Re-thinking reporting practices: what future for the finance function?

Paolo Quattrone
Professor and Chair of Accounting, Governance and Social Innovation

Finance matters? ...Back to the future...

<table>
<thead>
<tr>
<th>Cash Account</th>
<th>Jesuit Cash Account (XVI century)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

1. Accounting used to raise the right questions vs. ‘answer machine’
2. ‘Forced’ communication between CFO/Procurator and CEO/Rector: Finance matters always ‘beyond finance matters’
3. The importance of crafting numbers vs. automation of data production
Trust in transparency?

...In theory...

Banks and Financial Institutions
Government and authorities
Workers & Others...

Financial reports
Shareholders

Customers and Suppliers
Managers
Auditors
Investors

Liu Bolin and the illusion of transparency

- Trust in transparency presupposes what we want to make transparent
- Transparency can be deceptive
- Not necessarily transparency is ‘good’ (de-visualizing MNG controls?)
- Not necessarily there is one best way of achieving it
...the digital revolution augments this illusion...

1. Big Data struggle with context: importance of narrative and tacit knowledge
2. Big Data favour memes: what is not ‘liked’ is innovative (AGH)
3. What is not mapped is source of risk: risk management => Risk
4. BIG DATA or small and right?
5. More Correlations => more falsity?

...examples of wrong correlations...

Source: http://www.tylervigen.com
...examples of wrong correlations...

Per capita consumption of mozzarella cheese (US) correlates with Civil engineering doctorates awarded (US)

Source: http://www.tylervigen.com

...examples of wrong correlations...

US spending on science, space, and technology correlates with Suicides by hanging, strangulation and suffocation

Source: http://www.tylervigen.com
From fixed to fluid notions of value and transparency

Back to the future then?
Issues in governance, reporting, and leadership

- Focus on financial outcomes vs. The process of crafting numbers?
  => Re-thinking reporting practices and unlock potential in the finance function
- Maximising shareholders’ value vs. Managing success and resilience?
  => Re-thinking governance practices and unlock potential in the enterprise
- CFO as orchestrator
  => Re-thinking leadership styles and skills, and unlock potential in people