



Leadership beyond finance

Policy Forum's top 10 issues for 2018-2019

Corporate Reporting

1. *Member preparedness for a more challenging and demanding reporting environment in a cost-conscious world:*

Financial executives are well aware of the pressures to control or reduce costs while at the same time adding value. The financial reporting environment continues to exert increasing demands on finance organizations, whether it is new auditor reporting standards requiring more detail in their reports, certification of financial controls, implementation of new and complex financial reporting standards or increased transparency of reporting. What are the implications for organizations and boards and what actions do they need to take?

2. *Corporate reporting — More than accounting:*

In today's complex business world, there is data, there is information and there is Key Performance Indicators (KPI). KPIs are fast and efficient tools used to measure business performance, helping decision makers adjust to the business realities in a more timely fashion. Financial executives are facing increasing challenges to identify, measure and disclose the most useful business analytics and KPIs, that help guide their company's success (please also see the CCR's paper on non-GAAP measures).

Governance and Risk

3. *Ensuring risk management capabilities effectively address increasing pace of change and disruption:*

Effective risk management, should both create value for an organization and help deal with uncertainty. An organization's ability to swiftly and effectively identify, assess, and manage existing and emerging risks is an important competitive advantage that should be integrated into business processes. Ensuring that frameworks and practices suit the organization's culture and business model, which can change over time, are keys to ensuring a successful and sustainable program. This is even more important in today's environment where change, whether from political, technology or other risks, is constant and

rapid. For example, technology is reducing barriers to entry and enabling new and more cost-effective business models, which are disrupting entire industries. Risk management programs need to keep pace and ensure that organizations have the appropriate tools and processes to meet these challenges.

4. Incorporating sustainability/ESG into business strategy and operations:

From changes in customer and investor preferences to dealing with potential physical risks (e.g. water shortage) to new regulations and reporting requirements, sustainability (also referred to as Environmental, Social, and Governance (ESG)) factors are affecting organizations' business strategies and operating processes. For example, there is increasing focus on climate change and a move towards a low carbon economy, including carbon pricing and decreasing use of carbon-based fuels. Effectively identifying and managing ESG risks and opportunities is becoming increasingly important for organizations to succeed in this environment.

Treasury and Capital Markets

5. *Cash flow best practices, treasury risks, and raising money/financing:*

A critical priority for senior financial executives is understanding and managing the cash flow of an organization, as well as having the ability to assess risks to an organization's cash flow. Treasury faces risks that include those posed by fluctuations in foreign exchange, interest rates and commodity prices as well as political and regulatory risks. In order to raise money and obtain financing, it's important for Treasurers to keep abreast of the latest issues and opportunities affecting public and private companies as well as other organizations. In addition, FEI Canada's treasury and capital markets committee maintains a focus on the unique needs of the smaller, entrepreneurial business and has been working on a cash flow model as a tool for members

6. Raising capital for private companies:

One of the unique challenges that private company CFOs face is that their entrepreneurial owners expect them to be finance experts when often they have only dealt with their local banker. With a myriad of alternative capital providers focusing on SMEs – asset-based lenders, subordinated & mezzanine debt providers, private equity and Crown Corporations – FEI is creating a platform within FEI Chapters to inform, educate and mentor the many private company members on how to access the right financing with the right financial partner.

Taxation

7. *Income Tax simplification:*

We asked, and you responded: Nearly seven in ten members who answered our recent tax simplification survey rate the current Canadian corporate tax system as complicated and we have passed this message in a submission to a House of Commons Finance Committee studying the issue. The Tax Policy Forum Committee is also advocating for Tax Policy initiatives to make Canada a more competitive landscape for financial and human capital.

Pensions

8. *Financial Literacy:*

Financial literacy in Pensions is a challenge for both employers and employees. Within an organization, pension expertise is generally limited and in addition to the operations and executive team, members of the Pension Plan Board need to be financially knowledgeable to fulfill their fiduciary responsibilities. Pension Plan members can be particularly at risk due to low financial literacy which can significantly impact their retirement preparedness including how much they need to save to maintain the desired standard of living. Financial literacy is also important for Pension Plan sustainability ensuring decisions are based in fact. For these reasons, The Pension Policy Forum will focus on improving the financial literacy for financial executives and our FEI community at large.

Information Technology

9. *Cybersecurity and business continuity:*

Beyond their traditional roles in Finance, many CFOs also have assumed responsibility for IT. As IT grows more complex, so does the burden of keeping up with developments. The importance of business continuity is reiterated with every flood, storm, power failure or other disaster, as well as simple human error. Likewise, threats to cybersecurity are increasing daily as hackers grow more skilled, creating more pressure on executives to stay on top of best practices. At the same time, many organizations are working with outdated infrastructure and budgetary constraints limiting their ability to stay current, train staff and update their hardware and software. FEI Canada's study Cyber Security and Business Continuity also highlighted concerns with the readiness of Canada's IT infrastructure; risks that could impact both the corporate world and the public domain. We recommend the government create a task

force to review this high-risk area and to implement cyber security standards and a policy that protects Canadians and the network infrastructure upon which our economy and national security depend.

10. *Disruption through digital transformation and block chain technology, data analytics and big data:*

Blockchain is more than a fad, a buzzword, or even technical jargon. Block chain is a technological advance that will have wide-reaching implications that will not just transform financial services but many other businesses and industries. [Read more](#) to understand the probable impact digital transformation technologies may have on your business.

Organizations are now grappling with data sets so large they present challenges such as data capture, storage, analysis, curation, search, sharing, transfer, visualization, querying, updating and information privacy. How will this be managed in the future while protecting privacy?

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Interested in joining a Committee?

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