



Foreword

Welcome to the inaugural edition of the CIMA (Chartered Institute of Management Accountants) *Excellence in Leadership* portfolio. Each quarterly report has been written by leading members of the business world along with CIMA's technical specialists to provide you with essential reading of the highest calibre.

In this first report we focus on the seismic impact of business process outsourcing (BPO) on the finance function around the world. We know that even five years ago companies, and indeed the finance function in general, underestimated the impact of globalisation – and in particular the impact of technology and cheaper telecommunications – on business. Today geography really is history.

Global competition to drive shareholder value by improving on margins, organisational control and risk management is leading companies to view BPO less as an opportunity for cost reduction and more as an opportunity for complete business transformation. Companies can now plug into the skill sets most able to deliver results, whether those are technology, expertise or infrastructure, and whether they are based in China, India or Central Europe.

This is both a massive threat and a fantastic opportunity for the finance function. For many years we have struggled to be a true business partner capable of driving company strategy. It represents a threat because people are now competing not only on cost but also on brains. It is an opportunity because, by realising the value of BPO and, increasingly, knowledge process outsourcing (KPO), valuable management time can be freed up and used to drive shareholder value. And it is the value-adding strategic and leadership skills of professional accountants in business that are increasingly in demand.

Dr Martin Fahy, Director of Development, CIMA Asia Pacific, takes the BPO debate forward by looking at the growing trend of leading firms moving beyond the traditional finance

and accounting outsourcing (FAO) towards the more sophisticated role of KPO (pg 6). BPO is no panacea, he says, but 'leading-edge organisations use selective, well-executed and well-managed BPO to drive finance efficiencies and to free up financial staff to focus on business partnering and financial leadership.'

Elsewhere, Zarin Patel, Group Finance Director at the BBC, offers her views on how best to switch over to outsourcing and how the BBC has benefited by placing it at the heart of its strategy (pg 30); Wayne Lewis, CFO at Zurich Global UK, provides a fascinating case study on change management and financial strategy (pg 56); and Professor Arnoud de Meyer, Dean of Judge Business School, Cambridge University, explores how the business 'brain drain' cuts both ways (pg 70).

Other articles explore key trends associated with the worldwide FAO market as well as advice on how to formulate a BPO-ready strategy and engage the BPO service provider.

I hope that you enjoy this report, which marks the launch of CIMA's *Excellence in Leadership* series. Look out for further information on the accompanying conference at www.cpd-excellence.com.

A handwritten signature in black ink that reads "Charles Tilley". The signature is written in a cursive, flowing style.

Charles Tilley
Chief Executive
CIMA