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Why do corporations like Boeing and VW prematurely launch Killing Machines?

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CEO Message: Why do corporations like Boeing and VW prematurely launch Killing Machines?

Prof Janek Ratnatunga

CEO, ICMA Australia

It's for profit and market share, stupid.

The cost-benefit analyses that management accountants perform, that compares quality-cost relationships, profits and market share vis-à-vis the risks associated with failure, can be traced to why corporations prematurely launch products that they know to be faulty to the unsuspecting customer market. This article looks at the management accounting implications when the faults of some of these products are so great, that the company is actually launching glorified killing machines.

Take for example Boeing. It has not been a good time for the company in the aftermath of the second crash of the company's almost brand-new aircraft, the 737 Max jetliner. There is evidence that Boeing was well aware of the design faults that led to the Ethiopian Airlines plane crashing minutes after it took off in March 2019, killing all 157 people on board; and the October 2018 crash of a Max 8 operated by Indonesia's Lion Air that killed 189 people. Still, despite knowing of these faults, Boeing went ahead with the production and marketing of these veritable killing machines.

The latest accident prompted most of the world to ground Boeing's 737 Max 8 aircraft on safety concerns. Much of the attention has been focused on a flight-control system that Boeing now admits can automatically push a plane into a catastrophic nose dive if it malfunctions and pilots don't react properly.

As a result, regulators and prosecutors have heightened scrutiny over whether the plane's design certification and approval process were flawed. These appear to have had significantly flaws. A *Seattle Times* investigation has found that U.S. regulators delegated (outsourced) much of the plane's safety assessment to Boeing itself; and that the company in turn delivered analyses with crucial flaws. Transportation Department auditors have confirmed the agency hadn't done enough job to "hold Boeing accountable [1]

We are now learning that U.S. Federal Aviation Administration (FAA) employees who approve new and modified aircraft designs warned as early as seven years ago that Boeing had too much sway over safety approvals of new aircraft; but they had faced retaliation for speaking up (whistle-blowing). Their concerns pre-dated the 737 Max development. All this was to do with cost-cutting at the FAA.

In recent years, the FAA, which is probably underfunded for the important work they have to do, appears to have outsourced more and more of the authority over the approval of new aircraft to the manufacturer itself, even allowing Boeing to choose many of the personnel who oversee tests and vouch for safety. At least a portion of the flight-control software suspected in the 737 Max crashes was supposedly certified by one or more Boeing employees who worked in the outsourcing arrangement.

The FAA has let technical experts at aircraft makers act as its representatives to perform certain tests and approve some parts for decades. The FAA expanded the scope of that program in 2005 to address concerns about adequately keeping pace with its workload (which is an oblique way of saying that they were underfunded). In a process known as *Organization Designation Authorization*, or ODA, it let Boeing and other manufacturers choose the employees who approve design work on the agency's behalf. The logic of the ODA process was simple: manufacturers have heavy incentives to build a safe airplane, not least because accidents can significantly harm their bottom line and perhaps even put them out of business. That argument carried the day in the US Congress, and the program was fully implemented in 2009, and by 2018 Congress had mandated the FAA to "delegate fully" safety functions to industry.

Although the 737 has been continually updated, plans for another update were shelved more than a decade ago when Airbus announced an upgraded version of its direct competitor to the 737, the A320 neo, with significant fuel-efficient engines. At the time, the market share of single-aisle planes like the 737 was nearly 70% of new aircraft deliveries. Boeing estimated that market would be worth some $2.5 trillion over the next 20 years, and decided it was not going to cede it to Airbus. Boeing needed a single-aisle plane with 20% better fuel efficiency and lower operating costs, that could be brought-to-market fast.

Enter the 737 Max. However, there were challenges in both design requirements and cost management. In terms of cost management, Boeing decided to use an earlier version of the 737, rather than design the aircraft from scratch. But as the new LEAP-1B engines were 60 cm larger than the original engines, Boeing redesigned the 737's pylons, which hold the engines to the wing, and moved them further forward.[2] But the more powerful engines in a different location could pitch the jet's nose upward, creating the conditions for a mid-air stall.

To prevent the stall, Boeing created an automated-flight-control feature called the *Maneuvering Characteristics Augmentation System* (MCAS). When MCAS sensors detected the nose of the plane pitching up, the software controlling the tail's horizontal stabilizer would automatically push the nose back down. It was a cost minimizing way to fix this nagging design problem; but as per a report in the Seattle Times, Boeing took a number of steps in its ODA process that blunted the scrutiny the MCAS feature could draw from safety regulators at the FAA.[3]

First, it understated the extent to which MCAS might take automated control of the plane. Next, with the support of regulators, it decided against extensive training for pilots on the 737 Max, including in how to disable the software. This was again a cost minimization feature that was good for both Boeing and the potential airline customers. Boeing said additional flight-simulator training for pilots–which costs airlines time and money, and therefore could have dampened 737 Max sales–weren't necessary. Boeing has now acknowledged that training guidelines for the 737 Max did not mention MCAS.

These moves got the 737 Max to market faster, allowing Boeing to offer it just nine months after Airbus introduced its single-aisle, fuel-efficient competitor, the A320 neo. Due to the cost savings it gave airlines in terms of fuel efficiency and pilot training cost savings, the Max was an immediate hit, garnering more than 5,000 orders from more than 100 customers worldwide. It received FAA certification in March 2017, and regulators around the world followed suit.[4] Two months later, Boeing began deliveries of its 737 Max place, fully aware that they were potential killing machines.

It is worth noting that the ODA program was also at issue in the FAA's 2013 grounding of Boeing's 787 Dreamliner after two fires of battery packs. It was Boeing's designated engineering representatives who oversaw tests of the battery packs.

Where do management accountants come into this picture? Cost savings is the obvious area. As organisations become 'leaner', management accountants look for ways that costs could be reduced. However, there is a quality-cost trade-off. The underlying requirement for any product or service that has the possibility of human life being lost in its use is, however, more onerous than a mere trade-off between quality and cost. For example, NASA erroneously used the quality-cost trade-off in its tendering process to acquire "O-Ring joints", which resulted in the explosion of the Challenger Space Shuttle when the they failed. As we move from space, to air and then to land use, companies use statistical tools estimates the probability of failure of any component, and how its product or service can "fail-safe". This requirement, obviously is far greater for aircrafts, than motor vehicles.

Boeing has previously launched aircraft into service before they were fully ready, but with the absolute 100% probability that it will "fail-safe". The Boeing 747 Jumbo, which turned 50 years last year, had major issues with its first engines, which were plagued with reliability issues. However, although the 747 had 4 engines, it could fly safely with just one. The statistical probability of all 4 engines failing on a single flight was calculated as being minuscule.[5] In fact, Boeing did not compromise on quality for cost reasons, but instead it borrowed heavily from banks the needed development money. On its September 30, 1968 rollout, the first 747 prototype looked ready to fly but was in fact only 80 percent complete. This deliberately premature unveiling served to reassure concerned bankers that their large loans had resulted in a real airplane.[6] Despite being only 80 percent complete, they were still designed to fail-safe, and prevent loss of human life.

As of January 2017, a total of 61 Boeing 747 aircraft, or just under 4% of the total number of 747s built, first flown commercially in 1970, have been involved in hijackings, terrorist activity, accidents and incidents resulting in a hull loss, meaning that the aircraft has either been destroyed or has been damaged beyond economical repair. However, the roots of causation in these incidents involved a confluence of multiple factors which rarely could be ascribed to flaws with the 747's design or its flying characteristics.[7]

With the 747, Boeing had bet its future on creating a market that had not previously existed, a 'Blue-ocean' strategy. Design engineers and management accountants worked together to meet Boeing's target of drastically reducing the number on which the whole project was based, i.e. the cost per available seat mile (calculated by multiplying the number of available seats on a flight by the miles flown, and then dividing the operating costs by that number). Pan Am told Boeing that its 747s were achieving a cost of 6.6 cents per seat mile—one third of the earlier Boeing 707's cost.

To create this cost-efficient long-haul market, Boeing went to the brink of bankruptcy. At the peak of the program, Boeing was spending $5 million a day. Yet it did not compromise on quality, especially in terms of human safety. Boeing came out of the crisis a leaner and smarter company. It had the jumbo jet market to itself until the arrival of the Airbus A380 in 2005. When the latest model, the 747-8, comes to the end of its production run, Boeing will have produced more than 1,550 747s, way beyond what its creators imagined possible.

The Boeing 747 development and marketing case clearly shows that the pursuit of higher profits and shareholder value, need not be at the expense of breaking the law or the loss of human life. Unfortunately, companies today undertake unsafe and/or unethical actions in order to earn higher profits, as the cost of these actions are often easily absorbed by the sheer volume of revenue generated by such unsafe or unethical actions. In other words, companies assess the profitability of law breaking or the loss of life by weighing the benefit to be gained against the cost of being caught (or people being killed) multiplied by the probability of being caught (or settling negligence lawsuits).

Volkswagen (VW) is a classic example of a company that has got away by doing practices that have not only broken the law, but also developed killing machines. VW installed software in diesel engines on nearly 600,000 VW, Porsche and Audi vehicles in the US that activated pollution controls during Government tests and switched them off in real-world driving**.** The software allowed the cars to spew harmful nitrogen oxide at up to 40 times above the legal limit. There are some estimations that the health of up to 200,000 people around the would have been negatively impacted by these actions alone, with many deaths attributed to the deadly air pollution. In all, some 11 million vehicles worldwide were equipped with the software (ABC News, 2017) [8].

US regulators confronted VW about the software after university researchers discovered differences in testing and real-world emissions. Volkswagen at first denied the use of the so-called defeat device but finally admitted it in September of 2015. Volkswagen reached a $US15 billion civil settlement with environmental authorities and car owners in the US under which it agreed to repair or buy back up to a half-million of the affected vehicles.

Such negative publicity, massive criminal charges, huge civil settlements and potential investor lawsuits and criminal probes should surely have affected its share price in the long-run?

Not so. After a massive 20% fall when the diesel-emissions scandal broke in October 2015, just two-years later in November 2017, Volkswagen AG's share price was back above where it was. Since its nadir in October 2015, the company has clawed back more than 35 billion euros (US$40 billion) in market value (Bloomberg, 2017) [9] . In fact, in April 2018, Volkswagen AG's share price rose despite a drop in earnings (McGee 2018)! [10]

Whilst management accountants undertake cost-benefit analyses on a regular basis, a higher moral and ethical standard must be applied when these numbers are used as ammunition pertaining to conflicting objectives. This is especially the case when there is a conflict between the objective of maximising a company's shareholder value vs. the social responsibility objective of keeping its customers safe.

The famous (infamous?) case of this profit vs. social responsibility conflict is the *Ford Pinto Case*. The Ford Pinto was a small car designed to compete with foreign cars of the company's competitors in the 1970s. It had a target selling price of US$ 2,000. It was a rushed project, led by Lee Iacocca, in which the planning took just 25 months compared to the industry norm (of that time) of 43 months.

Ford's testing found several defects: (a) at 25 mph and over, the gas tank would rupture in an accident; (b) at 30 mph and over the rear endings would cause the gas tank to leak and the rear of the car to be folded into the back seats and (c) at 40 mph and over the car doors would jam. Still, much to the disgust of the production engineers, Ford's top management rushed the Pinto to the market. It was a veritable killing machine and consequently, there were several serious burn injuries and deaths when these low-speed accidents inevitably happened.

In 1973, under instructions from top management, Ford's engineers and management accountants developed a cost-benefit analysis entitled *Fatalities Associated with Crash Induced Fuel Leakage and Fires*for submission to the NHTSA in support of Ford's objection to proposed stronger fuel system regulation. The document became known as the "Pinto Memo".

In this memo, the cost-benefit analysis appeared to compare the cost of recalling and repairing the faulty product vis-à-vis the societal costs for injuries and deaths related to expected future fires of the Ford Pinto. If Ford recalled the car, it would cost them be $11 per car for the safety alterations for a total of US$137 million. However, if Ford ignored the fact that they will be killing their customers, and accepted the legal costs of settling claims, it would cost them considerably less. The actuaries estimated that, based on the faulty cars sold, there would be a maximum of 180 future burn deaths, 180 serious burns and 2100 burnt Pintos that would need to be replaced. By using a settlement value of US$200,000 per death; US$ 67000 per serious injury[11], and US$ 700 per car 700, it would only cost Ford US$49.5 million; i.e. a saving of US$ 87.5 million, if they did not do a safety recall of the Pinto.

The reality was that the "Pinto Memo" was a well-researched, but poorly communicated document. The cost-benefit analysis actually compared the cost of repairs to the societal costs for injuries and deaths related to fires in cases of vehicle rollovers for *all cars* sold in the US by all manufacturers (not just Ford). In the memo Ford also estimated the cost of fuel system modifications to reduce fire risks in rollover events to be $11 per car across 12.5 million cars and light trucks (i.e. of all manufacturers), for a total of $137 million.

The public misunderstanding of the cost-benefit analysis has contributed to the mythology of the Ford Pinto case. The Time magazine said the memo was one of the automotive industry's "most notorious paper trails".**[12]** A common misconception is that the document considered Ford's tort liability costs rather than the generalized cost to society and applied to the annual sales of all passenger cars, not just Ford vehicles. However, the bottom-line is that Ford did not recall the Pinto, and thus when the Pinto Memo surfaced, it was a public relations disaster for Ford as it implied Ford was callously trading lives for profits.

This shows the importance clearly communicating the management accounting numbers on which critical decisions are made, especially where a company's products and services may endanger human lives. It also shows that human life cannot be equated to a monetary value in settling a legal liability.

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The opinions in this article reflect those of the author and not necessarily that of the organisation or its executive

[1] Bloomberg (2019), "The Grounded 737 Max is Turning into a Major Debacle for Boeing", March 18.

[2] The A320 original design could house the larger engine under its wings.

[3] Dominic Gates (2019), "Flawed analysis, failed oversight: How Boeing, FAA certified the suspect 737 MAX flight control system, *Seattle Times*, March 21.

[4] W.J. Hennigan (2019), Second Hand Safety, *Time Magazine*, April 1. pp.43-45.

[5] All 4 engines did stop when a British airways flight flew into volcanic ash, and the 747 became a glider, but all recovered when the plane got out of the ash.

[6] Bruce Dorminey, (2019), "5 Things You Likely Never Knew About Boeing's 747" Forbes, Feb16, https://www.forbes.com/sites/brucedorminey/2019/02/16/5-things-you-likely-never-knew-about-boeings-747/#21f427b62422

[7] Wikipedia (2019) "Boeing 747 hull losses", 6 April. https://en.wikipedia.org/wiki/Boeing_747_hull_losses

[8] ABC News (2017) "Volkswagen pleads guilty in emissions scandal, agrees to $5.7 billion settlement, *ABC News*, Updated 12 Jan 2017 http://www.abc.net.au/news/2016-10-26/us-judge-approves-record-deal-in-volkswagen-diesel-scandal/7965280

[9] Bloomberg (2017), Scandal? What VW Scandal? *Bloomberg*, Nov 2017. https://www.bloomberg.com/gadfly/articles/2017-11-02/vw-s-40-billion-recovery-is-nothing-to-celebrate

[10] Patrick McGee (2018) "VW shares rise despite drop in earnings", *Financial Times*, April 26, 2018. https://www.ft.com/content/e334fcc0-492e-11e8-8ee8-cae73aab7ccb

[11] The values assigned to serious burn injuries and loss of life were based on values calculated by NHTSA in 1972.

[12] Time Staff and Dan Neil (2017), "The 50 Worst Cars of All Time", *Time magazine*, April 25. http://time.com/4723114/50-worst-cars-of-all-time/

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The future of banking: Shared services

The shared services and centers of excellence sector in Poland has been growing exponentially over the last 15 years – the industry now employs 330,00 people. 44,000 of them work for centers of international banks and other financial institutions. 7 of the 10 largest global investment banks and 13 of the 50 largest global banks overall have established centers in Poland. A number of them have also opened a 2nd center in the country. The biggest investors employ more than 4,000 people each in their centers.

Two Page Executive Debates

On March 28th, 2019, Page Executive organized a 2nd debate in Warsaw for Center and HR Heads to discuss topics important for the sector. The event was led by **Mariusz Grendowicz**, one of the most prominent bankers in Poland and hosted by **Iwona Dudzińska, Citi** Managing Director, at their premises. Agnieszka Kulikowska, Partner in Page Executive, facilitated the discussion. During the 1st debate in September 2018, we identified and summarized many topics important for the industry. This time we focused on practical ideas that could be implemented for the benefit of the sector. The debates were attended by representatives of ABSL, Aviva, BNP Paribas Securities, Citi, City of Warsaw, Credit Suisse, JP Morgan, Goldman Sachs, NatWest, Metlife, Moneygram, PAIH, Standard Chartered, UBS. This video kicks off a series of interviews with industry leaders in Poland discussing the trends and challenges for the sector today.

Sector Trends

Job complexity

When the first centers were established, they focused primarily on more basic and repetitive operational tasks. Over the years, the shared services centers evolved into centers of excellence and more complex functions were added, requiring advanced skills and knowledge. In the area of Technology, the centers now employ thousands of software development and IT security experts. In Finance – product and financial controllers as well as reporting experts. In Risk – quants, in Operations – a full scope of back office and middle office experts supporting all lines of the business. These services are delivered from Poland on a regional (EMEA) and global scale, with more global head roles being relocated to the country. We spoke about how to make sure this message reaches a broader audience.

Sector branding

The banking & financial services hub sector is often seen as part of the broader SSC industry. We spoke about creating a unique identity of the sector as one focused on more complex functions and being closer to global financial institutions than typical SSCs. While traditional banking (retail branches, etc.) is slowly ending – banking & FS hubs are a growing industry and a sector of the future. While traditional banking may be associated with a more formal culture and dress code, the hubs nourish a culture more appealing to millennials. Fintechs and start-ups may sound alluring to the younger generation, but it is the centers that have a positive work culture, career paths and general framework to let people develop their full potential.

Inclusion & diversity

The sector has done a lot in terms of promoting I&D initiatives focused on issues like LGBT and attracting more foreigners into the centers (now at an industry level of 15%). More programs are now focused on people with disabilities and mental health awareness. The sector has the opportunity to become a leader in inclusiveness in Poland as these programs are supported by global management boards in the headquarters abroad. This message can become one of the differentiators of the sector.

Universities and students

We discussed educating university staff on the uniqueness of the sector. We considered creating focus groups with students from various universities to make sure the job descriptions we use to advertise roles in the sector are understandable and appealing to the young generation. We thought about programs aimed at high schools as not all jobs in the sector necessarily require a university degree.

Cooperation with banks

The banking sector in Poland is one of the most competitive in Europe with more than 50 international players who entered the local market since the economic transformation which began in 1989. The last years were filled with mergers & acquisitions, with many banking groups exiting the market and the largest banks in Poland now consisting of 5 or more merged entities. These changes result in group layoffs – after the most recent wave of M&As, a group of 15,000 bankers will be let go. The sector can cooperate with these banking entities to discuss possibilities to employ some of the people who are being made redundant.

About the Author:

Agnieszka Kulikowska

Agnieszka currently leads the Financial Services, Shared Services and Human Resources practices in Poland. She has successfully conducted over 110 executive search assignments on Regional (CEE, EMEA), local Board and Director levels among a total of over 260 recruitment projects since joining PageGroup.

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ATO welcomes Future of Tax Profession Report

The ATO has welcomed the release of the Inspector-General of Taxation and Taxation Ombudsman's report into the Future of the Tax Profession, which was requested by the Commissioner of Taxation.

Deputy Commissioner Alison Lendon said the report touched on a wide range of areas and provided useful input into the opportunities and challenges ahead for tax professionals.

"Like so many other professions, tax professionals are experiencing a number of changes in the way they work and the nature of their role. This report explores a range of those areas and provides some important insights.

"We work very closely with the profession and are talking to practitioners constantly about how we can provide new services and refine existing services to assist them and to help the tax and superannuation systems work smoothly.

"The Inspector-General has quite rightly focused on digital services and their increasingly important role. We are well advanced on a number of areas noted in the report, including our new Online services for agents, provision of Application Programming Interfaces (APIs) to digital service providers and the extensive program to increase stability across our systems.

"We are constantly undertaking research into new and emerging technologies to assess their impact on the tax and superannuation ecosystems and our clients. We will continue to communicate, co-design and consult with the profession when considering new technology." Ms Lendon said.

While a number of the recommendations for the ATO are already underway or fall outside the ATO's remit, the ATO welcomes the Inspector-General's recommendations and observations about the important role of tax professionals into the future.

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How to get the best deal – a negotiation expert reveals the secret

Never underestimate the power of small talk as it can secure a better deal, according to a Professor of Management at UNSW Business School.

Becoming a more successful negotiator means seeing opportunities all around you, says UNSW Business School Professor, Peter Sheldon.

“We negotiate all the time but usually we don’t even know we’re negotiating,” he explains.

“A lot of scenarios that we find ourselves in are open to negotiation, but we don’t see those opportunities.”

The Professor of Management believes securing a better deal comes down to planning and building rapport.

Plan your negotiation

“Self-awareness needs to be at the heart of how you conceive, plan and carry out the negotiation,” Prof Sheldon says.

“It’s about knowing yourself and knowing why you’re at this negotiation, including the interests or needs that bring you here.”

Starting with a focus on your interests, think of all the issues that will help you meet them.

“Visualise what a win would look like in terms of setting goals, and more precisely, determine the targets you are aiming for,” Prof Sheldon advises.

“By planning all this, you have greater clarity on what your opening offer should be, and what should be the last offer you would accept before leaving this negotiation.”

Understanding how you’re perceived by the other person is central to persuasion and crafting a communication plan will help you work through avoidable misunderstandings and unhelpful negotiation side tracks.

“Consider everything from your non-verbal communication, to the type of questions you ask, how you use silence, whether you share information, whether they see you as a threat or opportunity,” Prof Sheldon explains.

Building rapport is crucial

‘Idle chit-chat’ is an excellent way to build rapport in a negotiation, according to Prof Sheldon.

Although this small talk should be anything but idle or spontaneous.

Prof Sheldon suggests writing five well thought-out ‘chit-chat’ questions before going in to the negotiation – even if you already know the person.

“You can learn potentially relevant and important information about the other side which you can use in different ways – the whole point is to build rapport with someone you've never met before and build a bridge of understanding and trust," he says.

"But the questions should be non-invasive and non-threatening, and not appear in any way to touch on what might be the sensitive issues of the negotiation."

The UNSW professor suggests making the effort to draft answers for five difficult questions that you don't want to be asked.

"Chances are you will be asked one or two of those terrible questions that you're otherwise not ready for," he says.

"If you're going for a job, look at your CV and put yourself in the other person's shoes – what would you see as the weaknesses in your own documentation or experience? Then plan some answers in case they do ask."

If it starts to go pear-shaped

Designing a communication strategy means preparing for the worst as well as the best.

Crucial to both is gaining more leverage, notably through strengthening your BATNA and your use of 'framing'.

In negotiation-speak, a BATNA is a best alternative to a negotiated agreement (or disagreement).

Prof Sheldon describes a scenario where you are offered two jobs in two different places.

"Once you've reflected on your interests, you would decide to go for the more favourable job first," he explains.

"But the second one gives you an alternative, and the better that option is, the more bargaining power and capacity to negotiate a better outcome you have."

Painting a persuasive picture

Framing can be used to encourage the other side to see things from your perspective and convince them that your offer has more value to them than they initially thought.

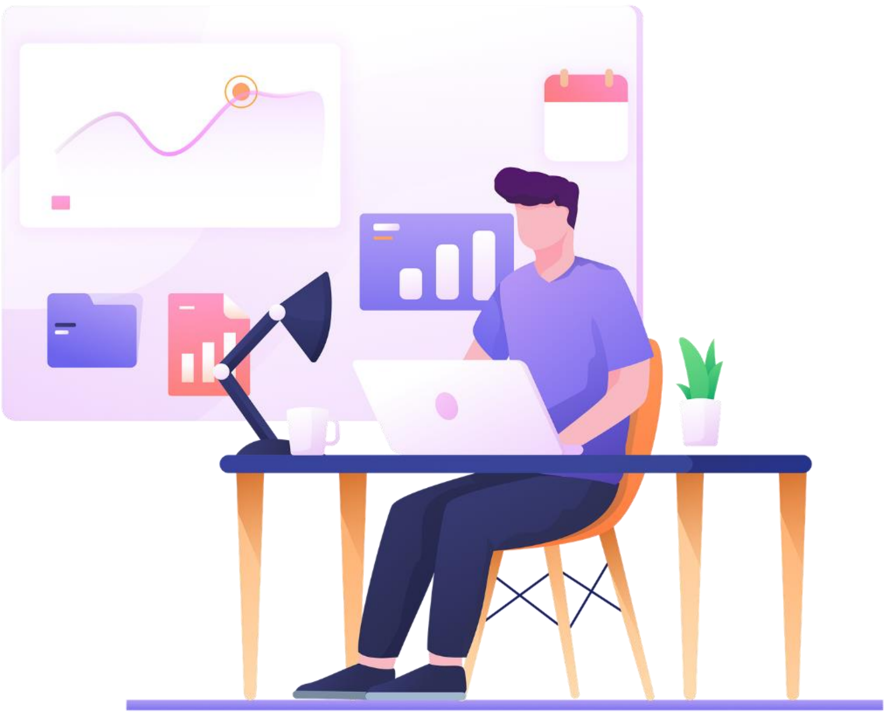
"In a job interview, maybe they've thought of you in one particular way and you'd like to expand their thinking by suggesting other things that you offer, especially if you have objective external evidence," Prof Sheldon says.

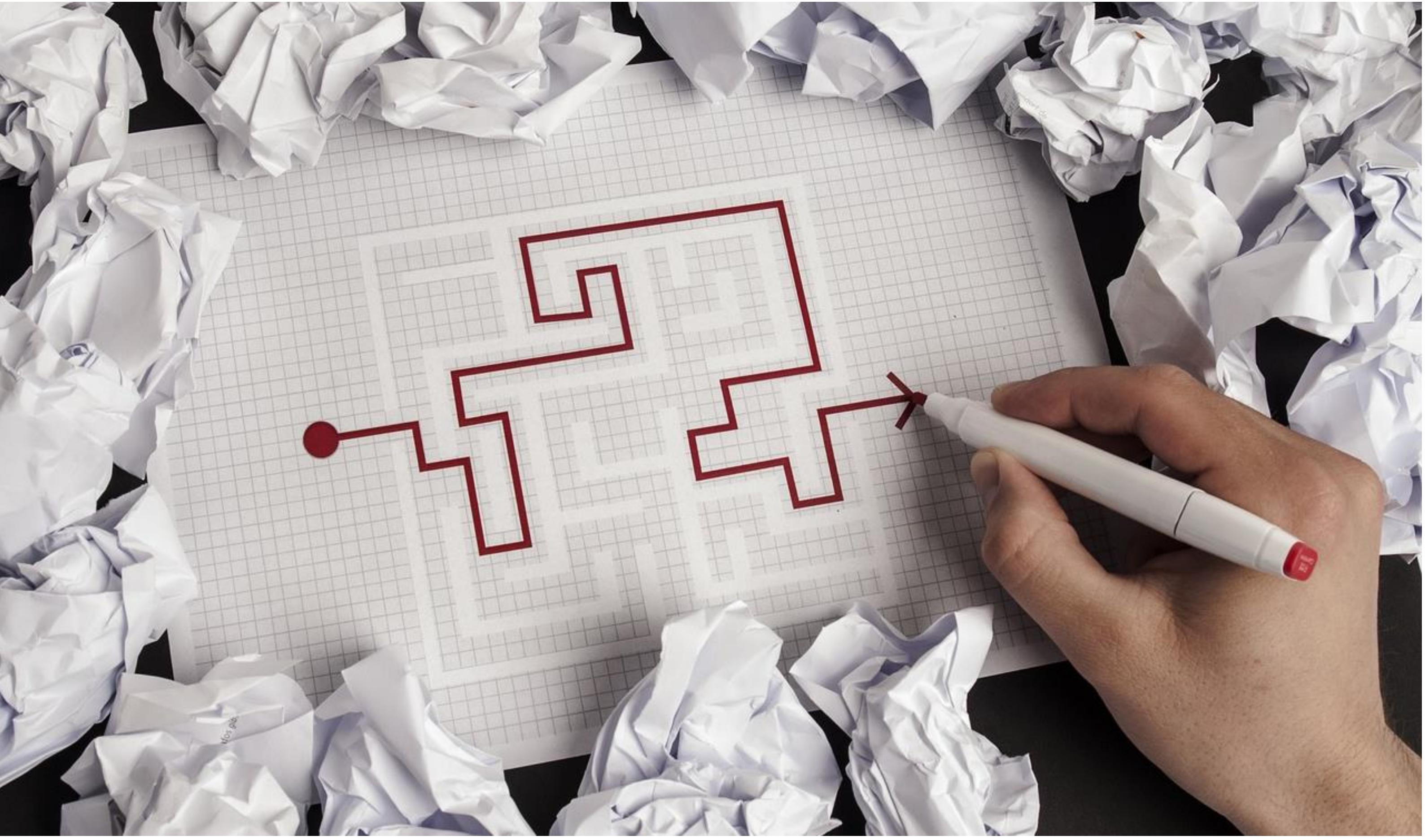
But after all these efforts, you might encounter hostility in your negotiation that puts the breaks on creativity and problem solving.

The UNSW professor suggests separating the people from the problem – referencing the well-known Harvard Approach to Principled Negotiation.

"It's not the problem that's hostile, it's the people that get hostile around the problem, so separate the problem from the people," he advises.

"Using your 'chit-chat' questions to break down barriers and walls of mistrust can be the beginning of a high trust collaboration."





Career breaks: friend or foe?

64 per cent of women and 49 per cent of men have taken a career break at least once during their working life, but most say it was a **challenge to re-enter the workforce afterwards**, according to a survey by recruiting experts Hays.

The recruiter surveyed over 1,000 people across Australia and New Zealand and found that the reasons for career breaks differ between women and men. For women, the primary reason for their break was to have children (41 per cent). This was followed by travel (14 per cent). For men, it was to travel (25 per cent) or to study or retrain (21 per cent).

Following their career break, both men and women (66 per cent and 69 per cent respectively) encountered some challenges re-entering the workforce. One of the biggest was how to answer job interview questions about the relevancy of their skills following time out of the workforce. Comments from survey respondents included:

- "I had to explain the gap in my resume, and I felt it made me look less employable as I wasn't already employed."

- "Following my travels there was little acknowledgement of my past experience. I was perceived as out of date for equivalent roles and unable to get past selection criteria that asked for current experience. And I was told I was overqualified for lesser roles due to the assumption I will get bored."

- "It's been difficult to get a meaningful role after a career gap of 2 years to have children."

- "I was made redundant on parental leave and found it challenging to re-enter the workforce at pay parity to my previous role and level."

- "I took a significant pay cut, and now operate in a role that is junior to my qualifications and experience."

According to Hays, this highlights an often overlooked barrier people face when attempting to re-enter the workforce following a career break. "Employers prefer people with recent experience," says Nick Deligiannis, Managing Director of Hays in Australia & New Zealand. "Many prefer people with continuity in their work history and view anyone who has been out of the workforce, whether that's for 12 months or five years, as out-of-date."

"To overcome this, jobseekers should show that they kept their skills and knowledge up to date and **drove their learning agenda** while on their extended break. On your CV and online profile list seminars and events you attended. Highlight the new knowledge you've acquired in a 'professional profile' at the top of your CV. Post about a course you completed or learning event you attended on your professional social media. You could even write about how your learning has shaped your thinking or approach to your role."

For more, see the FY 2018-19 Hays Diversity & Inclusion Report at www.hays.com.au/diversity-inclusion

Regional Office and Branch News

2019 Indonesian CFO Awards

This is the 1st CFO Award given by ICMA (Australia) Indonesia Branch to the business and professional society in Indonesia, and also the 1st CFO Award given by ICMA (Australia) in the region. The event was a collaboration of ICMA (Australia) Indonesia Branch, Magister of Accounting Program at the University of Indonesia, and the IPMI Business School. This event will be a signature event yearly to be held by ICMA (Australia) Indonesia Branch, in order to recognize outstanding achievements of CFOs in various categories in Indonesia.

The nominations were open to those currently holding the position as CFO/Finance Director of a company in Indonesia, and was open to all CFOs, not just ICMA members.

The Juries panel consists of the following: Prof Brendan O'Connell, Prof Janek Ratnatunga and Dr Chris D'Souza from ICMA Australia; Prof Roy Sembel and Dr Wiwiek M Daryanto from the IPMI Business School and Dr Gede Harja Wasistha, from the University of Indonesia.

There are various aspects examined by the Juries, namely: issue identification; strategy and improvements implemented; alignment with CMA skills; impact/result of the implementation and presentation and communication skills. The shortlisted finalists gave their presentation to the Juries along with answering questions from the Juries to be named the title as Best CFO. It wasn't easy for the Juries to give a decision, as all the finalists were of the best quality and the scores amongst them were close to each other.

There were 5 awards given:

- CFO of The Year – Leonardus Wahyu Wasono (Telekomunikasi International, PT)
- Best CFO in Cost Management – Fuad Rizal (Garuda Indonesia, PT)
- Best CFO in Environment and Society – Ridwan Zachrie (Perikanan Nusantara, PT)
- Best CFO in Business Analysis – Ervina Waty (Ismaya, PT)
- Best CFO in Risk Management – Lenggogeni (Industri Nuklir Indonesia, PT)

From Left to Right: Dr. Chris D'Souza and Prof Janek Ratnatunga from ICMA Australia, Ms. Ervina Waty from Ismaya, Mr. Fuad Rizal from Garuda Indonesia, Mr. Leonardus Wahyu Wasono from Telekomunikasi International, Mr. Ridwan Zachrie from Perikanan Nusantara, Ms. Lenggogeni from Industri Nuklir Indonesia, Dr Wiwiek M Daryanto from the IPMI Business School, Mr Iman Subekti, from ICMA Indonesia Branch and Mr. Daniel Godwin Sihotang, ICMA Indonesia Branch President.

Prof Janek Ratnatunga gives the CFO of The Year Award 2019 to Mr. Leonardus Wahyu Wasono from Telekomunikasi International, PT. Also, in the picture are the other CFO Awards winners; Dr. Chris D'Souza and Mr Iman Subekti, the Vice President of ICMA Indonesia Branch.

The event was successfully held and boosted the brand of ICMA (Australia). The event was covered by several national media and TV station as shown below:


INVESTOR

ICMA Indonesia Nobatkan Lima CFO Unggulan 2019

Jakarta – Tiga instutusi yang terdiri dari Institute of Certified Management Accountant (ICMA) - Cabang Indonesia, Magister Program Akuntansi Universitas Indonesia, dan Sekolah Bisnis IPMI menggelar acara Malam Penganugerahan 2019 Indonesian CFO Awards. Sementara penyelenggara kegiatan dipercayakan pada Lintas Solusi Sigma.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PENGHARGAAN

Ini lima direktur keuangan terbaik versi ICMA Indonesia

68 SHARED

KONTAN.CO.ID - JAKARTA. *Chief Financial Officer* (CFO) atau direktur keuangan saat ini memainkan peran penting dalam mempengaruhi strategi perusahaan. Perannya tidak hanya sebagai pencatat laporan keuangan, tetapi sudah jauh lebih luas mulai dari fokus pada kepatuhan dan kontrol kualitas hingga ke perencanaan bisnis dan perubahan proses.


Marketing

NEWS & EVENT

Lima CFO Terbaik Sabet 2019 Indonesian CFO Awards

By Mohamad Agus Mahribi

Posted on February 4, 2019

Marketing – Disrupsi digital yang makin kencang telah mengubah tatatan bisnis. Alhasil, perusahaan dituntut untuk mengubah strategi bisnis mereka dan melakukan transformasi bisnis ke arah digital.

Para Pemenang 2019 Indonesian CFO Awards Bersama Pengurus ICMA


SWA

SWA - Trends

Indonesian CFO Awards Nobatkan 5 CFO Unggulan

by Eva Martha Rahayu - February 4, 2019

108 Shares

Iman Subekti, VP ICMA Indonesia

Peran Chief Financial Officer (CFO) saat ini semakin penting. Tidak hanya mengelola keuangan perusahaan, tapi juga strategi dan menjadi mitra strategis bagi Chief Executive Officer (CEO). Dari hanya berfokus pada kepatuhan dan


infobanknews.com

Beyond Banking & Money Business

Ini 5 CFO Unggulan, di 2019 Indonesian CFO Awards

By Apriyani on 02/02/2019 · No Comment

Jakarta – Chief Financial Officer (CFO) saat ini semakin memainkan peran penting dalam mempengaruhi strategi perusahaan, dan telah menjadi mitra strategis bagi CEO.

Peran CFO pun telah meluas, dari hanya berfokus pada kepatuhan dan kontrol kualitas, hingga ke perencanaan bisnis dan perubahan proses.

Karena itu, demi mengapresiasi peranan CFO yang


BERITASATU

ICMA Indonesia Nobatkan Lima CFO Unggulan 2019

Iman Subekti selaku VP ICMA (kanan) menyerahkan piagam penghargaan kepada salah seorang pemenang 2019 Indonesian CFO Awards. (Foto: Istimewa / -)

- CFO sekarang sudah harus lebih tahu tentang bisnis dan perusahaan dibandingkan CEO.
- Selain mendapatkan penghargaan, para CFO terpilih mendapatkan sertifikat dari ICMA.

Mashud Toarik / MT · Senin, 4 Februari 2019 | 15:20 WIB

Jakarta – Tiga instutusi yang terdiri dari Institute of Certified Management Accountant (ICMA) - Cabang Indonesia, Magister Program Akuntansi Universitas

CMA Intensive program in Bengaluru

The first CMA Intensive program in Bengaluru (Bangalore), India was conducted by Professor Janek Ratnatunga and Dr. Chris D'Souza at the Ibis Hotel. The program is offered exclusively by the *STRACC Learning LLP*, in Bengaluru. The program was very successful and will pave the way for more programs in this fast-growing part of India.

Dr. Chris D'Souza and Prof Janek Ratnatunga with the participants of the first CMA Intensive program in Bengaluru (Bangalore), India. Also, in the picture is Mr. Shakeeb Ahmed, the Regional director for the Kerala Region.

Bangladesh launches the first CMA Intensive Program

The first CMA Intensive program in Bangladesh was conducted by Professor Janek Ratnatunga and Dr. Chris D'Souza at the Six Seasons Hotel in Dhaka in march 2019. The course was organized by Workplace Skills Development Academy, (WSDA) and Mr. Sazzad Hassan, CMA, who is the Regional Director for Bangladesh.

Dr. Chris D'Souza will be facilitated the *Strategic Cost Management* course and when Prof Janek Ratnatunga facilitated the *Strategic Business Analysis* course.

Professor Janek Ratnatunga COO/CFO of ICMA Australia and Mr. Sazzad Hassan, CMA, the Regional Director for Bangladesh with senior members of the Institute of Cost and Management Accountants of Bangladesh (ICMAB).

Dr.Chris D'Souza, COO/CFO of ICMA Australia and Mr. Sazzad Hassan, CMA, the Regional Director for Bangladesh with senior members of the Institute of Chartered Accountants of Bangladesh (ICAB)

Dr.Chris D'Souza with the students who participated in the Strategic Cost Management course

Professor Janek Ratnatunga with the students who participated in the Strategic Business Analysis course.

Sri Lanka's 30th CMA Intensive program concludes

During the period March 16-24, 2019, the 30th CMA Intensive program was conducted by Professor Janek Ratnatunga at the Galadari Hotel in Colombo Sri Lanka. The program is offered exclusively by the *Academy of Finance*, in Sri Lanka. Over 50 senior managers including CEOs and CFOs from all sectors of the Sri Lankan economy attended this program held over 7-days.

Qualifying Workshop March 2019 at Hotel Galadari

Professor Janek Ratnatunga with a group of happy students.

ICMA Thailand and UTCC organised 'Accelerate your Professional Career' for aspiring Management Accountants

Blue Globe the ICMA authorized course provider in Thailand in collaboration with *University of the Thai Chamber of Commerce (UTCC)* organized 'Accelerate your Professional Career' - their launching event in Bangkok for aspiring Management Accountants.

The opening speech for the event was given by the Dean of the School of Accountancy of UTCC Prof. Panarat Panmanee, who welcomed the guests from Australia, Indonesia and Japan.

Prof Brendan O'Connell the ICMA President introduced ICMA and the education provided by CMA Australia. Dr Chris D'Souza the ICMA COO/CFO spoke about how the powerful CMA program had transformed his career and how it was essential in today's complex dynamic and highly competitive business environment. Mr Yoichiro Ogihara the ICMA Deputy Country Head for Thailand spoke about the cultural differences in the business world and how CMA helped him in dealing with understanding and dealing with these cultures. This was followed by a Q & A session where the participants showed a keen interest in the CMA program.

Mr Yoichiro Ogihara the ICMA Deputy Country Head for Thailand, Dr Chris D'Souza the ICMA COO/CFO and Prof Brendan O'Connell the ICMA President speaking to participants.

Dr Chris D'Souza, Prof Brendan O'Connell and Mr Yoichiro Ogihara, from the ICMA with the Dean of the School of Accountancy of UTCC Prof. Panarat Panmanee and staff of the university. Also in the picture are Mr Kartiko Partner of Blue Globe and Mr Daisaku Shishido from Blue Globe who was the MC for the program.

Above are a group of the participants.

CMA Events Calendar

- March 4-6 & March 10-13, 2019: the 1st CMA Train-the-Trainer Program, conducted by Workplace Skills Development Academy (WSDA), Dhaka, Bangladesh.
- March 6-13, 2019: the 1st CMA Train-the-Trainer Program, conducted by STRACC Learning LLP in Bangalore, India.
- March 16-24, 2019: CMA Preparatory Program, Academy of Finance, Colombo, Sri Lanka.
- April 20-22 & April 24-27, 2019: 25th CMA Preparatory Program, SMART Education Group, Dubai, UAE.
- April 29- May 5, 2019: 1st CMA Preparatory Program, SMART Education Group, Riyadh, Saudi Arabia.
- May 4 – July 20, 2019: 46th CMA Preparatory Program, conducted by Business Sense Inc, Manila, Philippines.
- May 4 - July 20, 2019, 2019: 46th CMA Preparatory Program, conducted by Business Sense Inc, Manila, Philippines.
- May 8, 2019: Webinar - Anti-Money Laundering Legislation and CFO Responsibilities
- May 13-15 and May 18-21, 2019: 7th CMA Preparatory Program, Ruwan Hulugalle and Company, Phnom Penh, Cambodia.
- May 27-29, 2019: Certificate of Proficiency in Strategic Cost Management, SMU Academy, Singapore.
- July 6-12, 2019: the 1st CMA Train-the-Trainer Program, conducted by STRACC Learning LLP in Delhi, India.
- July 18-23, 2019, 5th CMA Intensive Program at Mercu Buana University Jakarta, Indonesia, organised by Inspire Consulting.
- July 18-19, 2019: Certificate of Proficiency in Strategic Analysis (SBA part 1), SMU Academy, Singapore.
- July 21-27, 2019, 1st CMA Intensive Program at Grand Mercure Hotel, Medan, Indonesia, organised by Inspire Consulting.
- Sept 2-3, 2019: Certificate of Proficiency in Driving Business Value (SBA part 2), SMU Academy, Singapore.
- September 7 – November 20, 2019: 47th CMA Preparatory Program, conducted by Business Sense Inc, Manila, Philippines.
- October 11-13 & October 17-20, 2019: the 2nd CMA Train-the-Trainer Program, conducted by Workplace Skills Development Academy (WSDA), Dhaka, Bangladesh.
- October 18-21 & October 24-27, 2019: the 1st CMA Train-the-Trainer Program, conducted by Academy of Management Accountancy, Kathmandu, Nepal.
- November 20, 2019: ICMA ‘Hall of Fame’ dinner in Melbourne, Australia
- November 21, 2019: Frontiers of Accounting – One-day Symposium. ICMA in association with RMIT University, Melbourne, Australia.
- December 6 – 18, 2019. ICMA ‘Hall of Fame’ programs in Indonesia, the Philippines, Vietnam, Hong Kong and Thailand.

Private Providers

Wharton Institute of Technology and Science (WITS), Australia

Syme Business School, Australia

Academy of Finance, Sri Lanka

IPMI (Indonesian Institute for Management Development), Indonesia

Business Sense, Inc. , Philippines

HBS for Certification and Training, Lebanon

SMART Education Group, UAE

Institute of Professional and Executive Management, Hong Kong

AFA Research and Education, Vietnam

TOP Academy, East Malaysia

Segal Training Institute, Iran

Ruwan Hulugalle & Co., Mekong Delta (Cambodia, Thailand, Myanmar)

PT Angka Bisnis Indonesia (Business Number Consulting), Indonesia

Inspire Consulting, Indonesia

ManAcc Consulting, New Zealand

STRACC Learning LLP, India

Workplace Skills Development Academy (WSDA), Bangladesh

Ra-Kahng Associates Ltd, Thailand

Academy of Management Accountancy, Nepal

Singapore Training Institute, Singapore

Blue Globe Inc, Japan

MEMBERSHIP

RENEWAL

ICMA Membership Renewal emails will be sent to your nominated email address starting early May for your July 2019 – June 2020 membership.

If you renew before 30 June you will be able to avail the Early Bird Discount.

For more information on your renewals, contact the head office on info@cmawebline.org

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