

QUALIFIED SUCCESS

Demand for accountancy qualifications among FTSE-100 FDs drifted in the boom years. But with trust now at a premium, could the beancounter mark of quality make a return?

WORDS RACHAEL SINGH

The UK recession has left every company exposed to danger – the good, the bad and the irresponsible. Trust in company directors is scarce amid constant bracing for more redundancies, cost-cutting and balance sheet wizardry in which finance directors have a bigger hand than in previous downturns.

With this in mind, we've revisited and refreshed *Financial Director's* list of FTSE-100 FDs' accountancy qualifications, first published in 1998.

Gold standard

The results show that having an accountancy qualification is still a gold standard, with 80 FTSE-100 group FDs holding at least one accountancy institute membership or fellowship – only one more than in 1998. In 2009, those without are a mixture of PhDs, MBAs, or qualified corporate treasurers. Three of the five 'hard core' UK accountancy institutes lost ground in the decade since our last list – 55 of the FTSE-100 group FDs are ICAEW-qualified in 2009, and six are from Scottish institute ICAS, compared with eight CIMAs and five ACCAs. Almost 10% of FTSE-100 finance functions are now run by FDs whose accountancy qualifications are from outside the UK.

"There is a clear requirement for an accountancy qualification," says Mark Freebairn, a partner at headhunter Odgers Ray & Berndtson who

specialises in board-level finance appointments.

That said, Freebairn thinks some sectors require qualifications more than others. "Certain businesses can recruit FDs with various skill-sets, with finance not such a dominant skill – such as mining and financial services," he says. "The skillset for FDs in those sectors is broader and focuses more on the need for social, political and economic skills."

That opinion is backed up by our data who shows that, of the 18 FDs in the FTSE-100 that do not possess any accountancy qualification, mining and financial services FDs feature strongly. In the former, Anglo American FD René Médori has a PhD, Fresnillo's Mario Arreguin holds an MBA, BHP Billiton's Alex Vanselow attended an advanced management program at

FD qualifications and institutes

Company	FD	Institute
Admiral Group	Kevin Chidwick	ACCA
Alliance Trust	David Deards	ICAEW
Amec	Ian McHoul	ICAEW
Amlin	Richard Hextall	ICAEW
Anglo American	René Médori	Université de Paris (PhD)
Antofagasta	No FD	n/a
Associated British Foods	John Bason	ICAEW
AstraZeneca	Simon Lowth	London Business School (MBA)
Autonomy	Sushovan Hussain	ICAEW
Aviva	Phillip Scott	Institute of Actuaries
BAE Systems	George Rose	CIMA
Balfour Beatty	Duncan Magrath	ICAEW
Barclays	Chris Lucas	ICAEW
BG	Ashley Almanza	ICAEW, SAICA
BHP Billiton	Alex Vanselow	Wharton, University of Pennsylvania (AMP)
BP	Byron Grote	Cornell University (PhD)
British Airways	Keith Williams	ICAEW
British American Tobacco	Ben Stevens	Manchester Business School (MBA)
British Land	Graham Roberts	ICAEW
BSkyB	Andrew Griffith	ICAEW
BT	Tony Chanmugam	Not disclosed
Bunzl	Brian May	ICAEW
Cable & Wireless	Tim Pennington	n/a
Cadbury	Andrew Bonfield	ICAEW
Cairn Energy	Jann Brown	ICAS
Capita	Gordon Hurst	ICAEW
Carnival	David Bernstein	AICPA
Centrica	Nick Luff	ICAEW, ACT
Cobham	Warren Tucker	ICAEW
Compass	Andrew Martin	ICAEW, CIOT
Diageo	Nick Rose	ACT
Drax	Tony Quinlan	ICAEW
ENRC	Miguel Perry	ACCA
Experian	Paul Brooks	ICAEW
F&C Investment Trust	No FD	n/a
Fresnillo	Mario Arreguin	University of Chicago (MBA)
Friends Provident	Charles Bellringer	ICAEW
G4S	Trevor Dighton	CIMA
GlaxoSmithKline	Julian Heslop	ICAEW
Hammerson	Simon Melliss	ICAEW
Home Retail Group	Richard Ashton	ICAEW
HSBC Holdings	Douglas Flint	ACT, ICAS, CIMA
ICAP	Matthew Lester	ICAEW
Imperial Tobacco	Bob Dyrbus	ICAEW
Inmarsat	Rick Medlock	ICAEW
Intercontinental Hotels	Richard Solomons	ICAEW
International Power	Mark Williamson	SAICA
Intertek	Bill Spencer	CIMA
Invensys	Steve Hare	ICAEW
Johnson Matthey	John Sheldrick	CIMA

THEN AND NOW

Institute	2009	1998
ICAEW	55	51
CIMA	8	15
ICAS	6	5
ACCA	5	6
CIPFA	0	2
SAICA	5	-
AICPA	2	2
ICAI (India)	1	-
NZICA	1	-
ACT	7	13
CIOT	1	-
CIBS	1	-
Institute of Actuaries	1	-
MBA	10	6
No accountancy qualification	18	17
No finance director	2	4

SAICA = South African Institute of Chartered Accountants
 AICPA = American Institute of Certified Public Accountants
 NZICA = Institute of Chartered Accountants of New Zealand
 CIOT = Chartered Institute of Taxation
 CIBS = Chartered Institute of Bankers in Scotland

Wharton and Rio Tinto's Guy Elliot is an MBA. In financial services, Aviva's FD Philip Scott is a fellow of the Institute of Actuaries, Prudential's CFO and CEO-in-waiting Tidjane Thiam has an MBA from French management school Insead, while Royal Bank of Scotland's Guy Whittaker is an MBA and a fellow of the Chartered Institute of Bankers Scotland.

In contrast, *Financial Director's* 1998 report revealed that the sectors with the most non-accountancy qualified FDs were in manufacturing, including Associated British Foods, Unilever and Blue Circle Industries, bought by French conglomerate Lafarge in 2001. Associated British Food's current FD John Bason is an ICAEW fellow, while Unilever FD Jim Lawrence is a Harvard MBA.

Unilever and BP are the only two companies in the index with non-accountant FDs in 1998 and 2009: Hans Eggerstedt, a Unilever careerist with no accountancy training background, was

the conglomerate's FD in 1998, while BP's then-FD John Buchanan had deep operational finance experience but no accountancy titles. The current FD, Byron Grote, holds a PhD from Cornell University. Neither company seems to have been affected negatively by this, though, as they are currently the 22nd and 3rd largest companies respectively in the UK today, by market cap.

Membership rule change

The steep fall in the number of treasury-qualified FDs from 13 in 1998 to just seven today is due to a change in the Association of Corporate Treasurers' admittance criteria. Whereas an FD used to be able to obtain membership once they had enough relevant professional experience, since our last report was published, the ACT now requires applicants to pass an examination before they can be awarded a title.

Suzzane Wood, a managing partner at headhunter Heidrick & Struggles, thinks accountancy

qualifications follow cyclical lines, as specialist knowledge becomes more popular in tougher times.

"Post-Enron, we saw a pendulum swing away from [FDs with a] lack of accountancy qualification. There was more scrutiny on the FD and whether they could keep control of the business," says Wood. "Now it's as if the pendulum is swinging back again."

Wood thinks that, post-British banking crisis, and beyond recession, we could see a shift away from compliance tunnel vision to allow a refocus on value creation underpinned by good, old-fashioned beancounter values.

"Companies also want the finance director to create value for shareholders. They have moved beyond compliance being a priority," she says. "You could be the best technical person, but if you can't drive the business forward, you are restricted in your value." ■

www.financialdirector.co.uk/features

25 YEARS OF THE QUALIFICATIONS DEBATE

Argument forever rages between those who say you need a proper accountancy qualification to master the numbers, compliance and systems – and to give you a tougher ethical backbone when having to challenge the CEO; and those who say your job is to employ good accountants, not to be one, writes Andrew Sawers.

We've gone over the issue again recently in our 25th anniversary coverage, but what is striking from the table on this page is how similar it is to the one we produced 11 years ago – except for one thing: boy, did we get it wrong in 1999 when we teasingly suggested that the treasurers' institute would overtake the ICAEW in the FTSE-100. ACT folks have gone from 13 to seven – and six of them also have accountancy qualifications.

For the most part, FDs seem to care about their qualification, but I can't remember any one of them actually starting a conversation about it or about their institute. It's something they worked hard for years ago, are proud of, still find relevant, but that's it.

Until, that is, we were faced with a possible merger of the ICAEW, CIMA and CIPFA in March 2005. Our reader survey at the time delivered an enormous response, with almost 1,000 FDs falling into either of two intractably opposed camps. Some told us in no uncertain terms they didn't want to dilute their "proper" accountancy qualification through a merger with a bunch of "donkeys". Others said the merger should have happened years ago. Nobody sat on the fence. As surveys go, it was an unqualified success.

Company	FD	Institute
J Sainsbury	Darren Shapland	ACCA
Kazakhmys	Matthew Hird	ICAEW
Kingfisher	Kevin O'Byrne	ICAEW
Land Securities	Martin Greenslade	ICAEW
Legal & General	Andrew Palmer	ICAEW
Liberty International	Ian Durant	ICAEW; ACT
Lloyds Banking	Tim Tooke	ICAEW
Lonmin	Alan Ferguson	ICAS
Man Group	Kevin Hayes	NZICA; AICPA
Marks & Spencer	Ian Dyson	ICAEW
National Grid	Steve Lucas	ICAEW
Next	David Keens	ACCA, ACT
Old Mutual	Philip Broadley	ICAEW
Pearson	Robin Freestone	ICAEW
Pennon	David Dupont	Manchester Business School (MBA)
Petrofac	Keith Roberts	Wharton (MBA)
Prudential	Tidjane Thiam	INSEAD (MBA)
Randgold Resources	Graham Shuttleworth	SAICA
Reckitt Benckiser	Colin Day	ACCA
Reed Elsevier	Mark Armour	ICAEW
Rexam	David Robbie	ICAEW
Rio Tinto	Guy Elliott	INSEAD (MBA)
Rolls-Royce	Andrew Shilston	ICAEW, ACT
Royal Bank of Scotland	Guy Whittaker	CIBS, University of West Georgia (MBA)
Royal Dutch Shell	Peter Voser	CIMA
RSA Insurance Group	George Culmer	ICAEW
SABMiller	Malcolm Wyman	SAICA
Sage	Paul Harrison	ICAEW
Schroders	Kevin Parry	ICAEW
Scottish & Southern Energy	Gregor Alexander	ICAS
Serco	Andrew Jenner	ICAEW
Severn Trent	Mike McKeon	ICAS
Shire	Graham Hetherington	CIMA, ACT
Smith & Nephew	Adrian Hennah	ICAEW
Smiths Group	John Langston	ICAEW
Standard Chartered	Richard Meddings	ICAEW
Standard Life	David Nish	ICAS
Tesco	Laurie McIlwee	CIMA
Thomas Cook	Juergen Büser	PhD†
Thomson Reuters	Robert Daleo	City University of New York (MBA)
TUI Travel	Paul Bowtell	ICAEW
Tullow Oil	Ian Springett	ICAEW
Unilever	Jim Lawrence	Harvard Business School (MBA)
United Utilities	Tim Weller	ICAEW
Vedanta Resources	Dindayal Jalan	ICAI (India)
Vodafone	Andy Halford	ICAEW
Whitbread	Chris Rogers	ICAEW
WM Morrison	Richard Pennycook	ICAEW
WPP	Paul Richardson	ICAEW
Xstrata	Trevor Reid	SAICA

* All data correct as of 21 April 2009 **Data compiled by BoardEx and *Financial Director* † Place of qualification not available at time of going to press