



The Association of
Accountants and
Financial Professionals
in Business



Achieving a Competitive Advantage in the Digital Age—The Value of Training and Certification

About IMA® (Institute of Management Accountants)

IMA, named the 2017 and 2018 Professional Body of the Year by *The Accountant/International Accounting Bulletin*, is one of the largest and most respected associations focused exclusively on advancing the management accounting profession. Globally, IMA supports the profession through research, the CMA® (Certified Management Accountant) and CSCA® (Certified in Strategy and Competitive Analysis) programs, continuing education, networking, and advocacy of the highest ethical business practices. IMA has a global network of more than 125,000 members in 150 countries and 300 professional and student chapters. Headquartered in Montvale, N.J., USA, IMA provides localized services through its four global regions: The Americas, Asia/Pacific, Europe, and Middle East/India. For more information about IMA, please visit www.imanet.org.



About the Authors

Raef Lawson, Ph.D., CMA, CSCA, CPA, CFA, CAE, is professor-in-residence and vice president of research and policy at IMA. You can reach him at (201) 474-1532 or rlawson@imanet.org.

Toby Hatch is a senior product marketing director for enterprise performance management with Oracle Corporation. You can reach her at toby.hatch@oracle.com.

Denis Desroches, an enterprise performance management specialist since 1993, has supported organizations with the selection, implementation, and knowledge acquisition of scorecard, performance management, and activity-based management solutions. He can be contacted at desroches.associates@sympatico.ca.



Introduction

Technology is rapidly changing how business is conducted in the Digital Age, and organizations must adapt to that constant change in order to survive and prosper. One key to successfully adapting is having the right people with the necessary skills in place.

But how can an organization ensure that its staff, especially in finance and accounting (F&A, or finance), has the essential skills? What is the business case for providing staff training? And how should such training be provided?

In order to answer these questions, IMA® (Institute of Management Accountants) conducted a survey of its members. The results of that survey, based on the 1,032 usable responses we received, indicate that:

- F&A is being significantly impacted by changing technology, changing its role and responsibilities;
- It is important to involve F&A staff in the introduction of new technology, but most organizations' staff are only "somewhat prepared" for such change;
- Professional certification, followed by taking individual courses to develop specific skills, were considered to be most effective in preparing employees for the changing business environment; and
- The greater an organization's emphasis on—and support of—professional certification, the more effective its F&A function is likely to be.

...organizations that emphasize and incentivize training and external certification of their F&A professionals perform functions more efficiently.

These results echo similar findings from a 2013 survey conducted by IMA and APQC (American Productivity & Quality Center), which found that organizations that emphasize and incentivize training and external certification of their F&A professionals perform functions more efficiently.¹

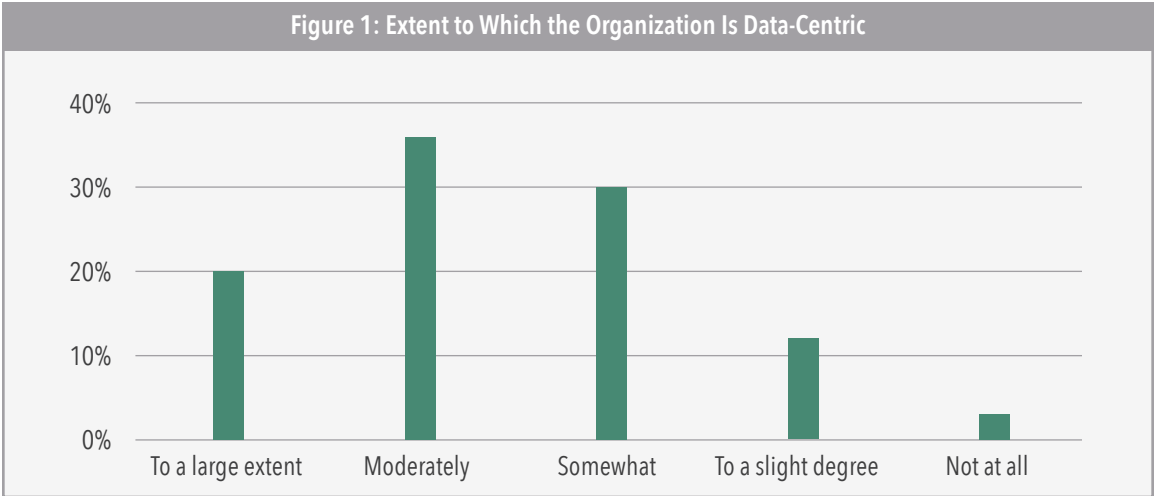
A Changing Business Environment

Technology is revolutionizing the business environment. Digitization is eliminating functional silos, and value chains are becoming integrated ecosystems that are fully transparent to everyone—from the suppliers of raw materials to the transporters of those supplies and finished goods and finally to the customers. Companies are encountering a workplace revolution, sometimes referred to as **Industry 4.0, in which companies use digitization to orient themselves to customers through e-commerce, digital marketing, social media, and the customer experience.**

¹ IMA and APQC, "How and Why Accounting and Finance Training Drives Value for Businesses," 2013.

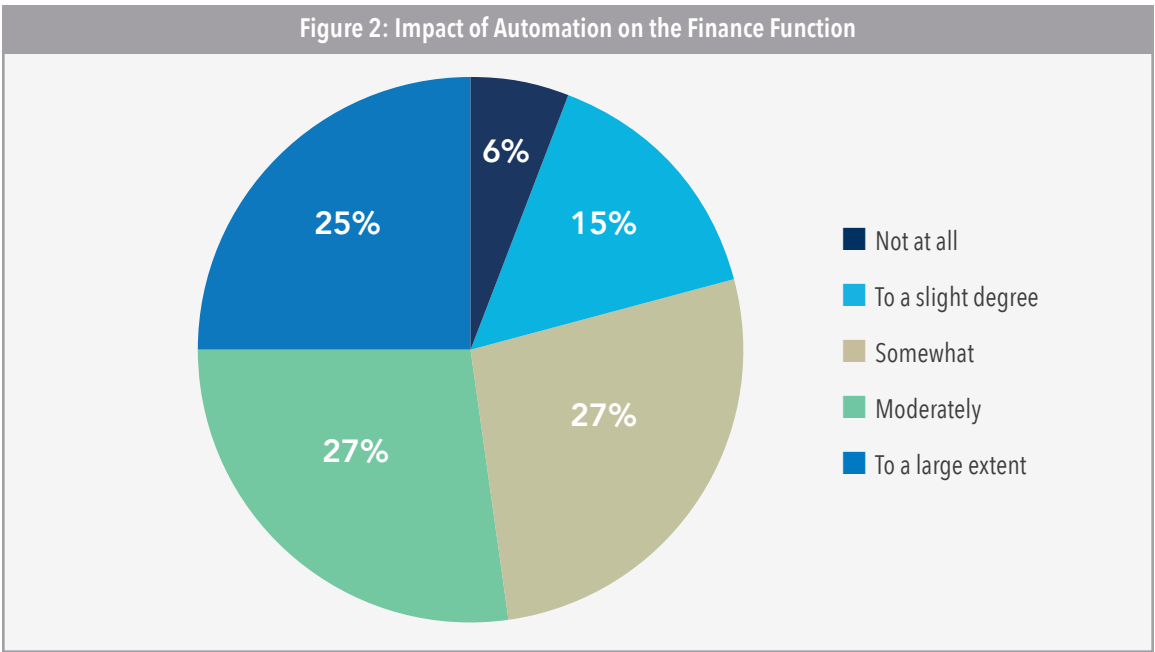


This digital transformation is occurring at our respondents’ organizations—more than half indicated their organizations are now moderately or largely data-centric (see Figure 1).



Research by NewVantage Partners indicates that CFOs plan on increasing the pace of investment in data this year but still struggle with achieving a “data culture.”²

Technological change is also sweeping the finance function. New technologies such as Big Data, predictive analytics, artificial intelligence (AI), blockchain, machine learning, and robotic process automation (RPA) are being introduced. This transformation is reflected in our survey results: A majority of respondents felt that automation was having a moderate or large impact on their finance function. See Figure 2.



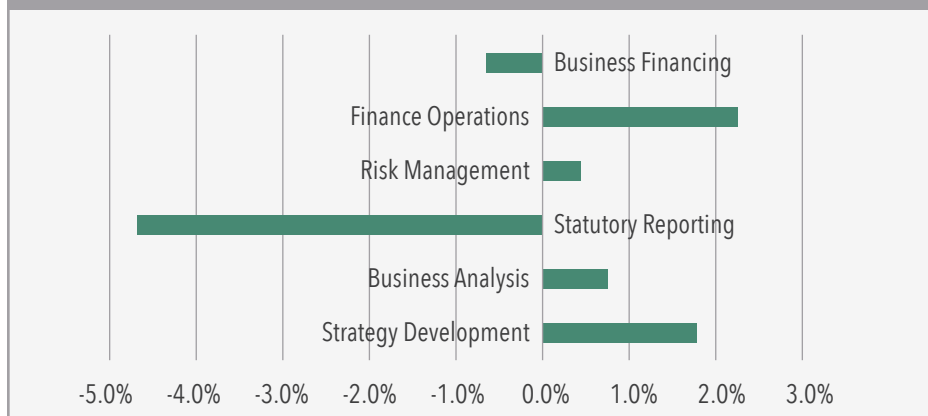
² Greg Silverman, “How the CFO can build a data-driven company,” *Accounting Today*, March 18, 2019, bit.ly/2Y5hd1P.



According to a recent Accenture survey, 34% of finance tasks at large global companies are already done by algorithms and robots, and that figure is projected to rise to 45% in 2021.³ The profound impact these technologies will have on finance prompts many employees to question what skill sets they need to remain effective and employed.

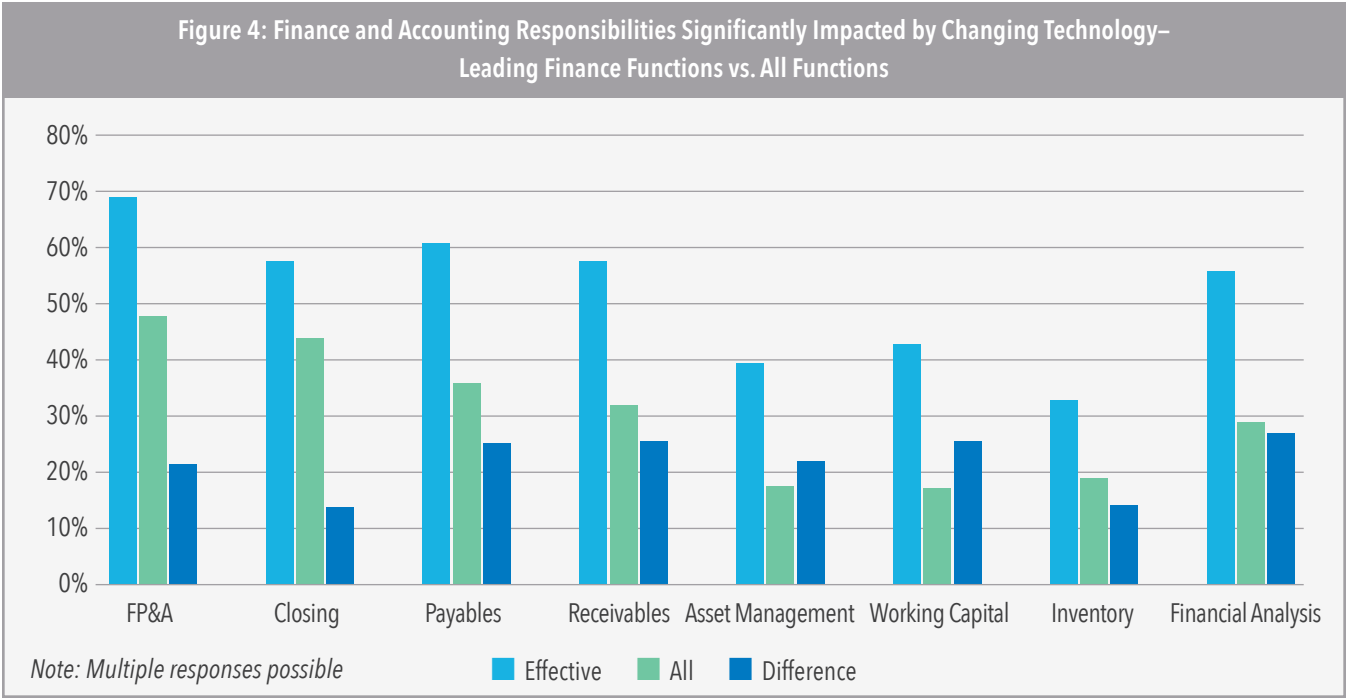
Our **research indicates that finance organizations that report they are substantially above average in effectiveness spend a lower percentage of their time on statutory and external financial reporting and a higher percentage on strategy development and improving finance operations** (see Figure 3). These include the high-value activities for which employers pay a premium and require accounting and finance professionals to possess a skill set that is harder to automate.

Figure 3: Difference Between Average Percentage of Time Spent by Effective Finance Functions on Various Responsibilities vs. Average Time Spent by All Finance Functions

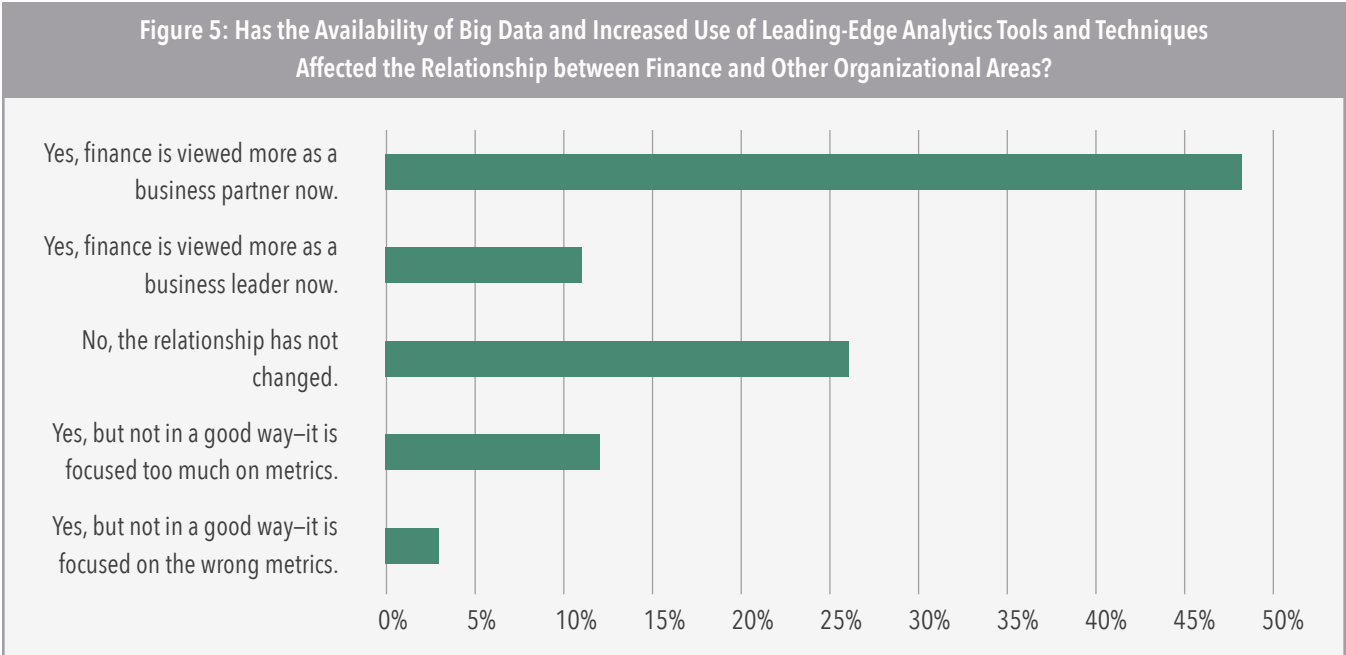


While technology will affect all finance functions, those that consider themselves above average in effectiveness are leading the way in adopting new technologies. This is true across a wide range of processes (see Figure 4). Organizations with finance functions that can effectively harness technology have a strategic and operational competitive advantage that their competitors will likely find difficult to match.

³ Nina Trentmann, "CFOs Look to Automate Tasks to Free Up Capacity," *The Wall Street Journal*, September 11, 2018, on.wsj.com/2GwpvFh.



Introduction of leading-edge technology (such as Big Data and leading-edge analytics) presents new expectations for finance. Increasingly, the finance function is tasked with making sense of the data and producing “one truth” for the organization based on a single interpretation of the data. When finance professionals lack the skill set that is necessary to meet this expectation, they run the risk of being perceived as ineffectual. The imperative being placed on the finance function is to become a true business partner and leader. See Figure 5.

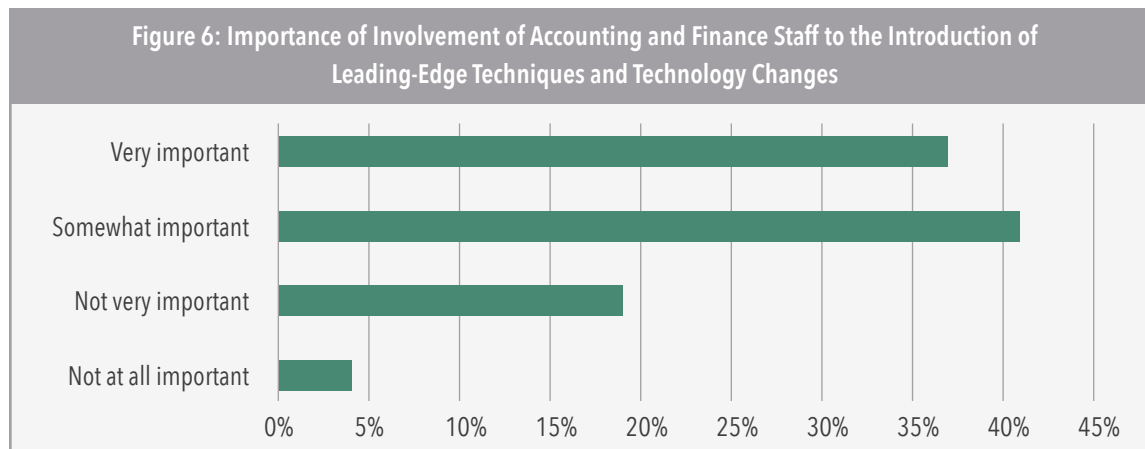




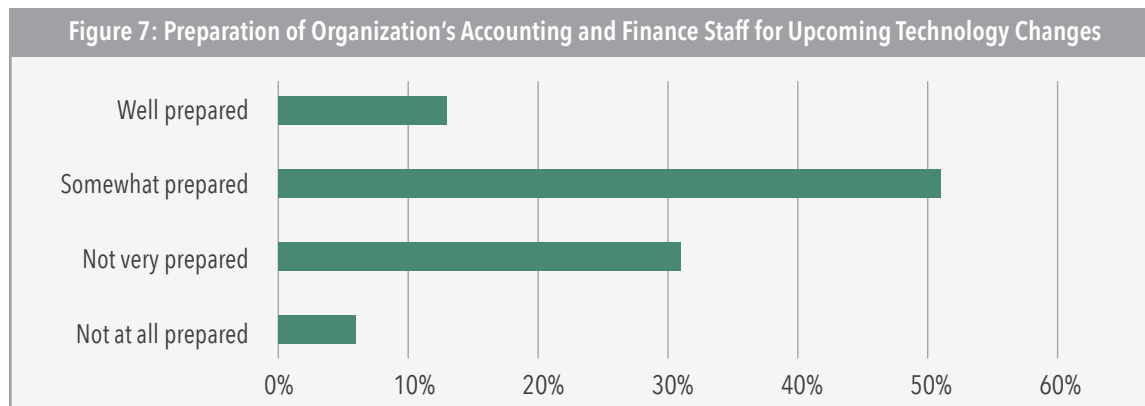
Over the past several decades, IMA has documented the evolution of the role of the management accountant from being that of record keeper and “compliance cop” to a strategic business partner. Yet the reality for many finance functions has been that the potential for being able to provide strategic insights to senior management has been hampered by the need to focus on lower-value-added activities, including transaction processing. Technological advances are changing that, freeing up finance professionals’ time in several ways:

- They liberate the finance function from the need to perform rote, repetitive tasks, enabling it to apply its efforts to better support decision making and to assist in strategy formulation and implementation.
- They enable finance professionals to improve their decision-making abilities. Practitioners are increasingly relying on the expert knowledge built into software to work efficiently and effectively.
- They provide the finance function with the ability to use organizational data to provide greater insights into the business, unlocking enterprise value and enabling finance professionals to truly become business partners.

The key to achieving these benefits is having a finance team with the necessary skills and competencies. Our survey indicates that the finance staff is important to the introduction of leading-edge technology in an organization. But if staff members are not trained and do not obtain credentialing in this area, they lack the expertise and organizational support needed to fulfill this mission. See Figure 6.



Unfortunately, too often these professionals say they are “not sufficiently” prepared. According to our research, only 13% of survey respondents felt their organizations’ finance staff was well prepared for technological change. See Figure 7.



So what is the best way to prepare finance and accounting professionals for their new roles and responsibilities?

The Business Case for Professional Certification

These technological changes also come at a time when in-house training opportunities through corporate human resources (HR) or training departments are severely limited. It is increasingly up to department leaders or individuals themselves to set a training agenda and identify the key competencies and skill sets they need to meet their performance expectations and career goals.

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When the finance department is charged with leveraging Big Data or making the business case for a strategic acquisition, everyone in that department must be working from a common frame of knowledge. But how do they get there?

Professional certifications offer a way for everyone to be brought up to speed on the skills

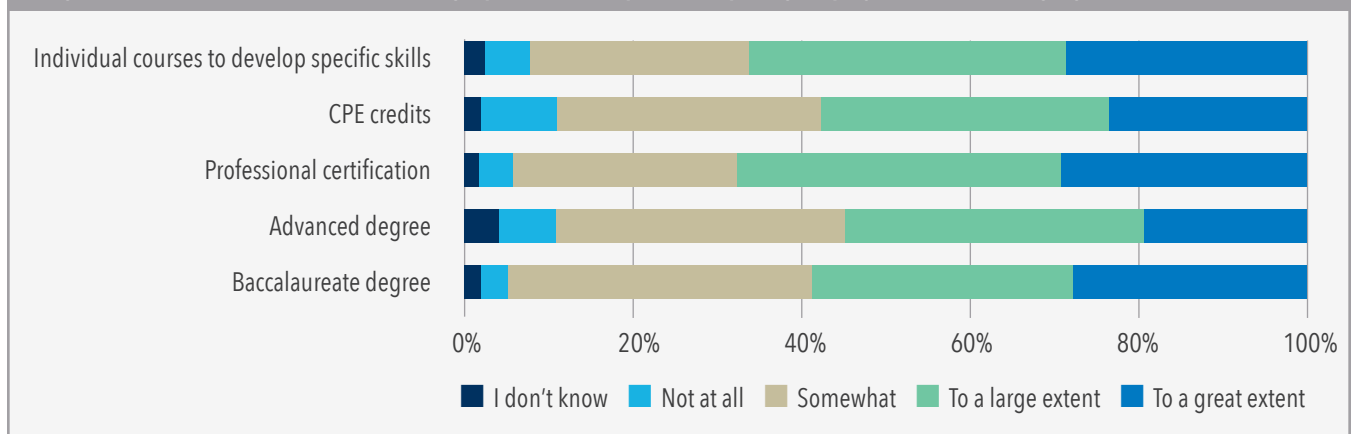
needed to be a high-performing finance function. It is a cost-effective way to bridge knowledge gaps that cannot be left to corporate HR departments.

Our survey results indicate that having employees pursue professional certification is considered the most helpful in preparing employees for the future, followed by staff taking individual courses to develop specific skills (see Figure 8).





Figure 8: Extent to Which Various Training Options Are Helpful in Preparing Employees for the Changing Business Environment

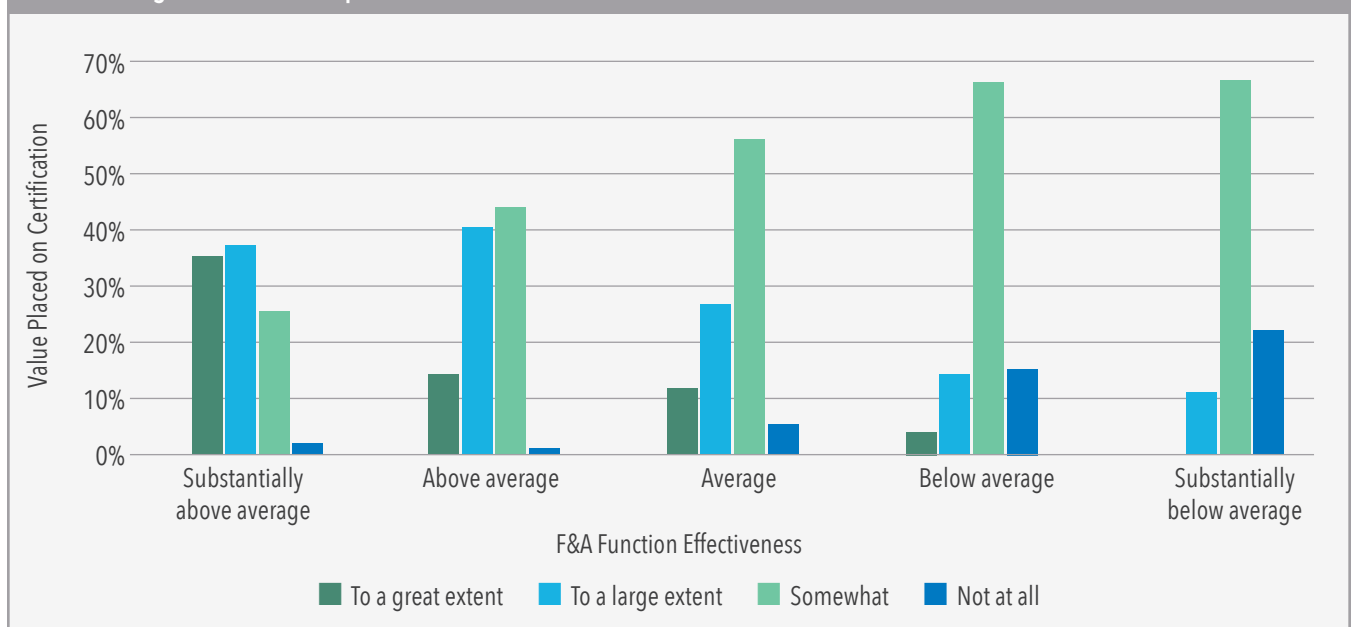


Rather than being thought of as a cost to bear, organizations' training programs can have a significant positive return on investment (ROI). Such programs should be considered essential to the success of an organization—not a luxury—and be made a top priority.

Finance Functions' Effectiveness Is Related to the Value Placed on Professional Certification

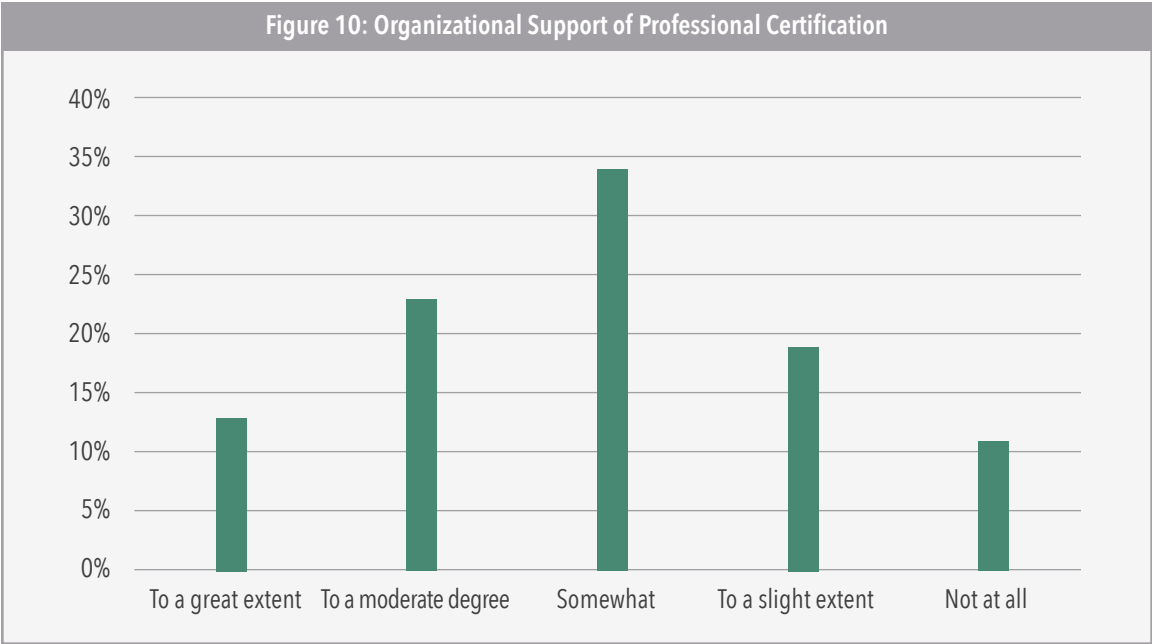
The belief in professional certification appears to be well placed. The greater an organization values certification, the more likely it is to have a highly effective F&A function. The difference between organizations whose F&A function is substantially above average in performance compared to those substantially below average is stark: Of the former, 72% valued certification to a large or great extent, but of the latter, only 11% did so. See Figure 9.

Figure 9: Relationship between F&A Function Effectiveness and the Value Placed on Professional Certification

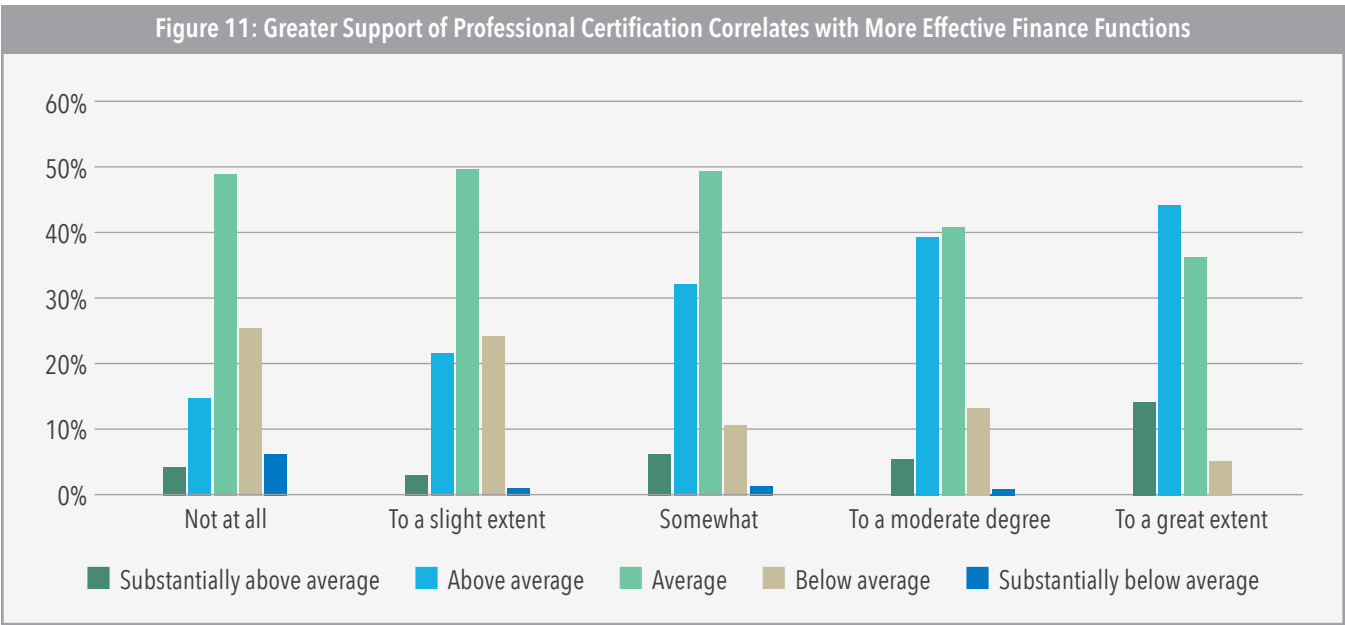




Yet organizational support for professional certification varies considerably, with some organizations strongly supporting it and others not supporting it at all (see Figure 10).



The more strongly organizations support professional certification, the more likely their finance function is to be more effective. Organizations that do not support professional certification are more likely to have finance functions that perform below average (see Figure 11).



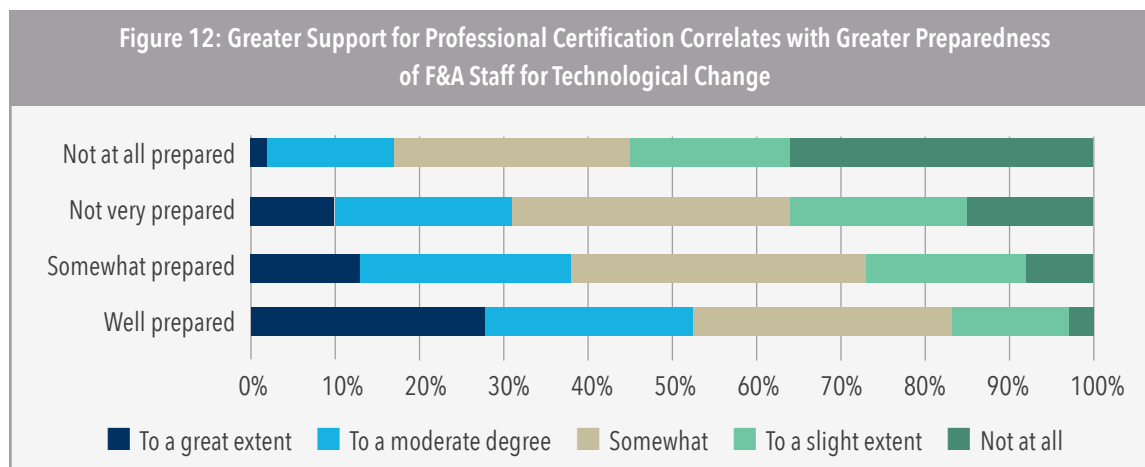


...our survey found organizations that supported professional certification were more likely to have F&A staff prepared for technological change.

Support of Professional Certification Can Help to Prepare F&A Staff for Technological Change

Certification programs cover the current and emerging skills needed by professionals to perform their jobs better and to advance their careers. By pursuing certification, they learn new skills that will help their organizations leverage technological change and create value. Consistent with this, our

survey found organizations that supported professional certification were more likely to have F&A staff prepared for technological change (see Figure 12).



Support of Professional Certification Can Help Increase Staff Retention

Retaining qualified staff is an increasingly important issue for many organizations. Reducing staff turnover can help lower costs associated with recruiting and training new employees, as well as provide an increase in efficiency that comes with more experienced employees.⁴

One way to increase staff retention is by supporting professional certification. More than three-quarters of our survey respondents indicated that their employer's support of certification would strongly (23.4%) or somewhat (53.7%) affect their decision to remain with their company.

Incentivizing Staff to Pursue Professional Certification

Despite the benefits of having a professionally certified staff, some organizations fail to provide any incentives to encourage their staff to pursue certification. Given the numerous benefits associated with staff certification, this appears to be very short-sighted.

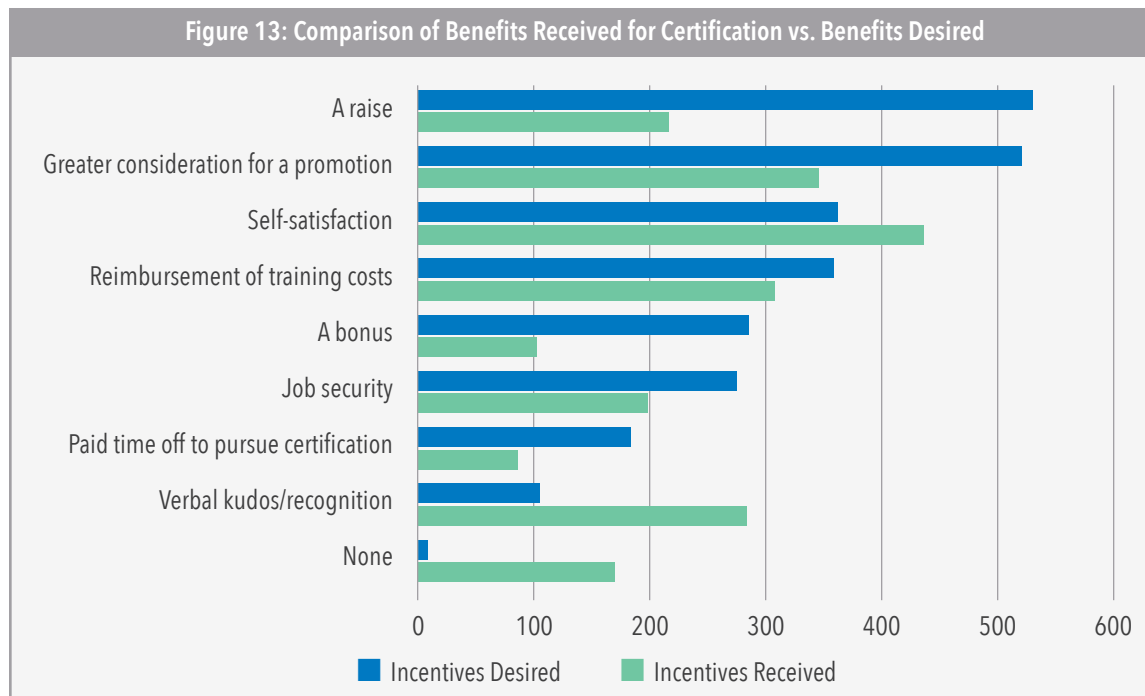
Looking at **the benefits most often received by those pursuing certification—which include "self-satisfaction," "greater consideration for a promotion," and "verbal kudos/recognition"**—shows that those pursuing professional certification are higher-potential staff

⁴ APQC, "Unearthing the Hidden Value of External Training and Certification," 2012, bit.ly/30VnRos.



looking to advance their careers and provide value to their organizations. In order to incentivize these employees to pursue certification, reimbursement of training costs is also important.

There is often a bit of a mismatch between the incentives employees desire and those that are given. The most desired incentive is a raise; the one most often received is self-satisfaction. On the positive side, the next most desired and received incentive is greater consideration for a promotion. See Figure 13.



Conclusion

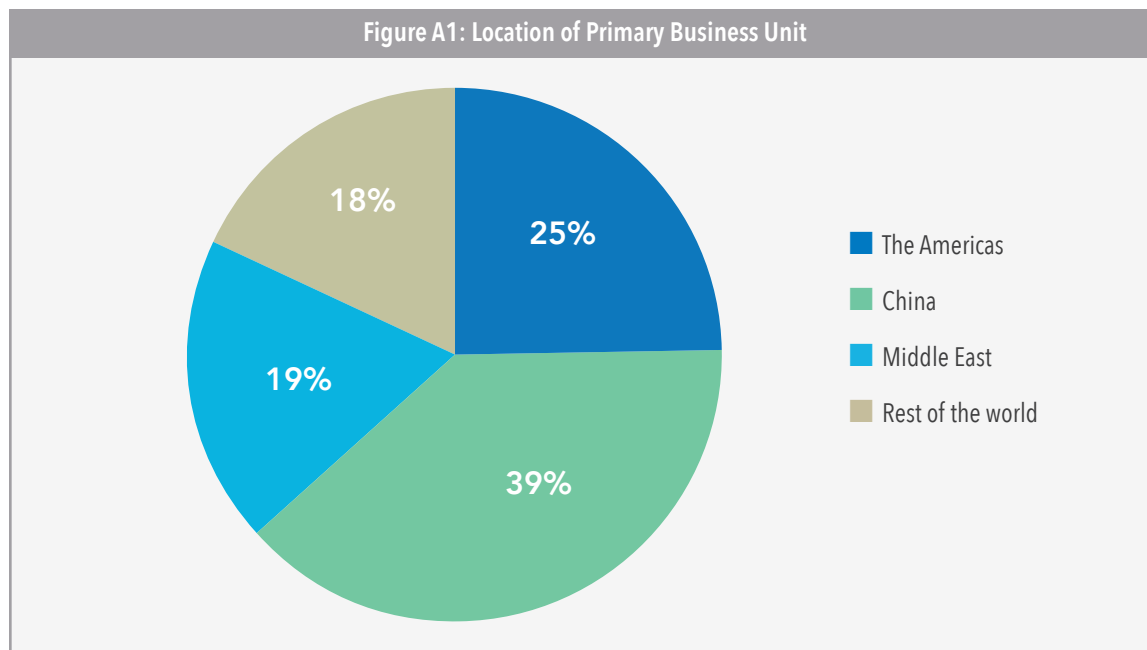
Technological advances are rapidly changing the business environment, and the finance function is not immune to their impact. Traditional finance responsibilities are being automated, freeing up finance professionals to assume the more valuable role of business partner. But becoming a business partner does not happen overnight. It is a gradual process that happens through training and testing, identifying knowledge gaps, and offering course material designed specifically to bridge those gaps.

There are a variety of means to deliver the necessary skills. In-house corporate training departments usually offer one-off training that fails to deliver a holistic framework of knowledge. **In contrast, professional certification is regarded as one of the most effective ways for staff to obtain these skills.** Our study provides very strong evidence of the benefits resulting from organizations supporting the professional certification of their F&A staff. Finance functions' effectiveness is strongly related to the value placed on professional certification by organizations, as is the preparation of F&A staff for technological change and the ability of organizations to retain staff. Organizations of all sizes need to consider the benefits that supporting professional certification of their staff can bring to their organization.

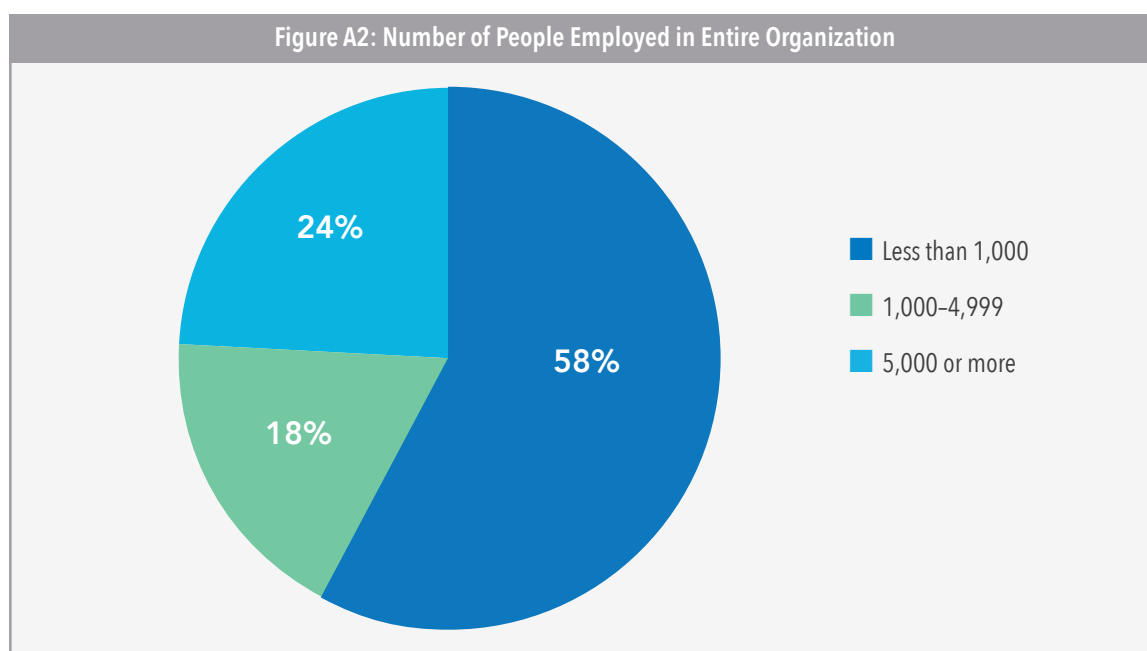


Appendix: Participant Demographics

Survey respondents represented a globally diverse set of organizations. The largest number of respondents came from the Americas, China, and the Middle East, with additional responses from Africa, Europe, and Asia (outside of China). See Figure A1.



The majority of respondents were from small companies (less than 1,000 employees), although medium and larger organizations were also well represented (see Figure A2).





Survey participants were from a wide variety of industry sectors, including manufacturing, service, government/nonprofit/academia, and others (see Figure A3).

