

CPA EXCELLENCE

*A QUICK START GUIDE TO
DEFINING AND MASTERING
VITAL SKILLS FOR SUCCESS*

START



BY DAVID GRIFFITHS, PH.D.

CPA EXCELLENCE

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CPA Excellence
A Quick Start Guide to Defining and Mastering Vital Skills for Success

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CPA EXCELLENCE

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INTRODUCTION

The rate of change impacting the CPA profession has never been higher. Forces such as complexity, globalization, specialization, and increased regulation and scrutiny both on CPAs and businesses they serve continue to evolve. Today's CPA must be more agile, adaptive and dynamic to meet these challenges as well as client and employer needs. So how do you do that? Being technically proficient is certainly important. But getting back to the basics, or the “core” of what it means to be a CPA, is undoubtedly the best place to start.

The Indiana CPA Society spent considerable time and resources exploring ways to make CPAs better and more successful in the future. INCPAS concluded that focusing on the core competencies of the CPA profession is one of the keys. The core competencies had been identified, but they had not been developed, encouraged enough, or addressed in terms of resources, training and advisement until now. The CPA Center of Excellence® is the result of extensive planning in this area and is designed to help CPAs master the Core Competencies.

The CPA Center of Excellence® was created to be the professional future of CPAs. Its purpose is to enable agility, adaptability and a dynamic approach among CPAs. The CPA Center of Excellence® is comprised of three major components — skill assessment, competency-based development and intelligent collaboration to make even better CPAs. *CPA Excellence: The Quick Start Guide to Defining and Mastering Vital Skills for Success* published by the CPA Center of Excellence® is one of several resources available as part of the competency-based development component.

OVERVIEW

This quick start guide is intended for CPAs, human resource experts or paraprofessionals tasked with the development of strategy and/or human resource policy and processes within a CPA firm. The guide also can be used by individual CPAs to understand the importance of the CPA Core Competencies and, using the descriptors in Appendix A through G, engage in a process of self-reflection and development of personal knowledge, skills and experience.

Primarily, the guide has been designed to provide a general overview of CPA core competencies, their importance and how they can be effectively applied within CPA firms, regardless of size or location. While the content of this guide is centered on those CPAs in public accounting, it is equally as valuable to CPAs in business and industry looking to support or influence wider organization development teams.

The guide introduces a step-by-step “quick start” tool to assist in the design of in-house HR processes and systems that also can be used to fulfill a competency-based approach to the management of human resources in any firm (see Chapter 3, page 31). The objective of the “quick start” guide is to provide information that can produce results and impact for companies looking to design, develop and deliver products and/or services that customers find desirable; this is a central theme that runs throughout this guide.

Many books have been written about competencies, the competency-based approach and methods that can be applied throughout the HR Pathway. One universally-agreed “best practice” method does not exist. It is therefore recommended that you read “Next Steps” in Chapter 4 (page 57) of this guide if you wish to be more informed about this highly nuanced field. Practicing these core competencies is an important piece of becoming a better CPA. This guide is just one of several resources and services that can help you.

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CHAPTER 1 – PAGE 11

THE EVOLUTION OF THE CPA CORE COMPETENCIES

This chapter sets out the background of the CPA core competencies, their introduction by the AICPA and the process undertaken by INCPAS to develop them to their full potential. It also responds to the question, “Why should you care?”

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CHAPTER 2 – PAGE 17

SETTING THE SCENE – WHAT ARE COMPETENCIES?

Defining “competency” is important, in order for you to understand clearly what you are setting out to manage. “Setting the scene” provides a definition, as well as a loose guide for checking the CPA core competencies against the firm’s business goals, structuring competencies and undertaking a competency-based approach in your firm.

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CHAPTER 3 – PAGE 31

QUICK START PROCESSES FOR THE HUMAN RESOURCE PATHWAY

The Human Resource (HR) Pathway looks at how the CPA core competencies fit within the HR processes and systems that should exist in your organization. It will provide you with a step-by-step guide to implementing them across the HR Pathway in your firm, as well as checklists or ideas for activities that should be explored at each step.

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CHAPTER 4 – PAGE 37

NEXT STEPS

This guide is by no means definitive, and you may feel the need for further guidance or support. Here you will find useful “next steps” that will assist you in maximizing the results and impact of the CPA core competencies or a competency-based approach in your firm.

CHAPTER 1:

THE EVOLUTION OF THE CPA

CORE COMPETENCIES

The American Institute of Certified Public Accountants' CPA Vision Project in 1998 defined core competencies as follows: "A unique combination of human skills, knowledge, and technology that provides value and results to the user. Enhancing our core competencies is key to sustaining a competitive and differential advantage in the marketplace."

The five core competencies identified here include:

1. COMMUNICATIONS AND LEADERSHIP SKILLS

Able to give and exchange information within meaningful context and with appropriate delivery and interpersonal skills. Able to influence, inspire, and motivate others to achieve results.

2. STRATEGIC AND CRITICAL THINKING SKILLS

Able to link data, knowledge and insight together to provide quality advice for strategic decision-making.

3. FOCUS ON THE CUSTOMER, CLIENT AND MARKET

Able to anticipate and meet the changing needs of clients, employers, customers and markets better than competitors.

4. INTERPRETATION OF CONVERGING INFORMATION

Able to interpret and provide a broader context using financial and non-financial information.

5. TECHNOLOGICALLY ADEPT

Able to utilize and leverage technology in ways that add value to clients, customers and employers.

These core competencies, along with the other “top fives” named in the CPA Vision Project, served the CPA profession well for more than a decade. However, in 2010 the AICPA updated the findings and looked even further into the future. The organization initiated the CPA Horizons 2025 project. A new vision for the profession was created. It allowed professionals to look more in-depth into the profession and then project years out utilizing new management techniques. Included was an update to the core competencies, which now numbered six. They include some similarities to the original five:

1. COMMUNICATIONS SKILLS

CPAs are able to effectively exchange reliable and meaningful information, using appropriate context and interpersonal skills.

2. LEADERSHIP SKILLS

CPAs are adept at influencing, inspiring and motivating others to facilitate change and achieve excellence.

3. CRITICAL-THINKING AND PROBLEM-SOLVING SKILLS

CPAs are skillful in evaluating facts, challenging assumptions and applying judgment to develop relevant solutions.

4. ANTICIPATING AND SERVING EVOLVING NEEDS

CPAs are adept in identifying strategic directions and opportunities to meet the evolving needs of those we serve.

5. SYNTHESIZING INTELLIGENCE TO INSIGHT

CPAs are expert in connecting data, performing analysis and using business acumen to provide astute guidance for better business decision making.

6. INTEGRATION AND COLLABORATION

CPAs are effective at building strategic alliances and working collaboratively to provide multidisciplinary solutions to complex problems.

Those involved with CPA Center of Excellence® planning quickly recognized the importance and significance of these core competencies; yet many felt one key core competency was missing — knowledge sharing. The ever-increasing need to expand your knowledge base to enhance a career as a CPA was the reason INCPAS began exploring the concept of knowledge

management in the first place. The INCPAS Knowledge Management Task Force devised definitions for both knowledge and knowledge management:

KNOWLEDGE

Experiences and ideas gathered throughout one's career that can be shared during the right situation to enhance competency or decision-making.

KNOWLEDGE MANAGEMENT

The capabilities by which communities capture, emulate, maintain and distribute the knowledge that is critical to them, continuously improve upon it, and make it available in an effective manner to those who need it, so they can use it creatively to add value as a normal part of their work to sustain their organization and the profession.

The history of knowledge management goes back more than 40 years, although in many of those early years it was more prevalent in Europe than in the United States. In 2010, INCPAS began exploring knowledge management concepts and applications. Following the work of two task forces and with the assistance of Griffiths, now of K3-Cubed Ltd., based in Wales in the U.K., the Society in 2012 decided to pursue knowledge management concepts and applications for its members, and identified a series of initiatives that supported knowledge management.

The Society conducted interviews, focus groups, symposiums and surveys to determine member needs and wants as they related to knowledge management. A clear message was that one of the key components of a knowledge management program needed to be a competency-based approach that specifically addressed and built upon core competencies of the CPA profession. INCPAS research found that individual CPAs and the firms and companies that employ them did not have the tools or resources to measure core competency levels. Nor did they have the ability to create training plans to enhance the core competencies, which limited each firm's ability to attain higher levels of competency achievement.

INCPAS had several quality resources available to help determine the core competencies of the profession. Two AICPA research projects very effectively identified core competencies through extensive research and analysis of input gathered from CPAs across the United States. This was

a solid foundation. However, much work was still to be done. INCPAS needed to describe and develop these competencies in greater depth and detail in order to create awareness and usefulness. CPAs and their employers needed guidance on how to use and apply the core competency descriptors as well.

The descriptor for knowledge sharing was developed through the work of the participants in a five-day knowledge management certificate course attended by INCPAS leadership and staff, and taught by Griffiths and his colleague Peter Evans from the University of Edinburgh in Scotland.

With this work complete, the group turned its focus to developing the other six core competency descriptors from the CPA Horizons project. Three teams of four members each were formed.

As work started on the creation of the descriptors, INCPAS decided to focus on public accounting, and in particular, those CPAs who worked in small and mid-size firms. Eventually these teams revised, expanded, and adapted the core competency descriptors and related guidance to be relevant to CPAs in business and industry, and to those in larger firms. Though these core competencies are universal to all CPAs, there are aspects and elements of each competency that vary slightly based on various CPA disciplines. Though a competency-based initiative is just one component of a broader knowledge management program, it is an important aspect that is critical to the success of other initiatives.

COMPETENCY DESCRIPTOR TEMPLATE

Using an adaptation of templates used by the British Council, K3-Cubed Ltd., provided INCPAS with the competency descriptor templates, which had been utilized successfully by previous international clients.

With these templates as a guide, the three teams spent several weeks working on the draft descriptors, with each team addressing two core competencies. The groups then updated the draft descriptors, using feedback obtained from the INCPAS Leadership Cabinet and Emerging Leaders Alliance, as well as the expert review and analysis from Griffiths and K3-Cubed, Ltd. In the end, the Society crafted seven detailed descriptors, the likes of which had not been developed previously for the CPA profession.

OPPORTUNITIES

Unfortunately for many years, there has been a lack of attention paid to, or resources allocated to, the core competencies in the CPA profession. Although most do not question the relevance or importance of core competencies, many realize that there is a disconnect between the importance of competencies and an actual commitment to improve these skills. Investing time and money for the training necessary to achieve the competencies at necessary or adequate levels has traditionally lagged. The profession has historically placed more value on technical competencies. Typically, this focus has driven professional development in the CPA profession for years.

Times are changing, however. Technical competencies are still vitally important. But with increasing complexity, the core competencies are considered equally important among many in the profession. A 2011 survey conducted by global talent management firm Lumens found that many professionals are not satisfied with their current employers, particularly in the areas of talent utilization and usefulness of performance evaluation. In fact, 81 percent said they do not believe their skills are being fully utilized, while 49 percent find little or no value in their performance appraisals. These are both key areas in which competency descriptors can provide direction, assessing skills and identifying improvements can be made.

Retention is also becoming a major issue for the CPA profession. In many cases the reason CPAs change employers is often due to undefined advancement tracks that fail to allow a clear understanding of how to improve and move up in the organization. Competency descriptors may not solve these issues in all cases. However, there is no doubt they can help CPA employers and individual professionals come to a better understanding of what they want staff members to be able to accomplish at certain points in their career. These descriptors can help measure where employees currently stand, in terms of skills and competency. They can also help managers prepare a training plan that will help both sides get what they need — a qualified and prepared professional and one that has advancement potential if the effort is put forth.

The CPA Center of Excellence® has, in addition to this guide, other resources, services and learning opportunities to assist you. Your state

CPA society also can provide assistance in identifying resources, professional development, mentoring or other development services if needed.

CHAPTER 2:

SETTING THE SCENE –

WHAT ARE COMPETENCIES?

There are nine critical steps to identifying and developing opportunities to cultivate core competencies within your organization.

1. COMPETENCY OR COMPETENCE?

Before progressing through this guide, you must differentiate between two vital terms ... “competence” and “competency.”

Competence is about what actions individuals, groups or teams perform. Conversations in this area often result in discussion about whether a person is “competent” in the performance of a given task or role. For example, we can determine competence through the accomplishment of some merit or the attainment of specific qualifications (e.g. passing the CPA Exam). Competence can also be measured by one’s efficiency in the performance of a task (e.g. quantitative key performance indicators).

Competency is about how actions are undertaken by the individual, group or team. Here performance is often discussed in terms of knowledge, skills, behaviors, aptitude, personal characteristics or effectiveness — aspects of the person that are less visible to the observer. Firms looking to measure performance in these areas often utilize qualitative performance indicators, for example:

- **Knowledge:** Job-related knowledge obtained in the performance of the task or role
- **Skills:** “Lacking in presentation skills,” or “communicates well in writing.”

KEY TAKE-AWAY:

COMPETENCE IS ABOUT “WHAT” PEOPLE DO.

COMPETENCY IS ABOUT “HOW” PEOPLE DO THINGS.

- **Aptitude:** “Excellent critical thinker,” or “possesses a high level of quantitative reasoning.”
- **Personal characteristics:** “Asserts himself when faced with complicated problems,” or “highly motivated to deliver a positive client experience.”

PICTURE THE ICEBERG

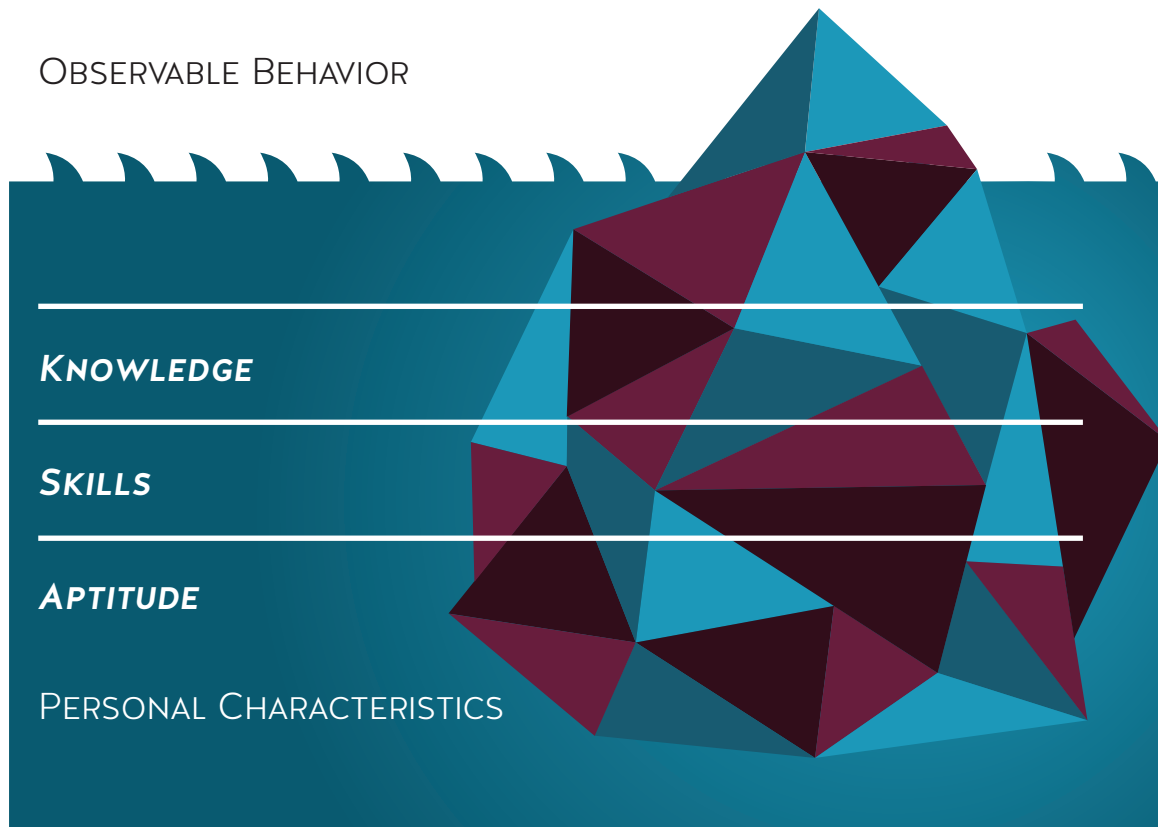
OBSERVABLE BEHAVIOR

KNOWLEDGE

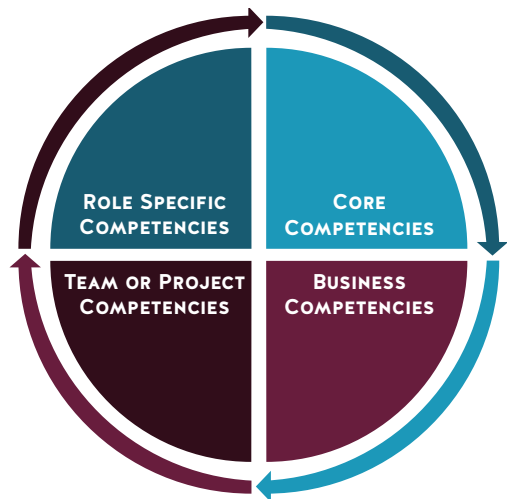
SKILLS

APTITUDE

PERSONAL CHARACTERISTICS



The focus of this guide is solely on competency development and will provide guidance in the area of “core competencies,” which will be differentiated below from “Business Unit,” “Team or Project,” and “Role” based competencies. Section 9 (page 23) of this chapter provides guidelines for the development of these other areas, which can be applied in the same way as CPA core competencies throughout the Human Resource Pathway (page 30). Implementing a full competency-based approach will ultimately allow you to build a competency profile for every position within the firm.



2. WHAT IS A COMPETENCY-BASED APPROACH?

When developing a “competency-based approach” to managing organizations, a firm recognizes value in “how” tasks are performed and often identifies competitive advantages in this area. For example, CPAs generally discuss competency over competence when considering what differentiates “technicians” from “rain-makers” within the profession. Firms hone their strategy, processes and procedures to optimize the potential of their human resources. This generally includes an emphasis on what has been traditionally called “soft-skills” development (the CPA core competencies), in addition to traditional “technical” training.

3. CORE COMPETENCIES:

There is debate as to what constitutes a “core” competency, and HR service providers will promote a diverse range of opinions. A popular view is that to be considered “core,” a competency needs to provide a unique market position for the firm. But, in the case of the CPA profession, it is too easy to argue that such a competency is based on technical knowledge, measuring success more on competence, rather than competency.

For ease of use, this guide defines a core competency to be general or applicable to everyone within the firm, regardless of location, task

or role. Furthermore, for a competency to be considered “core,” it should align with the firm’s values, purpose and strategy (page 19). Furthermore, this core competency should align with your firm’s values, purpose and strategy in such a way that it is clearly crucial to the design, development and delivery of products and/or services that your clients find desirable.

This means that the CPA core competencies, as defined and promoted by the AICPA, apply to all CPAs, regardless of role, task or location. These competencies are seen as being general and apply to all those who work within the profession.

As a reminder, the six original AICPA core competencies, supported by the one new core competency* are:

1. Critical thinking and problem solving skills
2. Communication skills
3. Leadership skills
4. Synthesizing intelligence into insight skills
5. Integration and collaboration (relationship building for influence) skills
6. Anticipating and serving evolving needs (entrepreneurship skills)
7. Knowledge sharing skills*

KEY POINT: A “CORE COMPETENCY” IS ONE THAT APPLIES TO ALL PEOPLE WITHIN THE FIRM AND IS KEY TO THE DESIGN, DEVELOPMENT AND DELIVERY OF DESIRABLE SERVICES BY THE FIRM.

4. BUSINESS UNIT COMPETENCIES:

These are competencies limited to a specific business unit (e.g. attest services or information tax)

5. TEAM OR PROJECT COMPETENCIES:

Here competencies are limited to specific teams or projects (e.g. audit teams)

6. ROLE-BASED COMPETENCIES:

These competencies are specific to a role or function (e.g. managing partner)

7. EXPLAINING THE CPA CORE COMPETENCY FRAMEWORK:

To better understand what lies behind any given competency, it is necessary to employ a framework that can be understood and used by all members of the firm. The CPA core competency descriptors (see Appendix A through G), developed by INCPAS, utilizes a proven framework adapted from work conducted at the British Council. It communicates the definition of the competency: “Why is this important?” Taken from a CPA perspective, such measurements might include: “Positive Signs” (lead indicators, what to expect from an employee if he or she is performing well), “Warning Signs” (lag indicators, what you might sense if an employee’s performance is falling short) and suggestions for “Differentiating the Level of Performance” (measurement levels, ranked “level 1” through “level 5.” See Appendices.)

Please note the “level” descriptors in Appendix A through G are generic. They have been designed to give you, the user, a platform from which to start. You will need to modify these measurements to suit the specific needs of your firm.

8. CHECKING THE CPA CORE COMPETENCIES AGAINST THE FIRM’S BUSINESS GOALS:

If you are going to develop CPA core competencies, it is important that you first check to see if these competencies align with your firm’s established business goals. To do this you can use a simple checklist, such as the one below. Such checklists also can be used to inform you of priority areas for development. Quite simply, if the core competency contributes to a business goal, then you need to be prepared to take action to develop it. The table on the next page is a simple example and is adequate for most firms. However if you wish to extend the depth of analysis you can do so using the rating system provided. (See following page).

KEY POINT: CHECK TO SEE IF THE COMPETENCIES ARE RELEVANT TO YOUR CURRENT AND FUTURE BUSINESS NEEDS. IF THEY ALIGN, TAKE ACTION. IF THEY DO NOT, CONSIDER WHETHER THE COMPETENCY IS VALID OR IF YOUR BUSINESS GOALS NEED TO BE READJUSTED.

CPA CORE COMPETENCY CHECKLIST

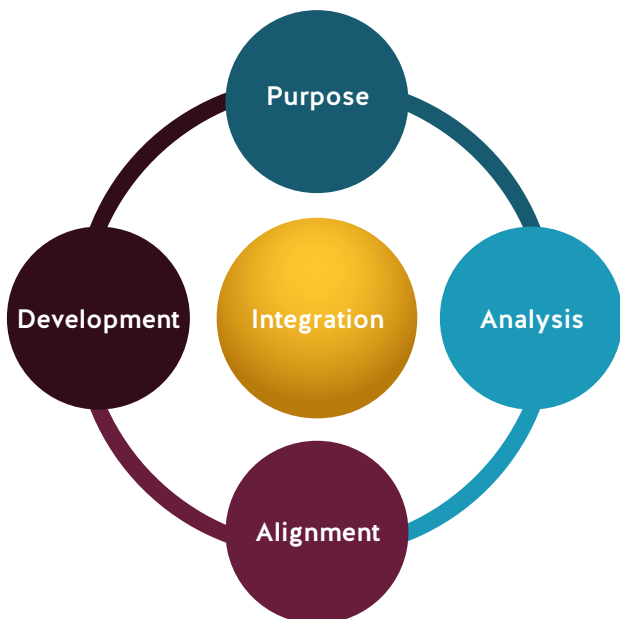
	Business Goal 1 (e.g. increase gross revenue by x% over x number of years)	Business Goal 2	Business Goal 3	Business Goal 4
Critical thinking & problem-solving skills				
Communication skills				
Leadership skills				
Synthesizing intelligence into insight skills				
Integration and collaboration skills				
Anticipating and serving evolving needs				
Knowledge sharing skills				
IMPORTANCE RATING DESCRIPTOR 1.....Not relevant to successful performance 2 Highly marginal relevance 3 Relevant but not important 4 Definitely important 5 Vitaly important				

9. GOING FURTHER – DEVELOPING A COMPLETE COMPETENCY PROFILE FOR YOUR FIRM:

At this point, if you are only interested in the CPA core competencies, or if you believe the individual competencies are the best place to start, you could jump to Chapter 3 (page 31). However, if you wish to develop a more holistic competency-based approach, one that extends beyond the core competency framework, you will need to consider and complete a full competency profile. This requires the firm to identify all competencies that are relevant to any given job description and, then, produce a complete competency profile for the firm. Some refer to this as a competency “atlas,” “dictionary” or “matrix.” This is a document that contains competency descriptors relevant to the various tasks conducted within the firm. It is not role-specific.

You can use the competency framework utilized in this handbook (Appendix A through G) to achieve this. To do so, you will need to identify the framework in five distinct ways: by purpose, by analysis, by alignment, by development, and by integration. Each of these aspects is explained in the remainder of this chapter.

KEY POINT: A FULL COMPETENCY PROFILE SHOULD CONSIDER PURPOSE, ANALYSIS, ALIGNMENT, DEVELOPMENT AND INTEGRATION.



Purpose: You should already have considered the alignment of the competency-based approach with the values, mission and strategy of your firm. Here, “purpose” relates to the focus of the framework. For example, will you focus on “quality” or “excellence?” Will you focus on the “present state” or the “future state?”

- *Quality* will focus on an agreed benchmark for the delivery of consistent service quality.
- *Excellence* focuses on what differentiates your top employees from the rest, using the competency framework to lift overall performance toward that of the highest performers.
- *Present state* will focus the approach upon immediate needs and is risky, as the market (customer need) is constantly evolving.
- *Future state* shifts the focus of the organization toward an emerging environment. This is popular with firms looking at resilience and complexity.

Analysis: In order to determine the competencies relevant to a given role, there are eight key areas to consider:

- *Structure* — Where is the role situated within the structure of the organization? Is the competency appropriate?
- *List of tasks* — What tasks are the people in each role expected to perform? Does the competency align with expectation?
- *List of abilities* — What knowledge, skills, aptitude and personal characteristics is the role holder required to have? Does the competency align with expectation?
- *Definition* — How will you define the competency? Does it align with the role holder’s definition?
- *Job design* (see Chapter 3, Section 2, page 32) — Does the competency align with the job description, considering aspects such as standardized roles versus creative roles or routine activities vs. novel activities?
- *Rank order* — How would you rank the competency? Is it “essential” or “desirable?”

KEY POINT: YOU MUST DECIDE: IS YOUR CORPORATE FRAMEWORK ALIGNED TO MEASURE “QUALITY” BENCHMARKS OR “EXCELLENCE” IN THE WAY YOU MEASURE EMPLOYEE PERFORMANCE. OR WILL YOU MEASURE YOUR COMPANY FRAMEWORK BASED ON “CURRENT NEEDS” OR “FUTURE NEEDS?”

EXAMPLE OF RANK ORDER

IMPORTANCE RATING	DESCRIPTOR
1.....	Not relevant to successful performance
2	Highly marginal relevance
3	Relevant but not important
4	Definitely important
5	Vitally important

- *Validation* — How will you validate the competency? Is it relevant in the view of one person or is it relevant to the organization as a whole?
- *Benchmarking* — How will you set the standard for performance within a given competency? What is acceptable (quality)? What would you consider to be “underperforming” or “exceeding” performance standards?

There are many methods that can be used to analyze the areas discussed above. For example, a firm might:

- Conduct “role holder interviews” to analyze actual activity in the role vs. the expectations in the job description. This activity may help to identify essential and/or desirable competencies for the role.
- Introduce “A day in the life of ...” studies, where employees are observed in their role. Write diaries, blog or tell stories which detail employees’ day-to-day activities.
- Employ a “critical incident technique,” by examining critical competencies during a time when an unusual, high impact event occurs at the firm.
- Perform 360-degree analysis by engaging stakeholders (e.g. suppliers, management, clients) in an inquiry process to explore what competencies are critical to a given role.
- Organize focus groups to discuss roles and tell stories about what is important from each team member’s perspective.

**NOTE: This guide is designed to give you a starting point to identify various methods of analysis. However, it is recommended that you also engage in further reading around these methods.*

Alignment: Any competency will need to consider four key areas of alignment:

1. Does the firm's strategy align with its structure?
2. Does the firm's structure align with the needs of each individual's role?
3. Is there alignment between the role to horizontal and vertical connections? Horizontal connections are those across roles/teams/groups at the same level. Vertical connections are those above and below (hierarchy) to ensure continuity among roles/teams/groups.
4. Does the competency contribute to the organization's need to design, develop and deliver products and/or services that clients find desirable?

KEY POINT:

IT IS IMPORTANT TO IDENTIFY AND DEVELOP A VALID COMPETENCY PROFILE FOR YOUR FIRM.

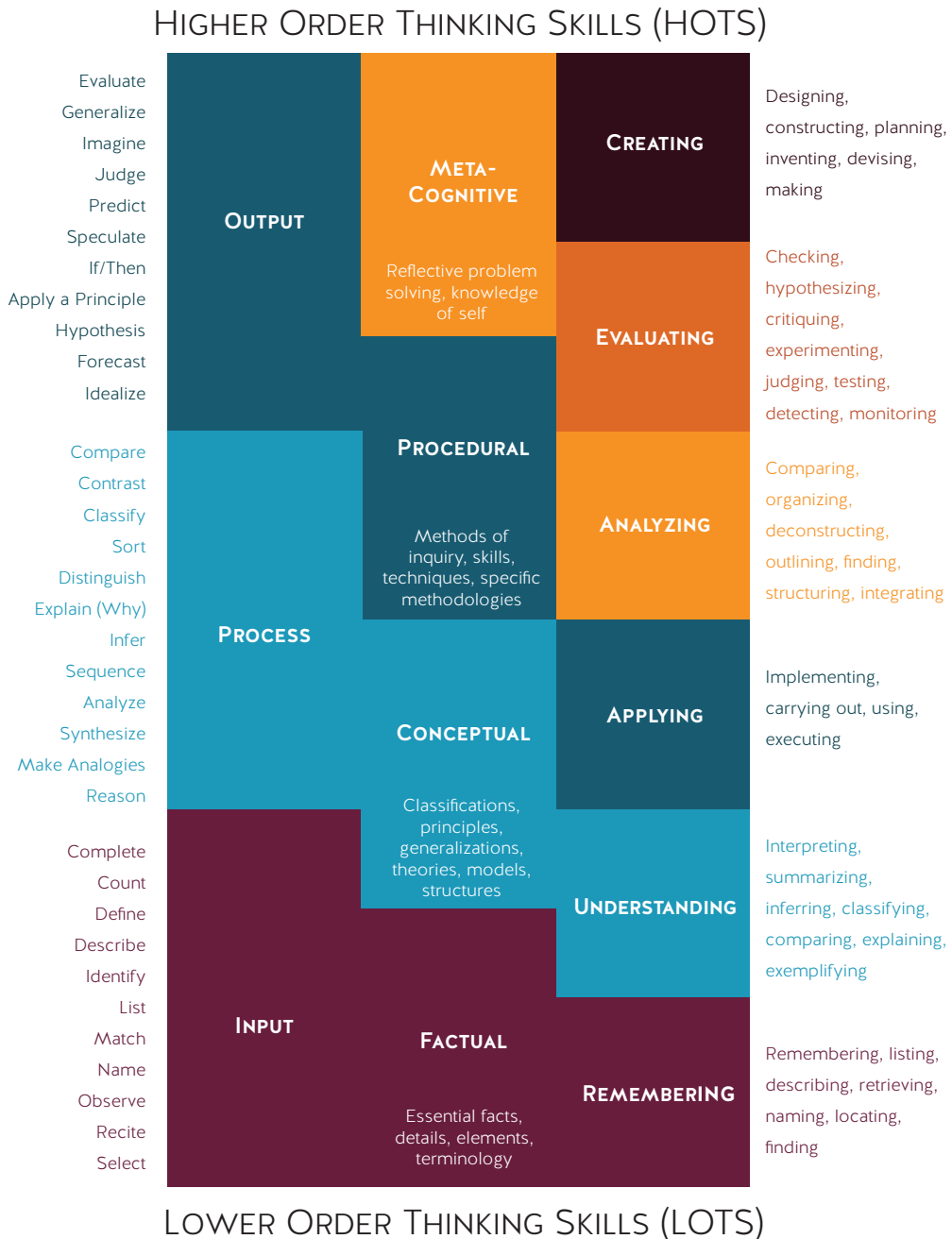
KEY TAKE-AWAY:

ALWAYS ENSURE THERE IS ALIGNMENT AMONG VALUES, STRATEGY, POLICY AND PROCEDURES.

Development: The development of the competency, the complete competency profile of the firm and a competency-based approach to human resources requires a safe-step change program. The following are some critical elements to implement change within your firm:

- *A competency maturity framework.* Each competency will need to be developed into maturity statements, through which you can differentiate performance (See “Level 1” through “Level 5” in each of the CPA Core Competencies in Appendix A through G). To achieve these maturity statements, it is recommended that you use a statement framework similar to the one illustrated on the next page, which encompass LOTS (“Level 1” through “Level 3”) to HOTS (“Level 3 through Level 5”), i.e. “Lower Order Thinking Skills” that mature through to “Higher Order Thinking Skills.” This framework is designed as a platform for further inquiry.
- *A competency profile that can be accessed and understood by all members of the firm.*
- *Identify areas for improvement.* This is a crucial, but often neglected, area of competency development. If you are going to design, develop

EXAMPLE COMPETENCY MATURITY FRAMEWORK

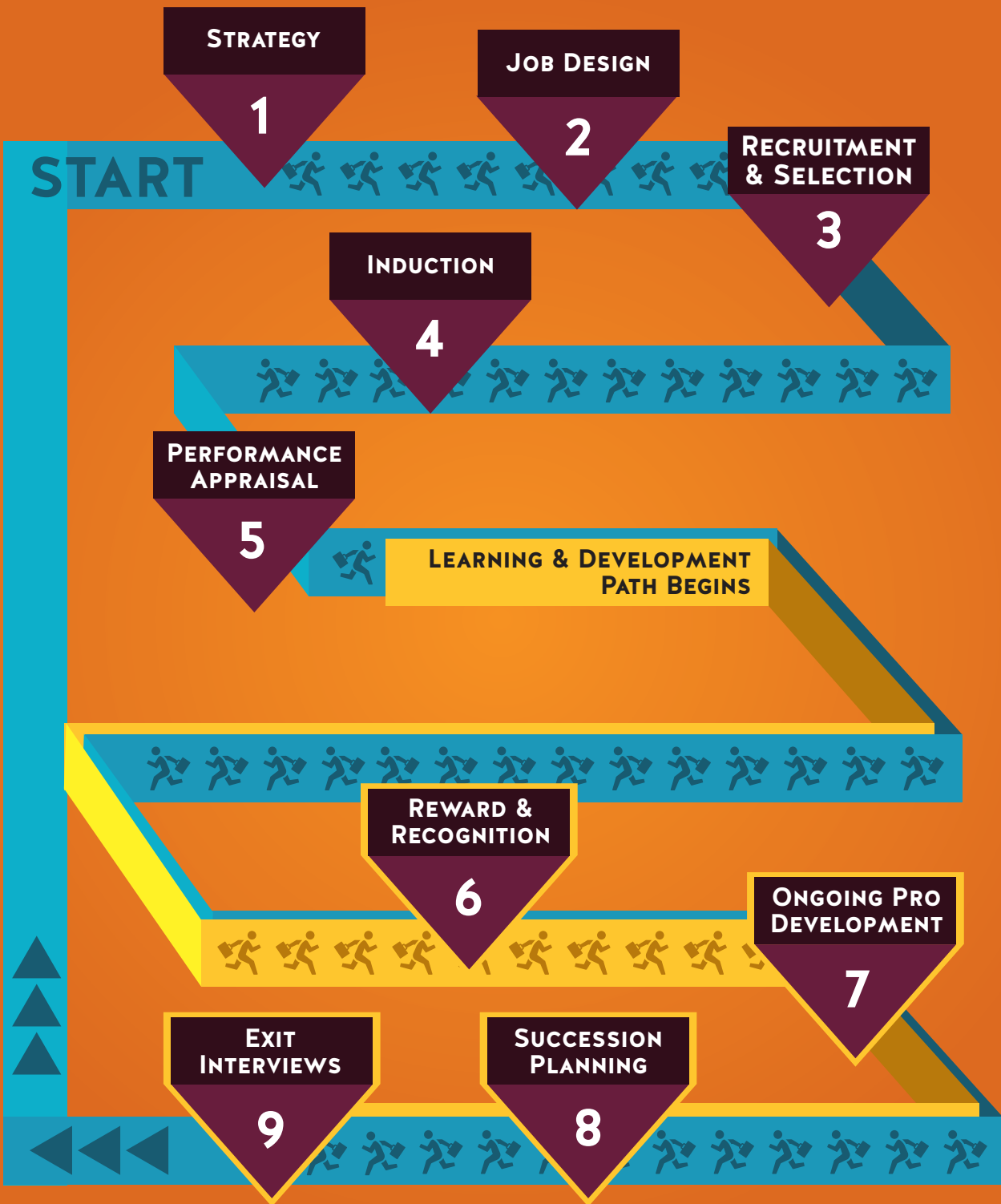


KEY POINT: CHANGING TO A COMPETENCY-BASED FRAMEWORK REQUIRES CLEAR PLANNING, COMMUNICATION, MENTORING AND DEVELOPMENT.

and deliver products and/or services that customers find desirable, you need resources to achieve your objective. Therefore, your ability to compete and adapt in the marketplace is not determined by the total resources available to you, but rather by the scarcity of the limiting resource (your least available resource). In other words, if “critical thinking” is essential to the design, development and delivery of your services, you will need to determine the level of critical thinking that exists within your firm: Where are your critical thinkers? How many do you have? Is the level of critical thinking high enough for your current and future needs? The CPA Center of Excellence® offers the CPA Core Competency scan (see chapter 4, section 2, page 57) for this reason.

- *Introduce an implementation plan.* Consideration needs to be given to, but is not limited to, the following activities:
- *HR audit.* What is the current level of understanding of, and satisfaction with, HR policy and procedure? How do you know? What does that mean for the roll out of a competency-based approach to HR management/development?
- *Communication Audit.* What does the communication flow look like in your organization? Where are the blockages? What does this mean for the rollout of a competency-based approach?
- *HR Strategy/Planning.* What needs to change within HR strategy and planning procedures to accommodate a change toward a competency-based approach?
- *Training and Development.* What changes need to be made to existing HR training and development policies and procedures in order to maximize the potential of the competency-based approach? This is closely linked to “identifying areas for improvement.”

Integration: You will need to integrate a competency-based approach across the HR Pathway, which is discussed in Chapter 3 (page 31).



CHAPTER 3:

QUICK START PROCESSES

FOR THE HUMAN RESOURCE

PATHWAY

The CPA core competencies are designed to be deployed across the HR Pathway within a firm. In other words, it is possible to take the core competencies and use them in all of your HR activities. This chapter will set out the context for the competencies, as well as examples for their use. The HR Pathway comprises the following elements: strategy, job design, recruitment and selection, induction, performance feedback (appraisal), reward and recognition, ongoing professional development, succession planning and exit interviews.

1. STRATEGY:

The starting point for any HR policy, process or system should be to synthesize the needs of the people within the firm with the firm's purpose and agreed strategy. The HR processes in this chapter, steps two through nine, can then be used to bind together the needs of the firm (designing, developing and delivering products/services that clients find desirable) and the needs of the individual employee. Think of this as aligning values to optimize the potential for success.

For CPAs, it is strongly argued that knowledge is the primary competitive resource. Knowledge is essential to the firm if it is to deliver desirable products and services. It is critical to business growth. Often technical knowledge (e.g. international taxation) is less scarce in the CPA profes-

sion (i.e. it is easier to acquire) than the functional knowledge (e.g. critical thinking skills) associated with the CPA core competencies. However, in today's business environment, competency-based knowledge and skills are considered more attractive within the CPA profession. It is also true that today's business marketplace, is more connected, interdependent, ambiguous and changing faster than at any other time in history. This environment of change has a direct influence on both CPA firms and their clients (think employment contracts through to international competition.) This means that client needs are constantly evolving. Therefore, the products and/or services provided by a firm also will have to evolve in order for the market to continue to find them desirable. Therefore, a firm's HR department must be able to detect and respond to this constant change. (See further commentary in Chapter 3, Section 7 on page 46).

KEY POINT: CPA CORE COMPETENCIES HELP FIRMS TO ACHIEVE THEIR PURPOSE, WHICH ENSURES MORE EFFICIENT DESIGN, DEVELOPMENT AND DELIVERY OF DESIRABLE PRODUCTS AND/OR SERVICES.

If you complete the checklist in Chapter 2, Section 9 (page 22) and you struggle to relate any of the CPA core competencies to your business goals, you should seek advice on your firm's strategic development. Otherwise your firm may be in critical danger of strategic "drift," which occurs when the direction of the firm moves away from the needs of the environment. In other words, your products and/or services will likely become less and less desirable within the marketplace.

Once you have aligned your strategy and ensured that your staff members cultivate skills in the core competencies, you will be able to more effectively deliver desired products and services to your clients. This will help you maintain a desirable position in the market, as you shift your HR policies, processes and systems efficiently to meet present and future goals.

2. JOB DESIGN:

How do you know you have the best person for the task or role at hand? A well-informed job design process is important, in order for the firm to represent accurately the scope and/or scale of a given task or role. This allows the firm to ensure that it is employing the best available person for the role and vice versa. It also strengthens the psychological contract between the employee and the firm, as the scope and scale of the role more readily aligns with personal expectations and capabilities, thus optimizing the opportunity for personal satisfaction and success.

Any errors in design may echo adversely throughout the HR Pathway. This may cause concerns or problems for your employees, your clients and your firm. To optimize the job design process the management team needs to consider core questions, such as:

- How does the role reflect the firm's need to design, develop and deliver desirable products and services?
- What level of expectation is associated with the role (e.g. staff accountant; senior accountant; manager; director; partner; managing partner)?
- What tasks are involved within the role and do they contribute to a coherent whole? Do the tasks have clear objectives? Do the tasks utilize and stretch the knowledge, skills and experience of the role holder? Do these aspects come together to develop an intrinsically meaningful experience for the role holder?
- Is there adequate variation in the role to continually challenge the role holder?
- Is there a requirement to provide feedback to others within the firm? How will the role holder receive this feedback?
- What support mechanisms are available to the role holder?
- Does the role holder have enough autonomy to determine appropriate methods or tools to be used in the performance of the role?
- Is the role holder provided the opportunity to solve problems, thereby contributing to ongoing learning and development?
- How does each role interact with the roles of others in the firm (e.g. vertical and horizontal integration)?
- What does the working environment look like? Have appropriate health and safety measures been considered?

The table on page 35 shows you how you can use these questions listed above to consider the importance of CPA core competencies within any given role. Using this table you first list the various role-based tasks along the top row and rate the importance of the

core competencies) to the performance of the task in the far left column.

Then you can use the core competency descriptors (Appendix A through G) to rank the “level” of each core competency (1 low through 5 high) required for each task or each assigned role. For example, in the table on the next page, essential “Communication Skills” required for the role would rank an average “level 3/4,” which, in this case, is the minimum level required to achieve the tasks within the role. In this example, the employee displays all elements of “level 3” and some aspects of a “level 4,” with “level 4” representing the desired “level” for this particular employee. You can then continue to use similar rankings to fill out the rest of the template, based on feedback from supervisors and other employees with similar roles in your firm. The CPA Core Competency scan available from the CPA Center of Excellence® also can help determine your levels. Completing the chart (see checklist on the next page) allows you to build a clear picture of the overall level of competency needed from each of your staff members to design, develop and deliver desirable products and/or services for clients.

This template also should be used to study and synthesize competency levels among staff members in step 3 through step 8 within the HR Pathway. For example, by making this information openly available, employees will know that in order to move from a senior accountant to a manager role within the firm, they will need to demonstrate a level of performance that aligns with the need of the new role. As well, partners can use a similar template analyze corporate succession planning, in order to invest in the development of staff to prepare them for the transition from one role to another (See Section 8, “Succession Planning” on page 51.)

This approach also will reinforce whether the CPA core competencies are, in fact, relevant to your firm. These empirical ratings also will provide you with evidence that these core competencies are being developed effectively in the same way you would ensure that technical competencies are being developed among your staff members.

KEY POINT: CPA CORE COMPETENCIES SHOULD BE CONSIDERED WITHIN THE JOB DESIGN PROCESS. THIS ENSURES THAT THERE IS ALIGNMENT AMONG THE NEEDS OF THE FIRM, THE ROLES OF EACH POSITION AND THE PERSON EMPLOYED WITHIN EACH ROLE.

CPA CORE COMPETENCY CHECKLIST

ROLE: _____ LEVEL: _____

BOLD IS HIGH LEVEL OF ALIGNMENT **LIGHT** IS LOWER LEVEL OF ALIGNMENT

	Service conceptualization task	Service development task	Service delivery task	Strategy development Task	Decision making task	Feedback task	Social aspect of role
Critical thinking & problem-solving skills	3	3	3	3	3	3	1
Communication skills	3	3	4	2	4	4	3
Leadership skills	1	1	3	NA	NA	NA	NA
Synthesizing intelligence into insight skills	3	3	3	3	3	2	3
Integration and collaboration skills	NA	NA	3	NA	NA	NA	3
Anticipating and serving evolving needs	3	3	3	3	3	2	
Knowledge sharing skills	3	3	3	3	3	3	3

3. RECRUITMENT AND SELECTION:

Recruitment and selection processes should look at the needs of the firm as a whole and not the needs of a single position in isolation (See Section 8, “Succession Planning” page 51). The recruitment and hiring of new staff members means that a manager must consider the abilities of each potential employee to develop both technical skills and core competencies. The most successful employees will be the ones who can synthesize both sets of competencies in order to provide clients with desirable products and services. This addresses not only immediate needs, but has the potential to significantly impact the ability of the firm to design, develop and deliver desirable services in the future.

As a successful manager, you also must consider succession planning through the lens of core competencies. There are two, equally-important priorities you must consider:

Priority One: You must consider your company’s competency attainment, which is based on the highest rating achieved by any one member of staff (Example: “Good news! Accounting for all our staff we have achieved “level 5” for all the core competencies.”). This can be determined from your assessment process or results from the CPA Center of Excellence® CPA Core Competency scan.

Priority Two: You also must consider the possibility that your company may lack required resource levels within your overall competency attainment. (Example: “Yes. Our overall competency ranking for “critical thinking skills” is at “level 5.” However, we are concerned, we only achieved this because we have one person on staff with a “level 5” ranking” We must address this right away.”)

In other words, a manager cannot assess a firm’s success in the short term and/or the long term without looking at the overall corporate capability. This analysis takes into consideration: (1) overall attainment (Priority One — the highest rating achieved in each of the core competencies by any one member of staff); and (2), a specific depth of resource within the overall attainment (Priority Two — lack of number of people attaining the highest core competency rating.)

It is not the total level of resource that determines a firm's capability (e.g. if you take into account all staff within the firm, we achieve a "level 5" for all of the CPA core competencies), but the scarcity of the limiting resource (e.g. we only have one person with "level 5" critical thinking skills in the whole firm — if he or she is not available, how will this limit our ability to respond to a problem?). Therefore, when it comes to recruitment and selection, managers must consider not only immediate needs, but also emerging needs, brought about by succession planning that studies the changing nature of the firm's marketplace and the overall corporate capability, which synthesizes priority one and priority two.

CPA core competencies should be evident in any new job description and design. As such, these competencies should appear in any essential and desirable criteria advertised as part of the recruitment process. An interview pack, made available to candidates, should set out the criteria against which selection will take place. This will allow candidates to showcase their skills and their core competencies within the interview process. To facilitate this, your firm might want to make the CPA core competency profile available for pre-interview reading, along with a version of the job design matrix discussed in the final section of this guide.

During the interview stage it is important to uncover evidence to support the suitability of the candidate to the competencies of each role. Many organizations will achieve this with behavior-based interview techniques.

In a traditional interview approach, the interviewer might ask questions such as:

"Tell me about your last job."

or

"Why do you consider yourself a good critical thinker?"

Whereas, in a behavior-based interview, the supervisor would present questions such as:

"What challenges have you faced as a leader that have required you to display exceptional leadership skills?" and "What has contributed to your success as a leader?"

or

“Describe a professional problem you once found difficult to solve.”
 “What helped you identify the problem?;” “What knowledge, skills or experience helped you solve the problem?”

Using a behavior-based interview approach, the CPA core competency “level” descriptors allow the interviewer to match a candidate’s knowledge, skills and experience against the job profile, which will help differentiate the performance/suitability of one candidate over another. This technique also allows the interviewer to provide evidence-based feedback to candidates who were not selected.

The following is one example from a CPA Core Competency Checklist. For this example, we will use the competency criteria category, “communications,” and we will use a performance evaluation ranking at “level 3” (see Appendix B, page 63) In this example, the interviewer can review the minimum criteria expected from the firm for this specific competency “level,” as well as positive and negative indicators that allow the interviewer to qualify and quantify the candidate’s performance in the interview. In this case, the interviewer has highlighted negative signs from the evidence presented by the candidate. The interviewer may well determine that the candidate falls short of the standard the firm wishes to see in a successful candidate. This process can extend across the CPA core competencies. This ranking technique allows an interview committee to build an evidence-based profile of each candidate. See example on the next page.

This guide is not designed to provide detailed guidance on interviewing techniques, but rather to demonstrate how a candidate’s capability in the area of the CPA core competencies can be explored and evidenced.

4. INDUCTION:

The manner in which a firm introduces a new employee goes a long way to setting expectations for future success. Often managers explain policies and processes with the same tired, old line, “... It’s the way we’ve always done things around here.” Unfortunately for many CPA firms, the induction process is little more than a weak effort to “train” employees by having them simply review thick policy manuals.

The next stage in the induction process can extend to the assignment of a mentor, but, on the whole, unfortunately, the relationship is often

KEY POINT: INTERVIEW AND HIRING CRITERIA SHOULD BE BACKED BY THE CPA CORE COMPETENCIES A BEHAVIOR-BASED INTERVIEW APPROACH CAN ASSIST YOU IN EFFECTIVELY EXPLORING A CANDIDATE'S CAPABILITIES.

CPA CORE COMPETENCY INTERVIEW CHECKLIST

ROLE: _____ LEVEL: _____

	Minimum Criteria	Positive signs	Negative signs	Falling short	Achieves	Exceeds
Communication skills	Encourages discussions through empathy and sensitivity toward individual perspectives Delivers presentations that consistently demonstrate an understanding for differentiation according to the needs of the audience Presentations are engaging, utilizing multiple forms of media, and content is delivered using a balance of “push” and “pull” methods Works to bring the unheard voice into the discussion and shows patience with others who find difficulty in articulating their message Is able to edit the written work of others	Consistently communicates using negotiating and networking skills Confidently and effectively modifies presentations for the clarity of each audience Deals with opposition effectively, even under harsh circumstances Inspires others through verbal and written communications, is able to connect with the audience Successfully influences each audience Consults and negotiates successfully with customers, stakeholders and staff Actively listens and checks understanding of all audiences	Is not open with information Uses inadequate spelling, punctuation or grammar, or does not write with structure Speaks or writes without consideration of audience's perspective Expects others comprehension without checking, or assumes the audiences' understating Pays little attention to the requirements of customers, stakeholders or staff Disrupts conversations, or otherwise does not listen	X		

more about “... how we do things around here” than the beginning of a development journey for the new employee as it should be. If this is how you onboard new employees in your firm, you might want to ask what this type of process says about your culture and the expectation you have of new employees.

A more productive alternative is to look at the induction process as part of an employee’s full developmental journey, beginning the very first day the employee starts a new job with your firm. To do this, you should challenge your new hires to use and stretch their knowledge, skills and experience. In this way, the expectation built during the recruitment and selection process is a dynamic, interactive process that carries through to a new hire’s socialization into the firm. This is not an easy task and requires careful planning.

Organizations that have been successful in this area have used the induction process to allow new employees to meet challenges and help solve problems facing the firm. Since these new hires have not yet gravitated to a “common” or “traditional” way of thinking within the firm, their ideas may provide new solutions to long-standing issues.

This allows existing staff members to work with new ideas brought in by the new employee. It also ensures that new employees have an opportunity to introduce important knowledge, skills and experience to the firm in a way that is open and free of judgments or neglect.

Organizations that work in this way will structure challenges or problems in such a way as to emphasize the core competencies, at a “level” commensurate with the expectation of the role. This type of management speaks to the values of the organization and cultivates a full developmental journey for new employees. It helps managers avoid explaining old policies and processes with the weary, apathetic attitude as well: “... It’s the way we’ve always done things around here.”

As an example, a CPA firm might provide a new manager with an overview of a client portfolio, along with relevant customer relations data/information, and assign a task that requires him or her to work with existing staff, who are familiar with the clients, to develop a new service offering. The challenge will allow the new employee to gain a working understanding of the firm’s policy, processes, systems and

tools. This would be addressed in traditional induction methods, while also challenging existing ways of working. This also provides an opportunity for others in the firm to stretch themselves through an exposure to new thinking. Similarly, a firm might take a new staff accountant, with little or no experience, and role-play client scenarios with them. This experience can then be used as a foundation for the staff accountant to analyze the interaction; e.g. looking for cues that could lead to the cross selling of services or intelligence that might lead to new service development.

5. PERFORMANCE FEEDBACK (APPRAISAL):

This section of the guide focuses primarily on using and stretching the core competencies in your CPA firm. However, the methods presented here may apply effectively within any segment of any firm that looks for a better way to do business.

Employees increasingly look to firms to be transparent, fair and nurturing when it comes to receiving feedback and appraisals. They also desire the opportunity to review critical benchmarks in order to monitor progress and recalibrate key milestones according to performance measurements.

Arbitrary feedback processes, which are traditionally based on the opinions of one person, do not typically fit the needs of an emerging workforce. These narrow viewpoints can interfere with the practicalities of designing, developing and delivering desirable products and/or services. These opinions do not provide the most precise feedback to a management team interested in exact measurements to determine long-term success, early warning signs of emerging problems, or a structure to form succession planning.

A competency-based approach can help minimize bias in employee feedback processes by setting precise benchmark descriptors (“levels”) through which all staff receive feedback. The descriptors should be transparent and should avoid a “push/pull” management approach (described below). This will help eliminate any risk of perceived employer bias that may exist in the minds of some potential recruits.

KEY POINT: EFFECTIVE MANAGERS MUST ASK THEMSELVES, “DOES MY FIRM TRAIN NEW EMPLOYEES BY EXPLAINING TO THEM “...IT’S THE WAY WE’VE ALWAYS DONE THINGS AROUND HERE?” OR DOES YOUR FIRM CULTIVATE NEW EMPLOYEE INTERACTION WITH CURRENT STAFFERS IN ORDER TO DEVELOP NEW IDEAS AND STRATEGIES TO HELP MEET AND EXCEED GOALS?”

AVOIDING “PUSH” MANAGEMENT METHODS

A typical employee review process or periodic appraisal often results in supervisors “pushing” feedback upon their employees. In this situation, managers continue to shove more and more opinions and information at each employee without providing an opportunity for employee response or feedback.

A “push” method creates a “forced flow” environment that typically results in stress and communication gaps between employers and employees.

Managers should seek instead to cultivate a “push/pull” environment that creates a free flow of information that is transparent. In this process, both the employer and the employee are active in the communications process. Each participate as a valued stakeholder in this important business relationship, which in turn, helps the entire firm develop better products and services for its clients.

An example of this approach would see the manager begin the appraisal process by asking the staff member to score their performance against the firm’s competency “level” descriptors, as well as “positive” and “negative” performance indicators. An agreed date is set for the feedback to be received by the manager. The manager receives this information and sets a date for an annual appraisal meeting.

At the same time, the manager commits to providing feedback of the employee’s performance within five business days of the arranged meeting. This arrangement allows the employee to reflect upon the manager’s views prior to the meeting. They then can review their development portfolio (see next page) and participate in an appraisal conversation “with” their manager that openly discusses performance around agreed parameters bounded by the firm’s competency framework. There should also be an agreed procedure for disputes in the appraisal process that mitigates the risk of confrontation and damage to the relationship between manager and employee. However, one of the best ways to ensure the relationship between the manager and employee is enhanced is to conduct regular feedback meetings throughout the year. In this way the manager’s view of performance is expected and does not come as a shock to either party.

Overall, an employee’s appraisal process should be a reflection of the firm’s values. Appraisals should be co-developed (with input from both

the employer and the employee). This review process should be founded upon a clear commitment to develop each individual. His or her values should be aligned with the firm's values (you will experience drift if they are not), and enhance the firm's opportunities to design, develop and deliver desirable products and/or services. To achieve this, the firm's HR policies and procedure should:

- Communicate the reasons for incorporating a competency-based approach to appraisals and feedback. Be transparent about all positive and negative ratings and clearly explain the benefits to each stakeholder.
- Allow for ongoing feedback, with periodic, formal discussions with both managers and employees at least once a quarter.
- Avoid situations in which employers “push” too much information onto employees. Managers should create a “push/pull” environment to allow feedback from both parties. Quarterly or annual goals should be co-developed. Refer to the section on job design (Section 2, page 32) Consider goal-setting around variation and utilization of existing knowledge, skills and experience. Develop a business environment where problem-solving, decision-making, accountability and autonomy are highly valued.
- Check co-developed goals for consistency with the firm's values, strategy, business goals and job parameters.
- Encourage both managers and employees to keep a development portfolio as a record of discussions/actions taken to achieve both current and emergent goals.
- Develop a dispute procedure, which protects the relationship between the manager and his/her employees.
- Review the corporate competency framework on an annual basis in order to develop coherence with individual and firm-level needs. Not doing so may bring about the potential for “drift,” a situation in which descriptors no longer fit with the needs of the firm's internal or external environment.
- Ensure that training is provided to assist each staff member as he or

she transitions to new approaches that will help both the individual and the firm succeed.

KEY POINT: IF A SUCCESSFUL FIRM IS BUILT ON THE KNOWLEDGE AND SKILLS OF ITS STAFF MEMBERS, WHAT DO YOUR CURRENT APPRAISAL PROCESSES SAY ABOUT HOW MUCH YOU VALUE YOUR MOST IMPORTANT RESOURCES ... YOUR STAFF MEMBERS? ARE YOU DEVELOPING YOUR HUMAN RESOURCES? OR, ARE YOU EXPLOITING THEM?

6. REWARD AND RECOGNITION:

Recently there has been a high level of debate about employee rewards and recognition and the nature of what is effective in motivating/optimizing performance within a workforce. Interestingly, recent research has shown that extrinsic rewards for good performance, such as a financial bonus or specific perks, were less highly valued among staff members than more intrinsic recognition for a “job-well-done.” Such internal recognition proved to enhance self-worth among staff members who were recognized (through performance appraisals and other means of positive feedback) by organization leaders for individual contributions to the company’s overall success. CPA Core Competencies help to promote this values-based, internal approach to rewards and recognition within the firm.

When examining competency-based reward and recognition processes the focus should be on the use of the competency (a quality standard), not the acquisition of a given competency (a quantity standard.) Applying this approach, a firm would look beyond “hard completion targets” (e.g. a completed audit) and look, instead, at the application of “soft” CPA Core Competencies, (e.g. an employee’s critical thinking skills.)

By utilizing this competency-based approach, a firm can then align the goals of the project team to ensure they deliver high performance by using a competency framework. Then project leaders must carefully align each team member’s “level” of performance expectations. As well, project managers can monitor performance measurements by using gathering ratings from the competency checklist that parallel the firm’s overall goals.

At any point within a given project, CPA firms can use the core competencies to develop a “lessons learning approach” (active and ongoing monitoring and evaluation of a project) or “lessons learned” (post project review) approach to monitor and evaluate project performance. An example of a competency-based project performance checklist is illustrated below, an audit team might use a template to review weekly or post project performance.

In this example, each member of the audit team provides feedback on personal and team performance across three key areas:

- Social/managerial aspects of the project (team communication through to day-to-day leadership) — measured by various core competency descriptors.
- Technical aspects of the project (focus on specific skills).
- Process (tools and systems used that either helped or hindered project outcomes.) To assist this, the firm might require the completion of a daily project blog, where project events can be recorded and matched against the performance view of the team members.

It should be noted that aspects of this matrix might see a team member responding with “NA” (not applicable). The client also can be invited into the ongoing review process, which allows for early detection of project or performance drift; the client should certainly be invited into any post project (lessons learned) review.

In the matrix on the following page, each team member measures the methods and outcomes of his or her own individual contributions to the project, as well as how each perceived the overall team communications and performance. This particular checklist also allows for feedback from the client by answering these questions:

- How are the client’s needs being met?
- How does the client perceive the success of the firm’s outcomes?

Competency checklists highlight signposts for immediate/ongoing actions. They provide feedback to individual team members and to the team as a whole. And they can signal a number of important, recommended actions for the team with appropriate feedback from the client.

Outputs can also be used to:

- Create individual appraisal checklists
- Develop ongoing professional training opportunities
- Craft induction procedures
- Implement new policies and processes for succession planning

CPA CORE COMPETENCY PROJECT PERFORMANCE CHECKLIST

	PERSONAL	TEAM/FIRM	CLIENT
SOCIAL/MANAGERIAL	Critical Thinking	Critical Thinking	Critical Thinking
	Communication	Communication	Communication
	Leadership	Leadership	Leadership
	Intelligence to Insight	Intelligence to Insight	Intelligence to Insight
	Integration & Collaboration	Integration & Collaboration	Integration & Collaboration
	Anticipate & Serve Needs	Anticipate & Serve Needs	Anticipate & Serve Needs
TECHNICAL			
PROCESS			

7. ONGOING PROFESSIONAL DEVELOPMENT:

Ongoing professional development helps promote an atmosphere for healthy change in your company. Practically any successful business person understands that for a firm to continue to succeed, it must be able to understand and embrace changes.

- In the marketplace
- In the types of products and services offered to your clients
- That require updates in the world of technology
- That push us to enhance our high-tech skills and expertise through new technical competencies

But as this guide explores, ongoing professional development also helps us address other kinds of changes that are equally as critical to the success of your CPA firm. These are changes that:

- Help you meet both current and emerging needs
- Improve how we communicate with one another
- Cause us to pause and reevaluate the way we do business
- Affect the very way we relate to people through new core competencies

When combined, these two change forces collide in a perfect storm that is challenging and increasingly complex. Improved technical competencies and stronger core competencies help managers heighten their sense of awareness and prepare for both present and emerging needs.

This is a new, complex business model in which “state-of-the-art” merges with a new “state-of-mind.”

Adaptive capability is a key concept for those CPA firms looking to remain relevant in the future. This is about change. Not the silo-based change programs of the past, where a firm goes through a change process with a clear beginning and end, but a firm that exists with change as a state-of-mind and nurtures it as a new core capability.

Complexity has become a management “buzz word” in recent years. Firms generally sense complexity in four ways:

- Hyper-ambiguity (the complexity gap — cause and effect is not clear)

KEY POINT: MAKE SURE YOU REVIEW YOUR PROJECTS AND ESTABLISH AN EARLY FEEDBACK SYSTEM FOR CPA CORE COMPETENCY DEVELOPMENT.

- Hyper-connectedness (the notion that the world is more connected than ever before)
- Hyper-interdependence (with being more connected, there are more emergent or discrete interdependencies that are not always clear)
- Hyper-flux (a constant state of change or evolution, at an increasing speed)

Organizations have seen the emergence of mechanisms that respond directly to the characteristics of complexity. These can have direct implications for CPAs:

- Integrated reporting is a new framework for financial reporting (theiirc.org). This tool has moved from the exploration phase and now features a formalized framework that encourages organizations to report on key measurement categories, such as “environment” (e.g. strategy alignment, signal detection and risk assessment) to “knowledge,” (intellectual capital, social capital and human capital).
- New U.S. GDP Calculations: There are now new ways in which the U.S. GDP is calculated. For example, “research and development,” a long-standing “capital expense,” is now considered a “capital investment,” based on new government criteria.
- Ecology-based risk assessment: In the past, a traditional, reductionist approach looked at relationships in isolation (examined as a single transaction or studied as a relationship between a single firm and another.) Through this new ecology-based risk assessment, risk is now being assessed from the perspective of interactions within a whole ecosystem (the people/firms within their environment).

These are just a few examples of how systems and processes are shifting, causing firms, in general, to align more closely with the nature of the environment in which they transact. These developments are changing the landscape for CPA firms as well. For example, CPAs are shifting from traditional quantitative methods to a more nuanced, qualitative approach to financial reporting.

However, increasing complexity — and it is increasing — means that firms must operate in a constant state of heightened awareness and greater flexibility. Complexity can produce a dense fog that can create many

challenges and problems as you attempt to navigate your firm's future. Your heightened state of awareness and flexibility can help you adapt and change more quickly and guide you in the future as you continue down the road.

Sensing a problem early will provide you with a competitive advantage. However, “change capability” is only one piece of the puzzle. An ability to solve known and emerging problems (outputs of unintended consequences) is a core capability. You must have a mindset that embraces change, not simply for the sake of change, but rather, change as a natural way of doing business. By doing this, you can be proactive and improve your firm's processes and performance by utilizing your ability to accept change and adjust to this shifting landscape. Change capability is the limiting capability that will define your future success.

This means that you and other successful leaders in today's CPA firms must be educated. Your awareness must be heightened if you are to be prepared for the challenges to come. This need for change capability can be seen in the pages of the top management journals. Firms the world over, and not just in the CPA profession, are being asked to rethink the way they operate. A firm's mission is no longer about creating shareholder value. Today and in the future, companies ensure success by creating communities that can consistently adapt to a changing environment in order to continue to design, develop and deliver products and/or services that customers will find desirable.

Corporate leadership is responding. More and more firms are shifting toward a success model centered on a “values-based” management approach. In this approach, leaders from “corporate communities” center around core values that define the organization and its purpose — an approach that the *Harvard Business Review* has defined as a vital key to today's most successful firms. Today corporate development teams are rethinking organizational designs to focus on a more integrated form. A lack of integration is a good example of how concepts like knowledge management or quality circles have faded in the past; their functional design being isolated and misaligned to the point of failure.

Successful leaders of these organizational communities understand that they have a duty to support and nurture “change capability” within their staff. It is an interesting dichotomy. They must be patient. And at the

same time they must be ready to act quickly to an ever-changing environment. They need to invest in energy and resources to align the organizational community with the external environment

Ultimately, leadership and staff must be willing and able to change. This willingness and the ability to change offer firms the “change capability” that is needed to succeed. Without this, even the world’s most well-established organizations will eventually falter (remember Kodak not embracing digital photography?).

In order to survive, these firms must invest in strategy and resources that allow them to develop experience and to adapt to changes the marketplace. For CPA firms specifically, technical knowledge will always provide a solid foundation from which to build.

Additionally, those firms that can develop added skills through the CPA core competencies will be able to differentiate and enhance their firms as they look to design, develop and deliver desirable products and services for an ever-changing marketplace. Quite simply, added rewards will come to those firms that recognize this potential and invest in staff development programs that raise awareness, as well as support, nurture and navigate the firm as a community through an environment that is constantly changing.

The job design process (Section 2, page 32) will provide you with information on what, where and how CPA core competencies contribute to your business goals (see the checklist on page 47). The appraisal process (see Section 5) and approaches to rewards and recognition (see Section 6, page 44) will ensure that the firm is offering adequate incentives to encourage positive employee performance standards that align with the company’s current and future goals.

It is then up to the firm to analyze existing and emerging requirements (see Succession Planning, Section 8, page 51) in order to produce development plans that cover both technical knowledge and the CPA Core Competencies for each employee. As this guide has illustrated, if a manager develops only technical skills and ignores the CPA Core Competencies, the long-term health of the manager’s firm may be in danger of becoming irrelevant, because it will not be able to design, develop or deliver the desirable services and/or products the customers desire.

8. SUCCESSION PLANNING

In the context of this guide, succession planning refers to role transitions among staff members at all levels within the firm. Throughout the years many managers at CPA firms have made a common mistake when working on succession planning. These managers would only consider succession planning among staff members in senior management roles and in partnership discussions. Succession planning, as it is referenced in this guide, must be considered among all staff members within the firm for the purpose of designing, developing and delivering desirable services for the marketplace.

If staff members are to better understand each specific role within the organization (and the individual roles each person plays in that system), management must ensure the firm is organized in ways that allow staff to better understand each role and his or her specific responsibilities. This helps the firm be more transparent and flexible. There must be a tool, process or system that provides the intelligence on the health of the firm and whether it remains fit for purpose.

SUCCESSION PLANNING DASHBOARD

The diagram on the next page is an example of a Succession Planning Dashboard (SPD) that you can use to gather intelligence. This tool may be used as part of an early “warning system,” that points to strengths, weaknesses, threats and opportunities within the firm’s community. The SPD will both inform and be informed by “strategy” (See Section 1, page 31) and ongoing Professional Development (See Section 7, page 46). In this the example above of a SPD, managers track the performance and progress of a staff member (“Joseph”). His performance ratings are tracked against expectations for his current role (“senior staff accountant”) and the color coding shows his current level of performance (the chart indicates that Joseph is a solid performer). The lower half of the SPD looks at the role in which Joseph is expected to transition, along with the performance of the current role holder (“Brendan.”) According to the chart, Brendan is a very strong performer who exceeds expectations (highlighted in the lower left area of the dashboard.) Brendan’s high performance numbers indicate that Joseph may face a challenge, as he attempts to transition to a higher position within the company.

KEY POINT: THE ABILITY TO ADAPT IS A CORE CAPABILITY FOR FIRMS LOOKING TO MAINTAIN THEIR RELEVANCE IN THE MARKETPLACE. WHAT ARE YOU DOING TO DEVELOP OPPORTUNITIES FOR YOUR STAFF TO ALLOW FOR THE IMPROVEMENT IN THIS CORE CAPABILITY?

SUCCESSION PLANNING DASHBOARD

	JOSEPH B. LOGGS				
	CURRENT	TARGET	LAG	ALIGN	LEAD
CURRENT POSITION	SENIOR STAFF ACCOUNTANT				
DATE IN POST/TIME	01/09/12		TWO YEARS		
CRITICAL THINKING	3	3		X	
COMMUNICATION	4	3			X
LEADERSHIP	2	2		X	
INTELLIGENCE TO INSIGHT	3	3		X	
INTEGRATION & COLLABORATION	2	3	X		
ANTICIPATION & SERVING NEEDS	3/4	3			X
KNOWLEDGE SHARING	3	3		X	
TARGET POSITION/NAME	MANAGER		BRENDAN ROGERS		
TARGET TRANSITION DATE	08/14		ONE YEAR		
CRITICAL THINKING	4	3/4	X		
COMMUNICATION	4	3/4			X
LEADERSHIP	4	3	X		
INTELLIGENCE TO INSIGHT	4	3/4	X		
INTEGRATION & COLLABORATION	4	3/4	X		
ANTICIPATION & SERVE NEEDS	3/4	3/4		X	
KNOWLEDGE SHARING	4	4	X		

Current performance — could be reduced to two columns with color progress indicators

Take development action

Succession performance of current role holder

Alignment of Joseph against performance expectation of next role

KEY POINT: SUCCESSION PLANNING INVOLVES RESEARCH AND TRACKING EMPLOYEE PERFORMANCE OVER TIME. EACH EMPLOYEE'S PERFORMANCE LEVELS AND SKILL LEVELS MUST BE IN COMPLIANCE WITH THE CURRENT AND EMERGING NEEDS OF THE FIRM.

9. EXIT INTERVIEWS

What competencies are being lost from your firm, how is this loss impacting your competitive position in the marketplace and why? Using exit interviews as a stimulus for firm wide introspection will surface opportunities and threats that will enhance the firm's ability to adapt in the future.

When an employee leaves the firm, it is important to try and understand: “why?” Every exit interview provides an opportunity to gain new knowledge, skills and experience. These interviews may allow for new ways to refresh existing thinking or to challenge the norm. At the same time, exit interviews may expose weaknesses in current competency development (e.g. communication or leadership skills.) These weaknesses may influence an individual's feeling of belonging within the firm. This can then expose highly valuable knowledge, skills and experience that is difficult, if not impossible, to replace (think of the impact of losing your top “rainmaker”).

Skilled exit interviews provide the firm with an opportunity to learn more about itself as a “community.” A savvy firm also will use the exit interview as a type of “opportunity and threat analysis.” How can these new insights influence your firm's ability to design, deliver and develop desirable products and/or services, in both the short term and the long term?

The following are examples of powerful exit interview questions that can provide you with answers and insight into your firm's culture. (Note: the most effective exit interviews come from conditions where the interview has been volunteered by the exiting employee and where confidentiality is guaranteed.)

- What prompted you to begin looking for opportunities outside of this firm?
- How did this firm make you feel valued?
- How did this firm make you feel under-valued?
- How would you describe the culture of this firm?
- How would you describe the leadership of this firm?
- If you could change one thing with this firm, what would it be? Why?
- What would be the one thing you would never change about this firm? Why?

KEY POINT: YOU MUST HAVE YOUR FINGER ON THE PULSE OF YOUR BUSINESS. IF PEOPLE ARE LEAVING YOUR FIRM, YOU NEED TO UNDERSTAND WHY. WHAT DOES THIS MEAN, IN TERMS OF YOUR FIRM'S STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

CHAPTER 4: NEXT STEPS

1. CPE

In response to the growing importance of the CPA core competencies in today's marketplace, CPA Center of Excellence® has developed a series of online interactive courses and on demand CPE modules that address each of the CPA Core Competencies. The content is designed to expand your knowledge as you look to build upon your professional knowledge, skills and experience.

Further information on CPA Center of Excellence® courses, including content, costs, etc. can be found at cpacoe.com.

2. GETTING TO KNOW THE LEVEL OF CPA CORE COMPETENCY CAPABILITY WITHIN YOUR FIRM

Several sections in this guide highlight instructions and discussions designed to enhance your ability to design, develop and deliver desirable products.

The CPA Center of Excellence® partnered with Cognitive Edge, using SenseMaker®, to produce the CPA Core Competency scan that brings deep insights into current resourcing levels. Exploring these insights can have a positive influence on your firm in the future.

This is not the only solution available to you. However, it is a program that has been specifically designed by CPAs for CPAs. It is therefore recommended that you contact your state CPA society for advice and guidance in this area.

3. DESIGN AND IMPLEMENTATION SUPPORT

There are many consultants and training companies that offer services, which support the design, development and implementation of processes and systems for the competency-based approach. Your state CPA society can provide you details on recommended service providers in this area.

APPENDICES



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APPENDIX A: CORE COMPETENCY DESCRIPTOR ONE

CRITICAL THINKING AND PROBLEM-SOLVING SKILLS**DEFINITION**

Critical thinking and problem-solving skills incorporate a process that utilizes one's knowledge, skills and behaviors to identify, interpret, infer, assess and explain the potential impact of a problem, question or conflicting view/debate on a situation in order to develop and implement solutions that meet the needs of the individual, client (internal and/or external), organization and/or CPA profession.

WHY IS IT IMPORTANT?

Individual critical thinking and problem solving skills are critical as due to the pace of change in the CPA profession, and complexity of CPA clients' needs (internal and/or external). CPAs rely on their ability to consistently exceed expectations while meeting organizational goals and evolving the view of the CPA profession providing "trusted advisors."

POSITIVE SIGNS

- Suggesting solutions, which may not be universally accepted, but are feasible.
- Is able to persuade on viable solutions; good communication skills.
- Timely execution of decisions.
- Stays informed about current topics, tools and trends.
- Perceived by clients or customers (internal or external) as a business partner.
- Is viewed by others throughout organization as a resource.
- Shows confidence in decision making abilities.

WARNING SIGNS

- Taking action without considering repercussions.
- Frequently asking the same questions or questions that could be answered without much assistance.
- Presenting irrelevant and inappropriate solutions.
- Not correctly identifying causes of problems.
- Complaints from clients or customers (internal or external).
- Inability to effectively communicate problems.
- Bringing problems to supervisors without bringing possible solutions.

LEVEL 3

Identifies, and brings attention to, problems, questions and conflicting views/debates for the client (internal and/or external), organization and/or profession.	Identifies and can explain causes and effects of a problem, question and/or conflicting views/ debates.	Consistently demonstrates an ability to differentiate the problem or conflicting views/debates from the perspective of the individual, organization, client (internal and/or external) or profession.
Demonstrates the ability to differentiate between problems, questions and conflicting views/debates.	Analyses data and/or information and clearly states consequences for the client (internal and/or external), organization and/or profession.	Identifies best possible solutions, for the client, organization and/or profession, to a problem, question or conflicting views/debates.
	Generates and brings attention to potential solutions to problems, questions and/or conflicting views/ debates.	Develops and/or brings attention to plans/solutions that address problems for the client (internal and/or external), organization and/ or CPA profession.
		Takes responsibility for implementing solutions to problems that impact the client (internal and/or external), organization and/or CPA profession.
		Demonstrates the consistent ability to assess solutions for the client (internal and/or external), organization and/or profession, in order to identify, and bring attention to, potential unintended consequences.

CRITICAL THINKING AND PROBLEM-SOLVING SKILLS

LEVEL 4

LEVEL 5

Demonstrates the consistent ability to assess and lead on solutions for the client (internal and/or external), organization and/or profession, to mitigate potential unintended consequences.

Analyses external and internal environments and draws inferences for future/potential problems, clearly communicates challenges for clients (internal and/or external), the organization and/or the profession, and is able to effectively influence decision making to execute plans quickly.

Develops planning processes/solutions according to the problem, question or conflicting views/debates, and is able to present these plans/solutions in a coherent manner.

Acts as an advocate for critical thinking and promotes a “safe to fail” environment amongst internal/external stakeholders.

Demonstrates the consistent ability to influence decision making processes in order to execute plans/solutions in an efficient and effective manner.

Promotes critical analysis of data, information and knowledge, amplifying their interpretation, inferences drawn and explanations of others in the organization and/or profession.

Applies critical thinking to emerging issues and applies knowledge, skills and behaviors learned in order to be proactive in the identification of, and bringing attention to, potential problems, questions and conflicting views/debates for clients (internal and/or external), the organization and/or the profession.

Takes responsibility/accountability for the monitoring and evaluation of solutions to problems, questions and/or conflicting views/debates, on the part of colleagues, clients (internal and/or external), the organization and/or the profession, and, in the case of failing situations devises plans to remediate.

Takes responsibility/accountability for the monitoring and evaluation of solutions to problems, questions and/or conflicting views/debates, on the part of colleagues, clients (internal and/or external), the organization and/or the profession, and, in the case of failing situations devises plans to remediate.

APPENDIX B: CORE COMPETENCY DESCRIPTOR TWO

COMMUNICATION SKILLS**DEFINITION**

Communication skills relate to oral, listening, presentation and writing skills that enable a person to convey information that increases the opportunity for information to be understood and for knowledge, skills and behaviors to be transferred; effectively persuade, influence and negotiate with others while utilizing active listening.

WHY IS IT IMPORTANT?

CPAs communicate concepts and best practices for a variety of issues for a range of audiences. Communication provides the opportunity for developing good relationships with internal or external customers, stakeholders and staff. Excellent communicators use verbal, non-verbal and writing skills to anticipate others' abilities and reactions to the information being conveyed. Communication is also essential to any individual CPA, or organization, looking to negotiate modern complexity, where connectedness overcomes challenges of diversity and hyperspecialization.

POSITIVE SIGNS

- Consistently communicates using negotiating and networking skills.
- Deals with opposition effectively, even under harsh circumstances.
- Confidently and effectively modifies presentations for the clarity of each audience.
- Inspires others through verbal and written communications, is able to connect with the audience.
- Successfully influences each audience.
- Consults and negotiates successfully with customers, stakeholders and staff.
- Actively listens and checks understanding of all audiences.

WARNING SIGNS

- Is distressed or apprehensive when speaking.
- Is not open with information.
- Uses inadequate spelling, punctuation, or grammar, or does not write with structure.
- Speaks or writes without consideration of audience's perspective.
- Expects others' comprehension without checking, or assumes the audiences' understanding.
- Disrupts conversations, or otherwise does not listen.
- Pays little attention to the requirements of customers, stakeholders or staff.

COMMUNICATION SKILLS

LEVEL 1	LEVEL 2	LEVEL 3
Able to converse in small groups in familiar surroundings.	Able to converse in small groups in familiar surroundings, knowing when to contribute and when to listen.	Encourages discussion through empathy and sensitivity towards individual perspectives.
Consistently delivers simple presentations to small groups in familiar surroundings and is able to highlight simple messages, problems, question or conflicting views/debates.	Demonstrates active listening skills and engagement in communication by restating previously communicated information in response to problems, questions or conflicting views/debates.	Delivers presentations that consistently demonstrate an understanding for differentiation according to the needs of the audience.
Is able to utilize multiple methods for communication, though not always consistently or effectively (video, audio, PowerPoint etc.)	Consistently delivers presentations to small groups in familiar surroundings and is able to reinforce specific messages, problems, questions or conflicting views/debates in such a way that the audience clearly understands the point of the presentation.	Presentations are engaging, utilizing multiple forms of media, and content is delivered using a balance of “push” and “pull” methods.
Able to communicate in writing using clear and articulate language.	Demonstrates an ability to articulate himself or herself clearly when faced with routine questions in a conversation and/or presentation.	Works to bring the “unheard” voice into the discussion and shows patience with others who find difficulty in articulating their message.
	Exhibits an understanding of the reader’s needs when developing written work.	Is able to edit the written work of others.

COMMUNICATION SKILLS

LEVEL 4

Confident and clear communicator 1-on-1, in small groups and in front of larger audiences.

Demonstrates an ability to articulate themselves clearly when faced with non-routine and/or challenging questions in formal/social professional environments.

Works to assist others to improve their message, especially in conflict resolution.

Confident and clear communicator in unfamiliar surroundings.

Demonstrates the ability to coach others in terms of presentation skills and written communication.

LEVEL 5

Is able to demonstrate an impact upon colleagues, clients (internal or external) and/or the CPA profession through oral, written and presentation based communications.

Successfully negotiates conflicts and encourages open communication.

Effectively condenses complex information, both in verbal and written communication in such a way as not to overwhelm the audience.

Uses verbal, written and presentation skills to anticipate others' abilities and reactions to the information being conveyed.

Demonstrates an understanding of the nuances of 1-on-1 and small group conversation, demonstrating an ability to negotiate the needs of others against his/her personal interests or the interests of the organization and/or profession.

Demonstrates an understanding of the nuances of written communication (personal and for a wide audience), demonstrating an ability to negotiate the needs of others against his/her personal interests or the interests of the organization and/or profession.

APPENDIX C: CORE COMPETENCY DESCRIPTOR THREE

LEADERSHIP SKILLS**DEFINITION**

Leadership is about setting an operational direction and strategy, and facilitating, influencing, inspiring, demonstrating by example and motivating others to embrace change and achieve excellence aligned with that direction. It is also about developing, supporting, coaching and connecting others to develop their capabilities and confidence for the benefit of the individual, organization and/or the CPA profession.

WHY IS IT IMPORTANT?

All CPAs need to consider themselves as leaders, as anyone tasked with a role that holds accountability (e.g. for a task, project, managing staff members, planning) can take a leadership role. Some will also be responsible for operational and/or strategic planning, encompassing a wider responsibility to the organization, the profession and/or wider society. CPAs must ensure the activities of the organization are aligned with the vision and strategies and that the organization has the motivation and capabilities to achieve the desired results. To do this, leaders are responsible for ensuring that individuals and teams understand what is required of them and why, for providing or arranging appropriate support and coaching, and delegating fully so that individuals are empowered to take on more responsibility and grow in their capabilities (in society and the profession).

POSITIVE SIGNS

- Has a group that understands and is aligned with the organization's vision and strategies.
- Achieves results.
- Accepts responsibility and accountability.
- Makes time for the team e.g. makes him/herself visible and available.
- Delegates routine elements of more complex tasks and encourages others to do the same, confirms when others have understood and learned from delegated tasks.
- Treats each team member equitably, and acts as a facilitator when team members experience conflict.
- By being non defensive and giving feedback, creates a climate where everyone feels they can take risks, make mistakes and learn from them and are willing to support each other.
- Helps team members to come up with their own answers rather than solving problems for them.
- Finds ways and time to support, connect and coach others.
- Serves as an agent of change not satisfied with the status quo.

LEADERSHIP SKILLS

WARNING SIGNS

- Does not understand the organization's vision and strategy or is unable to communicate it clearly.
- Focuses on transactions or specific processes as ends in themselves.
- Delegates to individuals without providing necessary support or resource.
- Fails to support others or lets others take the blame when things go wrong.
- Always assumes individuals have the necessary knowledge and skills to do the job.
- Expects certain behaviors but does not set personal example.
- Fails to give equal support or development opportunities to all members of the team.
- Does not capitalize on diverse skills and ideas offered by the team.
- Accepts without question the reputation of an individual and denies development opportunities because the person is considered "high risk."
- Does not accept new concepts
- Leads out of intimidation, failing to empower organization.

LEADERSHIP SKILLS

LEVEL 1	LEVEL 2	LEVEL 3
Exhibits self confidence when addressing routine questions, problems or conflicting views/ debates in environments familiar to their role.	Demonstrates ability to control emotions in the face of personal and/or professional circumstances.	Demonstrates an understanding of group, team and/or organizational structures (political and power related).
Recognizes own emotion and the impact of those emotions upon themselves, their performance and the effect, and impact, upon decision making processes.	Exhibits transparency, honesty and integrity. Promotes trust through actions that are congruent with personal values and that of the organization.	Consistently demonstrates a service orientation, responding to and anticipating the needs of colleagues, clients and/or other internal/external stakeholders.
Able to communicate personal strengths and weaknesses as they relate to the role, client (internal or external), colleagues, organization and/or the wider profession.	Adapts personal behavior according to the changing needs of colleagues, clients (internal or external), the organization and/ or other internal/external stakeholders.	Exhibits empathy, promoting the concerns of colleagues, clients (internal or external) and other internal/external stakeholders, though those concerns might run contrary to their own interests.
	Takes personal responsibility for delivering quality and/or excellence for himself or herself in dealings with colleagues, clients (internal or external), the organization and/or other internal/ external stakeholders.	
	Exhibits a readiness to act when needed.	
	Displays persistence in pursuing objectives in the face of adversity.	

LEADERSHIP SKILLS

LEVEL 4

Works to develop others, senses needs (in terms of colleagues, clients, the organization and/or the wider profession) and utilizes structured feedback, and intervention planning.

Provides inspirational leadership, where colleagues, clients, the organization and/or the wider profession are influenced by the ability to articulate a personal or organization vision.

Exhibits consistent use of tactics for persuasion in familiar and unfamiliar environments, both within and outside the organization and/or profession.

Acts as an advocate for, and leads by example in, the promotion of a “safe to fail” culture that works to empower individuals to make decisions that are in congruence with personal and organizational values, and are in the best interests of the client, the organization and/or the wider CPA profession.

LEVEL 5

Is seen as a respected advisor by internal and external stakeholders, where their opinion is sought and trusted within the organization’s market space and/or the wider CPA profession.

Demonstrates strategic alignment with the needs of the organization, and/ or the wider CPA profession, utilizing broad knowledge that is future oriented and observed by internal/external stakeholders as being relevant.

Consistently strives for results and impact, pursuing the best outcomes for the individual, client, organization and/or the CPA profession, while maintaining congruence between personal and organizational values.

Provides perspective for others, ensuring that problems, questions and/or conflicting views/debates are kept in context and approached with a balanced.

APPENDIX D: CORE COMPETENCY DESCRIPTOR FOUR

SYNTHESIZING INTELLIGENCE INTO INSIGHT SKILLS**DEFINITION**

Synthesizing intelligence to insight is about being an expert in connecting data, information and knowledge, performing analyses and using business acumen, good judgment and experience to provide astute guidance for better business decision making.

WHY IS IT IMPORTANT?

This is important to CPAs in order to enable the organization, or the clients of a firm, to make the best decisions at the right time with the appropriate information, knowledge, skills and behaviors. It supports the ability of the individual CPA, their organization and/or the profession to become resilient and improve its competitive position in the marketplace. Developing intelligence into insight transitions the individual, organization and/or profession into a mode of proactive practice that improves dynamic, agile and adaptive capacity, improving the value proposition to internal/external stakeholders.

POSITIVE SIGNS

- Ability to identify and solve unstructured problems.
- When faced with a problem, gathers as much information as necessary about it, in a timely and effective manner, before identifying root causes and possible solutions.
- Bounces ideas off others to understand how they might tackle a problem.
- Breaks down large pieces of work into smaller, simplified and more manageable parts.
- Comes to a conclusion and provides recommendations or action steps.
- Ability to use a variety of analytical techniques and technical tools.
- Applies good judgment to recommendations.
- Has technical expertise in areas affected by recommendations or knows when and where to obtain it.
- Can effectively communicate the analytical process used, the findings and conclusions, and the logic and rationale for the actions and recommendations.

WARNING SIGNS

- Takes action without thinking of the full range of outcomes.
- Addresses symptoms and not root causes
- Is overwhelmed by a problem; fails to break this down into manageable parts.
- Over analyzes every situation and gets bogged down in the detail.

- Fails to assess the positive and negative aspects of a proposed course of action before going ahead.
- Has lack of technical expertise related to an issue and overlooks key factors affecting decisions.
- Fails to provide conclusions or recommendations.
- Is limited in knowledge of analytical techniques and technical tools.
- Says yes to an activity without assessing whether it is the highest priority at that time.

SYNTHESIZING INTELLIGENCE INTO INSIGHT SKILLS

LEVEL 1	LEVEL 2	LEVEL 3
Breaks down data, problem, question or conflicting views/ debates into its component parts (A, B, C).	Reviews data/information and brings key issues to the attention of others.	Looks objectively at data, problems, questions or conflicting views/ debates to ensure that the impact of potential outcomes are effectively considered, promoted and/or assessed before deciding on and recommending feasible solutions that benefit the client, organization and/or CPA profession.
Lists data elements, items, tasks or activities as part of the planning process for activities associated with their role in the organization.	Identifies root causes and effects, by using data analysis, why and “if A ... then B” thinking, and uses this to prioritize key problems, questions or conflicting views/ debates.	Exhibits an ability to use a broad mix of analytical and technical tools (encompassing quantitative, qualitative and mixed method) to assist in the analysis and assessment of data, problems, questions and conflicting views/debates.
Usually relies on others to infer conclusions from the data and/ or information presented in a problem, question or conflicting views/ debates.	Exhibits an ability to use a basic set of analytical and technical tools to assist in hard and soft data analysis.	Demonstrates a consistent understanding of complex systems; analysis incorporates multiple scenarios where causality behind the presenting problem, question or conflicting views/debates is not clear.
		Acts upon their conclusions for the benefit of the client, organization or wider CPA profession, developing recommendations for action.

SYNTHESIZING INTELLIGENCE INTO INSIGHT SKILLS

LEVEL 4	LEVEL 5
Recognized within the organization as an expert in applying/evaluating analytical tools or techniques (encompassing quantitative, qualitative and mixed method) to analyze a range of data, questions problems and conflicting views/debates and actively seeks opportunities to develop these skills in others.	Is consistently sought out by internal/external stakeholders for their depth of analytical knowledge and their ability to develop insight from complex data, questions, problems or conflicting views/debates.
Exhibits the ability to infer implications and associated risks for decisions taken and can map decision implications to provide insight for the benefit of colleagues, clients, the organization and/or the CPA profession.	Leverages knowledge and skills of others to coordinate robust responses to complex data, questions, problems or conflicting views/debates.
Can apply knowledge of analytical tools or techniques (encompassing quantitative, qualitative and mixed method) in novel ways to the benefit of the client, organization and/or profession.	Acts as an advocate for the development of understanding, and application, of analytical tools or techniques (encompassing quantitative, qualitative and mixed method) for internal/ external stakeholders.
	Leads on the improvement of internal analysis methods (encompassing quantitative, qualitative and mixed method) to ensure the relevance of the organization and/ or CPA profession for the future.

APPENDIX E: CORE COMPETENCY DESCRIPTOR FIVE

INTEGRATION AND COLLABORATION (RELATIONSHIP BUILDING FOR INFLUENCE)

DEFINITION

Integration and collaboration reflects the ability to be effective at building strategic alliances and working collaboratively to provide multidisciplinary solutions to complex problems that benefit the individual, organization and CPA profession. Relationship building for influence amplifies the role of the CPA as a trusted expert to demonstrate that the individual influences their communities of practice/interest to the benefit of the individual, organization and CPA profession.

WHY IS IT IMPORTANT?

As specialization becomes more the norm, client needs will force CPAs to look to colleagues, inside and outside the profession, to lend their knowledge, skills and behaviors in areas where CPAs are lacking expertise. Strategic alliances and collaboration are ways for CPAs to meet their clients' needs effectively, while not requiring the client to go to the third party for services.

POSITIVE SIGNS

- Asks questions of more senior professionals within an organization for internal and external referrals to start building a network of contacts.
- Participates in discussions with clients to understand their needs with the goal of later expanding his/her network to include professionals who can supplement his/her area of expertise to meet clients' needs.
- Has an effective system to maintain contact information and related interactions.
- Attends external events created by professional associations and internal events within an organization.
- Receives and provides referrals.
- Is cited by members of the individual's networks.
- Is sought out by members of the individual's networks.
- Can describe the expertise, at least in general, of the members within the individual's networks.
- Professionals contact the CPA with client specific information before making final decisions so the CPA is in the loop.

WARNING SIGNS

- Cannot demonstrate the ability to influence his or her professional network. This inability to influence one's network is suggested when he/ she:
- Fails to understand importance of collaboration and integration.
- Builds a network of contacts with professionals which may not be strategic or helpful in the future. Networks as developed mirror, rather than complement the individual's expertise and/or weaknesses.
- Is unable to describe the expertise of members of their networks.
- Ineffectively maintains an established network resulting in its decrease.
- Does not ask for or make referrals to other professionals.
- No referrals are made to the individual from members within the individual's networks.
- Clients seek advice from other professionals and makes decisions without consulting the CPA.

INTEGRATION AND COLLABORATION

LEVEL 1	LEVEL 2	LEVEL 3
Maintains a system for the management of client (internal or external) information.	Actively seeks out contacts to enhance ability to meet business goals, client needs and/or the needs of the CPA profession.	Demonstrates a consistent ability to manage confrontation in the workplace in the face of challenging and/or emotional questions, problems or conflicting views/debates.
Is able to consistently demonstrate how their internal relationships contribute to the attainment of their semi/annual assessment goals, as set by managers.	Demonstrates an understanding of the value of external contacts in developing value for the client, organization and/or CPA profession.	Exhibits a consistent ability to recognize the nuances of other personalities in professional settings.
Seeks 360 degree feedback on their contribution to day-to-day work and/or the resolution of problems, questions or conflicting views/debates.	Works to build relationships with people within the organization, but outside their normal internal working network.	Is able to recognize the question, problem or conflicting views/debates over the person.
		Encourages engagement with colleagues, clients and other internal/ external stakeholders through the use of open-ended questions.
		Is able to nurture problematic relationships by identifying and enhancing areas of common agreement.
		Is seen as trustworthy.
		Allows colleagues to “save face” when working with challenging questions, problems or conflicting views/debates.
		Is a member of one or more professional association.
		Maintains and develops a personal network of contacts by sharing valuable and useful information, inquiring about business updates, etc.
		Makes referrals (for work or contact) to professionals within their professional network.
		Receives referrals from other professionals within their professional network.

INTEGRATION AND COLLABORATION

LEVEL 4

Maintains a broad circle of contacts, defined by the breadth and diversity of industries/sectors represented in the network.

Actively participates in one or more professional associations as a member of a board, working group or project team.

Builds a reputation as a trusted expert in their field by presenting at conferences, providing training and publishing articles.

Is consistently referred by other members of their network as a trusted professional with a high level of knowledge, skills and behaviors that could bring value to clients and/ or the CPA profession.

Actively develops and promotes relationships between members of their networks in order to make known the individual expertise of network members.

Leverages reputation as a trusted expert to promote services to new and existing clients.

LEVEL 5

Receives referrals from strategic partners with regular frequency.

Has taken or is taking leadership roles in one or more professional organizations (e.g. board of directors).

Proactively recommends trusted professionals to guide clients in their decisions at the inception of an idea.

Mentors colleagues, or advocates for professional development, on relationship building techniques that can benefit clients, the organization and/or the CPA profession.

Introduces colleagues to networks that can improve their credibility and the value proposition for clients (internal or external), the organization and/or the CPA profession.

Encourages colleagues and clients (internal or external) to actively participate in professional organizations.

APPENDIX F: CORE COMPETENCY DESCRIPTOR SIX

ANTICIPATING AND SERVING EVOLVING NEEDS (ENTREPRENEURSHIP)**DEFINITION**

Anticipating and serving evolving needs requires the ability to read signals from the internal and external environments; to interpret, communicate and act upon those signals in such a way that the impact on service provision (present and future) increase the perceived and actual value of the individual to the client, their organization and/or the CPA profession.

WHY IS IT IMPORTANT?

To maintain relevance as a profession, CPAs need to be willing and able to adapt to changes in the global marketplace. This dimension is critical in fulfilling the CPA's role as "most trusted business advisor" in increasingly complex and competitive environments.

POSITIVE SIGNS

- Actively participates in trade and or professional organizations.
- Writes/blogs/discusses how economic, technological, or regulatory conditions may affect clients, the firm, or services. Related to this, is cited by other experts.
- Provides recommendations for improving and expanding existing services to clients.
- Reduces the firm's response time from when a client makes a request to providing a solution.
- Develops new services that address unmet client needs.
- Can describe the factors affecting a client's success and develops recommendations for services to better help the client succeed.
- Is sought out in networks as an expert (is consistently used as a referral source).
- Is sought out by individuals outside of normal networks as an expert.
- Initiate and be more proactive (looks for opportunities)

WARNING SIGNS

- Is deadline-focused in providing services and doesn't recognize additional opportunities to provide service or anticipate future needs.
- Is focused on reacting to client requests for services rather than designing services specifically tailored to the client needs.
- Cannot describe problems the client faces other than the immediate services.
- Cannot describe how changing technological, regulatory, or economic conditions will

affect the client in the future, the type and manner of delivering services.

- Cannot describe the opportunities/threats facing clients or the firm.
- Continuing education is focused on routine services exclusively.
- A failure to actively participate in association meetings, conferences, and programs.
- Does not stay abreast of professional literature, client trade publications.
- Attends conferences and/or trade shows, but cannot describe how present and future economic, regulatory,

ANTICIPATING AND SERVING EVOLVING NEEDS

LEVEL 1	LEVEL 2	LEVEL 3
Brings gaps in existing service offerings/solutions to the attention of others.	Exhibits the ability to recognize opportunities for colleagues, clients, the organization and/or the CPA profession and progress them to a logical conclusion under the guidance of others.	Consistently exhibits the ability to develop innovative responses to routine questions, problems or conflicting views/debates.
Is able to identify and describe existing colleague, client, organization and/or CPA profession needs, and identify existing service offerings/solutions that meet those needs.	Takes new ideas generated by colleagues, clients and/or other internal/external stakeholders and applies them against familiar questions, problems and conflicting views/debates to improve the service offering/ solution.	Regularly explores new ways to solve problems, engaging colleagues from different areas within the organization.
	Applies own knowledge, skills and behaviors to develop new approaches to better meet the needs of colleagues, clients, the organization and/or the CPA profession.	Is able to discuss risks associated with new solutions applied in the context of questions, problems or conflicting views/debates that are routine to the role.

ANTICIPATING AND SERVING EVOLVING NEEDS

LEVEL 4

Consistently exhibits innovative response to non-routine questions, problems or conflicting views/debates, applying knowledge, skill and behaviors modeled in routine environments to new situations.

Explores new ways to solve problems, engaging a breadth of internal and external stakeholders.

Actively seeks out emerging challenges and develops potential solutions for clients (internal or external), clients and/or the CPA profession.

LEVEL 5

Actively promotes a 'safe to fail' environment for colleagues and clients, encouraging experimentation in service delivery/solutions and responses to questions, problems and conflicting views/debates.

Thinks strategically and considers present and future risks (scaling the exposure of individuals, clients (internal or external), the organization and/or the CPA profession) when considering alternative methods for responding to questions, problems and conflicting views/debates.

Takes responsibility for providing opportunities, or advocating for others to receive professional development that could assist them to in developing innovative and value added services/solutions for clients, the organization and/or the CPA profession.

Can apply experience to identify and describe known (or anticipated) economic, regulatory, and technological factors that may affect the growth of demand for services in the future and how these factors impact clients, the organization and/or the CPA profession.

APPENDIX G: CORE COMPETENCY DESCRIPTOR SEVEN

KNOWLEDGE SHARING

DEFINITION

Knowledge sharing is a process where individuals, groups and communities (both inside and outside the organization) mutually exchange information, resources, and experiences and together expand the knowledge of others for the benefit of the individual, organization and/or CPA profession.

WHY IS IT IMPORTANT?

Knowledge sharing is important to a CPA for creating and sustaining competitive advantages. Shared knowledge offers different viewpoints and possible solutions to problems and helps develop more informed decision making processes. Knowledge sharing is an essential element in the development of alliance capital, which is a key value driver in complex economic environments.

POSITIVE SIGNS

- Willingly shares knowledge.
- Encourages others to share knowledge.
- Develops processes for sharing knowledge.
- Recognizes the value of others' knowledge.
- Recognizes the opportunity to learn.

WARNING SIGNS

- Reluctant to share knowledge
- Views knowledge sharing as a hindrance to advancement.
- Unsupportive of others sharing knowledge.
- Expects to receive a tangible reward for sharing knowledge.
- Indicates he/she does not have enough time to spend sharing knowledge.
- Individual nearing retirement does not see the benefit of sharing knowledge for the long-term benefit of the organization.

KNOWLEDGE SHARING

LEVEL 1

Exhibits an awareness of the knowledge required to execute their individual role.

Scans and brings attention to gaps in knowledge required to execute their individual role.

LEVEL 2

Exhibits an awareness of the knowledge required to fulfill client (internal or external), organization and/or CPA profession needs.

Scans and brings attention to gaps in knowledge required to fulfill client (internal or external), organizational and/ or CPA profession needs.

LEVEL 3

Actively engages in internal/ external networks that can enhance their contribution to the needs of colleagues, clients (internal or external), the organization and/or the wider profession.

Demonstrates an understanding of when their personal knowledge, skills and behaviors might be of benefit to colleagues, clients (internal or external), the organization or the wider CPA profession.

Consistently seeks out opportunities to share or gain knowledge in order to fulfill the needs of their role, client (internal or external), organization and/or CPA profession.

KNOWLEDGE SHARING

LEVEL 4

Seeks out and develops opportunities for colleagues and/or clients to share knowledge, encouraging the participation in internal/external networks and counselling on the value of knowledge resources to the individual, the client, the organization and/or the CPA profession.

Assesses and bring to the attention of others gaps in knowledge, skills and behaviors required to meet present and/or future needs of clients, the organization and/or the wider CPA profession.

Leads by example, sharing knowledge amongst colleagues, clients and other CPA professionals to enhance the position of the individual, organization and/or profession as a “trusted advisor.”

Champions collaborative work.

LEVEL 5

Identifies need and develops strategies to overcome knowledge, skills and behaviors required to meet present and/or future needs of clients, the organization and/or the wider CPA profession.

Engages with thought leaders (internal or external, within and outside the CPA profession) to evaluate present and future knowledge needs of employees, clients, the organization and/or the CPA profession.

Fosters a “safe to fail” culture of knowledge sharing, ensuring that HR policies and processes reflect the knowledge needs of employees, clients and the organization.

Demonstrates an awareness of knowledge sharing trends and strategies and can communicate their strengths/weaknesses in relation to the organization, clients and the wider CPA profession.

Identifies opportunities and develops strategies for collaborative working between internal and external stakeholders.



ABOUT THE AUTHOR

David Griffiths is a popular international speaker, advisor and founder of K3-Cubed, Ltd. K3 is a University of Edinburgh start-up company, focused on advisory and education solutions for organizations facing challenges in the areas of human resource agility, knowledge management, complexity, decision-making, leadership and resilience.

Griffiths holds a Ph.D. in knowledge management and an MS in the management of training and development, both from the University of Edinburgh.

Griffiths has been widely published in professional journals, with his practice-focused work on Knowledge Management models winning an Emerald Literati Network Award for Excellence in 2012. In December 2011 he was recognized in a German report, “Visionary Knowledge Management: Trends and Strategies” as one of four key worldwide influencers in the Knowledge Management field. And in April 2013, Mindtouch, based in the United States, listed him as one of the top 30 Knowledge Management influencers in the world (“Top 100 names to know in KM”). He has been acting as an advisor to the Indiana CPA Society since 2011.

CREDITS

Core Competency Descriptor Task Forces

Task Force 1 (Communications Skills and Critical Thinking and Problem Solving Skills)

Jason Bainter, CPA, CGMA

Alison McDivitt

Rebekah Payne, CPA

Ben Smith, CPA, CITP, CGMA

Task Force 2 (Leadership Skills and Synthesizing Intelligence to Insight)

D. Michael Jack, CPA

Steve Johnson

Deb Maldeney, CPA, ABV, CFF

Bob Reynolds, CPA, CGMA

Task Force 3 (Integration and Collaboration and Anticipating and Serving Evolving Needs)

Angela Crawford, CPA

Chad McDonald, CPA, CGMA

Bill Svihla, DBA, CPA, CFE, CGMA, CITP

Igor Voytsekhivskyy, CPA

Staff

Gary Bolinger, CAE

Jennifer Briggs, CAE

Editor

Todd Gould

Design

Jess Halverson

This guide is intended for CPAs, human resource experts or paraprofessionals tasked with the development of strategy and/or human resource policy and processes within a CPA firm. The guide has been designed to provide a general overview of the CPA core competencies, their importance and how they can be effectively applied within CPA firms, regardless of size or location. The guide introduces a step-by-step “quick start” tool to assist in the design of in-house human resource processes and systems that can be used to fulfill a competency-based approach to the management of human resources in any firm.



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ABOUT THE AUTHOR

David Griffiths is a popular international speaker, advisor and founder of K3-Cubed, Ltd. K3 focuses on advisory and education solutions for organizations in knowledge management, resilience and more. Griffiths holds a Ph.D. in knowledge management and an MS in the management of training and development, both from the University of Edinburgh.

