BA

BUSINESS ACCOUNTING

REVIEW

Going Places

Exclusive SAIBA Section

How Accurate is The Big Short?

Aarti Takoordeen

The Recipe to Success

ISSUE 5 '16

Business Accounting Review *Going Forward*

We sent a survey to our members and readers, and now, we present to you the BA Review on a new platform

We are bringing the BA Review to the web in a blog format. Now you can read your magazine online at **www.saiba.org.za**. Browse the articles on our online blog, read the magazine, posted to our members or download your PDF.

BA Review, enjoy the format you prefer.

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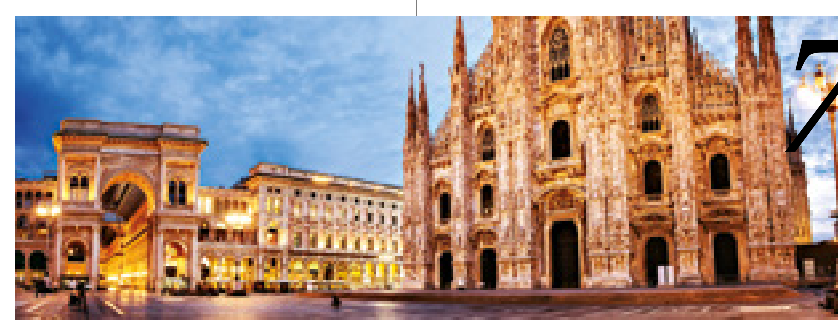

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CFO exclusive

Editor's letter

In the Chimp Paradox, a mind management program developed by Prof Steve Peters, our brains are represented as having three distinct centres: emotional, rational and memory. The analogy is that of three party system consisting of a chimpanzee, a human and a computer filling the space between our ears.

A chimpanzee is a wild animal driven by instinct. Basic survival instincts are the driving force in this centre: intuition, survival and procreation. These are very strong and can easily overpower the rational and memory centres. Interestingly, all sensory information first pass through our emotional centre before reaching the human and computer.

Our first reaction to anything is very often one of flight, fight or freeze. Our human and rational brain has the ability to analyse and form conclusions based on facts and circumstance. Concepts of justice, fair-play, and equality are found here. The memory is where we store past experiences, knowledge and where we perform calculations.

A similar approach to understanding human actions and reactions is provided by Simon Sinek and Daniel Kahneman, who brings this theory back to business.

According to Sinek when we develop our business and marketing strategies we should answer three key questions in the following order: Why do we offer the product? How do we offer the product and What does the product do? Kahneman identifies a system of Thinking Fast and Thinking Slow, which correlates to easy and intuitive thinking versus slow and considered thinking.

Taking these theories out to the real world, will enable us to better structure our communication with clients to obtain positive results. A website, an email campaign, a brochure or a telephone call, seeking new business should always speak to the clients emotional centre. Our message should speak to the clients basic instincts and feelings: Are we making them feel safe? Do they experience us as in their corner or tribe? If their emotions accepts our offer we can move on to speaking with their human brain. Explain your experience, qualifications , professional designations, capabilities and expertise to the rational brain. Talking detail to a chimpanzee will either make it run away, argue or look confused. Once the chimpanzee and the human accepts the proposal then the computer will automatically buy the product.

Don't start talking about which accounting or tax services you can offer. It's the last thing you do. Connect with your potential clients emotionally, talk to them rationally and then conclude the deal by agreeing the service.

We apply the chimp paradox method to the BA Review and came up with the following formulae.

The BA Review showcases and celebrates your organisation's influence in Southern Africa. It is a web-based magazine updated with weekly interviews and campaigns. Once a year we publish a printed edition with the best stories and experiences of that year. It includes specific business and accounting interviews with regulators, government officials, CFOs, financial managers, accountants, technical experts, members, and lifestyle gurus.

We look forward to feedback from your chimp, human and computer in assessing this new approach to the BA Review.

With chimp love

Nicolaas van Wyk,
Editor Business Accounting Review
CEO Southern African Institute for Business Accountants

BA
BUSINESS & ACCOUNTING
REVIEW

Contributors

Abraham Molelemane
Godfella Productions
Founder and Director of Godfella Production Studios. He enjoys writing on issues around Education and Youth, Social and Business development and, Media and Marketing.

Prof Breggie van der Poll
Unisa Graduate School for Business Leadership
www.unisa.ac.za

Christo Rossouw
University of the Freestate

Chrizelda Walters
FAB Consulting
www.faabconsulting.co.za

CIMA
http://www.cimaglobal.com

CPA Trendlines
www.cpatrendlines.com
Books by authors, featured from the CPA website are available at http://store.cpatrendlines.com

Darryl Nunes
Darryl Nunes Accounting Services
www.dnaccounting.net

Janine Marais
CQS
www.cqs.co.za

Keith Engel
South African Institute for Tax Practitioners
www.thesait.org.za

Leigh Schaller
South African Institute for Tax Practitioners
www.thesait.org.za

Matt Fisher
New Ventures Studio

New Ventures Studio is a Young Entrepreneur Accelerator in Cape Town. We offer an intensive 8-week training course and incubator for young entrepreneurs with start-up ambitions. We look for passion, resilience and drive in people who might not necessarily have an idea yet, but whose self-belief and enthusiasm shoot us off our seats. With the course we assess the entrepreneurs' ideas, get them to validate the opportunity by talking to potential customers and assist them in building a strong enough business case for investment. In the incubator phase we select the entrepreneurs we most want to work with for an extended opportunity at forging a company through partnership.

http://www.newventuresstudio.co.za

Mmankgere Modise
Companies Tribunal

Sandi Leyva
Accountant's Accelorator

Tammi-Leigh Erasmus
Freelance Writer

Thabang Moye
Xperien
www.xperien.com

Yolande Botha
Editor at Large, TaxTalk
www.taxtalk.co.za

Ziglinde de Jager
Freelance Writer

Editor in Chief
Cara-Ann Carstens
caraann@saiba.org.za

Editor
Nicolaas van Wyk
NvanWyk@saiba.org.za

Designer
Bianca Geater
bianca@thisisy.co.za

Feature Writers
Dante Ludolf
Helene Cilliers

Marketing
Cara-Ann Carstens

Publisher
This is Y
www.thisisy.co.za

Printed by
Paarl Media, Paarl


saiba

KIES & ASSOCIATES.

SMITH & COMPANY

Practice of the Month

We award the outstanding

As a run-up to the Accountancy Awards 2016, *SAIBA* launched a monthly campaign, recognising members who run a practice of excellence. Each month a *SAIBA* Business Accountant in Practice (BAP(SA)) is recognised as the Practice of the Month, giving the selected member's practice exposure on various media channels. Each Practice of the Month gains an automatic entry into the Practice of the Year Award, presented at the Accountancy Awards.

The winner, selected at the award ceremony at the end of 2016, will win prizes that will help to expand and improve their practice.

To celebrate this initiative, we showcase two of our Practice of the Month selections. So, congratulations to *Smith & Company* and *Kies & Accountants* for being selected as the Practice of the Month, for February and March respectively.

February Practice of the Month: Smith & Company

With an open heart and an open door, *Smith & Company* emerges themselves into their community with their unique business approach.

A local, Ruwynne built his client base by being actively involved in the community. People saw his will to change the community and his helping hand with a lot of social problems. His involvement in the community built trust, so as soon as he became an accredited *SAIBA* member, they became his clients.

"My firm has grown enormously since we started, and today we deal with clients from across 25 sectors. My goal for the practice was to grow our knowledge and experience in various sectors, and I can say we have achieved that."

When asked what sets *Smith & Company* apart, it was evident that it is their continued development and desire to learn more.

Here are some quick questions, answered by our February Practice of the Month:

- Revenue Breakdown: Accounting 55%, Tax 45%, Consulting 5%
- What do you look for in your team? Integrity, reliability, and a willingness to work hard.
- What sets you apart? *Smith & Company* runs a youth development programme, identifying and training potential employees.
- What accounting software do you use? *Pastel.*
- Tips? Be 100% present in your clients' business, give them value for their money. No client is too small to get your full attention.
- Marketing? Word -of-mouth and utilising social media to educate and engage.
- How does *SAIBA* add value to your firm? *SAIBA* gives the most value in its legitimacy. It's the institute of the future, with great credibility and accountability. Also, they give great opportunities to their members.

March Practice of the Month: Kies & Accountants

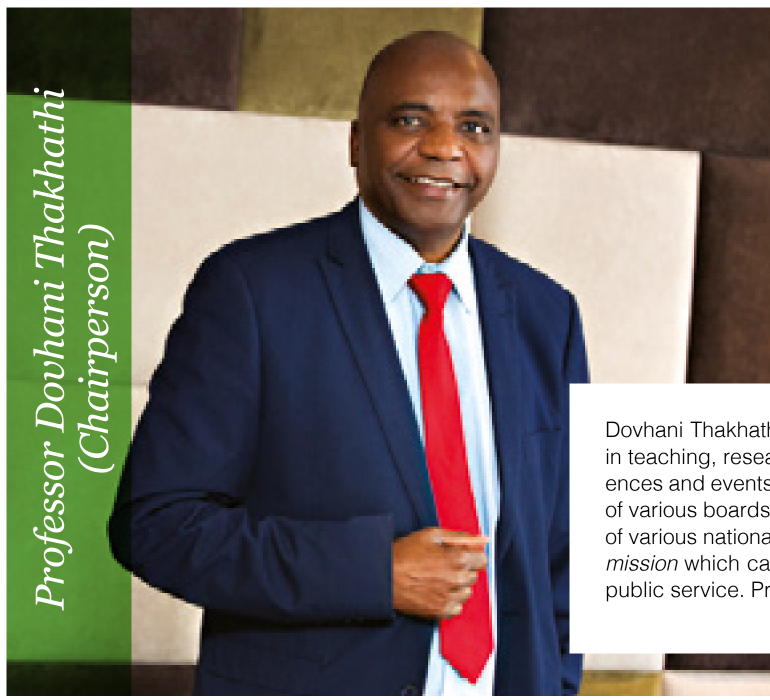
What started as a practice with only one employee soon grew to become a team of 10 personnel. The company continues to expand with leaps and bounds and has grown from a small home office to corporate offices. We asked Pieter to share with the rest of the *SAIBA* community the critical aspects that contributed to his success:

- What do you see as your next growth area for your firm? Going into partnership with *Senior Article Clerks.*
- Revenue breakdown: 37.5% Tax | 60% Accounting | 2.5% Consulting
- How does *SAIBA* add value to your firm? Continuous professional development and keeping us updated through newsletters.
- What accounting software do you use? *Pastel, Caseware, Excel, VIP*
- Are there any operational tips to other practices? Prayer and relying on God is very important to keep you focussed. In addition we are dedicated to ensuring that we do all things 100% and do not tolerate any illegal practices.
- Where do you focus your marketing? Targeting small businesses and providing top quality services to get word-of-mouth referrals.

KIES & ASSOCIATES.

Meet your Board of Directors

We are proud to present SAIBA's board of directors (BOD), a well-rounded group of successful individuals. In the light of the rapid growth of the institute, the board expanded and now consists of eight board members. Here is a bit of background on each board member.



Dovhani Thakhathi is a professor of public administration with extensive experience in teaching, research and community engagement. He has addressed many conferences and events in more than 22 countries outside South Africa. He is a chairperson of various boards, councils and university committees. Prof Thakhathi was a member of various national initiatives including the *Nelson Mandela Presidential Review Commission* which came with good recommendations on the size and shape of the new public service. Prof Thakhathi has received many academic awards.

Stiaan is the founder of the *South African Institute of Tax Practitioners*, where he currently still advises. Stiaan is the immediate past president of the *International Tax Directors' Forum*, the global forum for tax professional bodies. He completed his studies in chartered accountancy at the former *Potchefstroom University*, whereafter he started his career with Deloitte in Johannesburg. His research area is the reform of the tax profession in South Africa and he is currently studying towards his PhD. He has also published articles in various peer reviewed journals, delivered papers at conferences and is a co-author, among others, of the *Silke on Tax Administration and Taxation of Individuals Simplified.*

Dr Renosi Mokate is the executive director and CEO of the U*NISA Graduate School of Business Leadership (SBL)*. Before joining the *SBL*, she was an independent consultant for the *Ministry of Finance and National Treasury* as well as a member of the Investigation Steering Committee of the *Municipal Demarcation Board*.

Dr Mokate has been the executive director of the *World Bank Group*, the deputy governor of the *South African Reserve Bank (SARB)*, and a member of the *Monetary Policy Committee*, the Governor's Executive Committee and the Audit Committee. She also chaired two subsidiaries of the *SARB*, namely the *South African Bank Note Company (Pty) Ltd* and *SA Mint (Pty) Ltd*.

She has held various positions in public sector and academia, including being chairperson and CEO of the *Financial Fiscal Commission*, CEO of the *Central Energy Fund*, ED of Group Economic and Social Analysis at the *Human Sciences Research Council*, director and professor at the Centre for Reconstruction and Development at the *University of Pretoria*, senior policy analyst of the *Development Bank of Southern Africa* and Associate Professor of Economics at *Lincoln University*.

She is a member of the Board of Advisors at the School of Public Policy and Administration, *University of Delaware* in USA and the Advisory Panel on the Development Progress Report at the *Overseas Development Institute* in the UK. She is also a board member of the *Bidvest Bank* and *Vukile Property Fund*. More recently, she was appointed the chairperson of S*outh Africa's Government Employee Pension Fund*. Dr Mokate holds a PhD and MA from the *University of Delaware*, and a BA from *Lincoln University*.

She has received various awards, including the Founders Day Award from *Lincoln University* as well as the Presidential Citation from the *University of Delaware*.

The first female board member to join *SAIBA*, Lerato Legadima is an analytical thinker, who has proven her ability with Analytical Analysis. With an MBA from the *University of Stellenbosch (USB) Business School*, Lerato uses both her business and her problem-solving skills, consulting for various businesses.

She has an accounting and business background, having worked for *Nedcor Investment Bank* as project accountant, the *Citigroup Investment* and *Corporate Bank* in London as a business analyst, as an accountant supervisor for *Multichoice Africa Ltd*, an accountant for *Gautrain* (Bombela Concession Company), and as a commercial business analyst for *Sekoko Resources*.

Gronie Hluyo has 23 years' experience in the financial industry and currently holds the CFO position at the *South African Football Association (SAFA)*. Here, his key responsibilities include strategic planning, budgets, authorisations, policies, committee management and administration, reviewing, auditing, statutory management, internal controls, cash management, procurement management, payroll management, pension fund administration, management of related departments and more. One of his achievements as running CFO is the development of the *SAFA* Financial Management System (FMS).

Before his role at *SAFA*, Gronie worked at the *Primeserve Group Limited* as a financial controller, where he helped set up an internal audit department. He has also worked at *Impala Platinum Limited* as a shaft accountant.

Nicolaas van Wyk

Nicolaas joined the *SA Accounting Academy Pty Ltd* in 2010 as a shareholder and director. *The Academy* provides seminars and technical training to the broader accounting profession. As a consultant to the *Academy* and to various professional bodies, both within and outside the accounting profession, he assists with developing course material, technical guides, new products, change management services and turnaround strategies. Prior to joining the *Academy* he was the Head of Technical for *South African Institute of Professional Accountants (SAIPA)* and the *Association of Chartered Certified Accountants (ACCA)* respectively.

As a result of his work with various professional bodies including *SAIPA*, the *South African Institute of Chartered Accountants (SAICA), ACCA, the Chartered Institute of Management Accountants (CIMA), the Institute of Certified Bookkeepers and Accountants (ICBA), the Institute of Accounting and Commerce (IAC)* and many others, he was approached by the then *Southern African Institute for Business Accountants (SAIBA)* Board in 2012 to help develop the institute's technical division. During this time the *Southern African Accounting Association (SAAA)* was also appointed as the Continuous Professional Development (CPD) provider to *SAIBA*, an engagement that is still ongoing. Subsequent to his involvement as technical advisor and CPD provider he was elected as board member to *SAIBA* and later as acting CEO in January 2013. Nicolaas was appointed as the CEO of *SAIBA* in November 2013. Since 2013 *SAIBA* has grown from 500 members to more than 5 000.

Nicolaas has extensive experience in management, strategy development, and project management and has developed numerous technical guides and presented on a number of technical accounting topics. He obtained his BCom in 1994 and his BCom Honours in 1995 from the *University of Pretoria*. In 2007 he completed his MBA through the *Gordon Institute of Business Science*. He has drafted numerous submissions and papers on the financial reporting requirements in the Close Corporations and Companies Act, and has also presented a number of seminars on these topics. During the initial stages of the Companies Act reform, Nicolaas acted as the coordinator for the *Department of Trade and Industry (dti)* Working Group on Company Formation. Nicolaas is also a board member of the *International Association of Financial Executives Institutes*, *South African Institute for Tax Professionals* and the *South African Institute for Company Secretarial Administrators*.

Michael Sass

Previously the accountant-general of the Republic of South Africa in the *National Treasury*, Michael Sass is now a director at *BIG*. He holds various qualifications, including a master's degree in Commerce as well as being a chartered accountant and certified internal auditor.

Michael has over 27 years' experience in both private and public sector. He previously held senior positions with *Morvest, Business Innovations Group, Grant Thornton, Gauteng Provincial Government, Johannesburg Consolidated Investments (JCI)* and the *South African Revenue Services (SARS).*

He previously served as the *National Treasury*'s representative on various boards, including the *Independent Regulatory Board of Auditors (IRBA)* and the *Accounting Standards Board (ASB).* Michael is the past chairperson of the East and *Southern African Association of Accountants General (ESAAG)* and the *Accounting Standards Board (ASB).* Michael has published various articles in technical publications and is an accomplished speaker at conferences.He has recently re-joined *BIG* as a director and is the head: sector.

Haitange Lineekela Nelumbu

Currently the financial manager at *Protea Hotels*, Namibia Regional Office, Haitange leads a team of unit accountants based at the Protea Hotels throughout Namibia.

He is a chartered accountant, filling roles as an external auditor and external audit assistant. Haitange represents the *SAIBA* Namibia leg of the institute at board meetings.

The Gateway to the Accounting Profession

The *Southern African Institute for Business Accountants (SAIBA)* was established in 1987 as one of many professional bodies within the accounting sector. With no distinguishing characteristics *SAIBA* remained a mediocre body with a few hundred members. In 2013 a new strategy was developed to reposition *SAIBA* as an open professional body. This initiative had the potential of changing the face of the profession to be more inclusive and representative. As an open professional body, *SAIBA* endeavoured to fundamentally change the way aspiring accountants accessed the profession. From 2013 to 2015 *SAIBA* went back to basics and established the structures needed to deliver on its open access model. Governance, operational structures and stakeholder relationships were reviewed and improved. This transitional phase culminated in the appointment of the first fully representative board in line with King III principles. In December 2015 *SAIBA* elected new board members. With the appointment of the new board, *SAIBA* is taking the next steps in refining and focusing its strategy.

The key objectives and purposes for which the *SAIBA* is constituted are to:

a. Establish and provide membership, tiered recognition, designations, certifications, and licensing for persons to be employed or self-employed as accountants and finance professionals in commerce, private practice, the public sector and academia.
b. Afford designatory letters to qualifying members and provide these members with a professional identity.
c. Promote and enforce appropriate standards of competence, practice and conduct among members of the Company so engaged.
d. Contribute to the development of the South African economy by enhancing the ability of members to perform effectively and efficiently in the workplace.
e. Influence the development of national and international policy to ensure that members are free to pursue their careers and practice ambitions to the fullest extent possible.
f. And to do all such things as may advance the character of the profession of accountancy whether in relation to practice, or as applied to service in commerce, the public sector and academia.

Our strategic plan combines all of these objectives into a single sentence. For the next four years we envisage an organisation that will fully embrace its purpose:

"*SAIBA*: The Gateway to the Accounting Profession."
The diagram below illustrates how we use our purpose statement to develop the new *SAIBA* structure and service offering. From this our pay line was developed: "Join. Earn. Share."

To achieve our purpose, the following core values will guide us in delivering our services: Audacious, Ambitious, Encourage and lead, Responsive, Accessible, Passionate, and Inquisitive.

As a Board these foundations will guide the Secretariat in implementing the newest iteration of the *SAIBA* strategy. These foundations will also enable the Board to measure the performance of the Secretariat.

Prof Dovhani Thakhathi

Chairperson, (SAIBA Board)

Did you know?

SAIBA obtained a professional body recognition certificate and is officially accredited by the South African Qualifications Authority (SAQA).

Accounting Regulations, Are you prepared?

The Department of Finance has announced that they are preparing to implement the *World Bank* proposals to regulate the accounting profession.

SAIBA would like to assist you in ensuring that you are compliant with the World Bank proposals.

At the forefront of regulation, *SAIBA* is also represented on the *Finance and Accounting Services Sector Education and Training Authority* (*FASSET*) committee, *Companies and Intellectual Property Commission* (*CIPC*) stakeholder committee and the *Financial Reporting Standards Council (FRSC).*

The regulation will impact how accountants service their clients, how they train the new generation, their qualifications and CPD requirements, and their accountability.

This article provides a quick and easy reference to become better prepared for the new regulatory environment. These basic steps will help you take care of your practice and your employees.

Know the Risks

These are the key recommendations made by the World Bank and the related risks.

World Bank Recommendation: Repeal the Auditing Profession Act and replace with Act to regulate both auditors and accountants.
Risks:

» If I am an auditor I may be required to re-register as an auditor.
» If I am an accountant in practice or an accounting officer I will be required to register with a new regulator and prove my membership with a body such as *SAIBA*.
» If I am an accountant in practice and not yet a member of a professional body I will be required to become a member of a body such as *SAIBA*.
» If my personal details are not updated with my professional body I will not be able to register with the new regulator.
» If my professional body's membership system does not pair with the membership system of the new regulator and my details cannot be updated, my practices having to stop trading.

World Bank Recommendation: Define and categorise the education and training requirements for different accountancy services (e.g. audit, independent review, accounting officers, bookkeepers) and align professional body qualifications to these respective categories.

10 things an accounting officer should and should not do *when accepting an accounting officer engagement:*

1. Accounting officers are not bookkeepers or accountants. It is important to stress this. Bookkeepers do the books, accountants prepare financial statements, and accounting officers issue accounting officer reports.

2. Accounting officers must report to their clients in terms of a statutory requirement. This requirement is absolute. It is therefore a mistake to report anything beyond what the statute requires. Thus, do not report on internal controls. Do not verify assets. This is not a requirement of the Close Corporation Act. Instead state whether the financial statements agree with the accounting records, conclude whether the accounting policies are appropriate and report a contravention of the Act should you become aware of this. These are your requirements.

3. Always interview the client beforehand. The interview is one of the five pillars on which you will base your final report. (Continue reading to learn about the rest.) This interview will reveal the type of client you are working for and will tell you whether the client has a formal bookkeeping system in place, whether it is reliable, whether they have a going concern, whether you need to refer to source documents or need only to rely on the prepared trial balance and ledgers.

4. It is important for you and the client to agree on which procedures to perform before issuing an accounting officer report. You must also agree on the extent of these procedures. Due to limitation, these procedures will not allow you to issue an audit or review opinion. They are also not prescribed in any statute or standard. Accounting officers usually agree to do the following:

» Read the financial statements and trial balance to identify obvious mistakes.
» Compare the trial balance, ledgers, and financial statement.
» Compare various reconciliations or balances with the ledgers. These may include the bank recon, VAT returns and recons, and PAYE and other tax recons.
» Balance the various registers with the ledgers. These include the assets, inventory, debtors and creditors register.
» Obtain the largest debtor and creditor invoice to confirm inclusion in the registers.
» Balance the calculation of the lease payments and interest with the contract amounts and the ledger amounts.
» Consider the appropriateness of the accounting policies by keeping the client's public interest score in mind and whether a financial reporting standard is prescribed by the Companies Act. In addition, consider who will use the financial statements as this may require the use of a specific financial reporting standard and consider going concern as this impacts disclosure.
» Review the work that you performed and consider if anything indicates that the client contravened the Act. If this occurred, report the fact to the client and be sure to include this in your report.
» Signing an engagement letter is the first pillar of accounting officer engagements.

5. An accounting officer does not have to be independent of the client. They can be the client's bookkeeper, accountant and be a member in the client's firm.

6. Not all statutes that require the appointment of an accounting officer require you to do the same thing that you would do for a close corporation. For example, the Non-Profit Organisation Act requires you to assess compliance to the said Act. This is a unique process that requires knowledge of *International Standard on Assurance Engagements (ISAE)* 3000 and/or International Standard on Related Services (ISRS) 4400.

7. Keep records of the evidence that you gather while performing the agreed upon procedures. The evidence is used to form your conclusion on which you base your report. Without evidence you will not be able to defend your conclusion. Evidence is gathered in working papers – papers that document the procedures you performed, the evidence you gathered and the conclusion you reached. Documentation is the second pillar of a successful accounting officer engagement.

8. Obtain a representation letter from your client. This letter confirms that the client has disclosed all necessary information to you. It states that he/she is responsible for the bookkeeping system, the selection of the accounting policies and the preparation of financial statements. The client also confirms and verifies all the assets and liabilities and taxes paid as represented in the financial statements. Obtaining a representation letter is the third pillar of a successful accounting officer engagement.

9. Review your work and decide on the type of report that you will issue. Accounting officers cannot qualify their reports, as they do not give opinions. Their reports are based on factual findings. This process is also agreed upon with the client. The accounting officer does not do any substantive testing, risk assessments or materiality calculations. Either the financial statements agree with the records, the accounting policies are appropriate, or they are not. If there is no agreement or the policy is not appropriate, a contravention of the Act is usually implied. List the relevant section of the Act that was contravened in your report. Issuing a correct report is the fourth pillar of a successful accounting officer engagement.

10. Ensure that your engagement letter, your working papers, the representation letter and the final report are in agreement. You have to show that you have followed the procedures as agreed upon in the engagement letter.

Risks for my firm:

» I will have to prove competency in these areas.
» I will have to register and pay for more training events.
» If I don't meet the criteria to perform work as an accountant in practice, accounting officer or independent reviewer I will not be allowed to provide services to clients.

World Bank Recommendation: Accredit, register, monitor, and sanction professional bodies.

Risks for my firm:

» My membership fee will increase due to the requirement that my professional body have to obtain accreditation with the new regulator.
» If my professional body does not get accreditation I will not be able to practise.
» My professional body will have to start doing practice inspections for which I will have to pay.
» Practice inspection will assess my firm's ability to meet standards related to:

o Practice management
o Image and promotion
o New client procedures
o Human resources
o Communication with clients
o Office filing
o Security
o Working papers
o Accounts preparation
o Management accounts
o Tax and other compliance work

World Bank Recommendation: Creating awareness of the qualifications for all accredited professional accountancy organisations to employers, tertiary institutions, students and the general public.

Risks:

» My professional body will no longer be unique and perception will be created that all professional bodies are the same.
» My ability to attract clients due to my membership of a specific professional body will be negatively affected.
» The public will be confused as to how the competency accountants differ dependent on their membership of different professional bodies.

World Bank Recommendation: Support strengthening the professional accountancy bodies to develop more accountants to meet demand.

Risks for my firm:

» Opening up the profession may result in the lowering of standards and lowering the quality of service to clients.

World Bank Recommendation: Strengthen the *Independent Regulatory Board for Auditors (IRBA)* inspection methodology and independence.

Risks for my firm:

» New inspection methods may result in an increase in findings, penalty fees, and increased compliance costs for my firm.
» More independence may result in new regulator losing touch with profession.

World Bank Recommendation: Strengthen the IRBA disciplinary processes.

Risks for my firm:

» More power to the regulator may result in it becoming overbearing.

World Bank Recommendation: Ensure professional bodies act in the public's interest.

Risks for my firm:

» This means my firm will have to act in the best interest of the public and not that of my client.
» However, the term "accountant not legally protected", meaning persons that are not members of professional bodies, will fall outside this requirement.
» Persons who are not members of professional bodies will be able to charge less than my firm, as they don't have the same compliance costs.
» Limitation of liability only applies to auditors and not to my accounting firm.

World Bank Recommendation: Ensure professional bodies act in the public's interest.

Risks for my firm:

» The focus of the *FRSC* will be limited to *International Financial Reporting Standards* (*IFRS*) / *IFRS* for SME and my small clients will be forced to apply *IFRS* based framework when preparing financial statements.
» This increases my potential liability to creditors and inadvertent non-compliance.

World Bank Recommendation: Strengthen the ability of the Department of Trade and Industry (dti) to police compliance to financial reporting standards.

Risk Management Actions:

1. Ensure that my professional body is aware of the coming regulation and will ensure my rights are defended.
2. Ask my professional body what they are doing to keep me updated on the new proposed regulations to regulate accountants.
3. Request my professional body to ensure industry standards are maintained and to promote the adoption of micro gaap.
4. Contact my professional body and ensure personal details and Continuous Professional Development (CPD) hours are updated.
5. Register for training courses to ensure competency in engagement standards.
6. Use technology and automated working papers and practice management software to reduce compliance costs.
7. Increase client fees to provide for increased compliance costs.
8. Develop and implement a quality control policy and procedure manual.
9. Develop a marketing plan to address new competitive environment.
10. Get my professional body to promote the status of my designation.

The 2016 Accountancy Awards

Get ready for the event of the year as we celebrate SAIBA and our members.

For this first time, *SAIBA* is celebrating our members by presenting the Accountancy Awards 2016. Hosted at the *SAIBA* AGM 2016, the ceremony will include awards of excellence for:

- *SAIBA* Woman in Finance of the Year
- Practice of the Year
- Student of the Year
- CFO of Excellence 2016

This will be an annual event.

Submit your nominations via e-mail to caraann@saiba.org.za or online on the *SAIBA* website. Nominations should include both the details of the person or entity making the nomination and that of the nominee, including a motivation for your nomination.

We look forward to a celebration of success and growth of the institute and our members.

A partnership between SAIBA and QuickBooks

The Southern African Institute for Business Accountants (SAIBA) is partnering with *QuickBooks*, the world's largest accounting software solutions company, to bring our members exclusive *QuickBooks* offers. Collaboration started at the beginning of 2016, and the aim is to enhance member experience.

New members will be able to purchase *Quickbooks* when registering as a *SAIBA* member. In additional all members will benefit from reduced product costs.

BAP(SA)s will gain access to SMEs that purchase *Quickbooks* software and *SAIBA* membership will be offered to all *Quickbooks* subscribers.

EasyBiz QuickBooks
Quick to learn, quick to use

Technical Support

SAIBA launches free technical support services to members.

AMAX SA

SAIBA has partnered with *AMAX*, a firm of Chartered Accountants and Auditors to offer free technical support services to our members. *AMAX* South Africa specialises in audit, accounting, BEE, finance, tax, legal, professional placements and training.

SAIBA Technical support is accessible via the *SAIBA* website at **www.saiba.org.za**. Go to tools and click on technical support.

Accounting Weekly – your newsfeed

Did you know that **www.accountingweekly.com** was an initiative launched by *SAIBA* to enhance not only our members' experience, but to give the South African accounting industry a credible source for accounting news?

The *Accounting Weekly* is a dedicated news portal for accounting and finance professionals. The daily updates on **www.accountingweekly.com** provide news and information with a distinct accounting flavour. With both a local and global focus, the website offers updates, including regulatory changes, developments, and news relevant to the CFO.

Launched in January 2015, the *Accounting Weekly* is a strategy to uplift, inform and educate the local finance and accounting industry, while building content that would link more visitors to the *SAIBA* website. Within the first few months, the Accounting Weekly attracted up to 15 000 visitors per month with its relevant news content. As part of the *SAIBA* integrated marketing strategy, the *SAIBA* website traffic grew with 27% in 2015. No doubt, the *Accounting Weekly* helped grow our institute, while it continues to entertain readers.

The *Accounting Weekly* features top-quality content, curated to showcase stories by journalists and industry experts. And, as an added bonus, readers will also get a lifestyle or technology fix.

The site was launched separately from the *SAIBA* brand to welcome other institutes to advertise or provide content, and encourage an integrated accounting industry.

We've Found a New Home

It is with great excitement that we announce that *SAIBA* is getting a new home, online and offline. As from 1 June 2016, we will have a new website, to once again take us into a prosperous future.

This website will boast an extensive, interactive membership system, where members can build their own online profiles, while enjoying a practical and beautiful new website that includes more content and relevant documents, exclusive to *SAIBA* members.

Together with our new online home, we are also excited to move into new offices, with more space for our expanding team.

The offices will also have a dedicated space for members to host meetings or small seminars, or to just come and work, should they need a desk for the day.

Our new offices will be located at 2 Oxford Office Park, 3 Bauhinia St, Highveld Techno Park, Centurion.

It's Official, SAIBA + CIMA

It's official, *SAIBA* and *CIMA* partnered to offer *SAIBA* members easy access to step into their CIMA learning experience, allowing *SAIBA* members to become Chartered Management Accountants.

CIMA has granted exemptions available to different *SAIBA* membership levels, based on a holistic review of entry requirements, competency frameworks and CPD.

Similarly, *SAIBA* offer *CIMA* learners support and accreditation, through our designations.

CIMA levels match perfectly with *SAIBA's* exclusive designations. Exemptions and registration:

The exemptions are paired together according to eligibility:

BA(SA) + Operational Level
BA(SA) designation holders will begin at the operational level objective tests, leaving them with 12 exams requirement to obtain a *CIMA* qualification.

A *CIMA* operational level will automatically qualify for a BA(SA) designation, after an RPL has been completed.

CBA(SA) or BAP(SA) + operation Level
CBA(SA) and BAP(SA) members will step into the operational level case study, leaving them 12 exams to complete to obtain a *CIMA* qualification.

CFO(SA) + Strategic Level
CFO(SA) members will be entered onto the professional gateway route, *CIMA* Strategic level, leaving them with 4 exams to complete the exams to obtain a *CIMA* qualification.

CIMA Strategic Level student, can apply for *SAIBA* CFO(SA) designation, with added recognition, obtained from this partnership. Designation qualification is dependent on years' experience and committee interviews. *CIMA* students are also eligible to apply for one of the many *SAIBA* designations:

SAIBA Membership
BA(SA)
CBA(SA)
CFO(SA)
BAP(SA)

SAIBA and the University of the Free State School of Accountancy

An interview with the university's Christo Rossouw on the relationship between SAIBA and the University of the Free State's School of Accountancy

SAIBA has partnered with the *University of the Free State*'s School of Accountancy to collaborate in creating technical content for **www.accountingweekly.com**. It is one of *SAIBA's* core values to educate and inform our members. Professor Cobus Rossouw is the project leader on this initiative and he tells us more about what it entails:

1. How do you assist SAIBA and www.accountingweekly.com?
The lecturers of the School of Accountancy of the *University of the Free State* contribute various articles on an ongoing basis for the Accounting Weekly. The articles range from financial reporting issues relating to the *International Financial Reporting Standards (IFRS)* for Small and Medium Enterprises (SMEs), management accounting, financial management, strategy, audits or reviews, internal controls to taxation, and actually anything in the field of accountancy. The articles would debate or explain relevant issues to the benefit of practising accountants.

2.How do you benefit from the relationship?
Our benefit lies in the opportunity to serve and assist the accounting profession in technical matters. As lecturers, our passion is to teach accounting related topics. Through writing the articles we are granted the opportunity to get out of the classroom and contribute to the profession.

3.What is the benefit of university and institution collaboration?
The benefit is that we stay connected to the community and the industry. A university may never become isolated from the community and professions it serves. We need to take hands and build the South African economy.

4.What is the future of accounting?
The discipline of accounting may be a thousand years old, but it is ever evolving. Accounting would always need to adapt to the ever-changing business environments. As long as business is changing, accounting would develop and in some cases it may need to be ahead of business. In future, financial reporting would probably require more and more judgement of accountants, as a principle-based framework cannot be applied without applying one's mind. The future would require even more technical skills and high level business skills from accountants. The *IFRS* for SMEs is still in its baby shoes and would probably be applied in more jurisdictions globally.

5.What is the benefit of an exclusive accounting or finance news platform, such as the www.accountingweekly.com?
It serves to inform readers/accountants/users of financial information on topics and issues that are relevant to their needs. It should cover recent developments and trends. However, sometimes one would need to be reminded of the "basics" again.

The Event that has **everyone talking**

CFO*talks*

CFO Talks is devoted to sharing ideas and encouraging conversations between CFOs. A platform that facilitates insightful and powerful talks relevant to CFOs, this is an initiative between the International Association of *Financial Executives Institutes (IAFEI)*, *UNISA Graduate School of Business Leadership (SBL)*, the *Chartered Institute of Management Accountants (CIMA)*, and the Southern *African Institute for Business Accountants (SAIBA)*. Having hosted three events, the *CFO Talks* succeeds in bringing the industry's best into one room.

Through our dedicated network, we are able to source and connect knowledgeable talk leaders with the CFO community, covering all issues affecting the finance executive, including science, business and global issues.

CFO Talks is a fast-tracked learning experience for CFOs.

A constant conversation among peers and experts ensures that the CFO is instantly aware of environmental changes and reduces reaction time in a very competitive environment. These conversations are facilitated through monthly networking events, online videos and interviews, and CFO-specific conferences.

CFO Talks is a critical platform to help pioneer the role of the modern CFO. The events held at the *UNISA SBL* and the *JSE* respectively, drew speakers and attendees from across industry.

We have welcomed various speakers, including Aarti Takoordeen, CFO at the *JSE*, Richard Wainwright, CEO at *Investec*, Thabi Nkosi, Senior Economist at *AgriSA*, Pieter Henning, CFO at *Sibanye Gold*, Gabriele Fontanesi, an international CFO and Alexander Visser, CFO for *Phillips South Africa.*

Partners and sponsors include, *CIMA, SAIBA*, the *UNISA Graduate School of Business Leadership, IAFEI* and *CQS Caseware.*

Our monthly events are hosted at the *UNISA SBL* in Midrand. We hope to see you there.

Continue to develop with CPD

CPD events are available on the SAIBA website **www.saiba.org.za** under events.

SA *Accounting Academy (SAAA)* has been the official Continuous Professional Development (CPD) Provider for the *Southern African Institute for Business Accountants (SAIBA)* since 2010. We have a close strategic relationship with *SAAA*, adding incredible value to our members with CPD and training, continuing to grow and enrich the accounting profession.

After six years of partnership, here is what CPD means to our members:

CPD is a convenient and affordable way practitioners can keep their technical and business knowledge up to date. It now includes accounting and tax.

Make sure that your CPD hours are up to date by subscribing to *SAIBA's* annual subscription package. This year, members have even more flexibility as we are including the option to view recordings of all seminars and webinars from our new online platform, so that you can watch them at your own convenience and in your own online study room. This facility is available to both individuals and firms and is accessible for 12 months.

Plus, for those of you that want to be kept updated on tax and accounting subjects, we are introducing the option of a combined subscription service with a much bigger variety of seminars and webinars.

Continuous Professional Development is a mark of professionalism. Clients, banks, state agencies and others rely on the work of business accountants precisely because they are committed to life-long learning.

Business accountants that invest in their own development are aware of legislative changes and developments in the profession. They are therefore better equipped to advise on and benefit from these changes.

International best practice, as well as local rules with regard to *SAIBA's* accreditation and registration as a professional body, dictate that accountants should be subject to 120 hours of CPD in a three-year cycle.

SAIBA therefore requires the following CPD hours per designation (applicable for both South African as well as Namibian members):

Business Accountant: 20 CPD Hours per annum (10 Verifiable, 10 Non-Verifiable)

Certified Business Accountant: 30 CPD Hours per annum (15 Verifiable, 15 Non-Verifiable)

Business Accountant in Practice: 40 CPD Hours per annum (25 Verifiable, 15 Non-Verifiable)

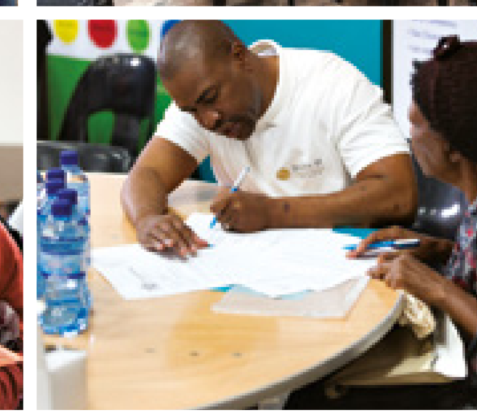
Certified Financial Officer: 40 CPD Hours per annum (20 Verifiable, 20 Non-Verifiable)

NPOs get free access to accountants

The *Southern African Institute for Business Accountants (SAIBA)*, the *South African Institute of Tax Professionals (SAIT)* and the *Department of Social Development (DSD)* recently launched a volunteer project to help Non-Profit Organisations (NPOs) become compliant with their financial reports and tax returns. An estimated 80 000 NPOs are non-compliant and will be able to benefit from the **www.npoassist.co.za** volunteer project. Our pilot project was hosted in Hammanskraal, Beaufort West and Plettenberg Bay.

During Minister Dlamini's Social Development Budget Vote speech tabled in Parliament on 4 May 2016, the importance of strengthening partnerships with civil society organisations was once again highlighted. "The NPO Act will be amended this year to ensure that NPOs are better placed to deliver services without any obstacles to the almost 17 million South Africans that depend on social assistance programmes. The *National Development Agency (NDA)* and Provincial Departments in collaboration with the private sector, will embark on intensive capacity building and mentoring for NPOs," says Minister Dlamini.

Here are some photos of the outreach. If you would like to join the initiative, you can register at **www.npoassist.co.za.**

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NPO's Arise

After thousands of Non-Profit Organisations (NPOs) were deregistered by the *Department of Social Development (DSD)* in 2012 due to non-compliance, the NPO community was in dire need of professional assistance. Through an initiative by *SAIBA* and the *South African Institute of Tax Professionals (SAIT)* a unique partnership was forged between the private sector and the *DSD*. The aim is to assist these community-based organisations free of charge, to comply with their financial reporting requirements.

In an interview with Peter Netshipale, Deputy Director General of the *DSD* for *BA Review*, he describes the department's experience of this partnership, as well as the reasons for the current state of affairs and his hopes for a sustainable partnership that may continue well into the future.

Helene Cilliers | **Business Accounting Review**

Handy, effective and efficient. This is how Peter Netshipale, Deputy Director General of the *Department of Social Development (DSD)* describes a unique partnership between his department, *SAIBA, SAIT and First National Bank (FNB).*

The partnership is an initiative of the *Southern African Institute for Business Accountants (SAIBA)* and the *South African Institute of Tax Professionals (SAIT)*, and was established in 2015, after media reports uncovered a serious lack of compliance by the Non-Profit Organisation (NPO) Sector. After the news reports were published, the *DSD* confirmed that more than half of the 140 513 NPOs on its database were non-compliant. This prompted *SAIBA* and *SAIT* to come to the rescue of the NPO sector and to pledge R10 million in volunteer services by their members, in order to help the NPO sector become compliant with regulatory filing requirements with the *South African Revenue Service (SARS)* and the *DSD*. These volunteers offer free tax, accounting and legal information, advice and services to basic and start-up NPOs.

According to Netshipale, almost R10 billion per year flows through the NPO sector of which R7 billion is contributed by the government. It is therefore in the government's interest to make sure that all registered NPOs are compliant with the NPO Act, 1997 (Act No 71 of 1997). All NPOs, whether voluntary associations, companies or trusts that want to apply for government funding, must be registered in terms of the NPO Act.

This requires that the *DSD* ensures that the standard of governance within Non-Profit Organisations is maintained, which entails that all registered NPOs, apart from reporting on their activities, must also submit annual financial statements and reports.

After the implementation of the NPO Act, which repealed portions of the previous dispensation's "draconian" Fund-raising Act, 1978 (Act No 107 of 1978), there was a flood of applications for the registration of NPOs.

The reason, according to Netshipale, was that government control in terms of the Fund-raising Act made it virtually impossible for NPOs or NGOs to operate in the country. The result was that many NPOs operated illegally and without the government's knowledge.

By relaxing the laws governing NPOs, the state now has control over registered Non-Profit Organisations and the type of services they deliver. The registration process for community-based NPOs is now much easier. In order to access government subsidies or money from the *National Lottery*, they must be registered with the *DSD*.

Most of these NPOs are voluntary associations which, according to the NPO Directorate at the *DSD*, represent 95% of the organisations that are registered in terms of the NPO Act. These associations can register for free with the *DSD* and are ideal vehicles for community-based organisations.

However, most of these associations were found to be non-compliant and in 2012 almost 80% of them were deregistered, said Netshipale. This caused a huge public outcry. In response the *DSD* invested R2.5 million in an awareness and educational campaign aimed at helping NPOs improve their compliance. Due to the high rate of non-compliance by NPOs, the Minister of Social Development, Honourable Ms Bathabile Dlamini, has put a moratorium on the deregistration of NPOs, in the process re-registering all NPOs deregistered in 2012. This was in an effort to encourage compliance by NPOs and adopting a developmental approach in addressing the administrative matters relating to compliance.

Minister Dlamini announced that there would be no de-registration of NPOs until she herself was satisfied that the Department has done all it can to assist NPOs with compliance. The awareness-raising campaign as well as Public Participation Programmes (izimbizo and community dialogues) were therefore rolled out nationally, to assist NPOs with compliance and increase access by NPOs to the Department's NPO officials for direct, face-to-face service.

"And then *SAIT* and *SAIBA* approached us and suggested collaboration. They would use their skills and funding from *FNB* to assist the NPOs to comply with the act," said Netshipale. "We agreed to their proposal and the Inter-Governmental Committee on Non-Profit Organisations welcomed the partnership, which entailed that *SAIBA* and *SAIT* would develop a strategy and implement it. They go into the communities and identify the NPOs that are not compliant, workshop them and through their members assist NPOs to compile financial statements."

There would be a specific focus on township and rural areas, targeting community based organisations (CBOs). "At a pilot programme in Hammanskraal, over 200 NPOs attended the event and by the end of the day they all had – for the first time – a valuable financial statement from a reputable person, plus they were in line with *Financial Intelligence Centre Act (FICA)* requirements." More than 80 volunteers assisted at this event.

"Actually, it is the first of its kind where a government department partners with a private organisation to assist communities, enabling them to deliver a service."

Netshipale says the NPOs were "ecstatic" with these services. "And actually, it is the first of its kind where a government department partners with a private organisation to assist communities, enabling them to deliver a service."

He says that after the implementation of the partnership, indications were that should this initiative be rolled out throughout the country, the result will be a clean and compliant NPO sector.

"We currently have 153 000 registered NPOs. This year 136 000 of them will have to report between April and July. Through the partnership, we are sure we can reach that number." According to Netshipale the low compliance numbers before were mainly due to the fact that most of the community-based organisations don't have money to pay for financial professionals, or they do not have the knowledge to do it themselves, or in some cases they are not even aware that they have to report back to the *DSD*. According to a Memorandum of Understanding (MOU) between *SAIT, SAIBA* and the *DSD*, social upheaval, ineffective use of state funds, and a negative perception from the donor community will be the end-result if the current situation remains unchecked.

It says that according to *StatsSA*, close to 60% of the NPO sector's income consist of government grants and donations. The rest is either obtained from membership subscriptions, and/or services and sales. Close to 90% of the expenses of NPOs are allocated to compensation of employees.

In the MOU, the parties set out the roles and responsibilities, whereas the *DSD* provides the necessary data on NPOs that is maintained as national Register of NPOs in terms of section 24 of the NPO Act; provide all the necessary guidance and leadership as required; lead and participate in the capacity building to community-based organisations; and provide logistical support to *SAIT* and *SAIBA* to support this partnership.

SAIT and *SAIBA* enable community mobilisation and empowerment, and provide a sustainability plan. They provide technical support to NPOs, and build their capacity in order to be compliant with the NPO Act and other regulatory legislation; provide organisational infrastructure to undertake the task; mobilise NPOs to participate in the road shows and training sessions as well as development and compliance events; mobilise the tax and accounting profession to provide pro bono volunteer services to the NPO sector, mobilise the banking sector to provide free infrastructure support to NPOs and offer cost effective and banking services to unbanked and under-banked NPOs.

The professional expertise offered by *SAIT* and *SAIBA* through their 20 000 members, relate directly to the mandate and scope of the NPO Directorate, namely the education, enablement and support of the NPO Sector.

SAIBA and *SAIT* have already created a platform called *NPO Assist* (**www.npoassist.co.za**) for NPOs to access the voluntary services. The volunteer will meet with the NPO and perform a needs assessment. The meeting will be held at the NPO place of work, *FNB* branches, *DSD* branches, or alternatively at the office of the accounting officer. Following the needs assessment, the accounting officer will develop a compliance project plan and intervention. The plan will be agreed upon and signed off by the NPO and accounting officer. This intervention may be reported to the *DSD* and the outstanding reports filed by the accounting officer and registered tax practitioner (where relevant).

The volunteer services by the extended community of 20 000 accounting officers and tax practitioners will assist NPOs with setting up bookkeeping systems; preparing financial statements and submitting these to the NPO Directorate; completing the NPO narrative report; filing tax exempt returns; applying for tax exemption status and *Public Benefit Organisation (PBO)* status with *SARS*; and improving the management of the NPO. In a key supporting capacity, *FNB* agreed to provide accounting software for *SAIBA* and *SAIT* members to enable NPOs to comply with the NPO and Income Tax acts requirements.

In addition, *FNB* also provides banking, logistical and educational facilities in support of the partnership and will provide funding in support of these activities. *FNB* is also working on a solution to make its branches available as physical drop-off points for NPOs to drop off documentation that must be submitted to the *DSD* and *SARS* for their annual filing.

It will also make a free central call centre available where NPOs can receive telephonic assistance, and will provide its Instant Accounting software at no charge to registered NPOs.

"I think if the business world emulates what *SAIBA, SAIT* and *FNB* have done for other government departments, this country will go a long way," said Netshipale.
"When a government department delivers a service, we don't always deliver it ourselves, but in this case it is unique because the private sector is paying for everything." Netshipale says the initiative with *SAIBA* and *SAIT* will have to carry on indefinitely into the future.
"This means that the *DSD* will at some stage have to start contributing to it financially – hopefully with the assistance of Treasury – to ensure its sustainability", he says. It will also require assistance from the private sector, such as what *FNB* is providing at the moment.
"We would also like to roll out a model where *SAIT* and SAIBA become trainers, for example to temporary students. We realise that the two organisations don't have enough members who can render the service for free indefinitely," says Netshipale.

Trying to Fill the Finance Gap

Although Small and Medium Enterprises (SMEs) are supposed to create all those jobs that politicians promise, they face a major pitfall in the form of a lack of financing options. Does the private sector offer any solutions? Our affiliate journalist takes a closer look.

Leigh Schaller | **The SAIT**

At its inception, the *National Development Plan (NPD)* set the ambitious but necessary goal of reducing unemployment levels to 6%, by creating around 11 million jobs before 2030. South Africa is not alone in its quest to create jobs. Across the globe 600 million new jobs will have to be created in the next 15 years in order to accommodate the growing global workforce according to the *World Bank*.

Like UFOs and missing socks, job creation is something that is much spoken about, but seldom seen. According to realise this lofty goal, "some 90% of jobs will be created in small and expanding firms," according to the authors of the NDP.

SMEs face a number of challenges with access to finance being one of the biggest according to a survey conducted by the *Global Partnership for Financial Inclusion*. In Africa, access to sufficient finance ranks behind only access to electricity and theft, as the biggest hindrance to SMEs. In East Asia, Latin America and Eastern Europe it is the biggest obstacle faced by SMEs.

Despite having the most developed financial sector on the continent, South Africa is not immune to this lack of cash where it counts. The *PwC* Emerging Companies survey reported that entrepreneurs found that access to funding was their second biggest challenge behind access to markets.

It seems that the old adage of 'it takes money to make money' is as cliché as it is true. For laypersons in need of cash, the first point of call is often banks. However, for entrepreneurs, speaking to banks often proves to be fruitless as they are only willing to lend money to businesses with assets on their balance sheets.

Even in the more formalised technology sector in South Africa a survey by *Ventureburn* found that banks were one of the least favoured sources of funding. Tech entrepreneurs instead rely on personal savings, and loans and investments from friends and family were the most popular forms. Both of these methods may suffice for entrepreneurs with good jobs that enable them to build up savings and middle class friends who they can rely on, but it does little to bolster confidence that there is any way out to when it comes to financing entrepreneurs from low income backgrounds.

Although it is easy to see 'stingy' banks as the culprit of why South Africa and the world cannot provide finance to businesses, and in turn create jobs, it is only fair to keep in mind that roughly 60% of new businesses fail in South Africa. Banks have an obligation to invest in people and companies that can pay the money borrowed back in order to protect the cash of those who put their savings and salaries into banks. Their reluctance to splash out cash on promising but risky businesses is understandable – after all, the impact of banks having issued risky loans pre 2008 is still hurting the global economy.

Perhaps our thinking around financing SMEs should not be that it is essential to obtain money for every person calling themselves an entrepreneur.

"In developed economies, a relatively small number of fast-growing SMEs, often dubbed 'gazelles', account for the majority of new job creation. Firms comprising of less than 10% of the total SME population create 70% or more of all net new jobs," according to the *Global Partnership for Financial Inclusion* report, which goes on to say that in developing countries this gazelle phenomenon is also present.

As there is a lack of funding available to invest money in risky enterprises, perhaps the solution is to instead place money in those SMEs who are most likely to be gazelles.

To some extent this is the approach taken by the venture capital (VC) industry. In 2001, R35.9 billion had been invested by South African VCs.

» ***2.5X** – Young people are more likely to be unemployed*

Source: Global Partnership for Financial Inclusion

» ***15%** - The percentage less likely that women are to have a bank account.*

Source: World Bank

» ***19.8%** - Number of failed SA businesses who listed problems getting financing as a reason for closure.*

Source: GEM South Africa report

As of 2013, R162 billion has been invested, according to a *PwC* report on the industry. The business model behind VCs is that they try to identify businesses that hold lots of promise, but are usually too risky for banks to invest in. They then give the businesses in question funding and often support, in exchange for a stake in the ownership of the business.

VCs are extremely discerning in how they invest. They follow a due diligence process, where financial records, entrepreneurs, business plans and industry analysis among other aspects are thoroughly analysed for fatal risks before a VC decides to invest. It is not uncommon for this process to take up to a year to be completed. In this way, VCs identify likely gazelle SMEs. VCs are also closely invested in the firms that they provide funding to. Whereas banks are only interested in receiving bond repayments, VC firms own a share of the business and have a say in how to improve its operations in order to maximise profits.

Government, in the form of the *Public Investment Corporation (PIC)* seems to have seen VC's potential, with a majority of funds raised in 2012 by VCs coming from the PIC.

Government has tried to increase private sector investment in VC firms by offering tax breaks to those who invest in them, although there is a feeling in the VC industry that more can be done, such as reducing the impact of capital gains tax.

In a world where government intervention in finance has not yet provided a resounding panacea to funding shortfall, and the traditional stalwart of financing banks have proved to be ill suited to financing SMEs, perhaps the answer, if one exists, lies in VCs.

A Tax Trap for Small professional service companies

Keith Engel I **The SAIT**

Government has repeatedly stated its professed love for small businesses in speeches and in the media. We even have governmental structures dedicated to small businesses. In terms of tax, our legislation includes special income tax relief for small business companies and an alternative turnover tax regime for micro-businesses. In particular:

- Small business companies enjoy a 0,7 or 21% rate (as opposed to the normal 28% rate) for net income below certain thresholds, as well as 100% upfront depreciation allowances.
- The turnover tax allows small businesses to opt out of the income tax altogether in favour of a maximum 3% charge on turnover below certain amounts.

Yet, this professed love for small businesses does not extend to service operations, especially professional services such as accounting, medical and legal. *National Treasury* and *SARS* have consistently viewed these high-end services as outside the need for special tax relief. A case in point is the turnover tax, which expressly excludes professional services from the relief.

No such express exclusion exists, however, for professional services in regard to small business company relief. The only express exclusion exists for services performed personally by the company's owners, where that company does not have three or more full-time employees. Service companies of slightly larger scale receive relief. The purpose of this very small service exclusion does not appear to be aimed so much at professional services in general, but only at professional services as life-style businesses (wherein one practitioner holds him or herself out for business to the public) or for solo practitioners that avail themselves of company status to disguise their quasi-employee relationships as formal contractual consultancies.

Therefore, accountants, lawyers, and other professional firms with three or more full-time employees are not explicitly barred from utilising small business company relief.

Unfortunately though, it now appears that professional service firms face a new difficulty that is arising on audit. This difficulty comes to the fore when the firm incorporates as a personal liability company. Unlike the typical company, the directors of these entities are jointly and severally liable for the debts and liabilities of the company during their periods in office. These companies exist because professional associations often require this waiver of limited liability as a formal or informal condition for membership. Previously the invocation of limited liability in terms of professional services seemed unethical, because a professional should fully stand by his or her work. Vestiges of this practice continue today.

When the small business company regime was enacted in 2001, no legislative exclusion existed for personal liability companies. The problem only arose once the Companies Act was enacted in 2008. The new Companies Act altered core definitions such as "close corporation" and "private company". The new private company definition under the 2008 Companies Act expressly excludes personal liability companies (with these companies never having been part of the 1984 close corporation act). The tax impact of this change in wording does not appear to have been contemplated when the wording in the Income Tax Act was updated in 2013 to incorporate the references to the Companies Act of 2008.

Certain professional personal liability corporations now find themselves in a bind. *SARS* is auditing these entities for wrongfully claiming small business company status. Many of these companies will be caught wholly unaware because the owners of these entities only reviewed eligibility status when entering into the venture many years ago (with the relief being available under old company law). This relief was assumed to continue. The legislature updated the reference to "private company" seemingly unaware that this term has a very different meaning under the 2008 Companies Act versus prior law. No explicit discussion of how this change relates to personal liability corporations was ever raised in the legislative history. Nonetheless, "the words are the words", leaving these corporations vulnerable on audit.

The question thus becomes whether the law can be changed (going forward and backward) to undo the unintended anomaly arising from the 2008 Companies Act. From a historical legislative perspective, there is no policy reason to exclude personal liability companies from small business company relief. Only smaller service firms (of under three full-time persons) are excluded – not all professional service firms (as contrasted with the whole scale exclusion of professional services from the turnover tax). There are also no policy reasons for targeting professional services firms merely because they operate as a personal liability company while providing relief for other professional service firms operating under a different legal form. Some sympathy should also exist for firms being caught unaware of the unintended 2008 change.

Requests for relief in terms of personal liability corporations are likely to fall on deaf ears if the *National Treasury* and *SARS* understand that these corporations are almost exclusively run by professional service firms.

Their historical hostility toward these forms of services is well-known. Even the *Davis Tax Committee* appears to show hostility towards high-end professional service firms in its interim report on Small and Medium

> "**Technical degrees do not offer** an automatic ticket to wealth."

Enterprises. The report notes with concern that certain forms of high-end services (e.g. financial services, insurance and medical) enjoy 24% of the total relief.

Given these concerns, a real risk exists if one seeks to obtain policy relief for personal liability corporations engaged in professional services. Not only will the request be denied, but highlighting the issue could result in the outright exclusion of professional services from the small business company regime altogether.

Technical degrees do not offer an automatic ticket to wealth as the *National Treasury*, *SARS* and the *Davis Tax Committee* seem to believe. The difference between success and failure often has little to do with technical skill, and instead with business acumen. Professional service firms of a smaller nature face many of the same risks (and provide the same economic externalities) as other small service operations. At some point, Government needs to reconsider its antipathy toward services, given that most small businesses come in the form of service operations.

After all, small businesses lack the capital to engage in manufacturing and other capital-intensive operations. Let's hope an improved dialogue relating to small business service firms comes sooner rather than later.

Retain Your TopTalent

The trending word within economics around the world today is retention. In this article Ziglinde de Jager focusses attention on the role of leadership in retaining top talent employees.

Ziglinde de Jager | **Freelance Writer**

The retention of top talent is more than just a buzzword in the current economic market – it is a necessity for business strategy and leadership today. Most top employees have spent the past five years going through company restructuring, office re-designs, company plan changes and budget cuts, as companies were trying to keep up with all the worldwide economic changes. The hard truth is that people leave managers and supervisors more often than they leave their companies or jobs. For leaders, the ability to retain their employees has become a skill they really can't do without. Managers should be proactively making changes within their companies, for the cost of implementing retention strategies is far less than the cost of replacing top performers.

How do companies retain their top talent?

It is easy to try a few tactics like offering employees a competitive benefits package that fits their needs, providing some small perks or using contests and incentives to help keep workers motivated and feeling rewarded, but in the end, the culture differs from business to business, and companies should each have their own strategy. Businesses make the mistake in only performing exit interviews after employees have resigned, when they should turn their focus on instead understanding why employees stay, and build their retention strategies based on this information.

More importantly, senior management shouldn't assume that they know what is going on in the mind of their top talent employees and should certainly not make choices on their behalf that might actually hinder their development. According to research, one in every four employees intends to leave their employment within the year, one in three admits that they are not putting all his/her effort into the job and one in five believes his/her personal ambitions are quite different from what the company has planned for them. This mostly happens because the top talent employees' expectations of the company are too high and because they have too many alternatives. These employees also often expect to be treated differently, because they work so much harder than their peers. When the company is struggling – as so many are these days – the top talents will be the first to experience disappointment. If companies remain passive and just assume their top talents are doing fine, and even expect them to "tough it out" in crisis times, they will be shocked to learn that many of the top talents would rather walk away and invest their contributions elsewhere.

In these pressing times, management should actually double up their efforts to keep their top talents engaged in their companies, without sacrificing company values to keep them around.

The following are strategies to help retain top talents:

1 Make your top talent employees feel important

When employees receive recognition and their hard work is rewarded, they feel enabled, empowered and confident in their ability to do their job. This will also create goodwill and loyalty towards the company. It is important that they feel appreciated, respected, worthwhile and that their contributions towards the business are important. Top talent employees will see straight through motives and know the difference between truthful appreciation and platitudes, so recognition should be sincere. The younger crop of employees will especially want regular feedback, and the older ones would want to be acknowledged every once in a while, so by creating a consistent culture of feedback, managers will retain their employees.

2 Care about them – and their passions

Many studies have shown that pay cheques are not the most important reason people go to work. If leadership don't care about employees on a personal level, they will leave regardless of how much they get paid. There are many ways in which to address this, and many companies are now focussing on training programmes that better evaluate the skills, abilities and gifts of their employees so that hidden talents can be discovered and fostered. Employees will feel cared for by your efforts to help them find their way and allowing them to grow. The passions of employees should be aligned with their corporate pursuits and their time and energy should be focussed on projects they enjoy. Employees should never be placed in boxes, but managers should rather spend some time and effort freeing their top talent from boxes, allowing them to grow and innovate.

3 Give them space and flexibility

Offering employees an environment where they can work from home and having a flexible attitude towards work hours will be an instrumental way of hiring and retaining top talent. Research shows that more than 79% of full-time workers want to work from home at least a portion of the time. The focus should be kept on productivity and what is actually accomplished by the employee, rather than on whether or not they are in the office. Most employees feel valued and respected when they are trusted to work from home, without sacrificing the vision of the company.

4 Give them a voice

Top talent employees always have good thoughts, insights, ideas and observations, but if an employer doesn't listen, they will quickly disengage and find another company that will. They are built to change, innovate and leave their fingerprints behind. Leadership should create an open and honest work environment where employees can speak up, and never allow chance meetings in hallways to take the place of organised face-to-face discussions. Top talent employees should be informed about what is happening inside the company so that rumours won't take root. Managers should create a culture where all employees can speak frankly without the fear of repercussion.

5 Acknowledge that leadership styles are changing

Every four seconds another employee is being added to the Baby Boomer exodus as this generation is rapidly retiring. And instead of the next generation taking over leadership roles, these young generation leaders are jumping through hoops. These 'millennials', as they are called, are born entrepreneurs and want to be challenged in their workplace. They also want to challenge the systems of old. Employers can't use the same management methods, because they need a completely different guidance approach. For example, coaching and mentoring them towards greatness should replace corporate training of the past. There is an overall transition occurring, and according to Nick Petrie from the *Centre for Creative Leadership*, leadership will no longer reside in one person or role, but will become a collective process that is spread throughout networks of people.

6 Engage their minds and allow them to grow

Employers should not allow employees to feel bored, and should keep their work challenging and interesting to engage their minds. No matter how smart or talented an employee might seem, there is always room for growth, development and continued maturation. Employers should therefore provide opportunities where employees can grow and learn, and also give them the opportunity to learn new job skills. Or, offer tuition reimbursement to help further their education. These learning opportunities are normally the first to go when budgets are cut, but when looking at the current state of motivation within employees, it should be vital to keep implementing and encouraging development.

7 Let them feel safe within the company

It is important that management creates an environment where employees feel they are an asset and not an overhead. If they feel secure in their job, and their managers acknowledge who they are and what they bring into the company, they will stay because of loyalty.

Managers should also deliberately clarify the expectations and goals of the company, especially when it comes to career development and earning potential, so that employees know what is going on and feel secure about their future within the company. If employees are not sure what their managers need from them, they can't perform up to standard, and eventually their morale will go down.

"**Managers should be proactively making changes within their companies**, *for the cost of implementing retention strategies is far less than the cost of replacing top performers.*"

8 Lead them well

In most cases employees leave, not because of the business, the product, the project or the team, but because of the leader who was unable to lead them well. The way people lead may differ, but most of business life consists of promises and commitments, and if leaders can't keep their promises, they will break and lose the trust of the ones they were meant to lead. Managers should be involved in not only managing their employees and showing them how to do their work, but also in coaching them. Retention strategies might cost time and temporary loss of production, but the gain will far exceed the loss – every single time.

The bottom line is still that time spent on retention strategies won't be necessary if enough time was spent on understanding employees, investing in their passions, caring for them and leading them well. If these things are done well at the outset, retention of top talent employees within a company will happen organically.

Stop Thinking Small

So often our thoughts stop us from growing and leading our practice into greatness. Yet, a simple change in thought pattern could change your business's future. Sandi Leyva looks at common thoughts that will halt your business growth.

Sandi Leyva **I CPA Trendlines**

If you feel you should be doing better than you are in business, your unconscious may be holding you back. The first step is to bring it to the surface. Only then can it be addressed, released and replaced with a belief that will lead you to increased success.

Here are five of the most common thinking patterns or beliefs that will halt your accounting business from growing.

1. Deserve-ability

If you flinch when I ask if you "deserve" to be wealthy and successful, you may have a "deserve-ability" issue to work on. If you can relate to the following thoughts, you fall into this belief pattern:

- I have trouble asking clients for money even if I've worked hard and completed the work.
- I know I don't charge enough, but I am frozen when it comes to raising my prices.
- I often do things for my clients for free.
- I am really uncomfortable calling clients who pay late.
- I usually give up when a client disputes their bill.
- I was taught money is dirty, rich people are "filthy rich" and you're better off being poor.

Ask yourself what's behind this belief; then decide whether the "current you" deserves more. Why don't you deserve a successful business? That is a good place to start.

2. Comparisons

If you spend any time of your day thinking about your competition or people who might compete with you, then you might have an unhealthy thinking pattern. Here's when you're in real trouble:

- You constantly look at what your competition is doing.
- You immediately copy your competition's strategies when they come up with something new, whether or not it's a good fit for your client base, mission/vision or company culture.
- You think more about your competition than you do your own business strategy.
- You gossip about your competition to others in hopes your friends will take sides and commiserate with you.

In an accounting practice, it's highly unlikely that you need to spend much time worrying about your competition. Your own uniqueness is your firm culture. If you're flying solo, your personality is enough of a difference to set you apart. You don't need to develop any more uniqueness than that, contrary to the beliefs of many of our profession's consultants.

3. Fear of success

A huge percentage of entrepreneurs hold this belief, which may be subconscious or fully in their awareness. Here are some problems we've talked ourselves into that are completely wrong:

- If I am a woman, how can I make more money than my husband? This is a "can of worms" situation for some couples. Communication is the starting point.
- Having employees really ties me down. Or, I don't play well with others. Wrong; employees are freeing; the problem could be your hiring and supervisory skills!
- I will have to work more hours – or harder – than I already do. Wrong; you'll need to work on different things, but the hours are not longer.
- If you are afraid of success, you will end up playing much smaller than you really are. Although this hurts mainly yourself, you also cheat the world out of your brilliance by not helping more people.

4. I have to do it myself

This thinking pattern is one of the more ironic ones for the accounting profession. Someone who will not delegate lacks trust in other people. When clients hire us, they have to turn over their very private, very sensitive financial information. This is scary for some people!

Being able to build trust in others, but not having it ourselves, is being a bit hypocritical. We need to know – and feel – what our clients go through when they sign on with us. It just makes us better people and perhaps better accountants too.

With this thinking pattern, you have sentenced yourself to no more than five figures a year in revenue. Take the first step away from it by learning how to tolerate vulnerability and trust others.

5. Worthiness

Worthiness is somewhat similar to deserve-ability. People who have this belief pattern:

- Let people waste a lot of their time because they don't value their own time or know what it is worth.
- Work on tasks far below their ability.
- Squander their time on things that don't generate income.
- Might have had some setbacks.
- Might be afraid of other people without really realising it.
- Can't say no.
- Are more passive or reactive than proactive.

Lifelong learning, gaining experience, determination and persistence will help this one gain steady progress. Once a person has experienced a series of successes, they can get the momentum they need to feel worthy of getting the life they want.

Thinking small or large

Did you resonate with any of the thinking patterns above? You're certainly not alone if you did. Choose the one that's got you nodding the most, and bring it to your awareness more and more. Only then can you take steps to start playing bigger.

Start-up Success
It's a matter of timing

Matt Fisher **I New Ventures Studio**

The one thing that we all have in common is time. How we use it to maximise the outcome is the determining factor in businesses that succeed or fail. This is known as timing. The same business idea that failed to get off the ground a few months ago has now become a great success and a leader in innovation. How does this happen?

Whether it's about a company's month end, acquiring new partners or playing a round of golf with a potential investor – perfect timing is the quintessential tonic for success.

Bill Gross, a serial entrepreneur and founder of *Idealab*, which has formed and operated more than a hundred and twenty-five companies over twenty years, ranks timing as the most important factor to start-up business success. He considers it so important that he lists it ahead of other key factors such as a team, idea, business model and even funding when getting a start-up off the ground.

> **"If you are not embarrassed** by the first version of your product, you've launched too late."
> *Reid Hoffman, co-founder of LinkedIn.-*

Lean start-up

"Customers don't care about your solution. They care about their problems." – Dave McClure, 500 Startups.

The Lean Startup process is a methodology for start-up businesses, strategically made up of "search and execution". Search focuses on customer and problem discovery, while execution involves creating meaningful transactions around your minimal viable product.

At *New Ventures*, a Young Entrepreneur Accelerator in Cape Town, entrepreneurs participate in an 8-week course, and are equipped with business and personal development training that will best prepare them to take the necessary steps into the unknown. The business modules combine Lean Startup principles with traditional business plan writing, to flesh out whether the idea in their head is in fact solving a problem or not. If after talking to potential customers they find out that the idea is not problem solving, entrepreneurs are taught to "fail fast and cheaply". The Lean Startup process helps pivot entrepreneurs towards a model that is repeatable and scalable, before running out of resources.

Herein lies the beauty of the Lean Startup model: Failures are just temporary learning points – and thankfully not necessarily debilitating – along the path to entrepreneurial success.

No business model is created within four walls. Customers, suppliers, key partners, even potential competitors – these are the people who are experts on the problems entrepreneurs are trying to address. You need to get out of the building and talk to them. By doing so, you will not only find out exactly what the current pain points of the industry are, but your product will also be best placed to solve them. The result? A reasonable enough argument that the timing is right for you to start transacting.

Minimum Viable Product (MVP)

"An entrepreneur is someone who jumps off a cliff and builds a plane on the way down." – Reid Hoffman, co-founder of LinkedIn.

A Minimum Viable Product (MVP) is the most basic version of your concept that delivers on customer value. Its directive is to validate product learnings while simultaneously generating some form of transaction to recapture the value put in (i.e. Getting paid from day one).

When making the bold decision to start your own business, set yourself up with an advisory team that complements your own strengths. Do this by creating a positive network and support base consisting of legal, financial, sales and creative consulting experts. If you're a visionary, find someone with strong action qualities. If you're a people's person, find a good planner or organiser. You'll be surprised at how many experts are willing to help if you just ask. Network with like-minded individuals, engage in service or trade exchanges, basically do whatever it takes to add value to your company without breaking the bank.

Entrepreneurship and finance should always go hand-in-hand, ideally never straying further than arm's length or eye-shot apart. Starting a business with no money is possible. Running one, growing one and scaling one is not. Think about your finances, yes, but don't let them prevent you from taking the most important step of all – knuckling down and starting up when the timing is right. Do the customers need it now? Do they want it and is it affordable? What is the industry doing to solve this in the meantime? These are some of the questions you must answer. The rest you will find out along the way.

5 Tips *for Starting up an Accounting Practice*

1.Bounce-backability
The temptation to get discouraged is real when new ideas fail or a potentially significant new client rejects your proposal. Stay positive and develop the ability to dust yourself off and move on. Learn from past disappointments fast and you'll succeed in the long run.

2.Time management
As an accountant, you are partly a salesman of your time. The reality, however, is that not all time spent on business activities is recoverable from clients. With time as a limited resource, it is imperative that you manage your time with the utmost efficiency, strategically balancing time spent on billable (revenue generation) and non-billable (creating systems for revenue generation) activities. Your business depends on this.

3.Networking
Networking should be considered a necessary tool for growing your business throughout its lifetime, but even more so in the early days. Relationships built today might not lead to immediate business opportunities tomorrow, but it will make key industry players aware of your existence which often leads to long-term business opportunities down the line. Be ready to pitch your brand in any situation and carry your details with you at all times.

4.Managing cash flow
The lifeblood of any small business is cash flow and subsequently the management thereof. Make an effort to stay as lean as possible for as long as possible. Increase spending on infrastructure as necessitated by growth in clients and generally cut spending on "nice to haves". If you can hold meetings in your clients' offices during the start-up phase, avoid buying a plot in the newest office park – however nice the view is.

5.Personal touch
Keep things professional, but never cold. Get to know your clients. This is your competitive advantage over the bigger firms. Create a family environment that your staff and clients really want to be part of. Key to getting this right? Effective communication.

Salesian Life Choices – A Case Study:

Does it work?
New Ventures Studio, once a start-up itself, came to life through a desire to refresh the failing non-profit organisation (NPO) business model, relying purely on donations for income. Salesian Life Choices, the Public Benefit Organisation that launched the programme, came so close to running out of funding in 2013 that they almost had to shut down. Managing Director Sofia Neves and her team knocked on the doors of corporate experts in an attempt to find a solution. When they all said the same thing – to "stick to what you know," aka developing youth – it made sense to get involved in entrepreneurship.

The company is now a profit-making entity that acquires a 20% stake in all companies that make it to the incubation phase. By having a share in the profit, a sustainable revenue stream is established. The model is a partnership between three entities; the young entrepreneur, the service providers and Salesian Life Choices. The nature of this partnership creates an ecosystem where the entrepreneur's success is the cornerstone for everyone's profit. The initiative is invested in creating wealth in partnership with young entrepreneurs.

New Ventures Studio commits to the entrepreneur for as long as it takes them to become successful. Our first two versions may not have been perfect, but we are fast creating something that is. First came the idea, team and proposed business model, forged by the fires of necessity. Using a shared vision to disrupt the status quo, just enough funding was secured to get the project off the ground. As quickly as it all came together, suddenly the timing felt right, and we jumped.

Your Questions **Answered**

In a recent survey, *SAIBA* members indicated that they would like some important, practical questions, answered. Here are some of the top questions, asked by our members, answered by our February Practice of the Month, *Smith & Company*.

Smith & Company

What procedure should a practitioner follow when irregular finance activities are suspected? Do you report it to the people involved or keep client confidentiality?

Always remember our responsibility in engagement with clients, to safeguard and confidentially use information obtained in the engagement. We have to always remember and go back to what our agreement entails. As business accountants, we should not try to fulfil the duties and responsibilities of an auditor. We should work through the engagement and when we identify the irregular finance activities, meet with the client and discuss the effect this will have on our report, of course depending on the report that we need to issue, e.g. accounting officer or independent accounting professional. If we are just appointed to do the bookkeeping, we'll have to meet with the client and explain our role as professionals registered with a professional body (SAIBA). We must explain that we will not be able to continue with our engagement, should the seemingly irregular finance activity be illegal.

What are we legally allowed to do when our clients don't pay us, besides handing them over to lawyers?

I usually try to convince a client to sign a retainer fee, and if we get any ad hoc work, we require a deposit for work to be done. Our fee is very reasonable and usually affordable to our clients, so it is never difficult to get fees paid. I don't believe that it's a good idea to hand over clients to lawyers. I feel that we assist these clients to achieve their personal goals, e.g. vehicles and homes that are expenses, so when they achieve these goals, we effectively take them to a stage where they can't afford our service, because of these bills. I always show these clients the importance of our services and what we do, so that they can excel. The key in my practice is that I meet with my clients monthly, so that they can see that I personally invest in their businesses, and so we build a respectful relationship. The client will feel responsible to pay our fees. The key element is that they see the benefits of our services and our support to their business.

Please advise on leading your staff, and implementing effective procedures and processes?

My practice is built to develop future accountants. I lead my staff through training, development and implementing procedures and processes. We have an initiation training programme based on identifying and igniting the business person within yourself. I help develop each individual so they can move on from my practice into business or start their own practice. We have been involved in the youth of the community for a number of years, working with government departments. We've noticed that they focus on the skills to help individuals to open their own businesses and enhance job creation through these small businesses.

Is it general practice to have an increased rate per hour for ad hoc work and discounted fees if the client agrees on a retainer billing? I usually explain to clients that come in on an ad hoc basis that they are losing out on services that we offer, so I convince a prospective client to consider our package rather than just using a specific service. This is how I run my business, so I can't say whether this is general practice.

How do you recover costs? Should a client not pay, I'll request my partner to follow up and request payment. I'll still source work from the client, but my partner will request payment. What's key is the fact that I won't let the client feel that our income is more important than rendering a service to a client. As the accountant I will never request payment, because I want them to feel that my primary goal is to help their businesses. These are the isolated cases.

How do you manage time effectively between meeting clients, physical work, managing your practice and attending CPD?
It is important to plan your month so that you can attend to everything. In my business I can work for 21 hours a day, but I have the philosophy that every person has a certain number of hours to work before retirement, and the more hours you work, the earlier you'll retire. This motivates me when I'm going to bed at 3:30 am and starting my day at 6:00 am. We are in a business of working hard and when the time comes, we will have the rest. I may have this philosophy because I'm still young, but it works for now.

How do I find clients? It is important to treat every client with respect and dignity and to give your best, because they are the best avenue to your next client. Happy clients will always refer new clients. I also have a very busy social network where I educate the public in financial administration, taxation and accounting. In addition I attend all the networking and business meetings in our community.

How do I find skilled trainees? I try to impact the youth so I usually do not have skilled trainees in my practice.

Practitioner's Dairy
The power of a good word

Darryl Nunes **I DNA Accounting**

When it comes to advertising, we have often heard the expression, "If you are not visible, no one will see you". It is detrimental to any new business not to be known or to be invisible to the public's eye. When I started up my practice about four years ago, advertising was arguably one of our biggest and seemingly most infuriating expenses. We chose the online advertising method as we felt that printed media was less influential and accessible than online media.

Anyone who has followed this route will know that the costs involved in an online ad campaign are very high, particularly in the beginning of said campaign when the actual cost far outweighs the income generated.

Perseverance has however shown that if you stick with it, this tool becomes your greatest client attractor. In the end the expense outlay will repay itself many times over. So don't be put off by the idea! It does work, and it works really well.

We reached a stage sometime last year where we actually took a step back from online advertising. The reason we did this was threefold:

Firstly, it is very expensive to continue with an ad campaign over the long term.

Secondly, our client base is currently peaking at capacity. Taking on additional clients now would require additional outlay in terms of expansion of office space, staffing and equipment. While this seems like a wonderful problem to have, expanding too rapidly can have negative effects and for the time being we would like to consolidate what we have and build slowly towards our next phase.

Lastly, we discovered that many of our new clients from the last quarter were word-of-mouth referrals. This was an interesting observation for us and has led me to the topic for this article.

The question is "how good is a word-of-mouth referral?"

Referring back to one of my earlier articles very briefly: In our industry, most of an accountant's new clients are inherited from a previous accountant who either did not perform adequately, or who has let them down in some way, or simply messed up.

Should this be a concern? When hearing that someone has referred you, should you worry that the potential client most likely has a big problem and possibly comes with some excess baggage that was incorrectly dealt with or not dealt with at all? Or should we feel a sense of pride that others believe in our abilities and services enough to recommend us to someone else? I am truly hoping we all picked the latter and for those who did not, perhaps you must turn the page to the next article.

Many times the word-of-mouth referrals came to us with similar problems to those who referred them in the first place. I've often been introduced to them, and the first thing I was told, was that "Mr So-and-So referred me to you because he had a similar problem to mine. He said you helped him out, etcetera, etcetera". This is almost a word for word quotation of how these introductions happened over the last three months.

I came to the conclusion that while word-of-mouth opens you up to high expectations and a marketing campaign that is completely outside your control – let's face it, we have no idea what was said between the two parties over that coffee or beer – it is that same expectations that will drive you to assist. And I have often found that although the expectation is high, the trust that comes with it is just as great. There is a sense of silent confidence that is given to us without even having performed a single task for the new referral. They tend to have the utmost belief that they are in capable hands. After all, we did help their friend out of his or her predicament. That in itself is quite special, and differs from the clients who have come to us from our other marketing campaigns.

This essentially puts us into a position where we feel we need to treat this person with a little more care – after all, the last thing we want is for this referral to go back to the friend, family member, associate or colleague saying, "you know what, they were just as bad as my last guys", or "no, I didn't find them helpful at all".

This risk here is that trust is lost – not just between yourself and the new referral, but between you and the person who referred you in the first place. Chances are that this person will stop referring people to you altogether, perhaps even look at you and your services differently.

So, bringing us back to our earlier question, "how good is a word-of-mouth referral", I would venture to say that it is priceless and needs to be handled with the utmost care – even more care than we usually give. Treat it like a delicate work of art. You never know who else will come along to view it and what expectations they will attach to it. Make sure that when they leave, they walk away satisfied and with a feeling of comfort and most importantly, a sense of belief in you and your firm. This sense of knowing and belief will drive them to refer someone else to you one day.

Additionally, if you dig a little deeper, the person who referred you will also have a sense of pride, knowing that he or she referred someone in trouble to you and you could help them. In a way this leaves them with a sense of accomplishment. They're also more likely to actively pursue other referrals and send them your way..

Finally, remember to thank them. In a world of fast-paced action, we too often forget the little things in life. A simple "thank you" goes a long, long way.

Flexibility: The Key to Increased Productivity

Benefits of flexible workspaces for SMEs

What was once considered a perk that only some employees could enjoy, has now become the greatest answer to time and retaining top talent in SMEs. In this article Ziglinde de Jager reviews the benefits, possibilities and impacts of flexible working options on SMEs at large. Gain some strategies to apply within your company.

Ziglinde de Jager I **Freelance Writer**

The normal working day is changing at a rapid pace as many professionals are leaving behind their usual routine of waking up at 6am, driving to work in rush hour traffic, already being tired by the time they arrive at the office and feeling distracted by all their chatting colleagues.

The 40-hour workweek is a thing of the past, since most employees now work for 47 hours per week, and more than 64% of managers expect their employees to be reachable out of the office on their personal time. In the meantime more than half of employees feel burnt out because of this. About 54% of employees reported that home, and not the office, is their location of choice to undertake job-related assignments. Only 19% of workers said they would want to go to the office during regular working hours to get their work done.

The balance of power in the job market is quickly shifting from companies to professionals, and if companies don't pro-actively change their strategies, the loss of key professionals within their company will be great. For most companies, flexible work options are still a perk rather than a standard, yet nowadays technology causes the normal 9-5 routine to become less of a norm around the world.

SMEs are the ones most affected by the change in culture, and if they implement it into their strategy, the flexible office space and hours will benefit them in the following ways:

Saving money on office space

In an SME, the office or retail space is normally one of the biggest overheads, and given their size and ease in adaptability, the rising real estate prices, and technology as an integral part of a productive and flexible workforce, most SMEs know that they don't need an office space to conduct business as usual. They will no longer have a physical location since technology can establish virtual locations, and the reduction of this cost will immediately improve their cash flow.

A more empowered and motivated workforce

Research found that employees who are able to work flexibly or from home are more productive than those who are in the office the whole day. They are less distracted, less stressed and also have an increased loyalty towards the company for trusting them with the freedom of working flexibly. Whenever employees are given the choice and trusted more when it comes to work hours and flexibility, they will also feel more empowered to stick to their own rules, and will focus more on completing tasks than filling a space.

Increased staff retention and reduced turnover

Finding and training employees can cost a small business a lot of time and effort, so allowing a loyal worker to work more flexible hours is an easy choice for any manager. Additionally, a business that retains workers over long periods of time are more likely to grow and be successful than one that has to regularly adjust to new employees. Around 82% of professionals said they would be more loyal to their employers if they had flexible work options. And approximately 39% have turned down a promotion, have quit or have not taken a job due to a lack of flexible work options. These percentages were taken from a *FlexJobs* survey.

Attractiveness to potential employees

The sharing economy and freelance market space is expanding as many professionals find it better to work per project than full-time, because of the control they could have over their own time and lives. By 2020, about 40% of Americans will already be part of the gig economy, which opens up the space for employers to hire better talent, on-demand and at a lower cost. If SMEs want to compete for the best employees, they will have no choice but to adapt to a more flexible working style.

> “**About 54%** of employees reported that home, and not the office, *is their location of choice to undertake job-related assignments.*”

Reducing the high level of sickness and absenteeism

Sickness caused by stress is a reality in the world most employees live in. The fact that employees will have more time to rest because of less hours spent in traffic and more flexibility to run their errands during the day, will result in most employees being less inclined to take time off from work, since they can work around the demands of their personal life. Night owls, who prefer to burn the midnight oil from home and are most productive in those hours, will also benefit a whole lot from flexible working options.

It is a millennial world

For the generation that has just stepped into the workplace, a remote work environment and wearable technology is more the norm than the exception. They are creative, hardworking, optimistic and future-thinking and if managers try and put the round pegs that they are into the square holes of the past, the company would lose the key they hold to the future. They believe in results over structure, in personalisation, and they will continue to disrupt workspaces to fit their needs as they are rapidly jumping the ladders of leadership within companies.

Eco-friendly offices

The eco-friendly trend has come and stayed and quite frankly, all offices should embrace it. Flexible working will instantly result in workspaces being more eco-friendly as energy usage can be kept to a minimum, because teams are made up from flexible workers. This will immediately result in offices using less water and electricity, and will be better for the environment and employees altogether.

Is your company ready for this change?

Technology has completely changed the way we think about office space and working hours, but simply giving employees or employers the technology to work remotely is not enough. The employees need to feel confident with the technological devices they are given to be able to do their job, and business support will be vital when it comes to preparing employees to work productively and collaborate well with their team when they work more flexibly. Also, in any business, the focus should always be on meeting the customer's needs, which of course differs within each company. As the boundaries between home and workspaces are slowly fading, so employers also need to let go of their old ideas of how an office space should look like.

> **“Around 82%** of professionals said they would be more loyal to their employers if they had flexible work options.”

The following are points employers should think about before making the choice between flexible or structured working hours:

Knowing what employees need

Have a conversation with your employees about the current way they work and what they feel would help them work more productively. This could be done through one-on-one conversations or through surveys. Employers will be surprised to see that most employees aren't after extreme flexibility, and that they only want a little bit of give to help them co-ordinate their busy work and family life a little better.

Planning for change

Managers should look at other companies and how they have implemented a flexible workplace. They will learn how they made it a success and start making plans to outline the changes that might need to be done in order to create an office space and work hours that will be suitable for their company.

Renting out office spaces

No matter how flexible companies become, they will always need spaces to sit their staff down for a meeting. Fortunately, there is a growing trend and network of office spaces that could be rented out to work individually or to host group meetings that will offer companies the flexibility they desire.

Using technology well

Companies should make sure that employees can in fact carry on working efficiently and that their computers and mobile phones give them the ability to do so. There are many platforms and services like Cloud storage available, which creates the opportunity for employees to access work files wherever they are. Programmes like *Skype* or *FaceTime* can connect the employer and employee in seconds if technology is used well.

Communication is key

When it comes to flexible working and offices, a manager's ability to communicate well is vital to the success of companies wanting their employees to work remotely. The biggest challenge for managers is to get a consistent message out to everyone. If companies are able to conduct strategies to improve communication and get all of their employees up to date with technology, flexible working would be a walk in the park.

Set up a trial

Flexible working will completely change the way that SMEs function, and when preparing for any great change, a trial period is vital. The idea of a permanent change might seem overwhelming for managers who are used to the old structures. Avoid confusion through a trial period. Employees will feel safe and will be able to adapt to changes, if it is found that productivity and morale have indeed increased. During the trial it is also important that managers really listen to what their employees are experiencing.

Consistency, consistency, consistency

Flexible time isn't just a benefit that should be given to working moms - most employees would benefit from it. The importance is to manage it well. Managers should make sure that the correct boundaries are put in place so that employees feel they are being treated fairly and consistently when measuring their work-life to that of their co-workers.

Cultivating the flexibility

Teach team leaders how to work flexibly and how to lead a flexible team. This could be tricky at times. The old mind-set about employees not being present for a certain amount of hours per day, or the usage of technology, might be a hindrance at first, but with the right attitude the needed changes can be implemented without too much strain and effort. The truth is that flexible working will change the whole culture of a business and if the focus is truly on results, productivity and happy employees, SMEs would embrace flexibility with open arms, rather than simply ignoring it.

Website Marketing

How to make your website work for you

Your company's website is the single most important space to gain new clients. *SAIBA's* marketing manager shares some valuable lessons, learned from revisiting the institute's website. Also, get some tips on how the marketing team grows the *SAIBA* website traffic by 20% per month.

Cara-Ann Carstens **I SAIBA**

As we discussed how a new website visitor will click to join, I thought about the intricacies of a website and how a marketing team should really consider human psychology when building a website.

At the time of writing this article, the *SAIBA* team is working hard to launch our new website. As we step into the future of a new-look website, the importance of a website became quite evident. Most B2B or membership model businesses gain clients via their web channels or word of mouth. Both these channels will direct traffic to your website, where the client's final decision will be made.

Stepping into the experience of building a new website for *SAIBA*, we did extensive research, and thought we would share some of the valuable lessons learned through the process:

1. Catch your leads

When someone lands on your website, you have to firstly communicate clearly what you want them to do. Add a clear call to action to ensure you turn leads into business. A homepage with several messages could be confusing, so make sure your first impression gives a good instruction.

Secondly, most client retention websites will direct your clients to contact or sign up pages, because that's where leads become clients. So, make sure not to turn away your possible client with unnecessary information.

Thirdly, for those who feel it's necessary to explain your service offering before conversion, ask yourself this: Why would someone visit your website? Is it possible that your visitor is searching for something very specific? Then, remember this simple rule: call to action first, more information on an easily accessible tab and secondary on your homepage.

2. Don't just update, upkeep

We so easily launch a new campaign, upload the relevant information, banners and use space on the website, without considering the implications. And, here we are, two years into the current *SAIBA* website, and as we go through the layers and layers of content, it becomes evident that we moved far beyond our website some time ago. And, visitors will have a really hard time to navigate through all the content and mixed messages. How is it that a business that gains most of its conversions via the web, misses out-growing the very platform that brings business?

For a year, we have flirted with the idea of a new website, every time getting caught up in yet another campaign, sending more traffic to the same old website.

Now, keep in mind, that with a fast-growing entity such as *SAIBA*, it becomes all the more difficult to keep the growth, promises, new prospects and braggable content in a nutshell, that is easily understood and relevant to members. Even though an updated website is critical for relevancy, the biggest lesson learned is to avoid the "update" mentality and truly upkeep your website. Make sure that your website remains concise and relevant. Your website should be an easy overview of your business. We learned, if you are thinking of updating or redesigning your website, it's most probably time to do so.

3. Don't be scared to re-evaluate

Your brand is the soul of your business, developing and growing with the organisation. What seemed like a very nice and modern idea a year ago, might be miles from where you currently are. With all the growth we experienced as an institute, we soon realised that the *SAIBA* website was not keeping up with the brand. What seemed new and relevant only a few months ago, now seems of the past. Many businesses experience fast growth, especially in the start-up phase. Make sure your website keeps up with your company growth.

4. It's all about the user

It is one thing to have the latest, most modern website design, but if it takes ages to load due to high resolution photos and videos, you will no doubt lose leads. Not to mention the disaster of a website that was designed without considering user devices. Your user wants to have easy access to the information he/she is looking for. So, think about connectivity issues, data usage and legibility on mobile devices when designing your website.

When designing the new *SAIBA* website, we wanted to add an automatic video for a modern touch on our homepage. We soon realised that the video won't be suitable for our audience, because it will impact loading speed and data usage. So, instead we opted for a button that will lead users to click, should they wish to view a short promotional video.

5. Segmented data

It is key to grow your database from the get-go. You can develop your database with a simple newsletter signup button or popup. But one thing we learned is the importance of segmented data. Being able to contact possible clients, based on specific requests or information, makes your communication more relevant and your lead stronger.

6. Security

It seems pointless for a small business, but security from hackers is vital. You lose trust and credibility without the relevant website security. This point is just as important for smaller businesses as for larger institutes.

The truth is, as a marketing team, we might have missed a few things, but a good team improves on mistakes made – and so we did. Here we are, new website and all, bringing our members into the future of accounting. And we hope you learn from some of our lessons learned.

Tips on Conversion

Turn clicks into clients

- **Integrate**: A website should not be isolated, but interlinked with Social Media, blogs and other websites. And don't only focus on one type of Social Media – E-mail Marketing, *Google*, Videos – they are all important.
- **Content**: Make sure that your content is relevant, credible and that your photos are hyperlinked and coded with alt-text, meaning that your photos are described so that search engines can locate your website. Also, remember consistency is key when publishing content.x Will you post daily, weekly, monthly?
- **Design**: Use a professional web designer, because beautiful and practical design always makes a better first impression, while prompting click throughs.
- **Loading time**: *Google* loves a site that loads fast.

Don't Let Go

Redeploying old computer equipment could mean higher profits

What do you do with your old computer equipment? *Xperien* Marketing Manager, Thabang Moye, highlights the profit benefit and possible threats in re-using old devices. Save money and possible data leak.

Thabang Moye I **Xperien**

Redeploying old IT equipment in today's tough economic conditions could easily result in higher profits. There is no sense in retiring old devices when they are still working and other employees might get some use out of them. This is according to local IT Asset Disposal (ITAD) specialist, *Xperien*. However, *Xperien* CEO, Wale Arewa, warns that before companies start handing out old laptops, it's important to be aware that redeploying old IT equipment is something that requires the utmost care and attention. "If you don't address the security risks, there's a fair chance your organisation's most sensitive data might fall into the wrong hands," he stresses.

A recent *Verizon* Data Breach Investigations report found that a rising number of intellectual property thefts are attributable to insiders rather than hackers, while 22% of all insider and privilege-abuse attacks take advantage of physical access to storage media. Company executives responsible for IT asset management need to understand the principles of *ITAD* and need to consider regulatory compliance and the protection of company information. IT disposal has legislative requirements, and compliance to the Protection of Personal Information Act 2013 (PoPI 2013), the National Environmental Waste Management Act 2008 (NEMWA 2008) and the Consumer Protection Act 68 of 2008 (CPA) is vital.

How can one reuse business devices without increasing the organisation's exposure to security risk? To start with, all data should be securely destroyed according to legislative requirements. "Before you allow any staff member to use old hardware, you should destroy all data on it. You don't want a new employee to have access to the chief financial officer's unencrypted spreadsheets," he explains.

"Many organisations fall at this first hurdle. They think a quick reformat of the hard drive or installing a fresh drive image is sufficient.

> **"If you don't address the security risks,** there's a fair chance your organisation's most sensitive data might fall into the wrong hands."

Reformatting or deleting files isn't enough to render the drive's contents unreadable, even to freely available data recovery software," he adds. He says the best way to prepare an old computer or mobile device for redeployment is to use secure data erasure software such as Blancco 5 or Blancco Mobile. "It is capable of wiping storage media to the highest industry standards without affecting its functionality." One may also need to establish a security policy for the new user.

Ideally, an organisation should have some form of security policy in place to cover the use of laptops, smartphones and other devices. This isn't always the case, though, particularly among small and growing businesses. It is also crucial to update existing policies to accommodate changing circumstances like redeploying old IT equipment.

"If you plan to redeploy a set of laptops that were previously only used in the office, but will shortly be used by a more mobile team, one needs to ensure strong authentication and encryption. If it's not mandated in the security policy that users must use strong authentication and encryption, there's an increased risk that the loss or theft of one of those devices might lead to a serious data breach," says Arewa.

Whenever an organisation issues hardware to an employee, whether a new staff member or someone who hasn't been entrusted with their own IT equipment before, it is critical to ensure they are familiar with the security controls and the expected standard of behaviour. Depending on what the device is used for, secure data erasure may be necessary more regularly than simply when a computer changes hands from one employee to another. Most rules and regulations are strict about how long an organisation can hold onto customer data, for example. Workers mustn't be allowed to keep that information on local storage after that point.

Once again, this calls for some form of secure data erasure software. Organisations have a number of different options when it comes to how they handle the problem. With *Blancco Management Console*, for example, files on remote machines can be deleted automatically from a central location, eliminating the need for employees to carry out the procedure manually.

"With this kind of solution in place, you're in a much better position to say that your organisation's most sensitive data is secure – no matter who's using your old business devices, or how they're using them," he concludes.

Size Matters
desktop monitors

Can your computer's screen size impact your output? Join the conversation on hardware and productivity, starting with desktops.

Roman H Kepczyk **I CPA Trendlines**

The best place to start the discussion on hardware is with monitors, as they are the easiest place to see an immediate return on your IT investment. Your monitors are your windows into all digitally stored information and are the foundation for improving every aspect of firm production.

Transitioning tax production processes from physical to digital, requires that all input screens and source documents be simultaneously viewable in a convenient format, which today means more screen real estate per workstation.

"Eighty per cent of responding firms utilise more than two traditional monitors." – *CPAFMA (CPA Firm Management Association)* 2015, Paperless Benchmarking.

Dual monitors have been considered the standard in firms as far back as 2009, with many firms adding a third or fourth monitor along with maintaining their older screens. The 2015 survey pointed to many firms replacing their older 17" and 19" screens with oversize monitors (28" or larger), effectively giving them triple/quadruple screen space. The survey found that this past busy season:
- 55% of firms utilised triple monitors and
- 25% had gone beyond this with either quadruple monitors or dual oversize screens.

An added benefit of using oversize dual screens is that this fit better into cubicle areas where there may be vertical space limitations because of built-in shelving.
Before firms can effectively transition to front-end scanning or use digital workflow processes, they must have the additional screen space for tax personnel working in these applications. Personnel often ask why decision-makers don't buy one huge 40" display screen on which multiple windows can be opened. The main reasons are:
- cost,
- screen clarity and
- ergonomics.

Today, it is less expensive for firms to add one or two high-resolution 28" or larger monitors at a time, than to jump to one oversize screen that has sufficient quality to be able to work for the long hours tax season requires. Older monitors had resolutions of 1080 pixels or less, and as the screen became larger, the spreadsheets and images become less "crisp".
Firms should be buying monitors with the highest "cost-effective" resolutions (3K: 2880 x 1620 pixels and 4K: 3840 x 2160 pixels), as they will be using them for four or more years.

Finally, sitting close to a single large flat screen is harder to view than multiple angled screens.
While ultra-high-resolution "curved" displays were introduced in 2014, it will take a few years for the cost to be reduced enough to be economically feasible. Most firms therefore still purchase traditional flat screens. Windows 7 and 10 have made connecting multiple monitors easier than ever.
To begin with, not all monitors are created equal. Today's standard is at least 20" and should be flex or "pivot"-capable. This enables viewing in a vertical or "portrait" mode and horizontal or "landscape" mode.
The *CPAFMA* 2015 survey found that 45% of responding firms utilised at least one monitor in a vertical mode.

Seeing an entire scanned source document without scrolling or having to shrink the image into a smaller space, increases productivity immediately.
While it is easy to get users to work with dual screens by plugging an external monitor into the workstation's existing video port, getting to three or more screens require additional video ports (DVI/HDMI/USB) and if not available, specialised hardware such as displays with integrated *DisplayLink* and *DisplayPort* video capabilities. In the case of older monitors, external screen splitters must be used. Dual oversize screens minimise the need for these additional hardware configurations and will be very effective if the firm invests in ultra-high-resolution monitors.

RECOMMENDED ACTION: Identify all tax professionals and document the number of oversize monitors that will be needed to bring all users up to the screen capacity of at least three monitors.

How Tabletop-Sized Touchscreens could change accounting workflow
Rick Richardson | Technology This Week

Right now, for the most part, touchscreens are only as large as manufacturers make them. And, as expected, the bigger they are, the more expensive they get.
However, what if you could have a touchscreen display as big as a kitchen countertop, or as small as a coffee table? It turns out Sony is experimenting with the idea and recently introduced a prototype projector that can turn any flat surface into a touch-sensitive display. To top things off, it comes with a depth sensor so that the projector is able to see what has been placed on the table, and, in turn, offer up information about it.
For example, in the demo at SXSW the Interactive Tabletop, as it is called, recognised when a copy of Lewis Carroll's *Alice in Wonderland* was placed on the table. Light projection of its characters then sprang to life from the projector, and could be dragged around the table with a user's finger.
At this stage *Sony's* new device isn't something the company plans to commercialise. It's simply a prototype. The commercial uses for such a device currently seem limited to simple gaming or entertainment applications. However, the concept bodes well for a future where we can interact with light-projected holograms as easily as we interact with physical objects today.

Career Advancement: From young professional to executive

Chrizelda Walters I **FAB Consulting**

Typically, a young professional is someone who possesses a certain skill set. They are ready to enter the job market after years of investing in their formal qualification(s). What makes them "equipped" is this tangible document: the evidence of a specific set of knowledge.

To obtain the degree or professional qualification takes determination, discipline, learning potential and time. These traits and building blocks are the keys to success and necessary to obtain the "achievement". The achievement indicator is measurable, and therefore achievable. Fact is, often while investing and obtaining the qualification, not much focus, attention and time is given to other essential, less tangible and unknown building blocks and competencies needed to excel in one's career, in order to advance to the Executive level.

Google Chairman Eric Schmidt noted that new college graduates are entering a volatile job market where even an elite degree doesn't guarantee success.
What truth holds the above statement from Eric Schmidt? What is the young professional expected to do to excel, once the tangible is reached – not just reached but achieved in a remarkable way, supported by outstanding grades? Shouldn't that be a direct indicator of imminent success and a guarantee of executive status in the near future?
Apparently not.
Career coach Kathy Caprino, like several others in her position, asks the question of what makes a successful professional. And what are the key behaviours, actions and thought processes necessary to survive in the corporate world and become the full rounded executive?
If a degree or professional qualification is not the ultimate indicator for future success, then this is the kind of issues the new graduate needs to explore and answer.
The reality is that upon graduating, the vast majority of young professionals today have not received the building blocks to ensure they will remain on a positive track to reach executive level.
In addition, the young graduate is part of the millennials generation, born between the years 1981 and 2000. According to consultants Terri Klass and Judy Lindenberger, millennials share certain characteristics. They also argue that integrating the millennials or Gen Y twenty-somethings into a Baby Boomer culture is a big challenge for businesses. They are the newest generation to enter the job market, arriving with their distinct ideas about what they expect from their jobs.

What traits are needed?
In a recent interview series, prominent executive leaders shared what they believe are the most important traits.
Here is what a few had to say:

1. Resilience
"I'd tell young people that it's all about resilience. Your career is not going to go the way you planned. It is impossible at the age of 23 to pick the right industry, the right company. You can visualise what you're going to be doing in your 40s, 50s, and 60s, but chances are that it's going to be something quite different. So remain open to opportunities and change. Also tell them that nothing beats hard work in getting there, there aren't many shortcuts at all."
– Sallie Krawcheck, CEO of *85 Broads*

2. Competitive spirit
"The most important things [to look for in] hedge fund managers is that they are smart and they are honest. Close behind that is probably competitiveness … someone who won't lose, doesn't lose."
– Julian Robertson, Founder & Former CEO of *Tiger Management*

3. Trust
"There's an X-factor, and by and large in my mind, that's the element of trust. Whether you're partnering with someone in a business venture, whether you're looking for investors, or whether you're just taking a job having convinced someone they can trust you, it's a huge thing."
-Steve Ketchum, Founder & CEO of *Sound Point Capital*

4. Passion
"I'm looking for passion for the business …They're creative and have lots of ideas and bring lots of positive energy. I want "culture-carers" and people that are team-oriented; I want people that put the firm first … It's never about them or their interests."
– Tony James, President & COO of *Blackstone*

5. Drive
"… What difference does it make if a person is smart or not? The only difference in smart people is they're more fun to have around … Look at Warren Buffett. What a drive that man has! Behind everyone who is successful, there is a drive."
– Bill Comfort, Former Chairman of *Citigroup Venture Capital*

6. Integrity
"The number one thing for me is integrity and honesty. I get leery of anything in a resume that leads me to believe I can't trust the person, because we're in the money business and we're under tremendous regulatory scrutiny… So almost more than grades for me, I spend a lot of time interviewing the person and understanding what motivates them and whether they have shown an ability to have integrity."
– Alan Breed, CEO of *Edgewood Management*

7. Maturity
"I'm looking for someone that acts a little beyond their years. If I feel like this guy or this woman has something a little special, I'll try to do certain things to unnerve them a little bit. I might question some of their skills just to see how they react to it. And if they can react with an air of sort of hunger but humility and real tenacity, I find that kind of irresistible."
– Jimmy Dunne, Co-Founder & Senior Managing Principal at *Sandler O'Neill*

8. The firm first
"The mindset that it's not about you. Whoever came up with that phrase …God bless them. And that you're part of a team. You want the institution to look good; you want the institution to be successful while you're being personally successful. And [you've] got to be all in it to get that result."
– Deborah Wright, President & CEO of *Carver Bancorp*

9. Skill
"We're looking for someone with obviously strong analytical skills, strong finance and accounting skills, modelling skills – at that junior level that's an important part of the job… A real sense of initiative, the ability to work with others, and a high degree of integrity."
– Ian Snow, CEO & Partner of *Snow Phipps*

10. Overcoming challenges
"I love dealing with people who have had some challenges and they've been able to drive through them and have success – whether it be in academics, whether it be athletics, whether it be some summer job, or in their careers, so I look a lot for that."
– Ted Virtue, Founder & CEO of *MidOcean Partners*

One can identify a list. Then what?

Coaching
It is easy to ask successful executives what they recommend or what they will identify as key traits. It is easy to *Google* … it is easy to come up with a list … However, to internalise and to really own the traits is a different story. The softer skills need to be experienced and learned. They need to be practised and developed.
Coaching is the number one way to get the new graduate to the next level (supposing the tangible first indicator is achieved in a remarkable way ☒).
Let's recap!
What is coaching again, not on the sports field, but in the business environment?
The term "coaching" typically refers to methods of helping others to improve, develop, learn new skills, find personal success, achieve aims, and manage life change and personal challenges. Coaching commonly addresses attitudes, behaviours and knowledge, as well as skills. Coaching is a form of training or teaching, normally involving one-to-one support (a coach and a learner or "coachee"), aimed at helping a person improve, often in a very practical sense. In this respect it could be said that coaching differs from the training and teaching of groups focussed on knowledge transfer and theoretical application. Coaching normally (and many would say properly) implies a sense of agreement, consent and willing participation on the part of the "coachee" (learner/student), but the term "coaching" may also refer to development situations where the learner has far less input to methods and processes, and indeed the coaching provision itself.
Coaching ideally helps a person to find their own solutions, rather than prescribing a solution from the coach's viewpoint.
Coaching generally looks forward significantly more than it analyses the past.

Features of coaching
Usually coaching contains some or all of these features:
1. One-on-one communication.
2. On-going and regular interaction – coaching is commonly a continuing arrangement.
3. Personalised – by the coach for the individual learner.
4. Enabling – rather than prescriptive or imposed.
5. Adapted and adaptable – to the changing needs of the learner.
6. Planned – the coach normally works to a plan or structure.
7. Model-based – coaching tends to be based on a structured "proven" tested concept or methodology.
8. Focussed on aims – coaching normally works towards achieving agreed measurable outcomes or targets.
9. Measured and recorded – by the coach, and/or the learner.
10. Time-based – coaching sessions, schedules, and outcomes normally are time-bound.

Benefits of being coached
Professional coaching brings many wonderful benefits: fresh perspectives on personal challenges, enhanced decision-making skills, greater interpersonal effectiveness, and increased confidence. And, the list does not end there. Those who undertake coaching also can expect appreciable improvement in productivity, satisfaction with life and work, and the attainment of relevant goals.
There are many studies that detail a variety of benefits coaching has within the workplace. Well-known author, Richard Barrett's view is that yes, coaching benefits in many tangible and intangible ways. However, the primary benefit is dependent on what both the individual and organisation wish to obtain from their coaching series.

The bottom line
One was not born understanding these basic professional fundamentals, but they are vital to career success. The great thing is that, as Klass notes, millennials were heralded with high expectations, millennials tend to display an abundance of self-confidence and believe they are highly valuable to any organisation from day one. They are extremely focussed on developing themselves and thrive on learning new job skills, always setting new challenges to achieve. They are also the "can do" generation, never worrying about failure, for they see themselves as running the world and work environments. Thus, belonging to this generation makes the coaching journey so do-able.

Don't discount your needs; don't think I can't; mastery in these areas and engaging in coaching will assist you on different levels so that you can reach your full potential and excel to an executive level.

Acknowledge achievements, acknowledge the effort it took to graduate and enter the job market, take the time think about what you see in the executives that inspire and motivate you. Have the conversations, do the research, search within and get a coach! The next level is within reach, you only need to take the first step.

What's Influencing the Year Ahead?

With an ever-changing workplace, we look at top trends that could shape your future. Read and evaluate how much change has influenced your business since 2015.

Dante Ludolf **I Freelance Journalist**

The year 2015 turned out to be a fascinating one. From new leaps into the future via smartphones and tech, a return to a galaxy far, far away and one particular real estate mogul turned presidential candidate. We've both been entertained and been given cause for concern. Now we are almost midway into 2016 and it's time to review just exactly what is up with the professional spheres we immerse ourselves in. Whether they apply to the workplace, the sector at large or your home life; trends always find a way to influence, even if you don't realise it. We'll let you be the judge and suss out whether or not these trends have been realised or if life has found a way to sidestep them.

The millennial issue

In 2015 we saw a large amount of attention being given to harnessing and properly utilising millennials in the workplace. The next generation to step into the professional arena and steer the world of contemporary commerce is comprised of a tricky bunch, to say the least. This year we see a wealth of baby boomers set to retire, leaving boomer sized holes in company structures – holes that millennials will inevitably have to fill. While the slightly atypical, tech-centred and socially conscious natures of millennials will have some higher-ups up in arms, we can expect great things from the millennials and the future they will usher in.

And just because something is different, does not mean it's broken. With many millennials stepping in to fill freshly vacant leadership positions, we can expect to see a lot of productive change taking place – change that will not only benefit things like the environment and employee morale, but also company procedures and operations. Millennials are all about innovation and streamlining, finding a better, potentially easier route to an outcome. With this kind of forward-thinking and unconventional application of skills and resources, companies can expect to grow in ways they previously might not even have considered. So, let's not sell the new generation short. Good things are on the horizon.

The trend at play here is programmes and training approaches that will allow companies to make the best use of millennials in the workplace without halting operations or creating unnecessary complications. So, do your research and find a creative solution to the problem.

The flexibility conundrum

There are many factors that contribute to the flexibility problem we now face in the workplace. For one, the breakneck pace of the average professional life is incredibly demanding. In tandem, we are spoilt for choice with activities and pursuits outside of the workplace that equally vie for our attention. Finding a balance between the personal and the professional has never been harder.

Employers want more commitment, and make no attempts to hide this from prospective employees. The question of availability after hours now frequently is asked in interviews, and young hopefuls are cornered to answer positively in order to stand a chance in landing the job. But this eagerness often depletes when their sense of self-worth comes into play and they realise that they are an asset to the company, not just a pawn lugging a bit of weight here and there. Now companies need to start appreciating their employees in due measures, and employees need to be engaged in the company's machinations in such a way that binds them to successes and failures.

Studies have shown that we now work closer to 47 hours a week, up 7 hours from previous findings. It comes as no surprise that people feel burned out and overworked. Higher accessibility to technology and a depreciation of personal downtime has led to a reluctance to produce, and people are demanding a change. Now we have to start earnestly thinking about ways to maximise work in smaller windows of time. While this may seem like an impossible task, it is not. Studies have also shown that shorter bursts of concentrated effort yield better results than laborious and overwrought hours behind a desk.

The trend at play here is a mediated, egalitarian approach to conducting employees and devising a system that will benefit the company's operations while also accommodating personal time and flexibility.

What is an Office?

A communal space shared by colleagues has traditionally shaped what we now know as the office. But with the advent of remote communications and the aforementioned urge for flexibility, the office is slowly being replaced by a more casual and decentralized approach to working together.

There have been greater allowances made for employees who occasionally request to work from home or a nearby "coffice" (a coffee shop that doubles up as an office). This might seem strange to the older generations, but working on one's own terms is becoming more and more of a necessity. And while the office might not permanently be replaced by an open *Skype* tab, we can expect to see a more relaxed approach to how and where you get your work done. Shrinking office space can also save a company a lot of money, and cutting down on overheads is never a bad idea.

Additionally, with so much thought being given to employee happiness, offices are now set to aesthetically accommodate and foster positivity and productivity. Contemporary design has shaped expectations in new ways, and with research being conducted on how spaces change and influence, we can expect a greater effort being made to harness and utilize the workspace in upping the ante.

Here, the trend is centred around rethinking the office and making it as accommodating and pleasant as possible. Think of your workspace as a supplement to your productivity and ensure that others feel the same way about it.

Terminator

Technology has evolved in such a way that we are no longer able to divorce ourselves from the devices we use. Imagine conducting business without e-mail or *Google*. Seems impossible, right? But while technology has simplified and positively influenced our lives, it has also created a few unique problems.

For starters, apps and computer programmes are now so advanced that they can all but replace human employees. You can now be your own secretary with a few apps, and personal accountancy has never been easier with the help of *FreshBooks* and *Xero*.

There is an opinion being shared by many that our current advancements in the technological arena are being made at the cost of human employees. This is a worrisome, dangerous and particularly problematic concept, and something that has long been speculated by sci-fi films and doomsday prophets.

And while apps show no sign of slowing down, it is not yet clear whether they will truly replace human labour or just supplement it in a new and unexpected way. Technically, this isn't so much a trend as a prediction, but it's one we need to be mindful of and one that we constantly have to question and negotiate. We should focus our efforts on trying to create employment around technology and at the same time, refrain from replacing the one with the other.

Here the trend, similar to 2015, is learning how to integrate technology within your company structure. Instead of replacing human employees with apps that you can manage yourself, rather focus on creating a tech-dependent position within the company that can be managed by an individual. This way you don't clog up funds by having too many cooks spoil the broth and you still provide a person with the means to sustain themselves.

> “**With many** millennials *stepping in to fill freshly vacant leadership positions, we can expect to see a lot of productive change taking place…*”


lifestyle

Book Review:

Staying smart

Keep your reading list up to date and your bibliophile brains in shape. We look at some must-read books that will help you stay smart.

Dante Ludolf | **Freelance Journalist**

1 The Confidence Game: Why We Fall For it … Every Time

By Maria Konnikova

Rating:

We live in the age of the con, and too many of us lay claim to a story involving fraudulent activity. Conmen are everywhere, looking to zone in on unsuspecting and trusting individuals and take what they can get from them. From big, elaborate Ponzi schemes, to smaller yet still undeniably crippling thefts, we are completely vulnerable and susceptible to the charms of these opportunistic and tenacious thieves. And if we have been hit once, a second hit is even easier to pull off. Or, so I've been told.

In this riveting and lucid book, Konnikova delves into why we fall for the tricks we do, and what a series of cons, both large and small, have in common. The result is a book that demands to be read and taken to heart, as it could save you from having to deal with the unfortunate event of having your hard-earned gains taken from you. The Confidence Game excels in illustrating how our sense of truth can be manipulated and used against us by a third party looking to make a quick buck. An incredibly relevant look into the times we live in and how we can deal with the criminal phenomenon that is steadily exemplifying the dangers of the information age.

2 Grit: The Power of Passion and Perseverance

By Angela Duckworth

Rating:

Success.
The two-syllable word that is the purpose of every list of dreams and aspirations. We all want it, some experience it and others spend their whole lives pondering its elusive nature.
As a daughter of a scientist who constantly underestimated his offspring's intelligence and smarts, Angela Duckworth had something to prove. Through her own trials and tribulations, highs and lows, she had only her grit and perseverance to cling to and make things happen. And she did.

A wonderfully inspiring book, Grit is a must-read for anyone that feels demotivated or intimidated by the pressures of having to succeed. The book teaches you to take those feelings and turn them into whatever works for you and gets you to where you want to be. Through the struggling of others and the true testimonies of people who had no choice but to persevere, Grit ushers in a fresh set of perspectives and guides the reader onto their own path of success.

3 TEDTalks: The Official TED Guide to Public Speaking

By Chris Anderson

Rating:

If you've read our *TEDtalks* review, you'll know that these bite-sized gems of knowledge are shaping up to be the most powerful form of rhetoric in this day and age. *TEDtalks* inspire and motivate, and many have found great insights and truths from the messages people share via *TED*. Now, the president of *TED* has compiled a comprehensive and deeply powerful book that can inspire and guide others to create their own talk and add to the growing corpus of motivational speaking. Using examples of some of the most famous and revered talks, Anderson shepherds the reader through how a talk should work and how it should be formulated. No two talks can be the same, and your own, idiosyncratic way of dealing with or approaching an issue, is what will help you stand out. Public speaking has never been more powerful, and with the help of this awesome book you can now master the art and improve your communication skills like never before. For leaders, business owners and savvy hopefuls, the *TEDTalks* book will stimulate your perspective on communication and create new ways for you to go about conducting your business and inspiring your workforce to excel, achieve and succeed.

Tech Review

From Virtual Reality (VR) to the mega speed 5G phone, life is changing fast. Dante Ludolf looks at developments in technology that will change the way we experience life as we know it.

Dante Ludolf | **Freelance Journalist**

Our technology is changing and evolving by the day,

and there is an enormous effort being made to innovate and update every iota of our technological existence.

Last year saw its own landmarks and technological revolutions, and this year will be no different. Here are a few shiny things to be on the lookout for when perusing the shelves of your favourite tech shop.

VIRTUAL REALITY

VR is where it is all heading. With devices like the Oculus Rift, it seems like our perception of reality will soon be adjusted according to our individual preferences. These clunky-looking devices project straight into your eye, so while they are in use you get to see whatever you like. It is crazy to think that this has now become a reality, where previously devices of this nature were confined to the realm of sci-fi. Expect releases by brands like *Sony*, *HTC* and *Oculus*. And expect to pay quite a bit for them.

WEARABLE TECHNOLOGY

We have smartwatches, like the *Apple Watch*. We almost had *Google Glass*, but that fell through. So far, people have yet to really take to wearable tech. But tech analysts predict that this year will see more and more people gravitate towards them, and that they will be used for both commercial and private reasons. Wearable tech, in theory, is based around convenience and ease of access. And now we are seeing a greater effort being made in trying to integrate everyday professional work with a wearable piece of technology, the likes of an *Apple Watch* or the next generation of smart glasses. Shipping company *DHL* reportedly had a productivity increase of 25% upon implementing smart glasses. So if this is anything to go by, it is definitely something to look forward to.

FROM 4G TO 5G

Now you might be thinking that cell phone speeds are pretty fast already, but this is 2016 and of course anything and everything stands to be improved upon. People are hard at work, tinkering away at our cell phone data speeds, and in 2017 we can all look forward to experiencing the holy majesty that is 5G. This year is all about testing it and ironing out the kinks, but when it finally comes to fruition, laggy connections and the globally hated buffering sign might finally be a thing of the past. And according to Nitin Bhas, head of research at Juniper, once the 5G cell phone becomes available, it is expected to be 100 times faster than the current 4G ones. True story.

DATA PROTECTION

While we're online we constantly create data. Lots of it. Pictures taken while on holiday, pages we like, quizzes we do. We are constantly making it easier for companies to appeal to us via advertising. This is kind of scary, and sometimes the data we create can be used in ways that wouldn't be considered ethical. Data mining is a serious affair that impacts our privacy, and we can expect a lot more effort being put into finding new ways to secure our data, and strengthen safe and security countermeasures against the unsavoury acquisition of our personal information. Now, with the plethora of apps we use daily, our data generation is increasing tenfold. So it seems obvious that our security software needs to do so as well. We can expect to see various secure software programmes come to life in 2016 and 2017, partly catering to the need of security, and partly to the growing paranoia the public is experiencing when it comes to data theft and privacy violation.

TEDTalks Finance

Valuable tips and insights to buffer you against financial decline

We have a look at the top *TEDTalks* on finance. Stay inspired and ahead of the curve by listening to these talks by experts across industry sectors.

Dante Ludolf **I Freelance Journalist**

We are swarmed with information on how to invest our money, spend our money and save our money. Usually by institutions that want to direct our personal funds their way in order to make more money for themselves. We live in the time of the super-structures, colossal companies that keep on growing fatter off other people's money, and for the most part we are left confused and defeated, wondering where all of our money keeps going to.

With so many options around us at all times, doing the right thing with our hard-earned cash (and even knowing what the right thing is) can be pretty daunting, to say the least.

So what do we do? How do we sift through the barrage of do-this and buy-this to eventually arrive at a point of stability and security? How do we get to a point that allows us to reflect and go forth with financial certainty? One thing is certain, we are not going to gleam these truths from a brochure or some new package deal that promises a large return on heavily compounded interest.

That is what makes *TEDTalks* so refreshing. The project gives individuals the chance to step up and share insights that they had developed on a personal level. Insights that they were able to consider and polish. Insights that are actually genuinely helpful.

Far from the over-loaded and fluffy advice given by humanitarian accountants looking to sell a few books, these *TEDTalks* get right to the point and are for the most part, incredibly relatable. Here are three *TEDTalks* that will uplift and inspire your financial wellbeing, and alter your opinions a little. Sometimes all we need is a fresh perspective to help us get a grip on our situations.

Why 2.5 billion heartbeats might change the way you think about money
Preet Banerjee
https://www.youtube.com/watch?v=XMo1dRiezaA

These days debts and loans are as common as midwinter flu. Growing your assets and net worth seems impossible without incurring debts, and for many taking out loans is the only way to get to where you want to be. But according to Banerjee we have grown insensitive and blasé to debts and their effects on personal finance. In his words, "Debt used to be a four letter word", meaning a bad word that was treated with aversion rather normalcy.

Now we are treating debt as if it is an absolutely unremarkable component to our daily lives, like it is the norm. This mentality is essentially what is causing so many of our personal financial downfalls. Banerjee suggests that we revert to our ideas about debt, back when owing money to others was wholly undesirable – to a time when having debt was treated like the burden it is.

He goes on to say that we need to once again start hating debt, and prioritising getting said debt as far away from us as possible. He uses the concept of interest to demonstrate his opposition to debt in quite a novel way; when we pay interest we are essentially borrowing money from our future self. If that doesn't sound like something you want to be doing, maybe it's time to rethink that loan and devise an alternative way to accumulate the funds.

Less stuff, more happiness
Graham Hill
https://www.youtube.com/watch?v=L8YJtvHGeUU

TEDtalks are often at their best when kept short and sweet. And that is exactly what this particular talk masters so beautifully. Here, Graham Hill brings up a number of poignant observations into our contemporary, consumerist existences and why we are so chronically unhappy. The most important one being; we have too much stuff. Not things, trinkets or gadgets – stuff.

At present, we have more things than anyone in history. The most of us are spoilt rotten with the gains of our regular excursions to retail outlets. We are bombarded with frills and luxuries, yet we are unhappy. Deeply unhappy. Why is this, when all indications point to us proverbially rolling in it?

Hill is of the opinion that our over-abundance of stuff is exactly what is causing our unhappiness. We are buying more than we need, we waste incredibly, we are enslaved to the idea that more stuff means more happiness and we all suffer from 'novelty addictions'. All these factors compound, and the next minute we are caught dead centre in a field of stuff with nothing to show for it except a need to expand upon our inventory.

Hill suggests we take a writer's approach to our lives; meaning that we edit and streamline ourselves. We start with a clunky piece of something, then upon cutting away and cleaning up, we are left with a wholly more satisfying and approachable piece. Our compulsion to buy and spend and inundate ourselves with stuff is essentially what is causing our happiness and obstructing our sense of freedom. By decluttering and cleaning up, we open up new possibilities for other ventures and activities that aren't weighed down by the sheer mountain of our possessions.

Lasting only six minutes long, this *TED* talk is a great way to get a little bit of mental foothold on your life and how you can improve it.

One life-changing class you never took
Alexa von Tobel
https://www.youtube.com/watch?v=8jkri0AeZWQ

Alexa von Tobel equates the vast financial decline of many to something that is fundamentally missing in our education – knowing and managing our personal finances. To many, money is something that comes in and out and keeps us alive. This hard and fast relationship with money inspires a sense of poverty and deficiency, and it is all too easy to draw comparisons between our own finances and those of others.

We feel poor, because we don't know how to deal with the money we have, not because we don't actually have any money. This is a big deal, and we have to start renegotiating how we look at and work with money if we are to alleviate these feelings.

According to Von Tobel, we have to start by placing ourselves in a fiscally beneficial mindset that will prove to be productive, instead of self-depreciating. This can essentially be achieved in three easy steps, changes in your lifestyle that will set you on a path that is much more likely to succeed than no plan at all.

Firstly, as with most ventures in life, you have to start with a budget. A budget is an essential part of managing your money. At first you don't have to go into it with presupposed saving plans, just keep track of your expenses and deduct it from your salary to see where you are congesting and where you are giving away a little too much. Budgeting like this has been made really easy with expense trackers like *Mint*, which is absolutely free.

Once you have your budget down, and you can see where the funds go awry, start funnelling cash into an emergency fund. Von Tobel asks you to imagine the sense of security upon facing a crisis and knowing you have the financial security to look after yourself for up to six months. An emergency fund is an utmost necessity in this day and age and in a volatile economy it can literally save your life.

Lastly, echoing the words of Banerjee, Von Tobel urges people to clear debt. Debt saps your money, and should be treated like an emergency that needs to be dealt with as swiftly as possible. Plus, with every inch of debt cleared you are releasing funds that were previously allocated to debt, meaning more money for you.

> "**We feel poor,** because we don't know how to deal with the money we have, *not because we don't actually have any money.*"

How Accurate is the Big Short?

In a world where the Kardashians have a monopoly over so many people's eyeballs, it is refreshing to see *The Big Short* garner critical and public acclaim. But what is more impressive is that the film managed to accurately depict the financial world it represents.

Leigh Schaller | **The SAIT**

Finance is boring. Or at least, that is how popular culture usually depicts the world of money. Conventional wisdom tells us that, for the average film watcher, there is nothing exciting about bonds and credit default swaps.

Or as the director of the Big Short, Adam McKay, told the Wall Street Journal, "Average people feel they're too dumb, or banking is boring." Yet his movie, which makes housing bonds and collateral debt obligations its subject matter, has shattered conventional thinking about what sort of topic lends itself to making an entertaining movie.

The film has become a critical success, having won an Oscar and raking in more than $120 million at the box office so far. It also made ethically dubious bankers look cool in a manner Hollywood previously reserved for drug dealers and vigilantes.

Although making a lauded movie about the usually boring events of banking is an achievement in itself. What sets *The Big Short* further apart is that to a large extent, it managed to accurately represent the real-life events that it portrays.

In essence, *The Big Short* covers the 2008 financial crisis from the angle of a few people on *Wall Street* who saw the crisis coming and made a profit from it by shorting the market. They did this by having certain types of credit default swaps created, and then purchasing them. Credit default swaps are a type of insurance provided by the issuer that promises to pay out if an asset, in this case housing bonds, collapse.

The arc of the movie depicts the journey that the short traders undertake, as they slowly realise just how toxic housing bonds are and how dangerously interconnected they are to the broader financial system. The film also depicts the level of denial and greed present in 2008. In addition, it shines a light on those institutions such as the media and rating agencies that should have seen the crisis coming, but did not act accordingly to blow the whistle.

The film's actors, or at least Christian Bale, seem to have placed enormous effort in representing the film accurately. The actor, better known for his role as Batman, reportedly spent nine hours discussing the movie with Michael Burry, the *Wall Street* trader who Bale depicts in *The Big Short*.

As good as the movie is, it has a few flaws in how it represents the crisis. Although its creators understandably chose to focus on only a few aspects of what was the biggest financial event of most people's lifetimes, in doing so, the movie may have created a few false impressions.

If, after watching The Big Short, *you would like to read more about the 2008 crisis, these two books will provide you with enjoyable insight.*

Too Big to Fail: The Inside Story of How Wall Street and Washington Fought to Save the Financial System – and Themselves
By Andrew Ross Sorkin

Like *The Big Short*, Sorkin manages to give you a front row seat to the complex and closed world of finance. Not only do you have one of the best views possible, the author also points out the relevant and interesting elements without coming across as condescending.
Written in 2009 when the debris of the crisis were still settling, Sorkin who worked as the Mergers and Acquisitions reporter at the *New York Times*, wrote the book based on hundreds of interviews that he had conducted with finance industry leaders and those in and around the focal points of the crisis and the bailout. The detailed almost biographical accounts read more like fiction than journalism.

The book serves as an excellent starting point for anyone trying to understand the 2008 crisis.

The Ascent of Money: A Financial History of the World
By Niall Ferguson

Unlike the *Big Short* and *Too Big to Fail*, The *Ascent of Money* does not place the 2008 crisis at its epicentre. Instead the book takes a broader view, discussing the origins of finance.

History and finance are usually two concepts that induce sleep rather than pleasurably reading, but *Harvard* Professor Niall Ferguson successfully manages to weave his yarn by placing people in the centre of his book, rather than focusing on complex ideas about yields and bonds. The fact that the people spoken about just happen to interact with money or finance often seems like a non-critical detail rather than what it actually is – the golden thread that holds the book together.

For those that find reading such a book too time consuming, The *Ascent of Money* has been turned into a must-watch documentary series.

Milan

Where fashion meets finance

Old city charm, finance, fashion and a South African institute. We spent four days in Milan, as the world welcomed SAIBA to the team of international professional bodies. This article follows our executive team in Milan and takes you on a picturesque tour of Italy's fashion capital.

Cara-Ann Carstens | SAIBA

A trip to Milan, the Italian fashion capital. The reason for the visit? A CFO conference. There are many reasons to visit Milan, and Italy for that matter, but I never thought that a finance conference would get me there. But here we were, at the *IAFEI*-World-Congress-meets-World-EXPO-2015, and everything was off to a great start.

Finance has never been this sexy, with high-end fashion, the finance industry dressed in their best, and Milan's mixture of old streets and new architecture as backdrop, all created the perfect setting for this international congress.

In October 2015, the *Southern African Institute for Business Accountants (SAIBA)* sent our executive team, Nicolaas van Wyk and Stiaan Klue, together with Marketing Manager Cara-Ann Carstens, to attend the 45th International Association of *Financial Executives Institutes (IAFEI)* International World Congress for finance executives in Milan. The theme for the congress, hosted by *Association Nazionale Direttori Amministrativi e Finanziari (ANDAF)*, was "Innovation and the Quest for Competitiveness".

Together we roamed the beautifully paved streets and discussed the possibilities of hosting the 2017 *IAFEI* World Congress in South Africa. A world of possibilities opened as *SAIBA* joined the *IAFEI* network and launched our CFO(SA) designation.

We spent three days at the conference, where we attended talks by industry leaders and connected *SAIBA* to an international community. The topics covered were on finance, financial services, banking, economics and how to improve companies' competitiveness through their capacity to innovate.

Days were spent at the congress, while nights and breaks in-between were mostly used to explore the city and befriend other international professional bodies. Here's a summary.

Day 1: We arrived at *Malpensa Airport* around lunchtime. It wasn't an easy task to navigate the airport in a country where very few people speak English. But with the help of the *Italian Phrase Book*, we managed to get ourselves onto the right train. Nicolaas, Stiaan and I, on our way to a congress, key to the future of *SAIBA* and our CFO(SA) designation.

The country already inspired beauty, as we drove through the villages and meadows en route to Milan. We arrived in central Milan, a bus and two trains later. It was Autumn and drizzling with rain. The streets were busy as people went about their affairs. Many walked their dogs, while others rushed to their next destination – all elegantly dressed. We bought three umbrellas and joked by giving Nicolaas a colourful one. I think it must have been a sight for sore eyes – Nicolaas navigating us to go left, Stiaan, convinced we should go right. Me? Eyes towards the sky, trying to capture every bit of beauty, staring at the old buildings and the romantic way of life, while on our way to the apartment. *There is just something about the Italians – it's as if they do everything with passion, from architecture to kissing in the rain.*

10 Must-See Attractions in Milan:

- *Il Duomo*
- *Leonardo da Vinci's The Last Supper*
- *Galleria Vittorio Emanuele II*
- *Opera at Teatro alla Scala*
- *Castello Sforzesco*
- *Pinacoteca di Brera*
- *Sant'Ambrogrio*
- *Piazza dei Mercanti*
- *Museo Bagatti Valsecchi*
- *1Poldi Pezzoli Museum*

We eventually found the apartment (which turned out to be towards the right), situated in Brera. Old with high ceilings and romantic finishing. The owner, a beautiful Italian woman, explained the rules and we got settled. Nicolaas immediately wanted to explore, so we walked around the park across the street, then to a restaurant, perfect for after work drinks.

We ordered wine and enjoyed various snacks on the house. Italians eat a lot! We then moved on and found a hearty Italian restaurant, where we had pizza for dinner. Families filled the tables beside us, as we enjoyed the ambiance of a different world.

Day 2: It was much colder than anticipated, and wearing high heels was not the best idea. Cold, wet and late, we ran through the park in an attempt to make it to the congress in time.

After a few missed turns, and accidently running into *Sforza* castle, it turned out to be a beautiful way to get lost. *Google Maps* took us past a few Italian boutiques and café's, to the *Palazzio Mezzanotte,* where the congress was held. Large banners and a queue of beautiful Italians welcomed us. The day begun.

ANDAF Chairman Fausto Cosi opened the congress with a strong statement: "He who fails to innovate, is lost."

Many things about that day stood out, but these words really stayed with me: "When the level of competitiveness is high, what makes the difference is the ability of entrepreneurs to innovate. However, innovation must be a concept which goes beyond the production of goods and services, it must embrace a broader viewpoint: it is necessary to innovate processes, business models, the very way of being a CFO."

After the congress, we walked back to our apartment and had coffee at a café right by the *Duomo.* It was so beautiful, this larger than life building, pigeons in the square and hundreds of tourists staring up at the glory of the towers. A scene straight out of a fairy tale.

We had just enough time to get ready for the evening's gala dinner. For me, this was a highlight of the trip! The men dressed in black tie, and me in a black dress and high heels, ready for an event like no other.

We walked about 3km to the *Palazzo Parigi*, where the event was hosted. By the time we arrived, the splendour of the venue and the event overshadowed the long walk in the rain.

We arrived in a beautiful ballroom filled with elegance and festive people, enjoyed a five star dinner with music and networking, and truly felt like diplomats when they welcomed South Africa and announced *SAIBA* as the newest member of *IAFEI*. The evening was truly spectacular!

Day 3: Our last day at the conference, before the end of our Milan tour. We woke up earlier to use the time to wander the streets of the city. I am so happy we explored the city as we did, on foot, and without any tour guides. It was a great way to stumble upon hidden restaurants and cafés and find the larger attractions, as if we were the first ones to discover it.

Some key phrases from congress that day:"I

- t's impossible to conceive a modern economy without innovation." – Italian Prime Minister, Romano Prodi
- "In order to compete, we need economies of scale and differentiation." – James Hogan, Chairman and CEO of Etihad Airlines
- Innovation is not an opportunity, now, innovation is the new baseline – if you don't innovate, you don't survive." – Carlo Alberto Carnevale Maffè of Bocconi University in Milan

What an insightful day it was!

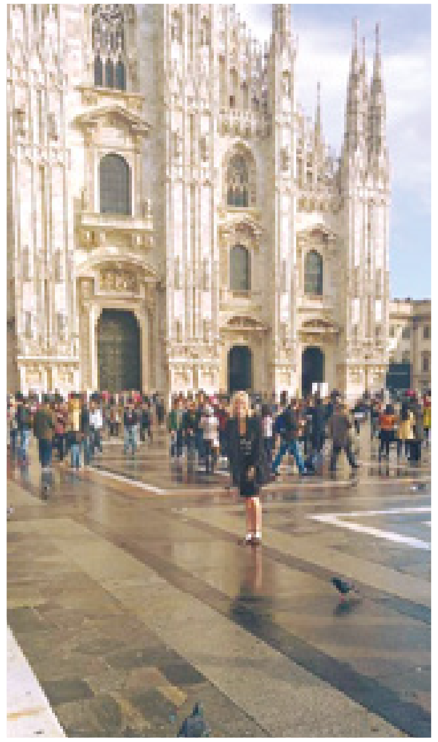
After some fresh insights and inspiration, I strolled to the Galleria Vittorio Emanuele II, where luxury shops and elegant cafés meet. It was like heaven, and would be for anyone who loves fashion and beauty.

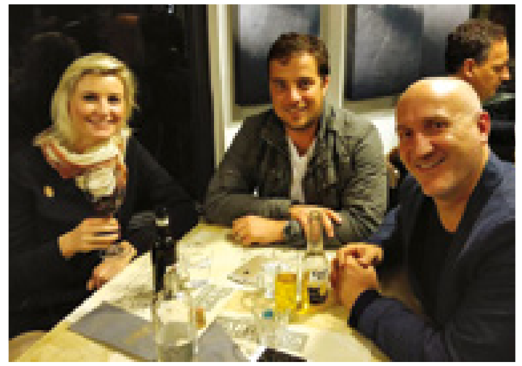
Thereafter I visited the museum, *Castello Sforzesco*, where I was mesmerised by Michelangelo's last sculpture, *la Rondanini Pietà*, the piece he was working on just days before his death,. Walking into the castle was like entering another era.

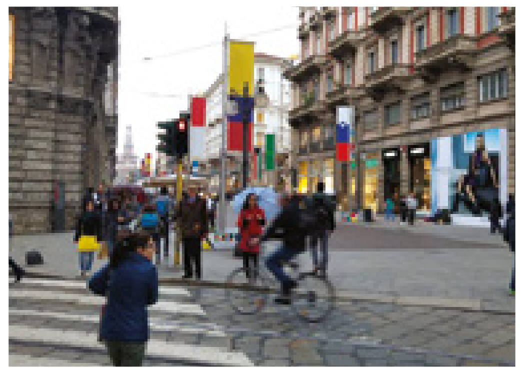
We ended the day by having dinner at a small restaurant (I can't remember the name) in a piazza. The food was traditional, warm and delicious.

Day 4: We ended our trip with a tour of the *World Expo* and then it was time to head home. What an adventure and opportunity.

At the end of the week, as we made our separate ways, I knew we left with so much wonder, inspired by a city that resembles so much promise. And *SAIBA* left with a promise too – we shall be the hosts for the 2018 World Congress in South Africa.







Healthier & Healthier

Constantly trying out the latest health trends can have you running nowhere, or leave you too exhausted to try and keep up. We look at some trends that might be here to stay. Get your *Instagram* account ready, because this article will surely set you on the road to a new health challenge.

Dante Ludolf | **Freelance Writer**

Health trends can be funny a thing. One minute you're ditching the soda and starch for fruits and vegetables and the next minute you find out that fruit and vegetables, albeit some, should instead be swapped out for bacon and zucchini. One minute it's calorie counting and the next it's all about low carb and high fat.

To the serious health nut, these healthy revelations that appear like clockwork are life-changing and essential. To the rest of us, it all seems a little high-maintenance and confusing. So we've decided to give you a heads-up and let you know what you are in for. So far 2016 has seen a spike in some very interesting produce, and you can look forward to even more peculiarities gracing your local grocer. In today's fast-paced and innovative world, people are always trying to improve and succeed theories and tips that previously held merit.

Food has become more than a cultural thing – it now represents and signifies the kind of life you lead. With the use of social media people are revealing a lot about themselves through the food they consume and for the most part it can be a very positive experience. Think about the toll our food consumption is taking on the world, we are slowly and surely crippling our natural resources. So by posting food on your social media that is consciously accumulated via renewable methods you are actively taking a stand against the alternative. Cool, right?

Unfortunately, studies conducted on fitness fundi's sharing their activities on social media have not been as kind or as positive. It seems as if the urge to share one's training regimen or a seemingly harmless post-workout selfie is tied to psychosis and emotional instability. Oops!

Apart from smoking (yes, it was once advertised as a healthy product) and those awful chemical slimming tablets, most of the healthy trends that emerge don't cause damage and can be a fun way to spice up your health routine.

So here you have it, healthy food and fitness trends to keep your workout routine and your Instagram account interesting:

Nut milk
Nut Milk is steadily becoming all the rage and consumers are favouring it over cow's milk and soy. Nut milk comes in a wide variety of flavours, from almond to macadamia, and is a healthy and protein-rich dairy substitute. Plus, it's absolutely delicious and creamy which makes the departure from dairy milk a lot easier. The only drawback is that nut milk is very expensive and can require a serious renegotiating of the monthly grocery budget. With nut milk's popularity on the increase, expect to see many new flavours and combinations emerge in the following months. It's also incredibly easy to make your own – all you need is a blender, nuts of your choice and water!

Infrared sauna
In 2015 the collective curiosity was piqued by the amniotic sense deprivation chambers that supposedly promised unrivalled relaxation. Then there was the cryo-chambers, another slightly strange way to decompress and revitalise the body through freeze technology. Now we have the infrared sauna, a more intensive and deeply effective alternative to the traditional hot box sauna. Infrared saunas burn calories, relaxes muscles and increases circulation like no other. It has already proven to be very popular with the *CrossFit* crowd, who need to make sure their musculature is in tiptop shape. Expect to see many eclectic fitness spots and private gyms incorporate these magic chambers.

Bowl meals
You've seen them on blogs and on hip and healthy restaurant menus. The bowl. Be it a health bowl, a smoothie bowl, a grain bowl, etc. Bowls have now evolved from a simple piece of crockery to a way of eating. The cornerstone principle at play here seems to be shoving as many healthy and delicious ingredients as possible into a bowl and eating it guilt-free. Bowls are easy and fun and we can expect to see many varieties taking shape in the near future. Just look at the deconstructed Mexican bowls appearing in fast food chains like Kauai, a clever way to get the taste and effect of a Mexican tortilla into a healthy and nutritious bowl meal.

Plant-based dining and root-to-stem dining
No Meat Mondays has already gained significant popularity as a weekly staple and in the last months of 2015 we saw huge publicity being given to red meat now labelled as 'mostly carcinogenic' to humans – i.e. cancer inducing. Now we can expect to see a larger effort being made to cut down on animal products and meat and a collective move towards a more plant-based diet. Although this is shaping up to be a good trend, bear in mind that the leap from meat to no meat can be quite a drastic one. Ease yourself into a less meat intensive eating plan and take protein supplements if you are planning to eventually abandon meat altogether. This will make the transition easier on your body and allow you to gradually acclimate to the change. Get ready to see a lot of lentils, beans and pulses in recipes, as these are big players in the plant-based eating revolution that is to come.

Rock climbing
We saw an increased interest in surfing last year, and now the new sport of the minute is looking to be rock climbing. Rock climbing is a high intensity sport, it's super fun and promises to be a stimulating and invigorating workout. Gone are the days of business meetings on the golf course, caddies and clubs are now being replaced by harnesses and a taut rope. Expect a lot more heaving and panting and a significantly more exciting experience overall. Rock climbing has been around for a while, so chances are that you'll find a location in your surrounding areas that offer sessions for you to test your mettle.

Seaweed
Kale took the world by storm last year, and will probably go down in history as the most over-hyped green this side of lettuce. Only a handful of new recipes managed to slip the Kale factor, and people were clamouring for the bitter spinach-like plant like no other. Now we see Seaweed slipping its way onto the blog-o-sphere, and it looks set to replace Kale as the exotic green of the hour. Seaweed is salty and slightly bitter, but if prepared the right way it can be seriously yummy. Seaweed is high in nutrients and ocean minerals and comes packed with iodine and glutamic acid, so it is definitely a health trend that can work for you.

Fast Facts
about Food in South African Economy

So many articles predicted it, but the food price shock is real. According to Trading Economics South African food prices increased by 8.6% since 2015. Rising costs can be blamed on:

1. Weather
2. Weakened Rand
3. Electricity supply

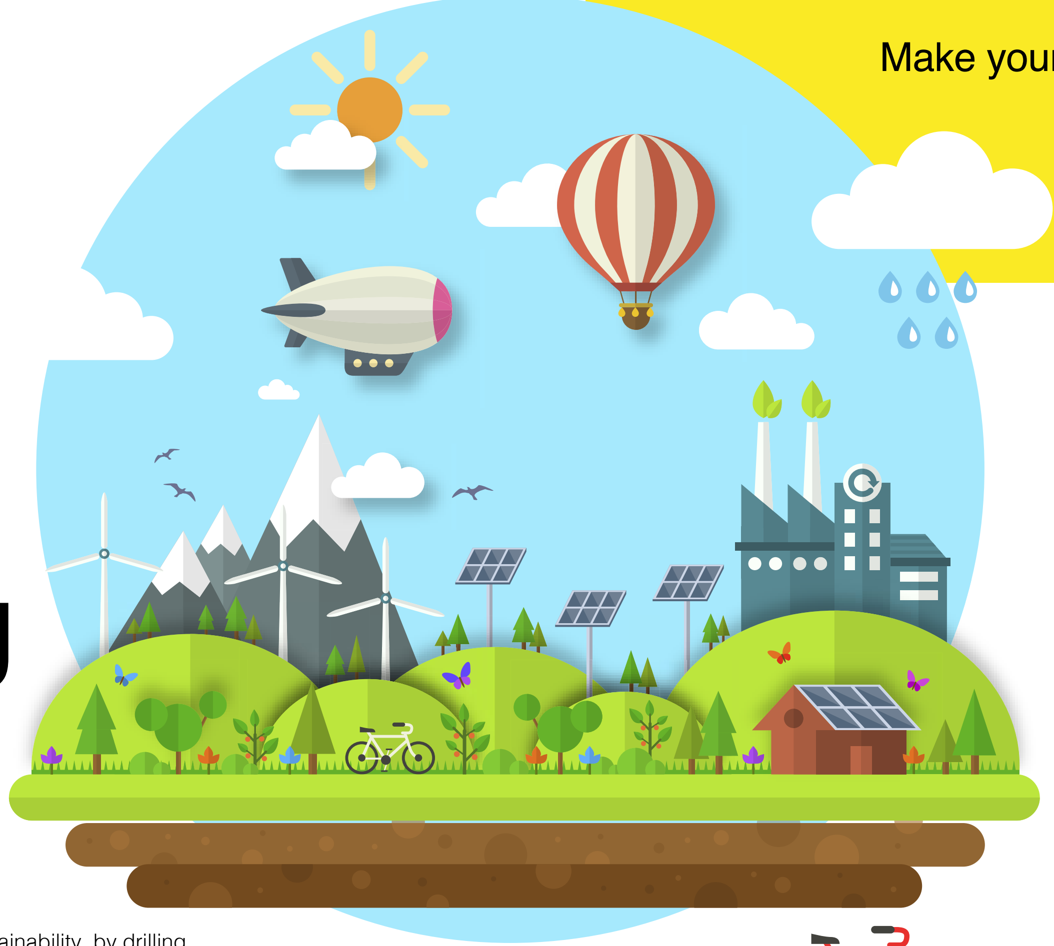
"**Therefore,** irrespective the expected increase of food prices of 10% or more have, *or more in 2016 our food will still be comparatively cheaper than elsewhere.*"

Wessel Lemmer | Barclays


student

Facilitating a Greener Environment Through Management Accounting

Prof Breggie van der Poll | **UNISA SBL**



The world's most prized natural resources, such as coal and water, deplete with each passing year. As the demand for natural resources reaches critical levels, it is paramount for companies to explore steps to minimise the negative impact they have on these vital resources. Innovative management accounting is a powerful tool that enables corporations to rationalise resource usage.

According to the *United Nations*, there will be as many as 1,800 million people living in regions suffering from absolute water scarcity by 2025. Two-thirds of the world's population will live in water-stressed conditions. There is an urgency for companies to use natural resources sparingly and responsibly, and to limit waste production that is created as a result of resource usage.

While triple bottom line reporting has assisted companies and shareholders to have a better understanding of issues of sustainability and the impact that business has on natural resources, traditional accounting systems are not able to provide detailed financial data associated with resource usage and waste creation. In contrast, management accounting systems – including tools such as environmental management systems (EMS) and environmental management accounting (EMA) – make it possible to capture highly detailed and specific information on these areas. This can assist companies in converting resource-management knowledge into new realities, increasing the effectiveness of interactions between business and resources.

Management accounting systems refer to a range of financial management tools that establish a monetary value for sustainability, by drilling down into the specificities of product, process and output. They are able to highlight polluting activities and activities that do not add value due to having greater negative, rather than positive, impact from an economic, social and environmental perspective. Through identification, these activities can be limited or altogether eliminated, therefore reducing a company's environmental footprint.

Eco-efficiency can be established through the use of activity-based costing (ABC) to reduce inputs (such as materials, water and energy) and non-product outputs (such as waste and emissions). ABC makes this possible by enabling the identification of different environmental cost-drivers so that accurate costs can be allocated to specific activities, and the true cost of a product can be ascertained. A highly efficient management accounting tool, ABC can indicate where processes should be improved or where re-engineering opportunities could be considered.

While resource management and waste reduction are important, these activities should not detract from the company's value generation for its shareholders. The use of management accounting practices makes it possible for companies to gain a competitive advantage through saving on costs as well as minimising on waste. This is especially true if energy and resource efficiency is taken into account during the product development and production phases.

The *Material Flow Cost Accounting (MFCA)* is a powerful system concerned with waste materials, emissions, and recycling materials. The system can trace both the flows of final products and emissions (waste) in processes and recognise emissions as a product. The *MFCA* terms actual products as the "positive products" and emissions as the "negative products". By identifying the waste produced in the manufacturing process with the help of *MFCA*, the company can identify those specific "products" that have no value due to their negative impact and can seek to eliminate these from the production process.

The area of management accounting and its supporting tools can assist companies in adopting sustainable business practices by raising sustainable business as a strategic issue; incorporating sustainability information and analysis into all decisions; collecting, analysing, and measuring environmental and social data; and lastly, developing a reporting strategy and approach that integrates sustainability issues.

Management accounting makes it possible for every decision-maker in the company to have access to decision-relevant insight and analysis, allowing them to focus on their social and environmental duties. Beyond being simply viewed as a reporting tool, management accounting is positioned to play a key role in today's companies by enabling robust, action-based resource management.

Make your business more sustainable with these tips:

Electricity awareness

Put energy-awareness stickers and posters up encouraging staff to switch off lights and/or equipment when not needed.

Power-saving tips
Cut energy consumption and cooling costs by disabling screen savers on your computers.
Turn down the brightness setting on your monitor.
If you're not using an application or programme then close it down.

Air conditioning
If your office has portable or fixed air conditioning, ensure that the doors and windows in all air conditioned rooms are kept closed when the air conditioning is on.

Lighting
Label all banks of three or more light switches in order to identify which lights each switch operates.

Switching off
Have a comprehensive shut-down checklist for holidays.

Heating

Do a basic walk-around in order to identify areas in the office that are being heated unnecessarily and take action to save energy as required.

Travel

Cycling
Promote the following to staff:
» The nearest cycle storage facility.
» The nearest shower and changing facilities.
» Details of the cycle-to-work scheme, if applicable.

Procurement

Think local
Think about how far a product has travelled to reach you and what the carbon footprint might be.

Check how products are made
Just because a product is recycled or recyclable doesn't mean it is necessarily environmentally friendly.

Check your suppliers' credentials
Good suppliers will have an environmental policy and where possible, International Organisation for Standardisation (ISO) certification.

Whole life costing
Look at the whole life of the product rather than just the initial cost. How much does it cost for you to install, operate and maintain equipment or products? Also think about the cost of disposing it.

Think of the complete supply chain
From merchant service providers to transport, there is a possibility of being green in most elements of the supply chain. It is important to shop around and find out what is available to you.

Waste reduction

Put up signs to show how staff members can double-side copy or print. Make sure this is posted within readable distance of each photocopier and printer, and make staff aware of this.

Reusing
Start collecting used postage stamps from staff and donate them to a charitable reuse scheme.
Recycle all of your used printer and/or toner cartridges and keep a log of the numbers and dates sent.
Establish a stationery reuse system or collection point which can be accessed by staff in order to avoid throwing functioning stationery, such as ring binders, away.

Recycling
Make sure that there are enough paper recycling bins throughout the office for all staff to easily recycle their waste paper.

Greening teams, actions and communications

Communication is the most important tool to ensure that colleagues buy in to the idea of playing their part in making your office sustainable. Here are some suggestions:
» Identify, rank and document what the office believes are its five most significant negative environmental impacts (see further information below).
» Formally induct all new staff on relevant environmental issues within their role.
» Make sure that the office has a central point for updating staff about environmental issues. It could be a notice board or an online network.

How Social Media Can Make or Break You in your job search

Entering the workplace shines the light on your social media presence. Make sure you manage your online profile before you step out into the spotlight – starting today. We look at ways to utilise your social media accounts to enhance the chances of you landing your dream job.

Abram Molelemane | **Godfella Productions**

In today's competitive job market, it takes more than experience and a qualification to get hired, let alone land the dream job you always hoped for. A well prepared interview might boost your chances of landing your dream job, but is still not enough.

Many graduates are not aware that their social life and online presence also make an impression on possible employers. Especially because they don't have any previous work experience to fall back on. Employers that are willing to take a chance on new graduates rely on good background checks. And, the background check goes further than you might imagine – more and more employers are checking out candidates on social media before hiring them.

They want to know anything and everything about you – who your friends are, how you spend your weekends, your interests – and they leave no stone unturned. Sites like Facebook, Twitter, LinkedIn and Google+ allow employers to get a glimpse of who you are outside the confines of a résumé, cover letter, or interview. In fact, according to the *2014 Jobvite Social Recruiting Survey*, about 93% of recruiters are utilising social media to vet and find future employees.

Another survey discovered that 39% of employers dig into candidates on social sites, while 43% said they had found something that made them push aside a candidate, such as posting inappropriate photos or information, or bad-mouthing a former boss.

Employers have learned that social media is exploding, and that just about every business uses it (this includes potential clients and stakeholders). Therefore they do not want to risk hiring someone who might at a later stage compromise or tarnish the company's image or brand in the marketplace, because of their social life. And it is for this reason that many employers these days monitor how employees use social media at all times; they know that if they don't pay attention, they may end up facing any number of serious problems. This is also why it is important to manage your personal online reputation.

In truth, in today's market, image is everything, and employers are aware of the power of social media and its repercussions if not managed properly; one can easily jeopardise the company's reputation with a simple post, tweet or picture. Thus, hiring has become stricter and therefore makes it vital for the job seeker to be cautious of their social life and online presence at all times.

Since 2004, the growth of social media has been exponential. When *Facebook* started out, it had about 1 million users – today it has over 1 billion users worldwide. Years later, the network had grown so much; its population was being compared to that of a country – saying it is the country with the largest population in the world.

And since then, various social media sites such as *Twitter, Google+, Instagram* and *SnapChat* to name a few have been developed. Proponents of social networking sites say that the online communities promote increased interaction with friends and family; offer teachers, librarians, and students valuable access to educational support and materials; facilitate social and political change; and disseminate useful information rapidly. While this is great and very true, the reality is that, like with most things in life, there are positive and negative sides to social networking. If you are a jobseeker, it is important that your social media accounts are employer-friendly and working to your advantage. Below are tips on how to better manage your social online presence.

Spell check before you publish

Using proper spelling and grammar is one of the most crucial things you can do when writing, be it in an email, on a website, or in something you're looking to get published. Incorrect word usage, poor sentence structure or spelling mistakes can ruin your chances of being hired, and affect your credibility. For this reason, it is important that all your social media accounts are well polished. Also avoid the use of profanity – it does not leave a good impression.

Anxiety and complaint level

Recruiters can learn a lot about you through your posts. They are particularly interested in posts where you voice your opinions about something that happened in class or at work during your day. They can learn a lot about how someone deals with stress (and their boss and co-workers) through their posts.

Political innuendos

A surefire way to discourage a recruiter immediately is a social media account filled with your political preferences and posts. Although we all know that everyone has an opinion and is free to express them, many recruiters, especially those who don't particularly agree with your opinions, will move on to the next candidate.

Party pictures and other negatives

Nothing says "party animal" more than pictures posted boozing it up with friends. It may seem innocent and fun at the time, and it probably was "just a casual wine party", but when viewed by a potential new boss, these pictures raise big red flags. Any picture that shows your riskier side should stay off all of your social media accounts that are open to the public and within scrutiny-reach of the next nosy recruiter.

Take advantage of social media and use it to your benefit

Personal branding

A well-developed online presence through blogging, social media and networking can demonstrate that you have the desired skills and knowledge without recruiters necessarily having a face-to-face encounter with you.

By developing your personal brand, you can independently:

- Increase your employability.
- Protect your online privacy.
- Show your passion and display your proactive nature.
- Get noticed by potential employers.
- Develop important relationships.

Build a strong online professional profile

Almost all employers will do a *Google* or *LinkedIn* search on potential candidates. Make sure that when employers find you they are seeing information about your professional accomplishments and background that's up to date. If there are too many videos, photos, and other references and links to your personal life, you should activate privacy settings and consider disabling or removing some of these links. The more information you have on your page, and the more complete your profile, the better chance you have of getting job opportunities.

Expand your network

Build relationships with organisations and individuals of interest to you and don't be afraid to reach out through several social media platforms. Many industry-related Twitter chats exist that can help you communicate your knowledge of different industries to the right people.

In conclusion, researching candidates via social media and other online sources has become a growing trend. In a competitive job market like ours, recruiters are looking for all the information they can find that might help them make better decisions. It is therefore important for jobseekers to take note. It is your responsibility to make your professional persona visible online, and ensure that any information that could blow your chances of getting hired is made private or removed.

The above tips are just a few of many others that are available free of charge online. So if you are keen to learn more on this subject, don't be shy to look it up!

Important Life Lessons Learned at University

Lessons learned at university stretch far beyond the academic. Abram Molelemane shares some of his most valuable lessons learned while studying. Make sure you don't miss out on anything in this precious time.

Abram Molelemane | **Godfella Productions**

University can change someone and can help them to mature. It helps to form your political, business, social and economic views and is the rite of passage to prepare students for life's challenges that await them post-degree.

I mean, in my experience my most valuable school experiences weren't of an academic nature. They were all about people – social skills, respect, self-worth, empathy, and realising my own potential. On the sports field I learned about winning and losing graciously. In the classroom I learned that doing your best counted far more than academic ability.

You learn the importance of many things, not just the importance of an education.

The life lessons you learn at university aren't learned in classrooms, but through your experiences. And because of teachers and lecturers who believed in me, I also learned that I was far more capable than I thought. Below are some of the important life lessons I learned outside the classroom. Read, and be encouraged that your grades go far beyond your next accounting exam results.

Communicate well

The most important thing about attending university is being able to show other people what you know. As an accounting student, chances are that you won't present or have the opportunity to write extensive essays to increase your communication skills. But you don't only learn good communication skills through oral presentations in class – you also acquire these through interacting with other students. The way you communicate can affect your career opportunities and even your relationships. Also, engage in community events and social clubs that will allow for interaction that will no doubt up your networking abilities.

Conflict resolution skills

I learned the value of good conflict resolution skills when I had differences with a roommate. We had different values and habits and just didn't get along. At university, you learn how to deal with these types of situations. And hopefully you do so with grace. This skill is essential in real life when you might not get along with a co-worker or someone else you come into contact with quite often.

Time management

Time management is one of the core skills we learn at university. We learn this important skill when we attend classes, prepare for tests, do our laundry, shop for groceries, make time to hang out with our friends and participate in extracurricular activities. By prioritising your time, you learn about discipline and responsibility, and acquire great organisational skills.

Self-discovery

I wouldn't say that university is for either losing or finding one's self; I would say it's for both. Tertiary education expands your mind and paves the way to your future. While many people may not yet have a clear vision for what they want for their future, they are constantly learning more about the world in which they live and about themselves. This is the optimal time for self-discovery: learning new things, pursuing new passions and finding your place in the world.

University creates a space that allows for a bit of an identity crisis and self-discovery, as it throws you into a whole new world that includes new people, new responsibilities and new opportunities.

No one is looking over your shoulder and telling you what to do anymore, and there is rarely someone who has a preconceived idea of who you are or who you should be. University allows you to truly discover who you are and who you want to become.

Budgeting and saving money

One of the most essential set of skills and habits that one picks up at university is managing and budgeting your finances. Whatever amount of pocket money you receive, chances are that most of it goes towards covering basic living expenses. Just about everyday, you learn how to spend your money on the things that are most important to you – and to not spend it on things that aren't. And although you might not realise it, this learning experience of budgeting and saving money with the little amount you receive on a monthly basis, teaches you how to spend your money responsibly. These lessons will come in handy in the long run, especially when you start working. Chances are if you land an internship before getting a permanent job, you will have to apply more or less the same budgeting principles.

Being responsible

When you are at university, you gain more responsibility. All of a sudden, you need to feed yourself, do your own laundry, complete your assignments and submit them on time. You're also responsible for your own actions. Your parents aren't there to do things for you, or to tell you when you did something wrong, and you therefore experience an important time of learning to be independent. Being responsible is a difficult lesson to learn, but one of the most essential in life.

In closing, I can safely say that apart from academics, there are other important life lessons learned at university. Attending university gives you an opportunity to meet new people, explore career options and experience being away from home.
You gain a sense of independence by making your own decisions. You learn to manage work, studies and money

> "**Tertiary education** expands your mind and paves the way to your future."

in order to provide the things you may need while living on campus. You make friends with people from different backgrounds.

You get a better understanding of others' views and do things like participate in social clubs or go on field trips that you never thought you would. In essence going to university, college or any other tertiary institution is the best opportunity for anyone who has the privilege to do so.

The above listed are just a few examples of some of the important life lessons I learned during tertiary education. It is during this period that we learn some of life's most precious lessons that either make us or break us.

Interview Survival Kit

Prepare for the working world by acing your interviews. This guide will not only help you survive your next interview, but will ensure you excel in the experience.

Tammi-Leigh Erasmus **I Freelance Journalist**

Interviews are probably one of the most nerve-wrecking experiences, for most of us going into the workplace. Our intentions are to go in there, answer some strenuous questions and leave, leaving a lasting impression. But there is more to it than what we assume. The guidelines, outlined in this article, are to help and steer you through your next interview. And hopefully leave with a job to boot.

Research: It is important to gather information about the company where you are being interviewed as it will give you a clear perspective about the business. Knowing what the company is about, what they produce, who their clients are (target market), what they plan to achieve, or what makes them so successful is a few of the basic points you need to know as an interviewee. The reason why this is so important is because, usually, at the eleventh hour, they might ask what it is that you know about the company, leaving you in an impromptu presentation, which is a great way to show your interest and enthusiasm. Do your homework. Besides, you need to know whether you want to work for them too.

"Research is formalised curiosity. It is poking and prying with a purpose." – Zora Neale Hurston, Author

Prepare: It is much more calming to go through some possible questions the interviewer might ask, beforehand. Also, try interviewing your cousin, sister, brother or mother, and vice versa, asking basic interview questions – sit might help calm you down.

Copying someone else's answers off the internet will not be a wise decision. Your answers will seem too rehearsed and you might walk straight into a wall when asked to elaborate on your answer that you have no knowledge about. Be yourself and engage in conversation, and don't just answer questions without giving it some thought.

Make sure that what is typed on your CV is also typed into your brain. You do not want to forget or miss any information about yourself that the interviewer enquires about. Reading from your CV is also a no-go.

Never be late for an interview. Determine how long it would take you to get from your house to the venue and leave about half an hour earlier in case of traffic. Make sure that you have reliable transport to get you there 15-20 minutes early and ensure you have all the necessary and required documents. Get enough rest the night before so that you feel refreshed in the morning.

Dress appropriately: Be interview-ready, and select your outfit the day before. Choosing an outfit early in the morning may not be as effective and you might regret your choice in the end. Formal wear is always preferred, but read up on the company before you decide.

It is preferred to always dress formal. If Dressing formally is a way of expressing your professionalism. Your outfit should be simple but stylish. Wearing something with too many prints or colours might distract the interviewer from listening to you and could affect their decision at the end of the day.

If it's a more casual workplace go with smart, but simplistic. It's always a win-win situation to wear a button shirt or a black dress. And, if you are in doubt, ask your interviewer about the dress code.

Keep yourself neat and clean throughout the interview as it will help make a good first impression.

Attitude: Always be humble. Having a "you need me" attitude will not get you the job. Being positive and enthusiastic shows your high level of interest in the company and the position. Being negative might end on a bad note or stir up anger and a possible argument to follow. If you are a grumpy or moody person, make sure that you have breakfast before you leave and keep yourself hydrated. The best way to stay positive is to think positively. Find time to motivate yourself and have a "can-do" attitude.

Your positive attitude can be expressed mostly when asked to "tell us about yourself." Do not reveal your deepest, darkest secrets. Inform the interviewer about positive characteristics and what you can contribute to certain situations, should they arise.

Almost everyone will make a good first impression, but only a few will make a good lasting impression.

Sonya Parker, Author.

If you do speak about your religion, make sure you do not bad-mouth or insult any of the others. Also, explain the reason why you mentioned your religion. E.g. you get along well with and understand different morals and values that your colleagues may have; you are not a discriminating person and you respect other people's opinions and decisions.

First impression: Now that you are dressed appropriately, prepared, on time, in a great and positive mood, calm and ready to answer any questions confidently, you are ready to make your first impression to your interviewer. With a smile on your face and a firm handshake, you would clearly introduce yourself.

Not only is your first impression based on your physical appearance, but on who you are as a person.

Let your confidence exude throughout the interview process. Take note of your tone of voice and pronunciation of words. Be clear – clarity compliments confidence. Communication is key in any situation and the way you present yourself verbally, indicates that you are informed, bold and self-assured.

"Almost everyone will make a good first impression, but only a few will make a good lasting impression." – Sonya Parker, Author.

Always have a good posture when standing or sitting down.

Elaborating: Refrain from only using "yes" or "no" when answering questions. The interviewer does not want to keep asking questions because you keep giving short answers. Answer in full and make sure you are answering the question and not getting off topic. If you do not understand the question, ask the interviewer to please rephrase the question.

Furthermore, should you be questioned about anything on your CV, do not read from or tell the interviewer to refer to it. They have read and went through your CV, so use the opportunity to elaborate.

Avoid mockery, slandering or disrespectful comments about your previous employers. This will set an unpleasant mood.

Closing/ending questions: You have spent time, doing research about the company, and here is where it will come into play. The interviewer will ask "What do you know about the company?" and/or "Do you have any questions for us?", and you will respond confidently. When asked these questions, do not answer or reply with "What can you tell me about the company?" or "I already know what I need to know." But, rather opt for basic and not too complex questions about the company, unless you are fully prepared for what they might ask on top of that.

Your interviewer might ask about expected salary/wages. If the amount you mention is too high, the interviewer will assume that you might just be in it for the money. It is preferred to not put a price on yourself and rather trust that your salary will be competitive or meet with your experience, the type and amount of work you will have to do.

Thank you: At the end of every interview remember to thank the interviewer for their time and consideration. Also, send an e-mail within 24 hours to thank them again.

Do not ask the question "So when can I start?" The interviewer will let you know if you were the perfect candidate and if they have decided to hire you. However, you may ask the interviewer if it will be okay for you to call back if you have not heard anything from them by a certain time.

In conclusion, interviews are not as devastating as they might be portrayed. It is all about presenting who you are in a positive way, to someone who does not know you. Practise makes perfect and with these guidelines, you are well on your way to acing your first interview. Good luck!

A Tip for students regarding their career in accounting, from Accounting Lecturer, Cobus Rossouw:

"Asking "why" not "how" when studying! Students tend to merely learn how to apply a given principle. It may work from time to time, but one never sees the big picture. Learning the "how" would require students to learn the "template" over and over again. However, one needs to understand the context and principles behind the issue (the "why"). If a student really grasps the concept (the "why"), then one would never need to learn it again – it becomes a part of you as an accountant."

Q&A

In this regular feature, where basic questions are answered, we look at questions around improving profits. This article is a great way to up your knowledge on the basics. . .

1 What is zero-based budgeting?

Zero-based budgeting, or ZBB, is a rigorous budgeting process that requires every dollar of every expense to be justified, even if the expense has been occurring for many years. For example, if a company has been spending R500 000 each year for the rent of warehouse space, the zero-based budgeting process assumes that nothing was spent previously. As a result, the warehousing activities must be reviewed, justified and documented before any amount can be included in the budget.

Zero-based budgeting is in contrast to more common budgeting practices that focus on the incremental change from the current expenses and current budget. In other words, under a more typical budgeting process, the R500 000 of rent expense is accepted and the focus is on whether the rent for the upcoming budget should assume an inflation adjustment of R20 000 or some other amount.

While zero-based budgeting will be far more time-consuming than focusing on the incremental changes for the next budget, it can result in significant cost savings. For instance, the analysis and documentation of the warehousing activities required by zero-based budgeting could lead to a better use of space, better inventory management, etc. If those efficiencies will occur, the budget for the warehousing may need to be only R300 000 (instead of more than R500 000).

Zero-based budgeting was widely discussed in the 1970s for businesses and governments. Today, it is again being discussed since a few large corporations have used ZBB budgeting process to significantly reduce unneeded expenses.

2 What is opportunity cost?

Opportunity cost is the profit that was lost because of some action.

To illustrate opportunity cost, let's assume that you want to add a website to your already successful business. You are confident that it will increase your company's profit by R10 000 each week. A highly trusted and successful firm will complete the website in three weeks at a cost of R60 000. Your friend has offered to do the work for R40 000 and expects it will take five weeks.

If you select your friend, there will be an opportunity cost of R20 000 since you will lose the opportunity to earn R10,000 per week for 2 weeks (friend's five weeks vs firm's three weeks).

Now let's assume that you have selected your friend, but it actually takes your friend seven weeks to complete the project. This means that you lost the opportunity to earn the additional R10 000 per week for four weeks (friend's seven weeks vs firm's three weeks) for a total opportunity cost of R40 000. This opportunity cost reveals that you would have been wiser to pay the trusted firm R60 000 instead of paying your friend R40 000. The payment difference of R20 000 is less than the opportunity cost of R40 000 (four weeks of lost profit at R10 000 per week).

Interestingly, the opportunity cost is not recorded in general ledger accounts. Hence, only the R40 000 paid to your friend will be recorded as the cost of the website (even though your friend has cost you an additional R40 000 of lost profit).

This is also a reminder that the opportunity costs and future amounts are the important ones for making decisions. Unfortunately, the future amounts are not in the general ledger and are probably not known at the time a decision has to be made.

3 What is a sunk cost?

A sunk cost is a cost that was incurred in the past and cannot be undone. Since most transactions cannot be undone, most amounts spent in the past can be described as sunk. In other words, a past or sunk cost will be there regardless of what you decide to do today or in the future.

To illustrate a sunk cost, let's assume that a company spent R100 000 last year to purchase and install a machine. Today, a better machine is available for R80 000 and it will reduce expenses by R50 000 in each of the next 10 years. Now the old machine can be sold for just R10 000. When deciding whether to purchase the new machine, the R100 000 that was spent on the old machine is a sunk cost.

Basically the decision is whether to spend an additional R70 000 today (R80 000 minus R10 000) in order to save R50 000 each year for 10 years. (Current and future income taxes will also be relevant.) It may be difficult, but we need to exclude sunk costs from our decisions.

CFO exclusive

The Recipe to Success

An interview with the JSE CFO, Aarti Takoordeen

It takes more than a qualification to be a CFO. We sit down with Aarti Takoordeen, the woman who seems to have it all, to gain some insight into her successful career.

Helene Cilliers | **Business Accounting Review**

Articulate, confident and brilliant. Not all of these characteristics are necessarily required of CFOs, but they can all be attributed to Aarti Takoordeen, the *JSE's* 34-year-old CFO – and these traits have stood her in good stead throughout her career. And to top it all, she's beautiful too!

The fact that Aarti had been exposed to large multinational companies – including *Hewlett-Packard* where she worked as Finance Manager and *Johnson Controls,* where she was the Finance Director – has groomed her for her current role at *JSE Limited*, where she's been working since 2013, and where she honed her skills to speak confidently in front of large audiences.

She believes that these and other soft skills will be in growing demand of finance professionals, especially CFOs, as the changing and uncertain global economic environment requires them to play a much more prominent role in strategic decision-making.

"Universities may even have to add a lot of softer dimensions to the syllabus, including those that contribute to authentic leadership," she said in an interview with *Business Accounting Review*.

This may include EQ (Emotional-Intelligence Quotient) and influencing skills which all work hand in hand to better equip professionals in the workforce, in more ways than just theoretical book knowledge, she says.

In the meantime CFOs will have to acquire these skills in other ways.

Aarti says her team at the *JSE*, for example, need to have certain basic skills, including business writing skills which don't always come naturally.

Communication and presentation skills are needed to enable able CFOs to present and communicate to an audience effectively. When customers inside the business require something, being able to manage expectations and give feedback are all very important, she says.

"Those are the basic entry level skills.

"But then there are other skills such as strategic influencing and insight into prospective business climates, which also encompass business intelligence."

She emphasises that CFOs should enable their teams to generate commercial intelligence: converting data into information and information into insight, and then sharing that insight with the rest of the business and with peers in the industry.

As keynote speaker at the launch of *CFOTalks* held at the *JSE* in November 2016, Aarti said she is very passionate about harnessing the power of big data, as long as it is relevant.

She believes that insight is not just reporting on figures. Data should be used to unlock value, which is what customers are willing to pay for, especially the business' internal customers.

One of the elements of insight is rolling forecasts versus budgets, since there is a need to be agile and relevant at all times in the fast-changing business environment where uncertainty has come to stay. "Otherwise all those drivers will be irrelevant or obsolete by the time the budget is signed off."

In fact, these days businesses demand that the CFO evolves. They demand very different business insights from CFOs than in the past.

"CFOs are now empowered more than before. They are moving from the back office to the front office to provide meaningful and valuable insights."

CFOs are no longer judged by their corporate governance and financial acumen only, but also by their ability to thrive in today's complex operating environment.

"Your success is also dependent on your counterparts and being able to influence your counterparts to be a little more risk-taking, adventurous and innovative, because that's what's going to unlock value."

She says there are a number of finance transformation tools that can be applied to unlock value, such as operational efficiencies, automation, standardising and business partner influencing, including not to say "no" all the time.

Aarti involves the finance professionals and commercial counterparts in her team in all business decision-making at the *JSE*.

Going forward, she sees a world where financial professionals will be competing with those skilled in marketing and IT, and not only with finance professionals, to secure jobs.

"Businesses should also be receptive to and supportive of this evolution. They should support the finance teams to move out of the back office space into a business partnering space", believes Aarti.

As much as finance people can share with the business, they also need to learn from the business, even if it requires time and resources from the business to teach them how the business actually functions.

> "We can make use of technology and knowledge sharing forums"

Aarti says she is very keen on exposing her team and prospective CFOs to activities outside of the business to empower them, to broaden their horizons and to get global relevance thinking into the local space – which is not always possible, due to cost constraints. "But we can make use of technology and knowledge sharing forums."

In her case, and because she expects her head of commercial to be very relevant and to have insight into similar businesses' operations, she gained budget approval to send her head of commercial to the *Ibovespa* stock exchange in Brazil, which is the closest business model to the JSE with a similar level of maturity in an emerging market.

"She came back motivated and enriched with knowledge," said Aarti, who believes that part of a business' employee value proposition should be to retain its talent in a world where there is global competition for top talent.

As part of her team's three year training and development plan, courses such as EQ training, thought leadership and executive leadership training, as well as neuro-linguistic programming (NLP) are included.

Although NLP is not normally associated with finance skills, Aarti believes it is definitely required.

She is also trying to make inroads with the marketing division at the JSE.

> **"When we sit around the table at exco meetings,** we don't sit there as experts of our binary portfolios. *We sit there as generalists and almost as an extension of the CEO.***"**

For example, she has taken her results presentation to them to ascertain whether it was punchy enough, as she believes marketing people have the knack to reduce a whole lot of information into a catchy slogan or headline or insight that she would not have necessarily been able to come up with herself.

She also encourages her finance team to collaborate with the marketing team when it comes to their monthly reporting.

Where the monthly management accounting reporting is concerned, Aarti includes a lot of non-financial information to make it a well-rounded management pack, including input from HR such as attrition, transformation and gender statistics.

"We also have an investor relation slide which includes who our shareholders are, who's selling and who's buying, and whether they are foreign or South African."

Although the *JSE* is the only exchange in South Africa at the moment, Aarti says they believe they are in competition with a number of capital raisers. "We also compete on listings with the London stock exchange as well as other exchanges, and we definitely don't run this business as though we are forever going to be the only incumbent."

The finance team's role in trying to find new business is a critical part of how the *JSE* is run.

"When we sit around the table at exco meetings, we don't sit there as experts of our binary portfolios. We sit there as generalists and almost as an extension of the CEO."

As CFO, Aarti believes it is her duty to interrogate strategies and to be the voice of not just governance, but also of realism to determine the correct extent of the scope of their ambition, which currently includes conversations with the directors and CEO on planning where growth will be coming from in the next five years.

She also believes that CFOs should be exposed to their counterparts in other businesses through, for example, the CFO-Talks, a platform which facilitates insightful and powerful talks relevant to CFOs, an initiative between *IAFEI, UNISA SBL, CIMA*, and *SAIBA*.

She says this type of platform should be used to hone leadership skills, and as a forum where matters such as business partnering and strategy can be discussed.

"This is where organisations like *CFOTalks* is important to us, because it generates awareness and offers a platform to cross pollinate and share knowledge at a practical level. I've been in forums like this and I feel it is important to have a community at a practical leadership level."

A Real Life Look: The role of the modern CFO

Stepping into the world of the CFO gives us perspective of this modern role and of what it takes when the going gets tough.

Mmankgere Modise | **Companies Tribunal**

The role of a CFO has evolved over the years into a more strategic role in business. And I believe that a CFO's job can be broken down into 3 major components.

1.Controlership duties
This entails the responsibility of presenting and reporting accurate and timely historical financial information of the company the CFO works for. Stakeholders rely on the accuracy and timeliness of this information.

2. Treasury duties
The responsibility for the company's past and present financial condition.

3.Economic strategy and forecasting
A CFO must be able to identify and report on which areas of a company are most efficient and how the company can capitalise on this information – in other words, trying to predict (given multiple scenarios) the best way to ensure the company's success in the future.

The key goal of any entity is to create long-term sustainable wealth for the shareholders. In a private sector it will involve objectives such as maximising long-term shareholder return on a sustainable basis, at the same time taking cognisance of the responsibility of the entity creating value for all major stakeholders and minimising negative impacts on society and the natural environment. Our CFO is the most important person relevant in achieving these objectives.

Modern CFOs are faced with very complex and difficult tasks in strategising the financial aspects of the company/entity. They need to work together with the different departments within the company and must engage with various stakeholders in order to meet their goals. The CFO also reports directly to the CEO, and is responsible for analysing and reviewing financial data, reporting financial performance, preparing budgets and monitoring expenditure and costs.

You are required to present this information to the board of directors at regular intervals and to provide it to shareholders and regulatory bodies such as the Securities and Exchange Commission (SEC).

Usually referred to as the senior vice president, the CFO routinely checks the corporation's financial health and integrity. But there is a big difference between a good and a great CFO. A good CFO will run a company's finances well, but struggle to think of innovative ways to lead and grow the company's financial portfolio. A great CFO has to be an analytical thinker who is able to think outside the box and see the future of the company when nobody else can.

He or she must be able to provide insight to the stakeholders of risks and returns that the company could be subjected to, at the same time advising the board and shareholders based on previous experience and the use of different financial models. Looking at financing and investing activities available to them, they must be able to indicate which investments to make.

- Financing activities – deciding on which sources of funding should be used (debt or equity)
- Investing activities – deciding which investments should be made, taking into consideration the limitation of available funds.

This aspect of decision-making is very important to a modern CFO as we face a global environment with challenges of rapidly declining natural resources (water, biodiversity, minerals and marine life) and an ever-increasing population, all competing for these resources, while social inequality and poverty still prevail for many.

As a CFO it is ultra-important to have good leadership qualities, as you are faced with leading the entity financially. You also lead its stakeholders including directors, managers and shareholders on a daily basis. Thus, a good CFO would be one that can balance his EQ with his IQ as both work together and are essential skills to have when leading an entity. CFOs must have a good eye for business ventures, in order to develop the business to reach the optimum profit maximisation that the company desires. The ability to know how to take over existing companies' i.e. whether to focus on horizontal, vertical or conglomerate acquisition and at the same time being able to engage in the relevant economic arguments that may arise while trying to develop the company e.g. the economies of scale and synergy. The Integrated Reporting Committee of South Africa (IRC) views a company's ability to create and sustain value as dependant on the quality of its leadership, and how the entity is governed. And who else would be the best leader to achieve these goals, if not the CFO? The foundation of good corporate governance is seen to be:

"Intellectual honesty" with its supporting pillars being "responsibility". "accountability", "fairness" and "transparency " (RAFT). Consequently, ethical leadership is paramount and the role of the CFO entails accountability for regulatory compliance too. In terms of good governance practice, and consistent with the "King code of governance principles for South Africa of 2009" the company's board of directors is accountable to the company and to the shareholders and that includes CFOs at large.

What to do when the going gets tough?
In the past two years as managing director of my small enterprise I had to face different and difficult situations whereby I had to make decisions that would bring the enterprise to a thriving position. I had to choose whether to acquire debt from financial institutions to make sure that the company is financially viable or whether to lend from friends and family who are more likely not going to charge as much interest as the financial institutions would. During these processes you realise more and more that you have people who can help you financially when the ship is sinking, and that you might as well choose that route rather than putting the company into more debt. You can also decide to offer shares in your company to the people who are willing to help you with the intention of sharing the profit according to the percentage that has been contributed.

Some people may also lend you the capital with the option of you buying back the shares from them as soon as you feel comfortable to do so. In this way you end up with more shareholders with different expertise and skills to help you in the running of the business, thus achieving the objectives of the company with less difficulty.

I am also very grateful to government financial initiatives like *SETA* and *UMSOBOMVU* that are helping people, especially the previously disadvantaged, to set up businesses and at the same time help existing businesses that are sinking to get back on their feet. Even though I am not presently a beneficiary of such an initiative I know many people who have been helped by these institutions.

Regain Financial Control

Consolidated view gives back financial control to CFOs

Take control of your portfolio. Invest in technology and regain financial control as a CFO.

Jannie Marais | **CQS**

In today's economic environment, and given the numerous competitive pressures that businesses are faced with, it is little wonder that companies are being forced to streamline their entire operation to have some chance of success. Belts need to be tightened and focus must be placed on core competencies. What's more, frequent accurate financial reporting is becoming more and more critical as it not only provides a platform on which to view the financial standings of the business, but also ensures risk can be mitigated, broader business decisions can be made more accurately and the business can be opened up to investment.

In fact, the importance of financial compliance cannot, and must not, be underestimated. Rather, this should form the basis of sound financial reporting, especially as African businesses start to take their rightful places in the global market and as businesses look to infiltrate and expand across the continent.

As a result, many Chief Financial Officers (CFOs) are facing a rude awakening as their scope of liability grows. In fact, a new level of accountability has been introduced, as CFOs are required to sign off on all financials, making them responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework. To ensure not only that the financial statements are accurate, but that the business is compliant and audit ready, many businesses are turning to technology and in particular, financial reporting tools, to make this process easier and to mitigate risk.

With ever-changing compliance requirements and important new standards on the horizon, today's corporations need reporting solutions that are flexible, efficient and dynamic, to ensure they stay on top of the company's financial performance. CFOs are therefore looking for a solution that not only guarantees reporting accuracy, but supports documentation transparency with built in audit trails to minimise risk and guide them on changing International Financial Reporting Standards compliance requirements. Additionally, they seek solutions that will enable them to undertake relevant financials efficiently – allowing them to get it done accurately, in less than half the time it used to take – so they can focus on core business issues. Having the right system in place will allow them to sleep easy.

Automating financial processes reduce potential risks as monthly management reports and the annual financial statements run off the same data through the automated systems, making the entire process easier, as there is also an audit trail to follow.

What's more, what often happens in companies is that their monthly financial reporting does not tie in with the annual financial reporting – as such this is not a true reflection of the business.

It also allows financial statements to be done more frequently, though only required once a year – which enables businesses to have a real view of their business health. This information is constantly updated and readily available so that they are able to respond much quicker to business growth and opportunities.

In essence, financial reporting software eliminates the risk of errors and inconsistencies associated with using massive spreadsheets. A built-in validation process immediately brings any discrepancies to the fore. It also drastically reduces the time and frustration spent on the drafting and preparation of Annual Financial Statements. The result is that businesses can provide their auditors with the information they require, in the correct format, so there is no need for the auditors to re-work anything – with obvious cost benefits to the company.

What's more, as technology advances, it changes the way the financial team in companies work. The intelligent cloud offering adapts the environment – especially as more organisations adopt a remote model of working. With cloud and integrated SmartSync technology, whether the relevant financial team member is online or offline, at home or at the airport, they can work on the company's financial reporting in real-time. If they are offline, their changes will simply be updated the next time they connect to the network. Team members can thus work on local copies of financial reports, with each file synced automatically in the background so that data integrity is not jeopardised. This opens up a new level of working for the financial team in any organisation.

In addition, it is imperative that companies look for technology ambassadors, those individuals that will drive a vital agenda among colleagues, peers, practices, etc. to foster in-company adoption of this type of technology, which in turn will contribute to business growth and increased productivity.

Unforeseen liability lurks seemingly around every corner for CFOs who need to personally certify that the annual and interim financial filings do not contain misrepresentations, and that the financial statements and other elements of financial information give a fair presentation of the company's financial condition. What's more, given that they can be personally sued for damages, there needs to be evidence to prove that the CFO acted with prudence and diligence – and that adequate control measures have been taken.

It is no secret that emerging technologies are continuously fuelling innovation in many industries, and the financial reporting sector is no different. The evolution to automated financial reporting software is inevitable to realise innovation of benefits such as cost, speed and efficiency while balancing requirements of security and compliance – and of course risk mitigation. Additionally, as technology becomes more intuitive, it will continue to address even more pain points and become an enabler for financial reporting – changing the way businesses operate where it ensures they are both connected and intelligent from a critical financial perspective.

> “**Additionally,** as technology becomes more intuitive, *it will continue to address even more pain points and become an enabler for financial reporting – changing the way businesses operate where it ensures they are both connected and intelligent from a critical financial perspective.*”

Regulatory pressure shows no sign of disappearing and needs to be a prime issue on the agenda in order to drive significant growth in compliance activity, which in itself is probably driving increased fraud awareness and detection. Making the decision of when and how to undertake audit and compliance procedures needn't be a complex process, but it is one that needs to be done. Investing in the right technology can be one of the most critical aspects needed to do this. And for businesses and CFOs operating in an ever-changing risk environment, surely it's worth it?

South Africa: The Finance Executive's Dream

A look into financial regulation and promise of a growing investment destination

Regardless of tough economic circumstances, South Africa is still worth the investment. Helene Cilliers looks at the CFO in South Africa and the future of finance.

Helene Cilliers | **Business & Accounting Review**

Economics and investments are important for CFOs as they adapt their company strategy and operations to changing conditions. Despite tough economic conditions CFOs in South Africa remain optimistic. And amid uncertain economic policies and "heated" politics, South Africa remains an attractive investment destination, according to optimistic observers and CFO(SA)s.

The South African *CFOTalks*

One such optimist is Aarti Takoordeen, CFO of the *Johannesburg Stock Exchange (JSE)*.

In the first of a series of *CFOTalks*, a national platform operated by *the Southern African Institute for Business Accountants (SAIBA)* that's devoted to sharing ideas and conversations between CFOs, she said that large institutional foreign investors, who know the global emerging market funds well, are very impressed with the high quality of management in corporate South Africa.

Takoordeen went on to say that South Africa is viewed as having the best corporate quality management of the emerging markets and that the country is definitely the economic hub of Africa.

"We must not underestimate the high quality and depth of experience in leadership in corporate South Africa." South Africa is rated as one of the best corporate governance environments in the world according to the *World Economic Forum's (WEF) Global Competitiveness Index*.

The *JSE* itself is ranked in the top three in most indicators of corporate governance. For the past six years it has been rated as the best regulated market of all exchanges in the world. For five of these years it was rated number one on the strength of its auditing and reporting standards.It was also rated number one in terms of raising capital on the cash equities market in the world.

"We are really proud of those accolades. It shows in our King III advancements, it shows in our reporting capabilities, and it comes through to foreign investor sentiment in terms of foreign respect for leadership in South Africa," said Takoordeen.

South African Finance Regulation

The country's strict financial regulatory environment plays a huge role in this international vote of confidence in corporate South Africa.

Several accounting bodies play their part to ensure accounting and reporting compliance:

SAIBA, as a member of the *International Association of Financial Executives Institutes (IAFEI)*, the custodian of the CFO profession, supports its members by adopting and implementing international standards relating to ethics, quality, education, financial reporting, assurance and other engagements. *SAIBA* enables the sharing of knowledge and assists members in understanding all areas affecting accountants, CFOs and other financial professionals.

SAIBA has also engaged with the *University of South Africa School for Business Leadership (UNISA SBL)* to become the official Leadership School for the CFO(SA) designation. Through this partnership, potential CFOs can obtain their MBA or MBL through *UNISA SBL*, who will offer a custom degree to meet the skills requirements for the education part of the CFO(SA) designation.

There are also a number of other professional accounting bodies that have similar statutory rights to *SAIBA* – they can set admission criteria, rules of conduct and continued education requirements that must be met before a person is deemed qualified. This include the *South African Institute of Chartered Accountants (SAICA), the South African Institute of Professional Accountants (SAIPA), the Chartered Institute of Management Accountants (CIMA), the Association of Chartered Certified Accountants (ACCA), the Institute of Accounting and Commerce (IAC), the South African Institute of Government Auditors (SAIGA)* and the *Institute of Chartered Secretaries of South Africa (ICSA)*.

As the custodian of the auditing profession, the *Independent Regulatory Board for Auditors (IRBA)*, together with the profession, must maintain the quality and integrity of the audit system, thereby contributing to the protection of the financial interests of the public.

The *WEF* ranking brings confidence to foreign investors that they can trust and rely on our auditing strength despite the economic meltdown and other challenges that the country and the auditing profession have been experiencing, according to Bernard Agulhas, CEO of the *IRBA*.

South Africa's decision to adopt the globally recognised *International Standards on Auditing (ISA)* as well as the *International Financial Reporting Standards (IFRS)* as early as 2005 has had a direct effect on the country's leading ranking.

Agulhas emphasises that South Africa, which has moved up the overall rankings to number 49 from 53, also has a vital role to play in supporting other countries on the continent to improve their financial standards and reporting processes so that Africa can become internationally respected in global markets.

In addition, developing countries need to create stronger ties among themselves, with greater collaboration between the private and public sectors as well as between industry and government.

South Africa, the gateway to Africa

"South Africa can also play a role in unlocking growth in the rest of Africa," said Takoordeen.

These opportunities exist through South Africa's support of regional integration and infrastructure development on the continent, as well as its support for Africa's Agenda 2063, a global strategy to optimise use of Africa's resources for the benefits of all Africans.

According to South Africa's *Minister of Trade and Industry*, Dr Rob Davies, Africa has defined a developmental trajectory for itself that involves moving away from its current insertion in the global trading system as a producer and exporter of primary commodities and an importer of finished goods. "In this regard Africa has defined a very clear agenda to move up the value chain and industrialise through an ambitious developmental integration programme that combines market integration alongside infrastructure development and cooperation to develop regional industrial value chains", he recently said in Nairobi.

Some of the aspirations of *Agenda 2063* – a global strategy to optimise use of Africa's resources for the benefits of all Africans – is for Africa to transform, grow and industrialise its economies through:

- Beneficiation and value addition of natural resources;
- Implementation of the *African Industrial Development Action Plan*;
- Fast tracking the establishment of the *Centre for African Mineral Development*;
- Promoting sectorial and productivity plans and regional and commodity value chains to support the implementation of industrial policies at all levels, with the focus on SMMEs and Agribusinesses;
- Establishing Commodity Exchanges for strategic African products;
- Developing strategies to grow the African Blue and Green Economies;
- Developing the African Private sector through engagement and a conducive climate;
- Fostering Pan African businesses through the growth of regional manufacturing hubs and scaled up intra-Africa trade;
- Consolidating the modernisation of African agriculture and agribusinesses through scaled up value addition and productivity;
- Expanding the introduction of modern agricultural systems, technology, practices and training; and
- Connecting Africa through world-class infrastructure with a concerted push to finance and implementing the major infrastructure projects in transport, energy and ICT (Information and Communication Technology).

Companies that invest in South Africa will have a sophisticated platform and support from where they can enter into other African markets.

The South African government, by way of the *Department of Trade and Industry (dti)*, already provides strong protection to investors in terms of the framework provided by the Constitution and other relevant legislation. It is also important to recall that, as a member of the *World Trade Organisation (WTO)*, South Africa subscribes to a range of disciplines and rules that provide multilateral guarantees to foreign investors, according to Minister Davies.

During a debate on the new Protection of Investment Bill 2015, Davies said the underlying philosophy of the Bill is to clarify the standard of protection that an investor may expect in the Republic, and to promote all types of investments by creating a predictable business environment that is readily understandable to an investor. The Bill guarantees the rights of investors in accordance with the Constitution. In addition to this, the Bill contains international investment law concepts such as national treatment, physical security of investment, legal protection of investment and transfer of funds in line with constitutional principles and applicable norms. This is aimed at re-assuring investors that South Africa is, and will remain, open to *Foreign Direct Investment (FDI)* and will continue to provide strong protection to investors.

"In developing the Bill, we have taken into account all the concerns raised. Our aim is to modernise South Africa's policy approach to foreign investment in view of national, regional and global developments," said Davies.
He went on to say that the current pipeline of potential investment projects that the department is monitoring and facilitating includes ZAR 25.3 bn from foreign and ZAR18.5 bn from domestic sources. Aggregating funding from both sources, it is expected that upcoming investments will likely be distributed as follows: ZAR 28.8 bn for the green economy; ZAR 7.96 bn for advanced manufacturing and ZAR 5.74 bn for mainstream manufacturing.
He said the department has identified five key pillars of industrial development, namely:

- Infrastructure-driven industrialisation;
- Resource-driven industrialisation aimed at leveraging the mineral resources endowment to support higher levels of downstream beneficiation and value addition, while systematically building up both the demand and competitive advantages South Africa enjoys in the upstream mining, transport and capital goods sectors;
- Advanced manufacturing-driven industrialisation that focuses on key sectors of the manufacturing economy that upgrade the capabilities of the economy as a whole. We need to engage intensively with global Original Equipment Manufacturers (OEMs) in these sectors and develop robust conditionality for public sector support so that growth of the sector achieves our developmental objectives. It also includes on-going work to build an integrated system of industrial financing, incentives and export support with a special focus on lead and dynamic companies that can compete effectively in export markets, and finally, it encompasses a strong commitment to support emerging black industrial entrepreneurs;
- Procurement, focusing on strengthening the localisation of public procurement; and
- Regional economic integration which centres on maximising the opportunities presented to the domestic economy by a growing market on the African continent, driven by high growth in the region, strong consumer demand, infrastructure development and resource exploitation.

"The opportunities are significant, and must be energetically leveraged by unblocking obstacles to expanded regional economic trade and crafting clearly-defined programmes of complementary regional industrial development and value chain integration," said Davies.

After the Industrial Development Corporation recently hosted a conference themed: "Driving South Africa's Competitiveness through Industrial Development", Ms Chichi Maponya, *Brand South Africa* Chairman, wrote on *Sanews.gov.za* that there are significant opportunities for South African manufacturers, particularly within the African region which has seen growth rates exceeding those in the developed world – at an average of between 4 and 5% between 2002 and 2014.
"African countries provide investors with abundant prospects to access the growing consumer demand. In April 2015, Manufacturing Circle's executive director at the time, Coenraad Bezuidenhout, pointed out that the relative ease of access to sub-Saharan Africa and beyond, and with an understanding of the region, South African manufacturers can get ahead of other investors looking to Africa for new opportunities.

"With an estimated 800 million people urbanising on the continent in the past decade, there are huge opportunities in terms of fast-moving and durable consumer goods for manufacturers. The current economic conditions in Africa make it the prime investment destination and present a favourable time for South African manufacturers to introduce their products to the African market, particularly fast-moving consumer goods."

Maponya says South Africa has the most diversified economy on the continent and plays an integral role in Africa's advancement. It is also in a great location for growing businesses in other parts of the African continent.

According to the dti, some of the sectors in South Africa that have high growth and investment potential, include:

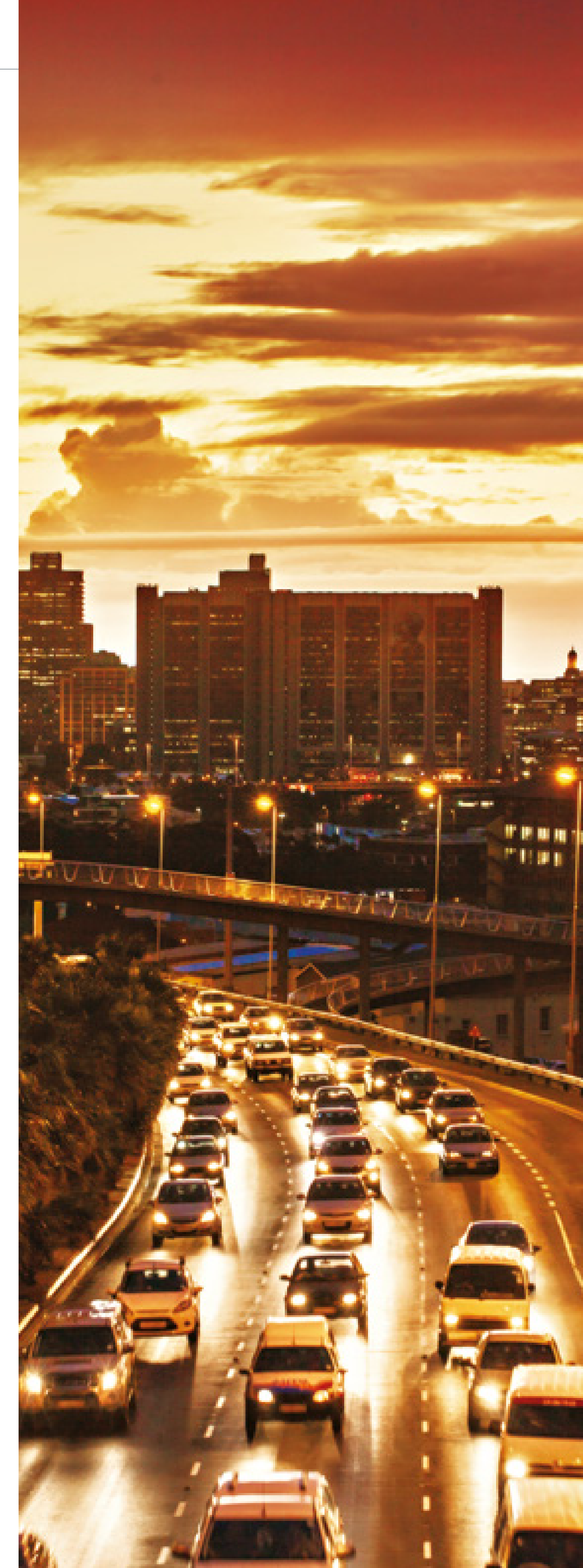
Agro-Processing; Business Process Outsourcing and IT-Enabled Services; Capital / Transport Equipment; Metals & Electrical Machinery and Apparatus; Electro-Technical; Textile, Clothing and Leather; White Consumer Goods; Boatbuilding and Associated Services Industry; Pulp, Paper and Furniture; Automotives and Components; Green Economy Industries; Advanced Manufacturing: Advanced Manufacturing - Laser technology; Advanced Manufacturing - Advanced Robotics; Bio-Manufacturing; Tourism; Chemicals, Plastic Fabrication and Pharmaceuticals; Creative and Design Industry; Infrastructure Development; and Oil and Gas.

Nimrod Zalk, Industrial Development Policy and Strategy Advisor at the dti wrote that manufacturing plays an irreplaceable role in driving growth and economic development. South African manufacturing continues to be heavily dominated by resource-processing sectors that are capital and energy intensive. A structural shift towards higher growth in more value-adding and higher labour absorbing manufacturing sectors is essential for South Africa to shift to a development path that generates more growth and higher levels of employment.

Conclusion

It is in all these areas that the need for a robust and quality designation for CFOs is so important. Michael Sass, the former accountant general of South Africa and current *SAIBA* board member believes a crucial aspect that will drive the success of all the infrastructure development plans is the qualification and competence of public sector CFOs. That is why South Africa adopted a new skills framework for CFOs working for state departments or companies. They are also required by law to become a member of professional bodies such as *SAIBA* and acquire the designation CFO(SA).

SAIBA provides a career pathway to develop candidates into a professional CFO. Their designations therefore support development at the three progressive levels of finance namely accountant, financial manager and CFO.



The Top 5 Tech CFOs for 2016

Who runs the fastest growing industry? We look at the top 5 CFOs in tech – these finance leaders know how to steer a ship into unchartered waters.

It's easy to gauge that the traditional CFO don't easily fit into the tie-less culture of the modern tech company. But some finance gurus made it work and excelled in this relatively new industry. To pioneer an emerging industry as a finance leader is daunting as it is, but the volatility and versatility of the fast-moving tech business, takes someone with brains and bravery to conquer.

We look at the top 5 Tech CFOs, as listed by Innovation Enterprise.

1 *Anthony Noto, Twitter*

With a pay package of $72.8 million, Twitter CFO was listed as the best paid CFO for 2014. He took over the prestigious role at a strange time for the company. Looming over 58% year-on-year growth, on-target financials, and a profit of 10 cents a share, was the stalling user numbers. Noto took to the task in helping marketing efforts, and faced a challenging period to push more tweeters to sign up.

2 *Ruth Porat, Alphabet (Google)*

Notably one of the most famous CFOs in the world after helping Morgan Stanley through a financial crisis, she went on from Wall Street to Silicon Valley in April 2015. She signed her contract with financial incentives that reportedly will have amounted to $70 million by 2016. Since her arrival, *Google's* market value upped by $126 billion.

3 *Safra Ada Catz, Oracle*

Technically the co-CEO alongside Mark Hurd, Safra Ada Catz is worth an estimated $525 million. As CFO at Oracle, she helped close over 85 acquisitions over five years, putting Oracle as the top technical enterprise in the world. She was promoted when Larry Ellison stepped down, but no one has been placed in the CFO role, so the finance department still reports into her.

4 *Ken Goldman, Yahoo*

Despite *Yahoo's* 8.4% drop in quarterly revenue, the company could still afford CFO Ken Goldman's compensation package of $13,045,056 in 2014. Goldman joined *Yahoo* in 2012 and stands out as a tech industry guru with three decades of experience under his belt.

5 *Luca Maestri, Apple*

With over 25 years of global experience in senior financial management, Luca Maestri won almost 25% of votes among top Fortune 500 CFOs. He's worked his way up, taking his last step as CFO of *Xerox* to join Apple. His compensation package totals $14,002,801.

In The Red

"The researchers dub this response the "lipstick effect": the more insecure the economy, the more money women spend on beauty products."

Yolandé Botha | **SAIT**

If a recent report by *FocusEconomics* is anything to go by, then the next two years aren't looking good for South Africa.

The report, which forecasts the outlook for Sub-Saharan Africa in 2016 and 2017, expects South Africa to experience the slowest growth out of all the major economies in the region.

Real GDP growth is expected to be 1.6% (revised down from previous estimates of 1.7%) in 2016, optimistically increasing to a mere 2.1% in 2017. Further, the group warns that consumer inflation is likely to remain high in 2016, averaging 5.9% for the year, before easing to 5.7% in 2017.

Along with the local economy, my personal economic outlook has also recently taken a turn for the worse. Unlike Minister Gordhan though, I didn't find myself on a European investor road show showcasing the best of *Sandton City* in an effort to save face. The closest I came to this was a trip down the road to my local *Dischem*.

After avoiding the summer sales like the plague and telling people that my regrowth is actually an ombre, my long run of fiscal prudence finally came to an end, as I reached for a bright red lipstick and handed the *Dischem* cashier my credit card. I splurged – triumphantly. I painted my lips oxblood red in my rearview mirror and by the time I reached my next appointment, I walked into the door feeling fabulous, even though my bank balance was just as much in the red as my lips.

When economic misery abounds, beauty products start to look like a good investment. Like me, women around the world are more likely to buy beauty products during recessions, according to a paper by researchers at *Texas Christian University, the University of Minnesota, the University of Texas at San Antonio* and *Arizona State University*. The researchers dub this response the "lipstick effect": the more insecure the economy, the more money women spend on beauty products.

The lipstick effect was last observed during the 2008 global recession and before that in New York after the terrorist attacks of 11 September 2001 – in both cases women reacted to uncertain times by scaling back spending on designer clothes and handbags, and instead splurging on cheaper luxuries.

So why lipstick? Although lipsticks aren't inferior goods, lipstick purchases follow the same principles as other small indulgences – an inexpensive treat, meant to substitute for a bigger-ticket item. Or, lipsticks could also be morale boosters, like Charlie Chaplin films were during the Depression. A warm shade that perfectly matches your skin tone, might make you forget how far away from saving up for eventual retirement you actually are.

Lipstick also helps a woman look poised, despite the figures on her bank statement. Historically, lipstick has formed part of the uniform of desirability and attractiveness.

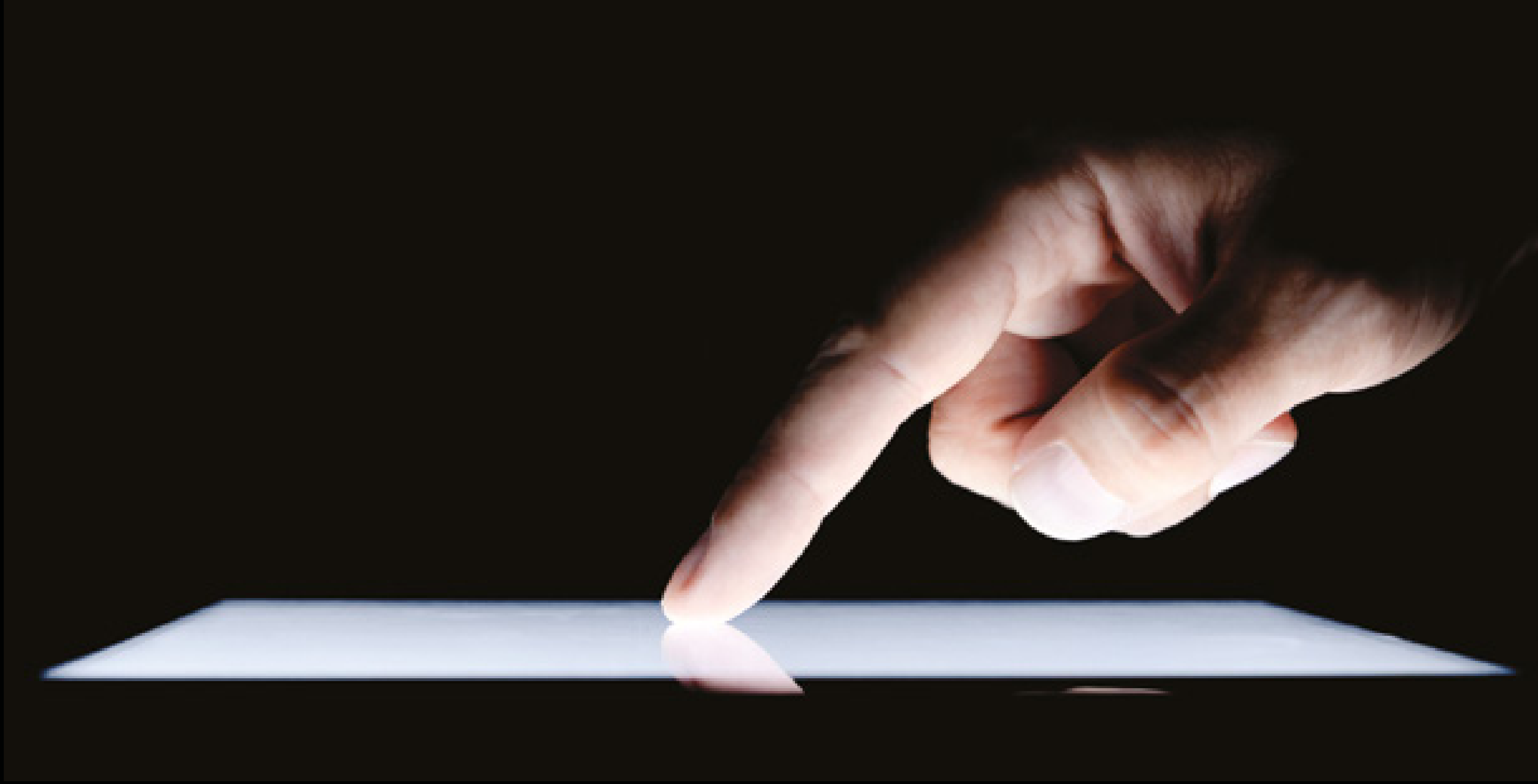
The Ancient Egyptians never left home without it. Cleopatra crushed carmine beetles and Elizabeth I used beeswax and plant extracts. In 1770 the British parliament made lipstick illegal, ruling that women found guilty of "seducing men into matrimony by a cosmetic means" could be tried for witchcraft.

Victoria thought it "vulgar", but in the 1920s, books of etiquette for flapper girls decreed that it was proper to apply lipstick at the table during lunch, but never at dinner. Gwyneth Paltrow has commented that beauty "was about being comfortable in your own skin. That, or a kick-ass red lipstick."

As sassy 1930s actress and feminist Carole Lombard put it: "I've lived by a man's code designed to fit a man's world, yet at the same time I never forget that a woman's first job is to choose the right shade of lipstick."

While I diverge from Lombard on this point (women have many, many jobs after all), I do know that the majority of people think that glamour, lipstick included, is superficial – that it is just the surface. Glamour is profound. It says I care enough about myself and others to take responsibility for myself, the space, the time and the places I occupy. As Maya Angelou put it, it is saying, "I want to be as beautiful as I can be, to myself first and to anybody else has enough sense to see it."

And this is the point where I think South Africa and South Africans have missed it. Our *Facebook* posts and newspaper headlines paint a bleak picture about our future prospects, economically and politically. Our finance minister has had to grovel at the feet of the ratings agencies. Instead of sprucing ourselves up, instead of believing in the magnificence of our country and of finding the boundless beauty in our potential, we seem to have sunk into a collective depression. While a bright hue of lipstick doesn't make anyone richer or happier in the long term, looking at the bright side of things might just be the first step that we all need to start painting a future that looks a little less grey than the past.



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