

The Deputy Chairman of the Institute's PAIB Committee, and CFO at Hong Kong Electric Investments, explains the challenges for CPAs making the transition from practice to the commercial sector



...prepare for the switch to business

For many accounting graduates, their first job is usually at a CPA firm. After working in public practice for a number of years, many of them move into the commercial field to become a commercial accountant – switching from professional accountants in practice to professional accountants in business.

There is a perception that such a transition is not difficult as both PAIPs and PAIBs follow the same accounting principles, reporting standards as well as tax rulings. In fact, many PAIPs even assume that being a PAIB should be easier to handle. Shouldn't that be the case? PAIBs tend to only deal with the financial reporting for a single group or company, which is unlikely to be different every year. They can control schedules at their own pace; there's no need to deal with auditing standards; and they do not have to deal with clients who provide the draft management account the night before the audit clearance deadline.

While all the above is true, Institute members should realize that there are other challenges for PAIBs, and that they have to be well-prepared for the transition.

First of all, remember that you are moving from a checker to a preparer of a financial statement. You are no longer the person who can freely question a client's disclosure or ask why items on the prepared-by-client list are not delivered at the previously set timeframe. You are not the advisor any more but

the one in charge – the person who decides what is the most appropriate direction for the business and defends such a decision. You could also find yourself with only a few days to complete year-end closing, presenting the results to management right after closing, filling in audit schedules and answering their questions, and drafting up statutory accounts while your department head-count is cut.

Once you realize that it is a major shift in roles, you can prepare for it both psychologically and technically. As skill-set is the same, the switch should not be too hard, but you may have to observe and learn how transaction processing and financial reporting should be done in a cost-efficient manner.

Secondly, you have to realize that what your superiors expect from you is now beyond financial reporting as you are part of the business team. In fact, providing financial data and management information is only part of your responsibilities. You have to understand the business, its risks and corresponding return, and make a proper judgment for the business to maximize return to shareholders.

Having the idea that PAIBs are only responsible for proper reporting and providing information instead of the running of a business leads to a mismatch in terms of expectation. From my observation, those who refuse or are reluctant to change will only be able to serve as a reporting accountant in their career.

Obviously, this is not only a change of role but also mindset and skills. For those who have previously attended business school, commercial training was part of the education. You may have to refresh what you learned in the past. To be sure, nothing can replace the importance of real-life experience gained by PAIBs as they develop a business sense.

Thirdly, PAIPs may or may not realize that they are working in a unique environment. Within the firm, the majority of staff would have undergone similar educational and professional training. Even outside the firm, you are mainly dealing with your clients' accounting staff who probably share the same vision or values as you. Hence, it is easy to communicate with each other.

But when you become a business manager in a commercial firm, you have to deal with people in other departments. It is no doubt that you will find them different from you.

Being aware of such difference is a good start. A willingness to listen and talk to your new commercially focused colleagues can open up opportunities for you. Also, you have to learn how to communicate and work with them, including when it comes to bargaining and negotiation, which are essential during budget time. For those members who are not strong in this area, I suggest attending related courses to help sharpen skills.

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