry.

Are Strategic Alliances "Black-Holes" or Lightening-Rods for Business Innovation?

By forming strategic alliances, large pharmaceutical firms gain visibility to new drug concepts. New technology and customer solutions are jointly developed and delivered. Businesses of all types achieve new market penetration.

Yet, when you ask business professionals "*What are strategic alliances?*" They often say:

- Two companies working together, it is kind of fuzzy.
- Those employees over there, we don't know what they really do and what value they provide

In conducting research and in our work with global clients, we discovered that many companies treat alliances as a narrow sales, marketing or R&D function.

The value of strategic alliances is continually described through the services it delivers for that particular function. Too often, alliances are pushed in the direction of "What sale has this partner delivered for us lately."

Consequently many companies do not achieve the most value from their alliance and partnering investments.

Five Key Indicators that Signal You Are Not Getting the Most Out of Your Strategic Alliances:

1. **Siloed Organization:** Where do alliances reside in your corporate structure? If alliances reside entirely within a functional area such as sales, it is siloed. It only supports objectives for that part of the organization. There may be a broader opportunity especially if the partner is a large corporation.

2. **Drive-By Alliances:**Are there sufficient resources in place to manage the alliance? Too often executives meet, cut a deal and get the PR wagon rolling. After the announcement, no resources are in place to execute the plan and it is destined to failure.

3. **Tactical Executive Mindset:** If executives view alliances as strategic rather than tactical, they will invest in it. If they do not, alliance budgets will be cut the moment belt–tightening occurs. If alliance executives only have experience in a single functional area, they typically will shape the organization from that perspective.

4. **History of Success:** What worked before? If alliances have been successful in building an efficient supply chain, they are thought of as part of procurement. If alliances have been part of an effective distribution channel, they are thought of as part of the organization's sales success. Again, siloed thinking. Partners are capable of much more especially if they are a large corporation.

5. **Short-Term Compensation Plan**: How are alliance successes rewarded? If bonuses are tied to quarterly revenues, results will be short-term tactical opportunistic approaches. Alliance managers will find partners who have the near-term deal even if partnering with another company will bring greater opportunity later. If executive bonuses are not tied to alliance performance, there will not be any executive involvement or support.

To keep pace with today's realities, alliance management needs to become a horizontal, broad-based approach as much as it is a vertical "function." It needs to be corporate-wide competency embedded in all employees that collaborate with outside firms. Employees must learn partnering concepts and apply it to their day-to-day business.

Our research and work with leading global clients found that leading-edge alliance organizations take a corporate-wide approach. They operate cross-functionally and serve as an enabler for the rest of the corporation. Although day-to-day alliance activities are managed in business units and functions, the corporate-wide alliance function serves as a center of expertise and resource for the rest of the corporation.

Eight Ways Leading-Edge Strategic Alliance Organizations Deliver Significant Innovation, Value Creation and Growth

1. **Alliances act as an enablement group**, similar to M&A to support the rest of the corporation as the "go to" experts for structuring relationships.

2. **Alliances are considered a strategic function.** They work hand-in-hand with M&A and strategy groups by serving as a vanguard on the latest techniques and strategic opportunities; they act as a third pillar for corporate growth in addition to M&A and organic R&D. They strategically identify opportunities in addition to implementing strategy.

3. **Alliances provide training and materials that enable** the rest of the organization to partner effectively.

4. **Alliances provide governance and policy** pertaining to partnering investment thresholds and corporate standards for partnering.

5. **Alliances measure and reward work across functions** instead of in a silo.

6. **Alliances manage a portfolio of partner investments.** They determine which partners deserve incremental investment and those that need to sunset.

7. **Alliances directly manage and negotiate major relationships** that cross business units and are considered strategic.

8. **Alliances manage volume partner programs** that enable critical mass on a platform

How many of these best practices does your organization follow? Follow these best practices and you will create an effective strategic alliance and partnering group that enables your organization to create and deliver new offerings, and achieve new market penetration. Rather than enabling a narrow professional team you are equipping your entire organization to work with partners and generate growth across the board.

About the Authors

Adrian Carol Ott, CEO of Exponential Edge, Inc. provides strategies for value creation and marketing and alliance effectiveness to global corporations For more tips to ignite growth sign up for the FREE Exponential Ideas newsletter at www.exponentialedge.com.

Ann E. Trampas, is Adjunct Professor of Marketing at the Keller Graduate School of Business and has held several leadership roles in alliances for technology companies. Ms. Trampas can be reached at anntr@comcast.net.

Networking – Top 10 tips to increase your influence and grow your Business

Networking – it's what most of us fear before we gain experience. Even those with experience aren't experts. We can keep on learning.

Networking is essential for a startup founder and also for established businesses to grow their business.

I started my own consulting and part-time FD business 10 years ago and have established myself purely by networking. I don't advertise, don't make any cold calls and all my marketing consists of networking and getting my contacts to advertise my expertise.

Of course it wasn't easy but practice makes perfect.

Here are my 10 top tips to follow to make you a better networker.

1. Relax and be yourself

Most people will recognise if you're uncomfortable and will try to put you at your ease. Once you start talking to complete strangers and get into the habit, you can be the person that recognises unease in others' and break the ice to make them feel comfortable. Once you start to relax, you can actually have some fun networking. Relax and smile – people are attracted to a smile rather than a serious face.

2. Find common ground

It helps to prepare beforehand whether attending a networking event or conference in your industry sector and research the people you want to meet beforehand. It can give some topics of common interest to talk about. I have tried many networking forums and found that most of my work came from people who were in my industry sector that I networked with on a one to one basis. The amount of work I got by attending networking events was minimal but the important point is that sometimes through these events, I got introductions to go and have a coffee with someone who later on would refer my services to some one else.

3. Expect nothing and give everything

If you network with the purpose of purely getting something for yourself, you will definitely fail. Instead always try to help others. Recommend someone you know when someone needs some expertise and don't be afraid to say if you haven't used that person yourself. People like honesty and also remember that you tried to help them. Sum up conversations with 'how could I help you?'. You'll be surprised how many try to return the favour when you least expect it.

4. Listen more and say less

People like to talk about themselves and if you use restraint once the ice is broken, you'll learn a lot by listening more. People like to talk about their experiences and if you're patient, you may get the opportunity to ask the right question at the right time. Keep asking questions and try to learn. People will care about what you do once they realise that you care about what they do.

5. Be patient and follow up

Networking doesn't work overnight and you have to build relationships with the total strangers you meet when networking. It takes time for people to get to trust you before they recommend you to someone else. Do follow up with people afterwards and arrange to meet them one to one if you think there are any synergies.

6. Network widely

It's good to network in your industry sector if that's what you think will get you work but also try networking where you live. Most places have local networking groups and you don't have to attend all of them but select a few and try to stick to one or two that work for you. It's surprising how many people can usually connect you to your industry sector through someone they know.

7. Don't hold back

Unless you're working on a mighty secret project, don't hold back on giving freely of your knowledge. I do that through my blog and when people ask me for help. Of course, it should not mean that you actually start doing some work for gratis since people usually want advice at a high level. Also, don't be afraid to talk about your hobbies, sports and family. That's what people usually talk about most when networking. The interesting thing is that those are the points that people also remember you by.

8. Keep in touch regularly

Once you build your network, ensure that you nurture it. Keep in regular touch without wasting people's time. It can be a blog or an email or regular coffees and lunches. There will be differing approaches to different people.

9. Use social media

It's much easier to use technology now to keep in touch and also to build relationships. I use LinkedIn, Twitter and Facebook. People can connect with me easily and also look at my profile on LinkedIn to get a more detailed view of my experience. Build this into your networking strategy.

10. Go for small not large

I have found that large groups for networking don't work very well, at least not for me. You can expect only to get to connect with a handful of people and when I attend conferences, I usually target to have a good conversation with 1 or 2 people at most. Smaller groups work better and you get to meet more people.

Finally, you must have fun with networking and the more you do it the more natural it will become.

Have you got any good tips that I may have missed?

About the Author:

Asoka Karandawala is an independent Finance Director in UK and enjoy working with growing companies as their part time Finance Director in healthcare, technology and not for profit sectors. Asoka also carry out consulting projects in both the private and public sectors. He can be reached on asoka@akca.co.uk

Where are the ethics in enviro-policy?

Whenever we've made contributions to government inquiries on environmental issues, my colleagues and I have been disappointed to find the ethical concerns we raised were relegated to the back pages of the final report.

One reason for our disappointment lies in the conviction that ethics deserves a better billing. If something is unethical it shouldn't be done.

The ethical choices of policymakers and advisors are not merely found in their stated values – they are often embedded.

We were also puzzled by the assumption that ethical values have nothing to do with the economic and technological reasoning that plays a dominant role in public decision-making.

All public decision-making depends on ethical values, but sometimes values are disguised by a method that appears to be value-neutral. So what are the hidden ethical assumptions that underpin decisions about environmental issues?

The ethics of a cost-benefit analysis

When the Great Barrier Reef Marine Park Authority decided to support a permit for dredging Abbot Point and depositing debris in an area adjacent to the Great Barrier Reef, it admitted that almost all public submissions opposed the project. But the Authority argued that the environmental costs were not sufficient to override the economic benefits of putting a coal shipping terminal in that place – so long as these costs could be mitigated by strict conditions imposed on the dredging company.

Here is a case where objective reasoning appears to win out over the "uninformed" or value-laden views of opponents. But a closer look reveals that it is not as objective as it first appears.

The Authority made technical assessments that its critics questioned and their doubts have led to a proposal to deposit dredged material onshore. But it also made controversial value assumptions by employing a decision-making method that favours the option that produces the greatest benefits over costs.

This method requires weighing up and comparing costs and benefits – a procedure that is especially difficult when benefits or costs cannot be quantified.

How should we compare the economic benefits of a new port to the value of uncontaminated water – for fish, fishermen or people who enjoy recreation in the area? But it also requires decision-makers to subscribe to an ethical position called utilitarianism.

Value, according to this view, depends on the consequences of an action, and the right action is the one that maximises welfare. Utilitarianism has an important place in policymaking. But its results do not always correspond to the way people value.

Most of us think that some things have a value that should not be compromised, threatened or replaced with a substitute – whatever the benefits of doing so. Human life, great works of art, species and national heritage are common examples of things that people value in this way.

To many Australians the Great Barrier Reef has this kind of value. These opponents of dredging are not impressed by the argument that the costs are small and are outweighed by the benefits of building a port. But their way of valuing is not captured by a cost-benefit analysis.

Discounting the future

When Ross Garnaut produced his 2008 Climate Change Review for the Rudd Government he had to make a decision about how to determine the costs that present people should bear for the sake of future generations.

Economists make this decision by choosing a rate of discount for harms and benefits in the future. A high discount rate could justify putting off most of the expense of dealing with climate change by passing on the costs to future people.

Choosing a high discount rate is often

justified by the fact that people prefer benefits in the present to benefits in the future. But from an ethical point of view it is hard to justify use of a formula that devalues the wellbeing of future people.

For this reason Garnaut chose a zero rate of discount in respect to the value placed on costs and benefits to future people. But he also thought it was reasonable to assume that future people will be better off than us and thus more able to bear costs.

The belief that our descendants will be wealthier than us may turn out to be false.

But this is not the only problem. Economic accounting tends to assume that wealth is the only thing that counts. Future people will not be better off if climate change undermines their security or their enjoyment and use of nature.

Assessing risk

The Great Barrier Reef Marine Park Authority reckoned there was a small risk that a severe storm could cause dredged material to pollute the Barrier Reef. How that risk was assessed is unclear but it was not regarded as sufficient to veto the Abbot Point development.

There is a formula commonly used for assessing risk. Its quantity depends on the magnitude of harm times the probability the harm will occur. The problem that bedevils the application of this formula – especially in the case of environmental risks – are the uncertainties that attach to any attempt to calculate probability of harm.

But the formula also contains a value assumption: that a risk becomes acceptable if the probability of harm is low.

Adopting a course of action that has a small probability of causing harm might be all right if the harm is not all that serious. If the harm could be catastrophic then even a small probability that it will occur makes the decision morally questionable.

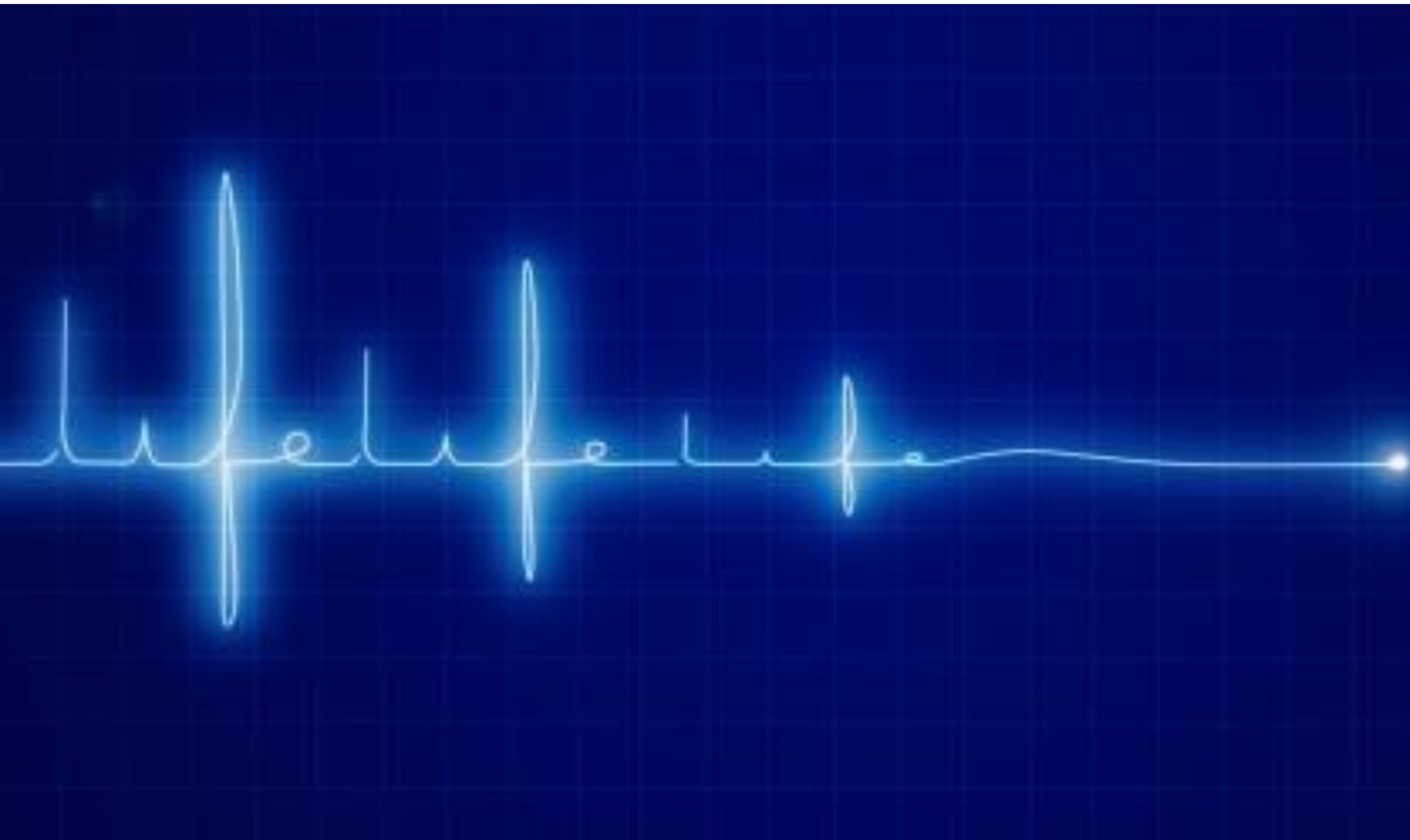
John Broome, the philosopher/economist who advised the Intergovernmental Panel on Climate Change puts it this way: You don't get a fire extinguisher because of what's most likely to happen. You get one because of the dire consequences of what might happen.

If we put a high priority on protecting the Reef from serious harm, then a small chance it will occur is reason enough to cancel or change a project.

This survey shows that the ethical choices of policymakers and advisors are not merely found in their stated values. They are often embedded in their choice of a formula or procedure. We can judge for ourselves whether the assumptions are good or bad. But first we need to know what they are.

This article was originally published on The Conversation. Read the original article.

Janna Thompson is a Professor of Philosophy.



Do You Have a Love-Hate Relationship With Your Data?

Can't live with it? Can't live without it?

Has your relationship with data seen better days?

When the business is ticking over nicely, and data is fresh, everyone's content and happy. They can get on with their work, free from the burden of decrepit databases and phone numbers that never connect.

But then the honeymoon period ends, and the relationship needs work. It's getting harder to email people. You're always getting names wrong. And half of your mail comes back as returned to sender.

Like Elvis' love letter, your mail need not be sent back with an 'address unknown'. Just as Valentine's Day gave us all good excuse to nurture relationships and ensure their longevity, it gives us the opportunity to reflect on the way we relate to data, and whether we spend enough time on making sure it's working for us.

Invest in the Best

Last weekend, the world spent around $13 billion on Valentine's Day. We shopped for 180 million cards, bought 196 million roses and spent $2.2 billion on jewellery.

Over a year, businesses spend a fraction of that amount on data quality initiatives – a 'mere' $994 million in 2012, according to The Information Difference.

So we clearly spend far more nurturing our partners than we do nurturing the best asset our business could ever acquire. In context, it's clear that both require investment if they are to survive. While Hallmark Cards have a healthy future ahead, we need to spend more on our much-loved and much-valued data, and invest more time in measuring genuine return on investment.

Love Data… in the Real World

Dating site OKCupid uses sophisticated data matching in order to pair up potential lovebirds. Its algorithms are responsible for sorting through more than 70 terabytes of data about the people in its database. Their likes, dislikes, personality quirks and ideal matches all paint a unique portrait of what they're looking for in life – and in love.

Naturally, people change. OKCupid has to continue to keep people engaged in enriching their own data and updating it frequently – or until the right match comes along. In essence, it's anexercise in big data management. And just as errors are introduced unwittingly into big data, so dating sites have to cope with people's idiosyncrasies. They have to filter out the noise and use data to define the person you really are.

If you're in any doubt about the value of accurate data, look at OKCupid. It's data is worth millions. The company was purchased four years ago for $50 million, primarily because it uses data to gain unbeatable insight into its users, and it understands how to purify and segment its data to ensure the matches it achieves are second to none.

When is Dirty Data Good Enough?

Some opponents will argue that data is "good enough" in its current state. They will argue that data quality is too much of an expense, and unless your business is also worth $50 million, there are few gains to be had by correcting it. These colleagues have certainly fallen out of love with data; they are so used to developing workarounds that they will argue the case against change.

Granted, there are some – very limited – scenarios where data need not be timely and precise. For example, when we touch on big data, we immediately think about data sets filled with noise, junk, error and anomaly. It would be foolish to presume that all big data could be cleaned and honed precisely, since big data generation never stands still for a second.

Many of us are so used to tolerating imperfect data that we daren't imagine a world where data is clean and accurate. We fell out of love with our data, and learned to live with its growing flaws. We accepted the fact that our data would tell us a white lie now and then. But remember the simple saying: "garbage in, garbage out". Eventually, bad data will come back to haunt you – a skeleton in the closet that never quite disappears.

Rescuing the Relationship

Remember the golden rule of customer retention? It's much cheaper to sell to an existing client, rather than trying to market to a new one.

But hear this. If your data is ageing, inaccurate and unreliable, take that saying with a large pinch of salt.

Most businesses understand that investments in data quality will pay dividends. They fail to appreciate the rising cost of inaction. Measuring this is difficult, but Econsultancy spells out thepotential consequences and pitfalls very nicely in its 2014 poll:

- Poor data from the website means no action can be taken to follow up
- Poor face to face data capture injects errors into a live database
- Lack of error correction lets bad data linger unchecked
- Bad data renders loyalty programs useless
- Mis-addressed mail results in waste
- Manual checks are completely inefficient in dealing with data problems

If your data isn't loved and cared for, it will eventually wither away. But you and data are not done yet. You can rescue your ailing relationship by giving your data some attention now. And improving the way you acquire new data will help you avoid hiccups as your data matures.

A little tender loving care will future-proof existing data and help you build insights and knowledge that will fuel the business and drive growth for years to come.

About the Author

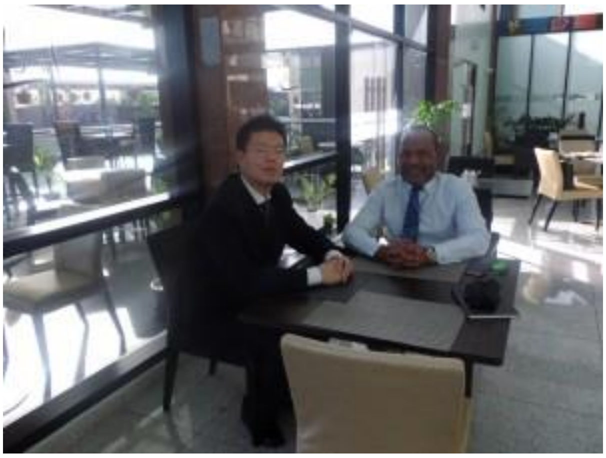
Martin Doyle is armed with qualifications in mechanical engineering, business and finance, and experience of running engineering and CRM businesses, Martin founded a successful CRM (Customer Relationship Management) software house in 1992, supplying systems to large, medium and small sized companies.

Developing a deep understanding of the value of data, he became concerned that many organisations were making decisions based on poor quality data. To fill this gap in the market, he sold the CRM company and started DQ Global in 2002 to provide data quality solutions, with a mission to detect, correct and prevent data defects which undermine business decisions. Since then, DQ Global has become a global market leader, delivering enterprise-wide data solutions utilising leading edge technology. Martin has gained a wealth of knowledge and experience and has established himself as a Data Quality Improvement Evangelist and an industry expert.

Source: Read more

Papua New Guinea Branch Activities

ICMA Global President, Professor Michael Tse did a tour of Papua New Guinea that included meetings with the President of ICMA PNG & Secretary for Finance Dr. Ken Nagan; meetings at the Department of Higher Education; officiating a degree granting ceremony at the Jubilee Institute of Higher Education; and conducting a 7-day CMA program at Airways Hotel. The program was organised by Dr. Thaddeus Kambanei of the Institute of Finance and Management PNG, which is the ICMA Australia Recognised Provider Institution in PNG.



Professor Michael Tse & President of ICMA PNG & Secretary for Finance Dr. Ken Nagan.

Right to Left – Professor David Kavanamur; Dr Sabastian Bagrie; Professor Michael Tse a Dr. Thaddeus Kambanei at Department of Higher Education.

Traditional singers welcoming special guests at Ground Breaking Ceremony for new lecture theatre at the Jubilee Institute of Higher Education: Left to Right – Professor Michael Tse, Professor David Kavanamur and Dr. Moiya Ninkama.

Right to Left- Mr. Frank Maru, Dr. Thaddeus Kambanei, Professor David Kavanamur, Professor Michael Tse, Rev. Joe Pandu & Dr. Moiya Ninkama.

Professor Michael Tse & Professor David Kavanamur at JIHE Graduation Ceremony.

Professor Michael Tse conferring an award at JIHE Graduation Ceremony.

Professor Michael Tse and Dr. Thaddeus Kambanei with Participants of the 7-Day CMA Program at the Airways Hotel in Port Moresby, PNG.

Sri Lanka Branch Activities

The Annual Paduru (Straw Mat) Party of ICMA Australia – Sri Lanka Branch was held on the 18th of October at Mihilaka Madura BMICH. This was one of the best attended event of ICMA and Academy of Finance with more than 150 participating at the event. The participants who were dressed in traditional attires made it a colourful vibrant event.

President of the ICMA Australia – Sri Lanka Branch, Dr Nalaka Godahewa (centre) is flanked by Mr Kapila Dodamgoda of the ICMA Australia's Recognised Provider Institute in Sri Lanka, the Academy of Finance and his wife Nadeeja.

Members of ICMA Australia – Sri Lanka Branch in traditional sarong

More members of ICMA Australia – Sri Lanka Branch participating

Dancing and Singing and Enjoying!!!

What's On in the World of the CMA?

- January 10 – March 28, 2015: 33rd CMA Preparatory Program, CMA Philippines, Manila, Philippines.
- January, 12-22, 2015: Jubilee University CMA Program Port Moresby, Papua New Guinea.
- January 19-25, 2015: CMA Preparatory Program, Multi Media University, Cyberjaya, Malaysia.
- February 21 – March 1, 2015: Academy of Finance, CMA Intensive Program, Colombo, Sri Lanka.
- March 2015: IFRS Certification Program; Dubai, UAE.
- March 21-31 : CMA Preparatory Program, Global Professional Advancement, Kuching, East Malaysia.
- March 26-27, 2015: Balanced Scorecard Intensive Program, CMA Philippines, Manila, Philippines.
- April 16-17, 2015: Strategic Planning and Budgeting Program, CMA Philippines, Manila, Philippines.
- May, 9-16, 2015: CMA Intensive Program, Wisdom Institute, Dubai, UAE.
- May, 25-31, 2015: CMA Preparatory Program, IPMI Business School, Jakarta, Indonesia.

Private Providers

Navitas Workforce Solutions, Australia

Wharton Institute of Technology and Science (WITS), Australia

Academy of Professional Education, India

Academy of Finance, Sri Lanka

IPMI (Indonesian Institute for Management Development), Indonesia

Multimedia College (MMC), Malaysia

Business Sense, Inc. Philippines

HBS for Certification and Training, Lebanon

Wisdom Group of Institutions (UAE)

Institute of Professional and Executive Management, Hong Kong

AFA Research and Education, Vietnam

Australia

Global Head Office

ICMA Australia

CMA House
Monash Corporate Centre
Unit 5, 20 Duerdin Street
Clayton North, Victoria 3168
Australia
Tel: 61 3 85550358
Fax: 61 3 85550387
Email: info@cmawebline.org
Web: www.cmawebline.org

Australian Contacts

New South Wales
Professor Chris Patel , PhD, CMA
Branch President
Macquarie University

Northern Territory
Professor Lisa McManus, PhD, CMA
Branch President
Charles Darwin University

South Australia
Prof Carol Tilt, PhD, CMA
Branch President
Australian Institute of Business

Western Australia
Dr. Vincent Ken Keang Chong
Branch President
UWA Business School

Queensland
Dr. Gregory Laing, PhD CMA
Branch President
University of the Sunshine Coast

International Contacts

CHINA
China (including Hong Kong and Macau)
Prof. Allen Wong, FCMA
Chief Executive - Greater China
12/F, Tai Yip Building, 141 Thomson Road,
Wanchai, Hong Kong
Tel: (852) 2574 1555
Cell: (852) 9156 7561
Email: info@cmaaustralia.org
Web: www.cmaaustralia.org

INDIA
Dr. Chintan Bharwada, FCMA
Branch President
Academy of Professional Education
401/402 Horizon Apartment
12 Gulmohar Road, JVPD,
Juhu, Mumbai 4000049, MAH,
Tel +91 8108440817
E-mail: chintan@cmaindia.co.in
Web: www.cmaindia.co.in

INDONESIA
JAKARTA CENTRE
Ms. Arum Indriasari
IPMI Business School
Jl. Rawajati Timur I/1
Kalibata, Jakarta, Indonesia
Tel +62 21 7970419
E-mail : arum.indriasari@ipmi.ac.id

SURABAYA CENTRE
Mr Josua Tariganx, CMA
Business Accounting Program
Petra Christian University
Jl Siwalankerto 121-131
Surabaya, East Java, Indonesia
Email: Kp-Akbis@Petra.Ac.Id

BANDUNG CENTRE
Ms. Paulina Permatasari, FCMA
Parahyangan Catholic University
Jl. Ciumbuleuit 94 Bandung
Bandung, West Java, Indonesia
Email: paulinapssj@gmail.com

MALANG CENTRE
Dr. Ana Sophana, CMA
INSPIRE Consulting
GRAHA Inspire
Jalan Cakalang Kavling AURI No 16
Malang, Indonesia
Email: anasopanah@gmail.com

SAMARANG CENTRE
Dr. Intiyas Utami, CMA
Faculty of Economics and Business
Satya Wacana Christian University
Salatiga, Indonesia
Email: intiyas@staff.uksw.edu

LEBANON
Mr. Fawaz Hamidi, CMA, Branch President
Hamidi Business Services
Boulevard Centre-136
PO Box 171, Tripoli, Lebanon
Tel: 06-433761
Email: hbs@cmamena.com
www.cmamena.com

MALAYSIA
Mr Mohd Nor Ismail CMA, Branch President
Multi Media University
Jalan Multimedia,
63100 Cyberjaya,
Selangor, Malaysia
Email: mohdnor.ismail@mmu.edu.my

PAPUA NEW GUINEA
Dr Thaddeus Kambani, CMA, Branch President
Institute of Finance and Management PNG
Papua New Guinea
Email: thaddeus.kambanei@yahoo.com.pg

PHILIPPINES
Mr. Henry Ong, FCMA, Branch President
Business Sense, Inc
2502B East Tower Tektite Building
Philippine Stock Exchange Center, Exchange
Road, Ortigas, Pasig City 1600 Philippines
Tel: (+63) 631-6241 or 634-6476
Email: hong@businesssense.com.ph
Web: www.cmaphilippines.com

SRI LANKA
Dr. Nalaka Godahewa, Branch President
Imperial College of Business Studies
No. 3, St Kilda's Lane, Colombo 3
Sri Lanka
Tel: +94 114 515253 or +94 112590113
Email: nalakag@icbsgroup.com
Web: www.cmasrilanka.com

EUROPEAN UNION
Mr. Rajesh Raheja CMA, Branch President
9, Taylor Close,
Hounslow, Middlesex TW3 4BZ
United Kingdom
Mob: +44 79448 40169
Email: rajesh@cmaeurope.net
Web: www.cmaeurope.net

UNITED ARAB EMIRATES
Mr. Babu Abraham Nainan, CMA Branch
President Dubai
Nazih Trading Co. LLC.
Group Finance Director
P.O. Box: 13087, Dubai, UAE
Tel: +96 13801727
Email: babu.nainan@cmadubai.org
Website: www.cmadubai.org

CYPRUS
Mr. Christos Ioannou
CMABusiness & Management Consultant
Tel +357 99722443
Email: chioanou@cytanet.com.cy
Business & Management Consultant
Tel +357 99722443
Email: chioanou@cytanet.com.cy

VIETNAM
Mr. Long Phan CMA, Branch President
Research and Education
Hanoi, Vietnam
Email: longplt@kiemtoan.com.vn

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The Institute of Certified
Management Accountants
Unit 5, 20 Duerdin Street
Clayton North 3168, Victoria, AUS