



## Robust budgeting, risk management, data-driven decisions vital in elevating business excellence

The role of technology in reshaping audit and assurance services was highlighted, along with its potential to enhance financial reporting processes.

In the ever-evolving landscape of business, the pursuit of excellence remains a constant aspiration for organisations seeking to thrive in their respective sectors. Ivan Chan, Partner for Audit & Financial Advisory at Mazars in Hong Kong with over two decades of experience, gleaned some key insights from his perspective on business excellence.

With a commendable track record spanning more than 20 years, Ivan brings a wealth of experience to the Hong Kong Business Management Excellence Awards. His expertise encompasses various facets of the financial landscape, including due diligence, mergers and acquisitions, business valuation, financial investigations, and IPOs. This extensive breadth of knowledge has been cultivated through his involvement with diverse entities, ranging from multinational corporations and public companies to private sector ventures and not-for-profit organisations.

His prowess extends across an array of industries, encompassing sectors such as retail and distribution, manufacturing, IT and high-tech, and resources.

In this interview, Ivan shed light on several factors that contribute to sustained business excellence as well as ways companies can optimise their valuation processes.

### The pillars of business excellence

Given his experience across various sectors, Ivan observed several common trends amongst

companies that consistently demonstrate business excellence. Firstly, they prioritise robust budgeting and forecasting processes.

By meticulously planning revenue and expenses, identifying key performance indicators, and routinely reviewing and adjusting budgets, these companies align their financial strategies with overarching business objectives. “Some of them are already aware and prepared with the new skill set and are exploring the investment necessary to AI to optimise every business activity,” Ivan pointed out.

Ivan further observed that successful entities exhibit a clear understanding of the significance of risk management. Employing comprehensive strategies, they mitigate market-related, operational, and financial risks. Contingency plans and insurance coverage are integral components of their risk mitigation, ensuring preparedness to navigate unforeseen challenges effectively.

Lastly, businesses that prioritise data-driven decision-making have a competitive advantage. For Ivan, this not only boosts productivity but also frees up people in analytics teams to focus more on other tasks. They leverage analytics and financial reporting tools to gather and analyse financial data, which helps them make informed decisions and identify areas for improvement.

### Strategic insights for effective business valuation

When addressing the intricacies of business valuation, Ivan shared insights into optimising valuation processes and making informed strategic decisions, particularly in the context of M&A activities.

Effective business valuation hinges on both internal and external factors. Internal factors, such as the competence and stability of the management team, significantly influence the valuation analysis. Meanwhile, a strong management team enhances a company's appeal as an attractive acquisition target.

Equally vital is evaluating the health of the supply chain as an external factor. “As the selling party, companies need to pay attention to addressing customer concentration risk and minimising the supplier risks. Customer concentration is an important value detractor. As far as the seller is concerned, management should take a closer look at their customer base and evaluate if the business relies heavily on a single consumer or a narrow industry,” Ivan explained.

Similarly, attention to factors like customer concentration risk and supplier vulnerabilities is crucial. Diversifying customer and vendor relationships fortifies resilience in the face of uncertainties such as shortages or interruptions in supply, thereby improving long-term performance.

### Enhancing financial reporting processes

In an era of technological advancement, Ivan underscored the transformative role of technology in reshaping audit and assurance services. He highlights the relationship between auditors and emerging technologies.

By harnessing data analytics, blockchain technology, and automation, companies enhance the accuracy and efficiency of financial reporting processes. Companies can leverage data analytics tools and techniques to help auditors analyse large volumes of financial data more effectively; blockchain technology can enhance the transparency and integrity of financial reporting; and automation can streamline manual or repetitive tasks in the audit process.

“Companies can enhance the accuracy and efficiency of the audit and assurance financial reporting process by leveraging these technologies, leading to more reliable and timely financial information and greater assurance for stakeholders,” Ivan said.

### Fostering excellence through employee well-being

Recognising the importance of employee well-being, Ivan explained how a focus on employees positively impacts morale and overall company performance. For Mazars Partners, a company's dedication to employee well-being fosters engagement and commitment. “Once the employees enjoy a healthy work environment, feeling a sense of fulfilment and contentment, they will be more productive and willing to propose effective and creative solutions in problem-solving. Some innovations in business may even come up because of the supportive nature of their work environment and they are committed to doing their work well,” Ivan said.

When employees are in a healthy working environment, they not only contribute through increased productivity and creativity but also ultimately elevate a company's long-term profitability and overall performance.

Meanwhile, drawing from his multinational experience, Ivan imparted strategies for effective cross-cultural team management and fostering a sense of shared purpose. “It is important to find a unified thread to link the distinct personalities amongst the team and greater the efficiency of a team which could become more inclusive, innovative, and creative,” he said.

He advocated for open communication as a cornerstone of cross-cultural team success, encouraging all team members to voice their opinions to cultivate inclusivity and innovation. Leaders should maintain transparent communication channels by actively seeking feedback and addressing employee concerns. Additionally, building rapport and trust between leaders and employees creates a conducive work environment where productive relationships thrive.

In his role as judge in the HKB Management Excellence Awards, Ivan focused on a comprehensive evaluation encompassing various facets of outstanding corporate performance. He highlighted the prominence of corporate culture, including compliance, integrity, stakeholder rights, and ESG implementation, as differentiators for exceptional nominees. Whilst acknowledging the unique strengths and strategies of each company, Ivan also recognised the significance of these attributes in setting nominees apart.

Ivan examined not only financial operations but also overall management excellence. For financial operations, he scrutinised standards like financial closing and accounts receivable. Equally crucial was his assessment of financial leadership, digitisation, and their role in informed decision-making. In evaluating overall management excellence, Ivan emphasised strategic prowess, effective decision-making, and operational execution.

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