

What CFOs are Saying: Implications for our Association

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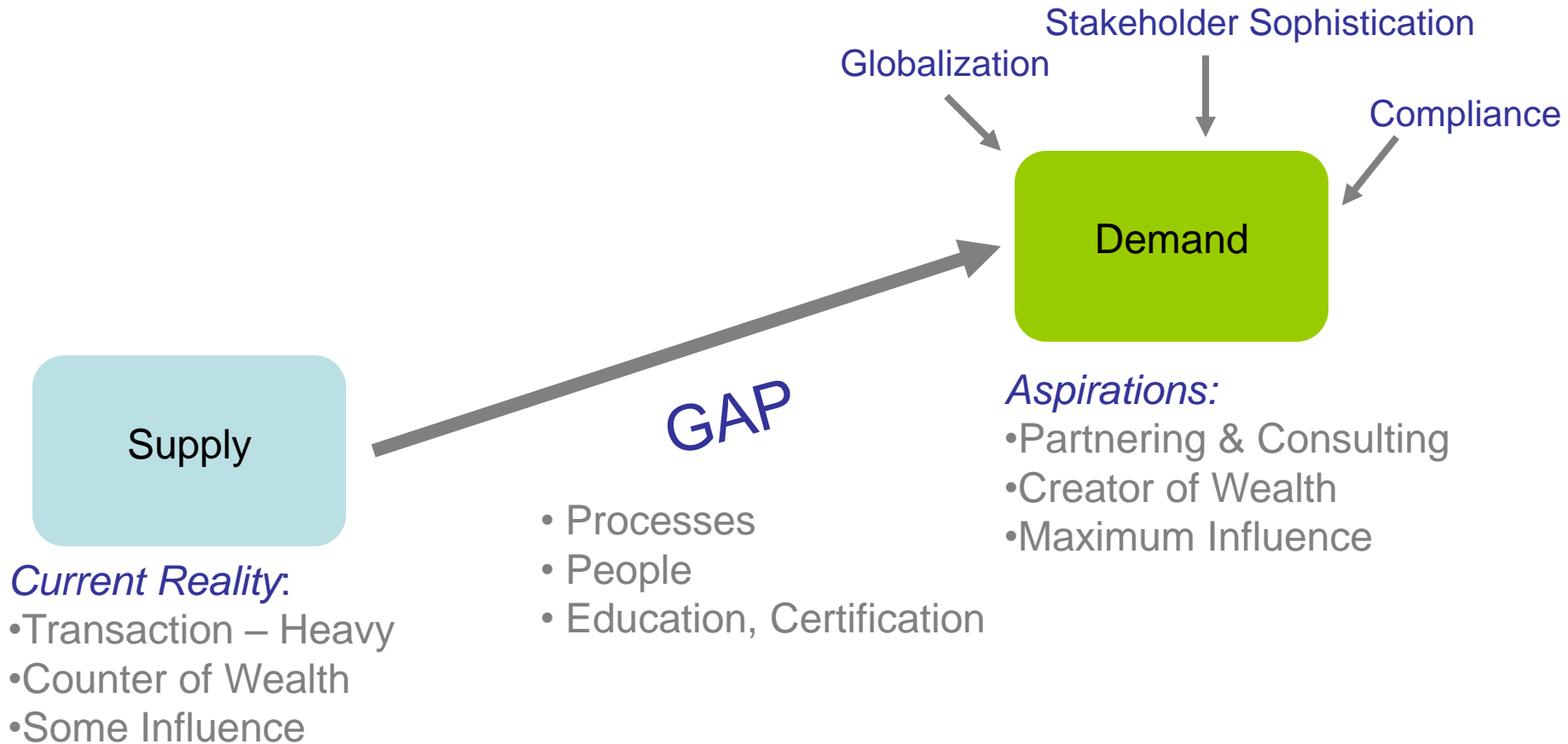
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Discussion Agenda

- A market view of what “CFO’s are saying”
- What are the implications for our association in terms of meeting the stated market need?
- A bit of brainstorming: **How can we do better** to meet the needs of the profession, and, in serving accountants and financial professionals in business (aka, the CFO team)?



Critical Business Issue: CFO Team Not Achieving Aspirations



CFO Global Research Study Sources

- **The New Value Integrator**, Insights from the Global Chief Financial Officer Study, IBM, 2010
- **Being the Best**, Insights from Leading Finance Functions, KPMG and the Economist Intelligence Unit, 2006
- **Balancing Risk and Performance** with an Integrated Finance Organization, IBM, The Wharton School and Economist Intelligence Unit, 2007
- **The Changing Role of the Finance Organization** in a Multi-Polar World, Accenture, 2008
- **IMA Research Studies** dating back to the early 1990's.



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What CFOs Are Saying Bottom Lines

- Aspire to move from counter of wealth and compliance cop to creator of wealth and influencers of strategy.
- This requires a whole new set of MA/finance function skill sets.
- Sourcing these new skill sets is problematic and therefore they tend to be “home grown” especially in larger enterprises with funds.
- Can you name an association “primed” to help close these critical skills and competency gaps on the CFO team, around the globe??



What CFOs Are Saying Required Skill Sets

<i>FROM</i>	<i>TO include</i>
Budgeting	Integrated Planning, Budgeting, Forecasting
Excel Forecasting	Predictive Analytics/Business Intelligence
Financial Risk Identification	Broader Enterprise Risk Management
Product Profitability	Customer Profitability/Lifetime Value (CLV)
Primarily financial metrics which are lagging indicators	Balanced metrics – the 3 P's (Profits, People and Planet) – which include leading indicators
Soft skills nice to have	Soft skills required to become a credible analytical influencer – LEADERSHIP!!
Analytical capability helpful	Data analytics a competitive advantage



The CFO Skills Gap Has Been Recognized - Have We Made Progress?

“There is little doubt that the current content of professional accounting education, which has remained substantially the same over the past 50 years, is generally inadequate for the future Accounting professional. A growing gap exist between what accountants do and what accounting educators teach... Accountants who remain narrowly educated will find it more difficult to compete in a expanding profession....”

Source: American Accounting Association
Bedford Report, GUESS THE DATE -> ?



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Key Findings – IMA Primary Research

Significant Research with Employers & CFOs Confirmed

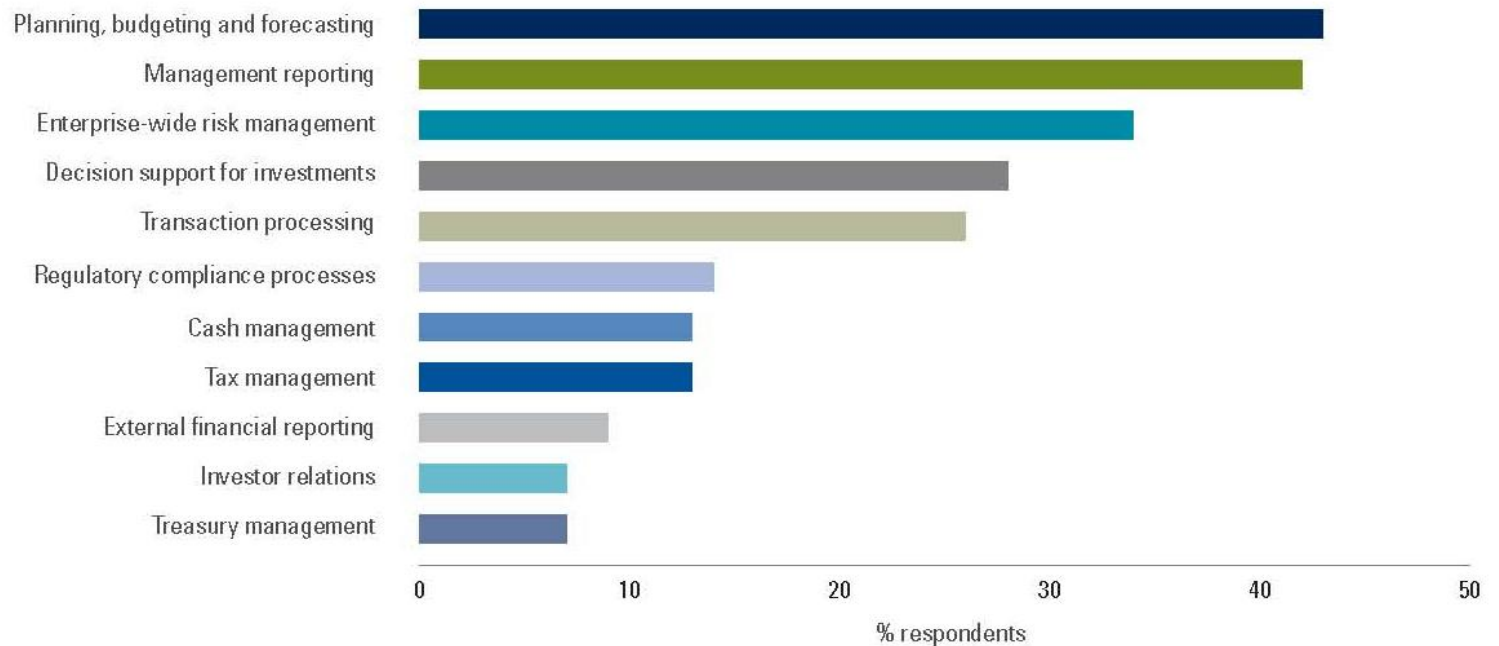
- CFOs need to raise the competency of their teams
- There exists a skills gap at all levels, including the business analytical level
- Planning and analysis capabilities are needed in organizations
- There is a challenge identifying “advanced” or high potential finance and accounting staff
- University accounting and finance curriculums provide a good theoretical grounding, but do not develop in enough depth the skills most needed on the job



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CFO Dissatisfaction ... We Must Do Better

Where is finance most dissatisfied with its current capabilities?



Source: Economist Intelligence Unit, 2006

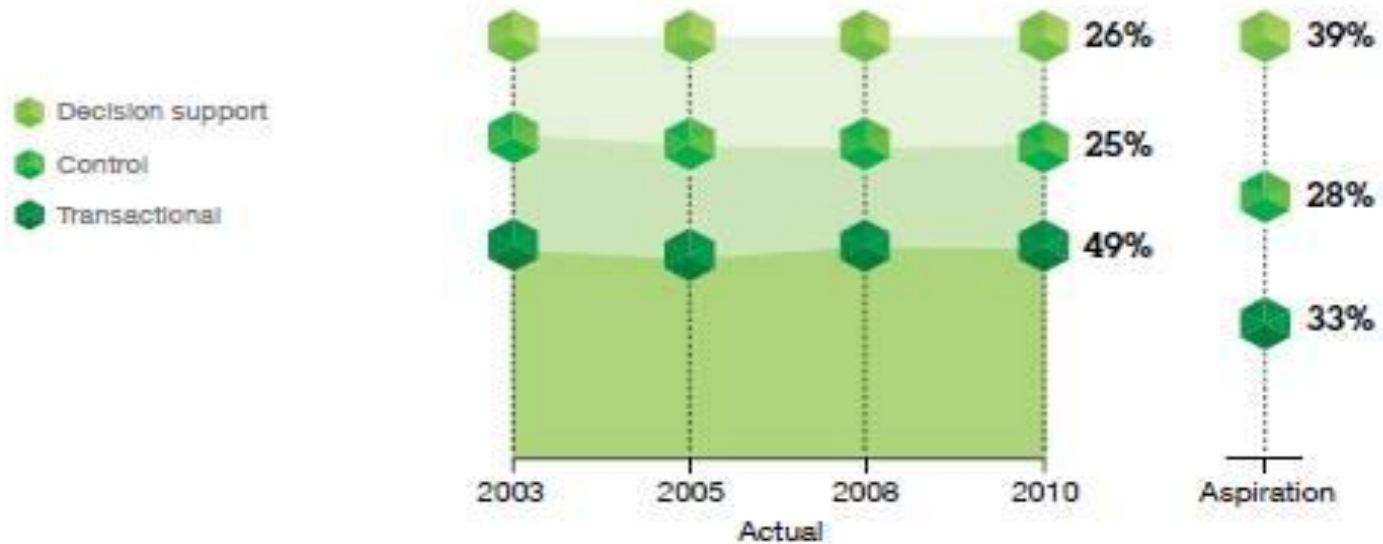
The CFO as Value Integrator

- It's no longer “good enough” to excel at core finance activities
- The finance operation needs to advise on strategic and operational issues too
- The “integrator” role involves “efficiency” and “insight”
- The Value Integrator’s mission should be to help the company “think as an overall business instead of individual areas”.
- The CFO is migrating to CVO (Chief Value Officer), and of course, in smaller operations serves as OFO (Only Financial Officer)!



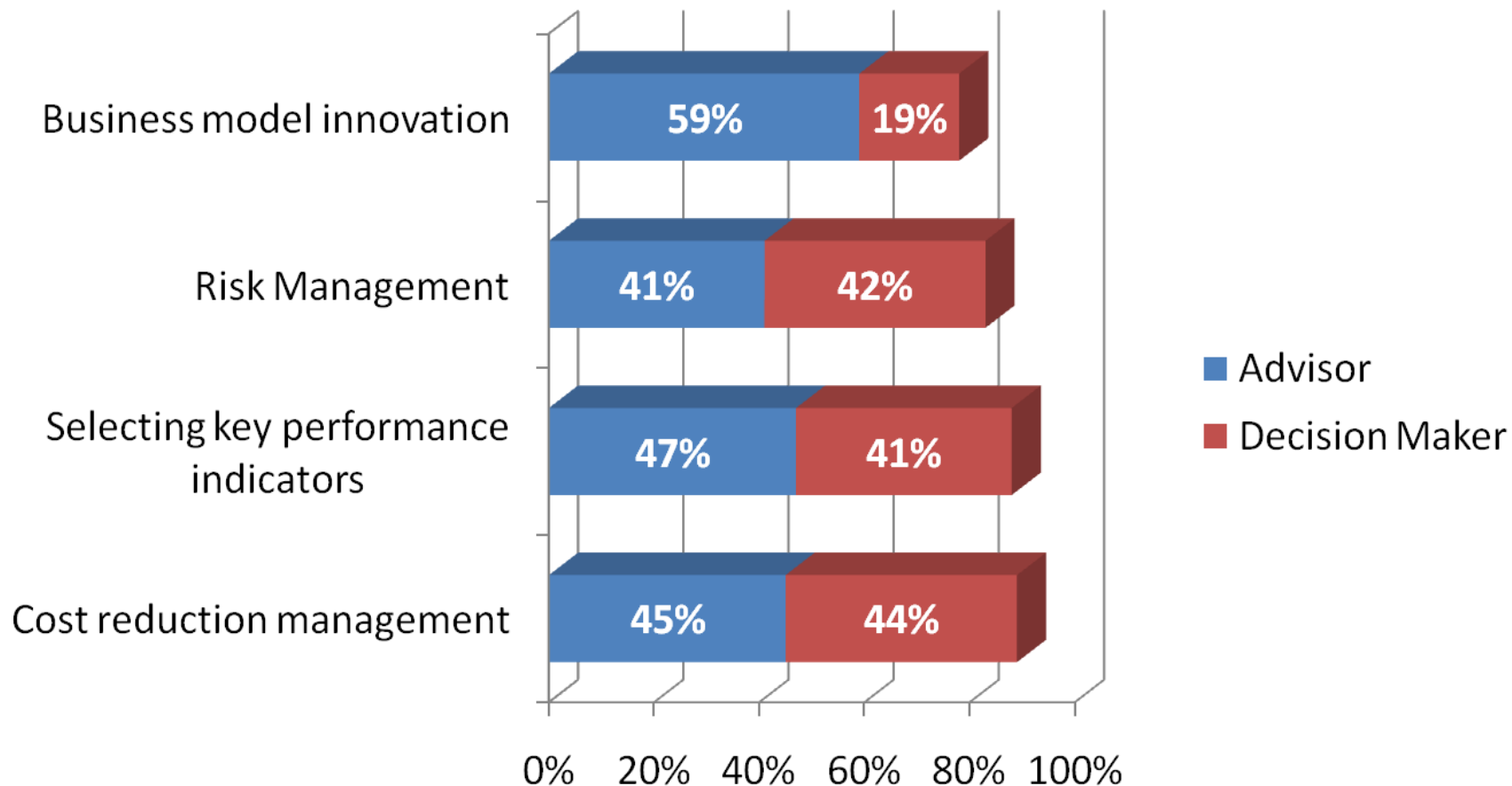
Transaction Processing Still Dominates

Figure 11 Transaction processing still dominates Finance's workload.
In our last four consecutive studies, CFOs have stated intentions to change the mix, but it has not happened yet.



The New Value Integrator, Insights from the Global Chief Financial Officer Study, IBM, 2010

But, CFOs Stepping up in their “Trusted Business Advisor” Role



The CFO Team: Rear View Mirror + Magnifying Glass + Crystal Ball!!

REAR VIEW MIRROR	MAGNIFYING GLASS	CRYSTAL BALL
What happened?	What exactly is the problem?	What will happen next?
How many, how often?	Why is this happening?	What if the trends continue?
	What actions are needed?	What are the risks/opportunities?

REAR VIEW	CURRENT VIEW	FORWARD-LOOKING VIEW
Balance sheet, P&L and cash flow statements	Customer, product & market profitability	Cash forecasting
Revenue & cost variance analysis	Spend optimization	Scenario-based planning & forecasting
	Working capital analysis	Strategic investment & decision support
	Market, customer & channel pricing	Volatility & risk-based predictive & behavioral modeling
	Sales & supply chain effectiveness	

Harvard Business Review, February 27, 2011

- “The CFO has stepped up to become the CEO’s partner in making ambitious but rational choices on a wide range of issues”.
- “A once obscure discipline, risk management has squarely hit the executive agenda, and CFOs had better be ready for it”.
- “The CFOs of the future will operate around the globe, in multiple time zones, and will regularly partner on growth initiatives and international expansion”.
- “Being a major contributor to the firm’s competitive advantage will be more essential than the compliance aspects of the traditional role.”

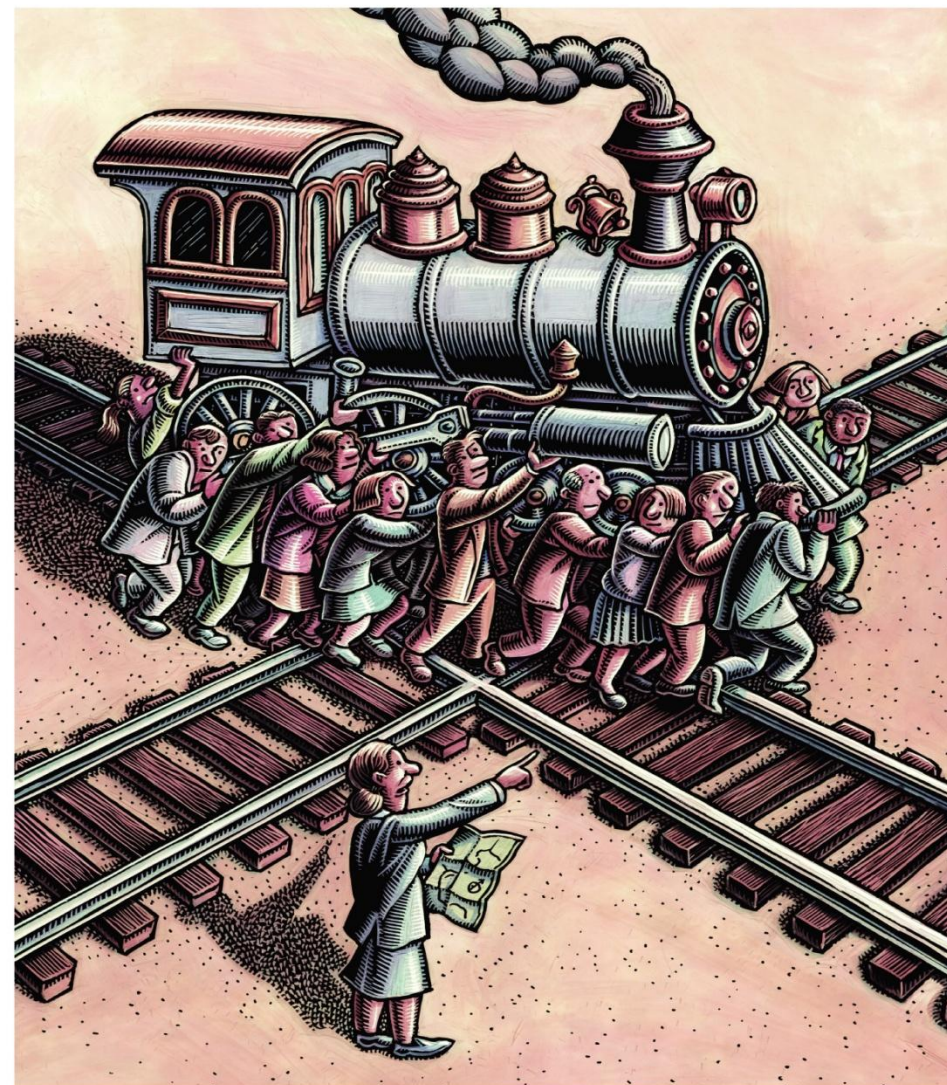


Staying on Track in a Turnaround

By Jeffrey C. Thomson, CMA

The management accountant is a trusted business advisor at all levels, whether it's processing transactions with accuracy and integrity or helping an organization to envision and realize the future enabled by a robust strategic plan. At times, the management accountant on the CFO team may be playing a lead role in a turnaround, and, at other times, it's a support role.

Based on my experience in a large, for-profit organization (more than two decades in a global telecommunications company) and several not-for-profit organizations (IMA®, high school and college teaching), I've put together the elements of a turnaround that transcend organizational size, structure, or global boundaries. And they can help management accountants and their companies keep on the right track during the entire process.



Key elements of a business turnaround

- Take stock
- Set the foundation before building the addition
 - Robust strategic plan that all believe in
 - Get weigh-in before buy-in on the call to action
 - Get the right team in place
 - Make “Creating Value through Values” a leadership priority ->
- Execute the strategy
 - Risk management
 - Technology enablement
 - Supply chain management
- There is an “I” in Team: Innovation
- Leadership is key – Competence, Composure, Conviction, Character, Care and Courage.

Creating Value Through Values – A Leadership Priority

Creating Value is the key to sustainable growth and “step” changes in performance. Organizations must have an unwavering quest to improve the value proposition while better articulating the current value proposition in a (“1 or 2 floor”) elevator speech. Creating Value is all about *caring* for our members (“customers”, “shareholders”, etc.).

However, Creating Value on a sustained and ethical basis is not possible without a consistent passion to also *care* for the people who are the heart and soul of any organization (e.g., staff, volunteers). This care starts with a set of foundational Values that are guideposts for organizational and individual behavior.



IMA Global Staff: “Our Core Values”

Respect for the Individual
Passion for Serving Members
Highest Standards of Integrity and Trust
Innovation and Continuous Improvement
Teaming to Achieve

- Suggest the **CEO** develop the values, not the **Committee** or the **Consultant**.
- Tone at the Top – “people are watching their leaders”
- Integrate values into Performance Management System
- Much like a technical framework exposure draft, strongly consider a formal “comment period” for employees – they must *weigh in* before they *buy in*.



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Building Core Values Into Your Appraisal Process

Section II: Individual Performance

Weight 25%

	Weight	Rating	Total
1. Executes core job responsibilities (please see table below for individual core job responsibilities).	50%		
2. Demonstrates value Respect for the Individual	10%		
3. Demonstrates value Passion for Serving Members	10%		
4. Demonstrates value Highest Standards of Intergrity and Trust	10%		
5. Demonstrates value Innovation and Continous Improvement	10%		
6. Demonstrates value Teaming to Achieve	10%		
Total	100%		

- 5. Significantly Exceeds Expectations
- 4. Exceeds Expectations
- 3. Meets Expectations
- 2. Below Expectations
- 1. Unsatisfactory



Rubric



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IMA Strategy: How are we doing?

Fiscal Yr. 2010 (ending in June 2010) set a solid foundation for growth

- Second consecutive year with a solid operating surplus after several years of deficits, enabled by CMA candidate growth and rigorous cost management.
- Net growth of over 5,500 members in the face of a recession, and after decades of decline.
- CMA new applicants (about 12K) nearly double prior year, with over 23K active CMA candidates.
- Over 1,500 new CMAs, highest total since 1997.
- An unwavering focus on member value and service, including LinkUp IMA, chapter/council support, webinars, CPE, research, publications and more!
- New branding (logos, etc.) and new CMA exam announced.
- Dozens of new chapters formed or revitalized enabled by sharing of best practices and alignment with global – spread the word!
- **IMA is healthy again – financially and emotionally! We have a spirit of winning, not whining!**



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Sustaining the Gains through Technology and Innovation

Fiscal Yr. 2011 (ending in June 2011) budget approved 6/5/10

- A major focus on technology enablement, with the following DELIVERED:
 - A new Association Management System (AMS; similar to ERP/CRM).
 - A new website.
 - A new Learning Center to manage all courseware.
- A focus on managing the risk of losing members from the “exam bump”, especially for CMA candidates outside the U.S.
- New U.S. growth initiatives, including universities, corporate development, a direct mail campaign, word-of-mouth marketing campaign, enabling a robust course provider network, partnerships and more.
- A portfolio approach with four geographic region to focus on risks, opportunities and initiatives.
- An emphasis on more agile and innovative professional development courseware, including an e-learning series in risk management and internal controls this Fall!



“Leading the Way” with the IMA Leadership Academy!!

- Webinar Courses – Instructor Led Courses (Free CPE Credits)
- Leadership Opportunities
- Volunteer Recognition
- Become a Mentor or Mentee

Coaching...The IMA Way



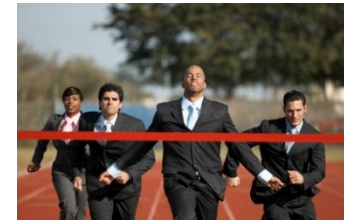
Change...Affects all teams!



Monthly Webinars....Free CPE...Great Content

Event Type	Event Date	Topic	Presenter/Faculty	Length	Moderator
Leadership Academy	3/24/11	Goal Setting Career Planning	Lee Bertrand	1.5	TBD/Bud Kulesza
Leadership Academy	4/21/11	Motivation	TBD/Bud Kulesza/Lee Bertrand	1.5	Bud Kulesza
Leadership Academy	5/25/11	Mentoring	Geoff Norby	1.5	TBD
Leadership Academy	6/16/11	Male/Female Communications	Lee Bertrand	1.5	Bud Kulesza
Leadership Academy	7/20/11	Presentation Skills	TBD/Bud Kulesza/Lee Bertrand	1.5	TBD
Leadership Academy	TBD	Gender Bias	TBD/Bud Kulesza/Lee Bertrand	1.5	TBD

Leadership...We can always improve!



Become a Mentor/Mentee



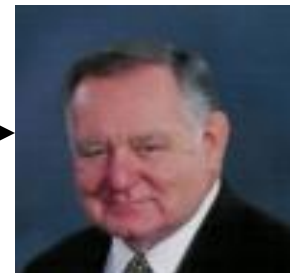
<http://linkupima.com/groups/8f7d2244a0/summary>

IMALA Volunteer Leaders – Driving Success!



IMALA Dean
Lee Bertrand

IMALA Dean Emeritus
Bud Kulesza



Conflict Management
Can you relate to this?



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CMAA Serving As Trusted Business Advisors



The CMA Program: Our Market Differentiator and “Gap Filler”



- A rigorous, highly respected credential for accountants and financial professionals in business which requires passing a rigorous and focused two-part exam.
- Recognizes expertise in the critical skills needed to be a trusted business advisor, such as financial planning and analysis, risk management and internal controls, and more.
- The CMA is a global passport, not a local license.
- **CMAs earn 25% more than non-certified professionals** with a broad range of career opportunities (June, 2010 Strategic Finance Magazine).



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Power Your Potential

IMA® is the resource for developing, certifying, and connecting the world's best accountants and financial professionals working in business.

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IMA Membership

More than 60,000 accountants and financial professionals look to IMA for programs and services to help expand their financial management skills, enhance their organization's performance, and empower their career potential.

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CMA® Certification

The CMA (Certified Management Accountant) credential is the gold standard of achievement in accounting and financial management—and the certification with real earning power. Holders of a CMA can earn nearly \$25,000 higher total compensation than their noncertified peers.

CMA Overview ▶ How to Prepare ▶ Enroll Now ▶

Learning Center [VISIT](#)

Groups & Networking

IMA helps you network with your industry peers: share best practices, connect with job opportunities, and build professional relationships. Networking resources include *LinkUp IMA*, our proprietary online network, as well as local chapters and global conferences.

Local Chapters ▶ Global Conferences and Events ▶

LinkUp IMA [GO](#)

CEO Corner

FROM JEFF THOMSON, PRESIDENT AND CEO

Monday, October, 04, 2010

Having "Fierce Conversations": IMA Global Board of Directors Meeting in Seattle

Hi All - Not to worry, the IMA Global Board of Directors Meeting in Seattle was very engaging with lots of progress on behalf of our global members, thanks to the leadership of Chair...

In the Spotlight

NEWS AND EVENTS

October 5, 2010 IMA's Learning Center will be temporarily unavailable from Saturday October 9, 2010, at 11 p.m. EDT to Sunday October 10, 2010, at 4 a.m. EDT for a routine maintenance update. We apologize for any inconvenience and appreciate your patience.

September 14, 2010 IMA president and CEO Jeffrey C. Thomson, CMA has been named among Accounting Today's Top 100 Most Influential People.

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Discussion Time

- What are the implications for IMA in the context of “what CFO’s are saying”?
- Is the current IMA value proposition
 - Unclear
 - Somewhat Clear, but needs some “Windex”
 - Crystal Clear
- How can we better communicate our value proposition?
- What additional value must we generate??
- And, what about the AICPA/CIMA (U.K.) proposed JV???

