



Lost at sea

Reputation cannot be solved by simple PR, says **Jon Moulton**. Robust professionalism and 'good' clients are a must

On holiday as I write this, during a day at sea in fog off the coast of Norway. Lovely ship, but due to poor internet the only distraction available is Fox News on the TV. It is something of a revelation, if you have never seen it. The content is pretty much wall-to-wall Donald Trump propaganda, with a strong undercurrent of conspiracy theory. The absurdity of the positions put forward is extreme to say the least – Trump for Pope anyone?

The horror of what's on the screen is reinforced by the realisation that this is the largest TV news network in the US – it has roughly double the viewing figures of its biggest rival, CNN, meaning this dubious source is the most-watched news network in the US.

Whatever might be wrong with the BBC is beginners' stuff compared with the dire output of Fox. The real problem is that Fox, and the internet, carry large quantities of false 'news'. 'Don't let the facts get in the way of a good story' has been taken a step further – facts are completely subordinated to good stories and accusations of inaccuracy are 'fake news', regardless of the factual evidence.

Am I lost at sea? What's all this got to do with accountants – let alone corporate financiers? It does relate. People expect honest, clear and unbiased advice and reporting. And, certainly, my view is that delivering this is what gives us the right to be called professionals.

But there have been too many poor audits, too many fines and too much adverse publicity. Reputational damage is real. Absolute perfection is never attainable, but it must be the aim.

We all know about the issues that can arise in transactions – clients want either a bleak or an optimistic view of profits and business issues. Restructuring a process may boost the accountant's finances, but the client will be left facing interminable complexities. But it rarely takes long to know the right thing to do.

Why do standards slip? It's quite obvious that the main motive is gain – either for a business or an individual. And the only counter to this is effective sanctions properly enforced. Firms have

to be fined and individuals held responsible. Professionals have to choose not to act for 'dodgy' clients. It all needs effective enforcement.

Choose clients carefully

But clients have a crucial role, too. They should reward integrity, rather than seeking Nelsonian view-taking – holding the telescope to the blind eye will guarantee no enemy ships are seen on the horizon. And it can be more wilful than that. Accounting frauds are perpetrated by companies – not reporting accountants.

This client role is much more difficult to encourage as it really lacks societal pressure in a world of Fox News and continuous issues of integrity around our most recently departed prime minister.

The uncomfortable prevailing view is that the end does justify the means. Clearly this view conflicts with integrity. This is beyond the capabilities of the Corporate Finance Faculty to fix.

The enforcement process in our profession is nowadays a long and tortuous affair. Accounting scandals can take a decade to come to a costly conclusion. Facts are lost in time. Lawyers do love a long and complex process, and the interaction between regulators and the courts also strings things out.

Even when people are finally found responsible, they are often retained as employees with their firms paying their costs and fines. There is a very real need for any process to be shortened and for the guilty to be cast out of the profession. It is not easy, but whistleblowing needs to be encouraged, perhaps even rewarded.

Reputation is best preserved by practising high standards and using PR to broadcast them. PR alone will not pilot that ship into safe harbour. We should have a profession where honesty is a given and the clients' interests come next. Thankfully, mostly we do. Land ahoy!

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