

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

accurate understanding of the impact of natural capital and failing to create the proper ethical culture can all prove to be weak links in a company's value chain.

Sep. 23, 2014



Not properly mitigating risk when expanding to emerging markets, lacking an accurate understanding of the impact of natural capital and failing to create the proper ethical culture can all prove to be weak links in a company's value chain.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

in which business leaders must evaluate opportunities – including those in emerging markets – by looking at both the commercial upside and the risks inherent in less tested business arrangements.

“Today’s fast-paced environment demands that business leaders act quickly to capitalize on the opportunities available to them, including potential partnerships. However, they cannot take an ‘out of sight, out of mind’ approach to managing the dependencies created by their extended value chains. Rather, the more far-reaching the value chain is, the more important performing the necessary oversight becomes,” said [Arleen Thomas](#), CPA, CGMA, senior vice president of management accounting and global markets at the AICPA.

The reports include steps business leaders can take to change how they manage their extended value chains, such as:

- **Scrutinize performance and risk** and make sure governance structures within the organizations include the appropriate skills to scrutinize performance and strategy and be alert to risks.
- **Widen the focus** from traditional supply chain analysis to include customer demand to the same extent. It’s not just the distributor and the retailer that need to be included in the analysis, but also those that comment on your product, service or business.
- **Learn to embrace dependency** and be able to relinquish a degree of independence in favor of shared goals when forming business alliances.
- **Review data flows** and implement efficient and reliable information exchange throughout the extended value chain. Cloud-based systems can provide a common platform across geographic boundaries.
- **Collect, analyze and communicate** future-looking information about business activity and the external environment.

- **Recognize the external context** and understand the regulatory, social system and

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

relationships, while tracking performance and monitoring risks to help ensure the value chain is managed effectively,” added Thomas.

The series of reports includes: *The Extended Value Chain*; *Accounting for Natural Capital in the Value Chain*; *Ethics, Risk and Governance through the Extended Value Chain*, and *Combating Corruption Across the Value Chain*, as well as two case studies: *Kimberly-Clark – Managing Natural Capital in the Value Chain*, and *Ethical Culture Change at Siemens*.

All of the reports, along with tools and videos, are available to CGMAs at [on cgma.org](https://www.cgma.org).

Accounting

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved