

By Gary Siegel, Editor

Practice Analysis

Changing Work Roles Demand New Knowledge and Skills

In earlier columns, I described the rapid changes occurring in the profession and contrasted the traditional management accounting role—as keeper of financial records—to today’s role as a key member of the decision-making team. This month I’ll focus on the skill set that modern financial professionals need to meet the demands of their work.

In addition to their traditional financial and fiduciary responsibilities, financial managers and management accountants in many organizations have taken on decision support roles. They are internal consultants, leaders on cross-functional teams, and trusted business advisors. Many have become organizational educators, teaching nonfinancial managers about economic and financial analysis and helping them understand what various financial measures mean.

As part of our Practice Analysis research, we asked management accountants this question: Given the changes that have taken place in your work over the past five years, what are the most important areas of knowledge or skills that you’ve had to acquire in order to do your work more effectively?

Half the respondents mentioned computer skills. Other frequently named areas were interpersonal and communication skills and all aspects of running a business. Respondents seemed to be saying that management accountants have to know just about everything. Here are some observations on the most important skills:

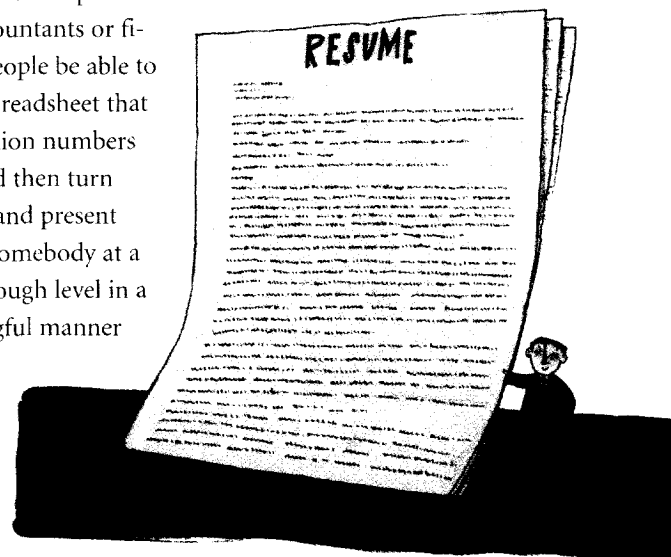
“You have to be very, very competent on a PC, or you are not going to survive,” advised an Abbott Labs executive.

“We need people that have a big picture perspective. They must understand that the business of the business is *their* business—not accounting, not finance, not the rules, but whatever it is that we’re supporting,” said a US West management accountant. “We need people who un-

derstand how to model data, make forecasts and projections, know how to develop assumptions and criteria, and turn that into information that has some meaning. And the people we need can’t be afraid to do those forecasts.”

Another US West accountant emphasized, “You have to be good at accounting, you have to be good at modeling, you have to be good on computers, you have to have good business sense. In some jobs, like an M&A support-type role, you have to be good at legal. If you’re in an operations business unit, you have to be good at analyzing processes.”

“For me, it’s communication skills and presentation skills,” said an accountant at a Caterpillar production facility. “It is real important that accountants or finance people be able to take a spreadsheet that has a zillion numbers on it and then turn around and present that to somebody at a high-enough level in a meaningful manner



that they can understand. And that is not always easy to do.”

The emphasis on communications is the same at Caterpillar headquarters. “I think the one skill that is more in demand now is the ability to present material. At one time it was okay for accountants to be introverted and sit in a corner with their spreadsheets and calculators and do their thing. Now people really have to be able to communicate and to come up with innovative ways to do their work and then sell that or present that, in many instances, to large groups of people. It is really the people that can communicate better and lead better that are going to rise to the top.”

Echoing this, a Hewlett-Packard accountant noted, “You have to have good people skills. You have to be able to communicate. You have to be able to articulate your ideas. You have to have confidence.” He then stressed the importance of working well with people, saying that career prospects are dim for financial professionals without this ability. “Somebody who doesn’t work well with people is shot. People just say, ‘The guy is really bright or the woman is really bright, but he or she just doesn’t work with the team, and the team is getting kind of fed up having the person there.’”

“One major skill gap that we continually work on at Boeing is communication, both verbal and written. There has been a major effort in trying to get people to know what they are talking about. They have to translate their financial analyses into something that the teams they are working on can make sense of and understand.”

Other respondents mentioned more specific skills:

- “It’s definitely information tools, such as how to query a data-

base. You don’t need to know that much about the database itself, but you need to know how to get the information out.”

- “I worry a lot more about laws and taxes because I work in the e-commerce arena, where that whole field is very ambiguous and being written.”

- “They have to understand the whole area of economics and what drives markets and why customers do what they do. They have to increase their understanding of marketing.”

- “Everyone needs to maintain competency in the use of computer tools and analytical skills.”

- “They have to be able to learn new skills, adapt quickly, and not be resistant to change.”

- “Understanding our competitors.”

- “They need good negotiation skills.”

- “Problem-solving skills.”

- “Being able to work with systems.”

But what about accounting skills? The new demands haven’t lessened their importance.

An HP executive put it this way: “You have to know your function. You may be helping out in a lot of different areas, but you are still finance. You are still expected to know the basics. Someone may ask, ‘What depreciation methodology would we use in this project?’ or ‘How do you calculate the cost of something?’ People expect you to know the answer.”

People need the fundamentals, according to a US West executive. “You have to know corporate accounting. No ifs, ands, or buts about that. Are you making money at the end of the day, or are you not making money?”

“In our area, knowledge of accounting is a real big deal. They have to stay current,” said a Boeing executive.

“You need to really understand profit and loss statements,” said a Caterpillar accountant, “because money is still the bottom line, and if you don’t understand that, you cannot support your teams.”

The Bottom Line

Our involvement in decisions that run the business means that we have to be more strategic and forward-looking. Success in this role requires excellent communication skills, an understanding of all aspects of the business, computer skills, and willingness to learn and to accept change. We have to be sensitive to competitive pressures, financial markets, and emerging technologies. As team leaders and organizational educators our role is to be sure that all the functions work together so that processes are efficient and decisions are sound. To do this we have to understand all the business processes and functions. We must have a big picture perspective, but we still need to know the debits and credits.

Accounting skills alone are *not* enough. How well are you keeping pace with new skills? What is the best way to get the CPE you need? How can IMA help? ■

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Next month: Management accountants’ role on teams.