The CMA Competency Map simplified

Understanding the CMA framework
Manage your career by using the map to see where you are and where you might like to go

By Richard Fontaine, FCMA

The CMA Competency Map is a tool that helps guide CMAs along their career path. The map is also used to develop pre-admission and professional programs and course outlines. Geared to support the evolution of the profession toward sustainable business practices, the map is built on three pillars and separated into different roles, dimensions and career stages.

With approximately one hundred competencies, the map is complete but could seem daunting. In an effort to help you find your way and bring to light the features of the 2011 revisions, we’ve pulled out key concepts and components. We’ve also provided an example of a fictitious career to help illustrate how the competencies fit into a CMA’s professional journey.
WHEEL OF SUSTAINABLE VALUE

The three pillars — accounting, management and strategy — serve as the basic elements of the CMA competency set. The wheel represents the confluence of these three elements in an area of practice that distinguishes the CMA from other accounting professionals.

The map organizes a CMA’s core skills according to their contribution to the delivery of sustainable value. The competencies are divided into four roles: creating value, enabling value, preserving value and reporting value. These distinctions were adopted in conjunction with IFAC’s (International Federation of Accountants) PAIB (Professional Accountants in Business) Committee documents.

Enabling competencies — such as judgment, communication, leadership, ethics, problem solving and other personal soft skills learned through experience — are distributed throughout the wheel and serve as the core of the competency set that enables an individual to rise to excellence.

THREE PILLARS, FOUR ROLES

CMAs are expected to be competent in three main areas: accounting, management and strategy. These three areas are the pillars of the CMA Competency Map. In both theory and practice, they are also non-hierarchical and interdependent. In fact, the Competency Map states that “balanced integration is fundamental to the strategic management accounting profession.”

Mastering the three high-level competencies is necessary if CMAs wish to continuously add value to their organizations. (In the map, continually adding value is referred to as sustainable value.)

To bring together accounting, management and strategy, the competencies are classified into the four roles in which CMAs work:

• creating value
• enabling value
• preserving value
• reporting value

ENABLING VERSUS FUNCTIONAL COMPETENCIES

CMAs need to demonstrate both enabling and functional competencies in each of the four roles. Enabling competencies are the personal (soft) skills common to all four roles:

• problem solving and decision making
• leadership and group dynamics
• professionalism and ethical behaviour
• communication

Functional competencies include technical skills and vary depending on the roles. For example, a CMA must be able to create and oversee cost management processes as well as measure and manage organizational performance. (For the complete list, see pages 24 – 25.)
RISING UP THE FOOD CHAIN

To help you understand the CMA Competency Map, we’ll follow the career path of Jennifer, a CMA working at Food Inc., a small Canadian company that manufactures and distributes food products. Jennifer has been recently asked to join an upper-management task force that must decide whether Food Inc. should expand into the United States.

THE CONTEXT

Jennifer has been working at Food Inc. for five years and is now head of finance. Food Inc. has been growing successfully across the country and is present in most Canadian provinces. To ensure its continued expansion, Food Inc. is considering expansion into the United States.

Although Jennifer now works as a CMA in senior management (as a corporate comptroller), she was hired by Food Inc. during her university years as a part-time accounts payable clerk. (In the map, this stage is called knowledge acquisition.) She was admitted into the CMA program and promoted to assistant controller. (In the map, this stage is called professional proficiency.) Jennifer then got her CMA designation and became the corporate controller for Food Inc., which now requires higher-level competencies. (In the map, this stage is called advanced proficiency.)

1. CREATING VALUE

Creating value is a highly strategic role for a CMA. Jennifer needs to be in the boardroom next to other key decision makers to help decide whether Food Inc. should expand into the United States.

Jennifer must understand both the internal and external environments in which Food Inc. is positioned. She also needs to determine if the U.S. expansion corresponds with the corporate mission and vision statements, and has to be able to calculate the estimated return on investment of such an expansion. These skills — which she learned as a student, applied as a candidate and honed in her role as a controller — are examples of enabling competencies (see 1.1.1 in the map found at www.cma-canada.org/competencymap).

Jennifer would be required to work well with members of the management team, and demonstrate leadership and communication skills to be able to present her points to the others in the boardroom. These are examples of enabling competencies (see 1.1.1 – 1.1.4).

2. ENABLING VALUE

Once Food Inc. has decided to go ahead with the U.S. expansion (an example of creating value), the strategic plan needs to be implemented. Jennifer must rely on personal and technical skills to help decide how to accomplish the task.

For example, Jennifer would be required to understand and implement MIS (management information systems) that could provide information from all new U.S. distributors. In addition, she would have to establish and manage a profitable pricing and transfer-pricing strategy (see functional competencies 2.2.1 – 2.2.7).

Jennifer would then be required to work with and lead the management staff domestically as well as in the United States to ensure the effectiveness of operations (see enabling competencies 2.1.1 – 2.1.4).

3. PRESERVING VALUE

Once the decision to move into the United States has been made (an example of creating value) and distribution systems have been set up (an example of enabling value), this value must be preserved. Jennifer needs to protect the company against foreign exchange risks, and the company requires internal control systems to ensure the proper transfer of funds from U.S. distribution sources. These examples illustrate how Jennifer would preserve value (see functional competencies 3.2.1 – 3.2.5). Jennifer would also strive to protect the reputation of Food Inc. by guarding against unethical business practices (see enabling competencies 3.1.1 – 3.1.4).

4. REPORTING VALUE

Jennifer’s mandate is to report value to various stakeholders. This essentially traditional accounting function involves both financial and management reporting. Jennifer will report the financial results of the U.S. expansion to different stakeholders: owners, employees and clients (see functional competencies 4.2.1 – 4.2.3). Jennifer would oversee financial reporting policies and set communication policies (see enabling competencies 4.1.1 – 4.1.4).

Once the U.S. expansion has been decided upon, implemented and supported, our fictitious CMA needs to get back to creating value by being involved in other strategic decisions such as introducing a new product line or maybe expanding into Europe. The wheel turns again. Indeed, CMAs move continuously clockwise, from creating to reporting value, always working within the three pillars of accounting, management and strategy. — R.F.
THE LIST:

CMA CORE COMPETENCIES

Here are the competencies required for CMA designation. What skills do you need to brush up on? Where do you excel? For details about what each stage requires, see the complete document at www.cma-canada.org/competencymap.

1 CREATING VALUE

ENABLING COMPETENCIES

- Problem Solving and Decision Making
- Leadership and Group Dynamics
- Professionalism and Ethical Behaviour
- Communication

FUNCTIONAL COMPETENCIES

- Mission Statements, Vision Statements and Mandates — defining what the organization aspires to be and how it will deliver sustainable value to shareholders, customers, employees and the surrounding community
  - Mission Statements, Vision Statements and Mandates
- Strategy Formulation — enabling the creation of sustainable value in accordance with mission and vision statements
  - External Environmental Scanning — identifying external circumstances impacting the organization’s ability to meet stated objectives
  - Internal Environmental Scanning — measuring internal capabilities against those required to meet the organization’s stated objectives
- Organizational Life Cycle — analysis of an organization’s stage of development according to accepted models
  - Industry Best Practices in Strategy Formulation
- External Environmental Scanning — identifying external circumstances impacting the organization’s ability to meet stated objectives
- Internal Environmental Scanning — measuring internal capabilities against those required to meet the organization’s stated objectives

2 ENABLING VALUE

ENABLING COMPETENCIES

- Problem Solving and Decision Making
- Leadership and Group Dynamics
- Professionalism and Ethical Behaviour
- Communication

FUNCTIONAL COMPETENCIES

- Strategy Implementation — aligning the organization’s resources and success factors to build a sustainable organization
  - Organizational Structure
  - Management Control Systems — policies, codes and guidelines that align operations with strategic objectives and corporate values
- Best Practices in Strategy — implementation, including strategy mapping and entrepreneurial orientation
- Data Analysis — analyzing data using spreadsheets, database tools, forecasting tools and reporting tools
- File and Document Management
- Managing Information Technology (IT)
- Technology Acquisition — options such as software licensing, equipment leasing, outsourcing, software as a service (SAAS)
- Human Resource (HR) Management
- Cost Management — ensuring the effective and efficient use of organizational resources through the application of appropriate tools and systems
  - Cost Classification — fixed/variable, direct/indirect and discretionary
  - Operational Costs — cost of goods sold, cost of capacity and other costs related to ongoing expense
- Costing Systems — methods such as activity-based costing, process costing, joint cost allocation, departmental costing and job costing
- Strategic Cost Management Techniques
- Planning/Budgeting/Forecasting
  - Operational and Program Budgets — including cash, capital and operating
  - Budget Information Sources — including sales forecasts, interest rates, currency rates and industry statistics
- Cost Analysis Methods — break-even, linear programming, decision under uncertainty, sensitivity and contribution margin
- Budget Variances
**FUNCTIONAL COMPETENCIES**

- Internal Control — building and maintaining process mechanisms that ensure the organization meets operational, financial and compliance objectives
  - Process Flow — functional areas such as sales, accounts payable, accounts receivable, treasury, segregation of duties
  - Approvals and Authorizations
  - Control Policies — their relationship to corporate philosophy, leadership styles, organization structures and external environment
  - Control Mechanisms — monitoring systems, environmental assessment, authorizations, notification policies
- Enterprise Risk Management — identifying, assessing and mitigating strategic, operational, financial and ethical risks and threats to sustainability
  - Risk Tolerance
  - Risk Assessment
  - Risk Analysis — using spreadsheets, database tools and forecasting tools to expose and quantify risks
  - Technology-Related Risks — security, privacy, data quality, compatibility, business continuity
  - Intellectual Property Risks
  - Risk Monitoring
  - Risk Mitigation and Response
- Governance — broad oversight of the organization’s operations and strategic plans with regard to compliance, ethics, risk and sustainability
  - Governance Roles and Procedures
  - Reporting Structures
  - Compliance and Ethics
  - Compliance Issues
  - Not-for-Profit Governance
  - Social Responsibility Strategy
- Financial Resource Management — setting financial objectives and managing financial resources
  - Capital Structure — financing of assets
  - Sources of Financing — public, private, debt, equity
  - Capital Structure — tax considerations
  - Valuation of Assets — time value of money, cost of capital and other methods
  - Capital Project Valuation — application of capital budgeting, NPV, IRR, buy versus lease
  - Intangible Assets
  - Business Valuation
- Financial Risk Management
  - Distribution of Profits — dividends, stock repurchase
  - Investment Portfolios and Financial Instruments
  - Working Capital Management
- Professionalism and Ethical Behaviour
  - CMA Code of Conduct and Ethical Behaviour
  - Professionalism

**4. REPORTING VALUE**

**ENABLING COMPETENCIES**

- Problem Solving and Decision Making
- Leadership and Group Dynamics
- Professionalism and Ethical Behaviour
- Communication

**FUNCTIONAL COMPETENCIES**

- Financial Accounting and Statement Preparation
  - Accounting Cycle
  - Balance Sheet
  - Income Statement
  - Retained Earnings Statement
  - Cash Flow Statement
  - Treatment of Specific Accounting Items and Transactions
  - Current Trends and Emerging Issues in Financial Reporting
  - Notes to the Financial Statements
  - Management Discussion and Analysis (MD&A) — describing current assets, leases, benefits, facilities, R & D and other areas
  - Not-for-Profit and Public Sector Financial Reporting
  - Role of the External Auditor
- Financial Analysis — evaluating performance and risk by using benchmarks, ratios, and trend and comparative analysis
  - Conceptual Framework
  - Revenue and Grant Recognition
  - Ratio Analysis and Industry Benchmarking
  - Horizontal/Vertical Analysis and Industry Benchmarking
  - Accounting Software — standard applications
  - Profitability Reporting

**3. PRESERVING VALUE**

**ENABLING COMPETENCIES**

- Problem Solving and Decision Making
- Leadership and Group Dynamics
- Professionalism and Ethical Behaviour
- Communication

- Revenue Management — managing the revenue stream, using internal and external sources of information in order to achieve the organization’s chosen value proposition
  - Product Mix
  - Supply Chains
  - Pricing Strategies — including value-based pricing, cost-plus pricing, reverse engineering
  - Transfer Pricing
  - Growth Strategies
- Profit and Performance Management
  - Continuous Improvement
  - Methodologies — process tools for maximizing output in relation to costs, including total quality management (TQM), business process management (BPM) and lean
  - Decision Making under Uncertainty — cost-volume-profit (CVP) analysis and sensitivity analysis
- Organizational Performance Measurement
  - Performance Measurement Best Practices
  - Sustainable Profit Maximization and Capacity Management — tools such as linear programming, CM per constraining factor
  - Performance Measurement Technology — spreadsheets, forecasting and database tools, business intelligence applications
  - Organizational Performance — frameworks, including balanced scorecard
  - Responsibility Centres — cost, revenue, profit, investment
  - Non-financial Performance Measurements
- Individual Performance Measurement — using incentive and compensation systems to align individual and organizational goals
  - Management Incentives — bonuses, stock options, perquisites and other benefits
  - Employee Compensation Methods

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