

### 3. TRAINING AND DEVELOPMENT OF FINANCE PROFESSIONALS

We have seen that the research points to technical specialism as critical for the finance professional but with an ever-increasing importance attached to business competency across many types of roles within finance. How is this being translated into action when the recruitment, training and development of finance professionals come into play?

Having examined the types of competency that finance professionals require to fulfil their roles in an organisation, we turn now to their training and development. We look at what is most useful and

what support is actually provided. We also note that ‘learning through doing’ is very useful although it is probably seldom delivered in a structured manner as a form of training.

TABLE 3.1: Usefulness of training and development methods (senior personnel)

Usefulness rank	Types of training and development method	Activities involved
1.	Learning through doing	Job rotation/co-location, coaching/mentoring, secondments, exposure to top management
2.	External training courses supported by the organisation	Short one-off courses
3.	External continuing professional development (CPD) supported by the organisation	Activities to maintain a professional qualification
4.	In-house education and training face-to-face	Lectures, seminars, formal programs
5.	Knowledge sharing	Discussion groups, study groups and Action Learning (small groups or ‘learning sets’ meeting to discuss each other’s experiences)
6.	External education courses supported by the organisation	Working towards a professional qualification or an MBA
7.	In-house education and training using technology	Blended learning (distance learning through TV/online, supported by traditional methods such as seminars), computer-based learning
8.	External activities not supported by the organisation	Training/education courses or CPD activities (as above) undertaken by the employee entirely at their own expense
9.	Knowledge sharing using technology	Best practice intranet, internet chat rooms, blogs

A substantial majority of the survey sample has experienced the range of training and development methods tested and all were found useful in their development. In order to best support organisations and finance professionals formulate their development strategies and plans, the research has explored these methods and analysed their ratings and use within the best performing organisations.

## Training and development methods: use and usefulness

The types of training and development methods evaluated in the research are set out in Table 3.1 on the previous page, ranked according to how useful each one was rated by senior finance professionals. In fact only four methods were rated ‘useful’ (coloured green) at all; the remainder were rated ‘not useful’ (coloured blue).

Senior finance professionals rated on-the-job experience (‘learning through doing’) as the most valuable developmental tool overall. This is supported by our interviews and consultations with practitioners: exposure to on-the-job experience is highly valued.

It is very notable though that no single method is evaluated overall as ‘very useful’, although amongst the more formal methods there is a slight preference for all external modes of delivery.

That external education, including working towards a professional qualification or an MBA, is seen as less useful than other forms of training must give pause for thought to all educators. Many in finance already have a financial qualification, and we will

see later that many organisations prefer to recruit fully-qualified people, so this rating may not seem particularly important or relevant.

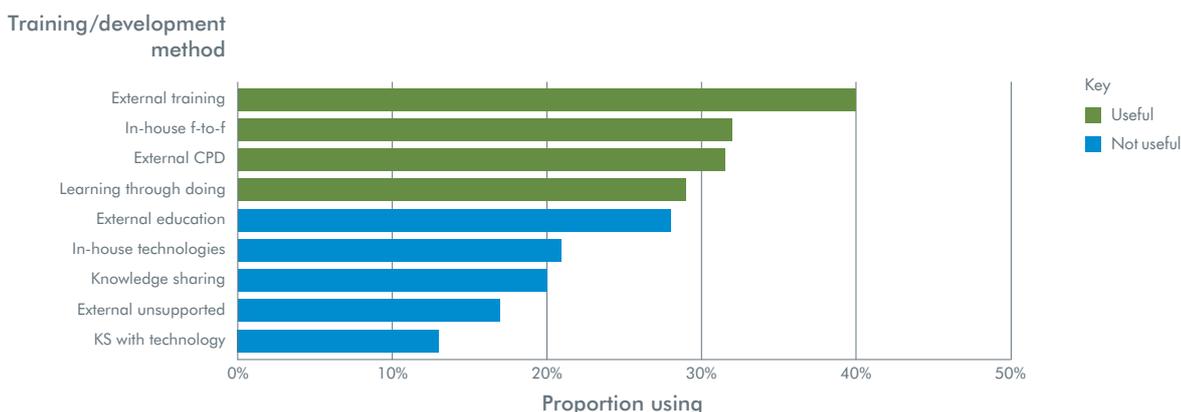
However, consultations point to a need to do more to enhance the practical value of qualifications, particularly in the earlier years of training – though there is an acknowledged difficulty here in that qualifications have to provide a common curriculum which is not necessarily oriented towards any particular type of organisation.

Current trends towards employing technology-based modes of delivery for education, training and knowledge sharing are not necessarily leading to improved usefulness. However usage of technologically-based methods of delivery is relatively rare, which means there is relatively much less experience of their use and this goes some way to explaining their weak ranking. Consultations point to these types of learning and development being on the increase as better solutions are developed and made available, and organisations begin to explore and use them.

The degree to which training/development methods are used in practice is generally in line with their usefulness except that ‘learning through doing’ figures lower in the usage ranking than its relative usefulness as seen in Table 3.1 would suggest (Figure 3.1).

In relation to the low usage of ‘learning through doing’ it may be that while such practical, ‘hands-on’ and relevant training is extremely useful it proves difficult in practice to deliver. Many organisations do it successfully with rotations and secondments. But for this to be effective a wider training and development strategy and plan are required.

FIGURE 3.1: Usage of training and development methods



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'Learning through doing' may in future become more prominent and use more virtual technology solutions. It seems there is a clear case for making the availability of this type of development more widespread; the issue is how to do so. One way is to encourage virtual collaboration and working in teams across the organisation via projects and using information technology. These are often used to give hands-on experience, and they facilitate business partnering without requiring physical relocation in the business.

Over 40% of organisations use external short or one off courses; this is the most frequently used method and is ranked second in terms of usefulness. But overall take-up of training and development methods does not seem to be high: the proportions using each method are surprisingly low.

For instance, knowledge sharing, including situations where it is technology-enabled, is rarely used although it is highly ranked in terms of usefulness and effectiveness suggesting this is an area for substantial development and action by organisations.

It seems that in larger organisations in particular the idea of disseminating best practice is considered vital and effective.

One line of thought from our consultations points to the possibility that some organisations may just go for the easiest approach to training and development by making simpler, more traditional methods available, for instance by adopting a list of short courses. Some claim that employers have training and development policies as motivation and retention tools which are not necessarily geared to the needs of the organisation or the employee.

In addition the higher rated learning activities and tools require more planning, more time and more complex implementation, so employers may be put off from using them. These are short-termist approaches as the real value of training and development policies and offerings is to ensure that employees have the opportunity to gain the right mix of those business and commercial competencies that we have discussed.

It is this interplay of skills that is key to the finance professional, and to the roles within the finance function as it goes forward in its transformation journey to real value creation. The potential return on investment for organisations which focus on the

higher value training and development activities is therefore clear to see.

The low usage rate of e-learning and technology-based methods is notable because these are areas in which many organisations have made substantial investments for the development of solutions, yet they are used in practice by only between 13% and 23% of organisations. Given their low ranking in terms of usefulness that we saw earlier it is possible that the full potential of these methods has not yet been fully realised.

## The effect of training and development on the career progression of non-senior finance professionals

Finance professionals who have recently experienced external education, such as professional qualifications or degrees, perceive it as having played a significant part in promoting their career development.

While we have seen that external education is not rated particularly highly by senior finance professionals there is a much higher level of regard for it from non-senior finance professionals (Figure 3.2). This probably reflects the fact that they are likely to have more recently experienced external education, such as studying for their professional qualification. Certainly it appears that those who have undertaken such programmes perceive it as having played a significant part in promoting their career development, since not qualifying might have halted their career in finance early on.

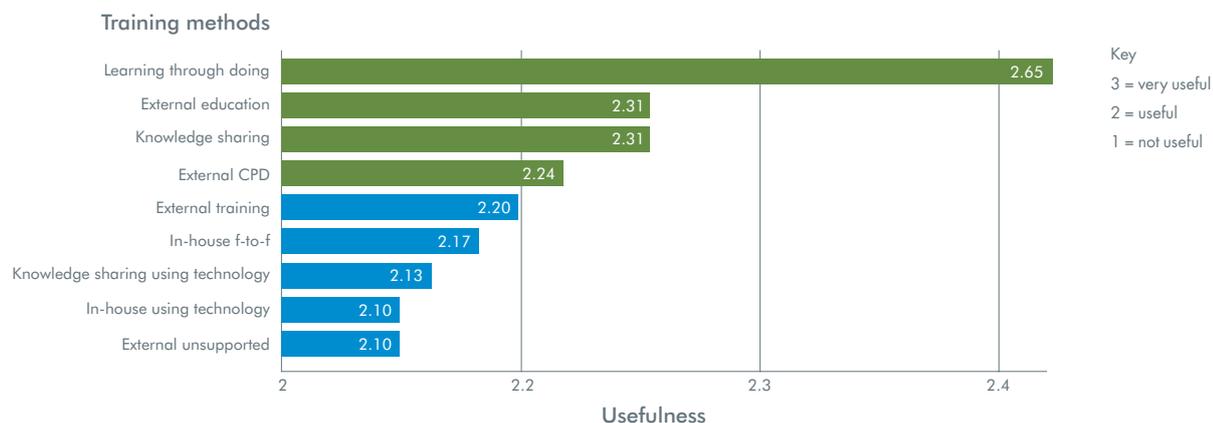
The clear superiority of experiential based learning ‘learning through doing’ over other methods is again clear. The finding reinforces the 78% of respondents who agree that ‘secondments to other parts of the business’ as the best development method.

How the various training and development methods are rated for usefulness and for usage by non-senior finance professionals is interesting: they rate external education as being the second most useful in Figure 3.2 but report it as being the least widely experienced method in practice.

This highlights two important issues: first that non-senior finance professionals place enormous value on receiving proper support for the professional qualifications that they perceive as being held in high esteem by the market, and secondly that their demand for this support is not being met.

There is a lesson here for the employers – even if staff do not receive this form of training and development, this does not stop them from wanting it and valuing it. The implication is that an employer which offers such training support will always be in a better position to recruit and retain the best finance professionals than those not prepared to make such an investment.

FIGURE 3.2: Usefulness of training and development methods for non-senior finance professionals



## Organisational support for training and development

Organisations can support the training and development of finance professionals in a number of ways and to meet a number of training objectives (Table 3.2), but there appears to be a chasm between what support organisations claim to provide in theory and what they actually do, or are perceived as offering, in practice (as first seen on page 29 in Figure 3.1).

Although respondents would work for different organisations, there are significant differences between the levels of support which senior respondents say their organisations provide and the levels which other respondents report that they experience. For example:

- Allowance is made for continuous professional development (CPD) leave and/or fees by approximately 60% of organisations but only 32% of our sample actually report using CPD training.
- While 76% of senior finance management claim they support staff by paying for exams and course fees and providing study leave, only 29% of respondents have actually received such support.

It seems that the facilities are available in theory and the policy of many organisations allows for support, but it is not necessarily applied in practice. Bridging this gap between policy and implementation is critical for organisations to ensure that key staff are

retained and that their finance personnel add value to the business in the way that is planned.

Where organisations do not provide support for training/development, the most common reason – given by 42% of organisations – is that it is too expensive.

Three other reasons were also cited by more than 30% of these organisations:

- that all training is done in-house
- that only qualified people are recruited
- that training requires too much time away from actual work.

The first two points are probably linked, in that external training is expensive and time-consuming so it may be a good idea to bring it in-house, but the last two criteria given raise a concern. A significant proportion of organisations seem to believe that by recruiting qualified finance people they may not have to invest as much in continuing training or development.

As we have seen in previous sections, the changing requirements for skills and competencies within finance are a reality and these organisations may quickly find that their finance functions are not fit for purpose if they do not support their staff in acquiring these essential skills. The transition of their finance functions to becoming value creators will be compromised by the apparent lag in their development policies.

TABLE 3.2: Percentage of organisations providing support in policy and practice (as reported by senior finance management)

Training objective	Nature of support	Organisations providing support in policy (%)	Organisations providing support in practice (%)
Professional qualifications	Paying for exam and course fees	76	29
	Allowing time off for study leave	76	
Post-qualification CPD	Paying fees for activities	58	32
	Allowing time off for activities	60	
Other training courses	Paying fees	78	40
	Allowing time off for attendance	78	
Other support		29	

It would appear therefore that finance and human resources management need to monitor the return on investment in training and development closely. Limiting the most effective training or education activities may not be the most efficient strategy in terms of costs and benefits in the medium to long term. This entails limiting the skill set of the finance function and possibly negatively affecting the retention of key people.

## Individual responsibility for development

But while both employers and employees are generally in agreement on the need for training and development, it cannot be left to the employer alone to drive this forward. Our consultations illustrate that individuals must also take responsibility for their own development. Some are accused of not making time for development or simply of not having the will – of ‘not being bothered’.

As the shift in skills requirements continues, finance professionals need to take a much more proactive approach to identifying skills gaps and areas for their development. They then need to work with their employers to find out what support is provided by their organisations, setting realistic and achievable development plans for action.

The increase in skills required is not restricted to advisory or senior roles, as we saw in section 2.

As it affects all roles in the finance function the need for proactive management of their own training and development will affect most individual finance professionals.

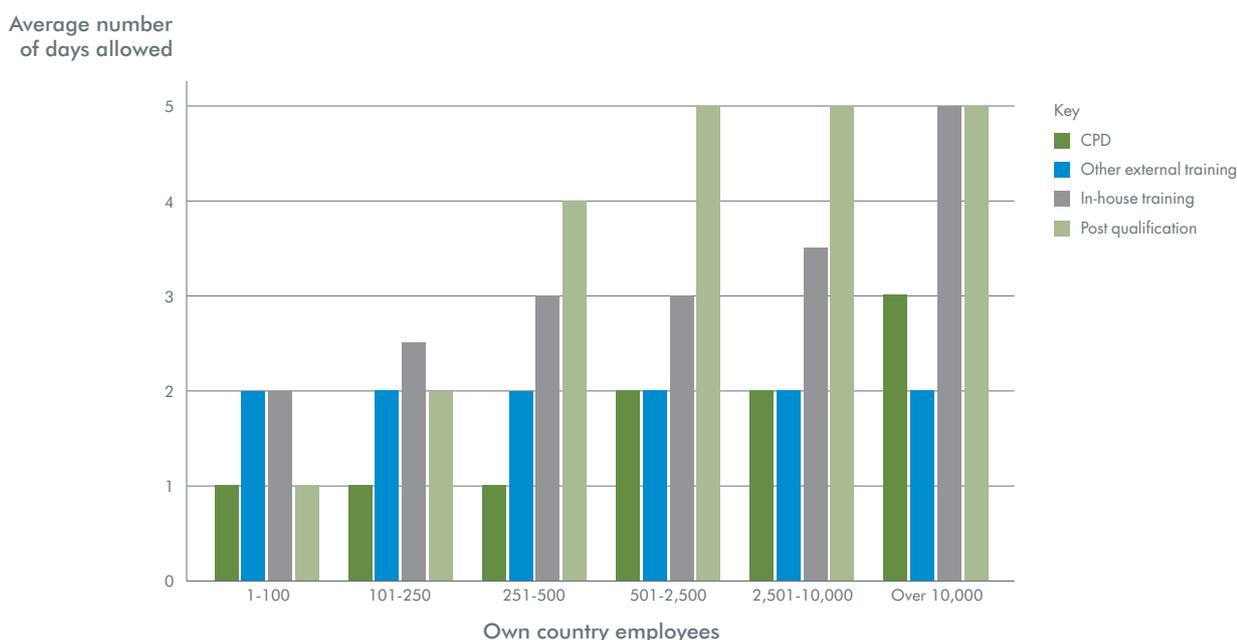
## Organisational support by size of organisation

The bigger the organisation the more time is allowed for all forms of training, but especially in-house training as the benefits of economies of scale in training provision are enjoyed. Cost is again the key factor here as training cost per head reduces in larger organisations.

Furthermore, we see that having consistent training and development programmes for many staff and across locations becomes more important to organisations as they grow. This leads to higher use of in-house programmes where the training can be controlled and delivered consistently to groups and in multi-locations.

But size has less effect on the time allowance for undertaking a professional qualification which is relatively consistent at four to five days once an organisation has more than 250 employees. This again illustrates the importance placed by all types of organisations worldwide on having finance functions staffed with people with professional finance qualifications (Figure 3.3).

FIGURE 3.3: Time allowed for training (reported by non-senior management)



## The case for focus on the management support roles

We saw in our introduction the increasing requirements for finance to work in a collaborative and partnering role with the rest of the organisation, in supporting management. A substantial majority of the finance professionals and senior management in non-finance roles surveyed support the link between performance and focus on management support by finance. A view shared by the CIMA panel and our interviewees:

- 75.4% of the survey respondents agree that when finance staff work in the management support area it helps the organisation better achieve its goals.

Given the importance of the management support service, the organisation needs to consider not only how competence to deliver this service can be developed, but how to target such development effort.

An important question arises: should learning and development resources and investment be directed

towards all finance professionals or targeted towards a group better suited to benefit from this investment?

The results here firmly support the need for careful targeting in developing professionals to undertake partnering or management support activities since:

- 72.9% feel that not all finance professionals wish to be involved in this area of work.
- 77.2% feel that only certain people have the right personal characteristics for this type of work.

## Developing competency in management support

Respondents had similar agreement levels on the best method and way to develop finance professionals for undertaking management support activities:

- 83.3% agreed that training focused on the organisation's operations and goals is the best method.

FIGURE 3.4: Methods of obtaining personnel suited to management support activities

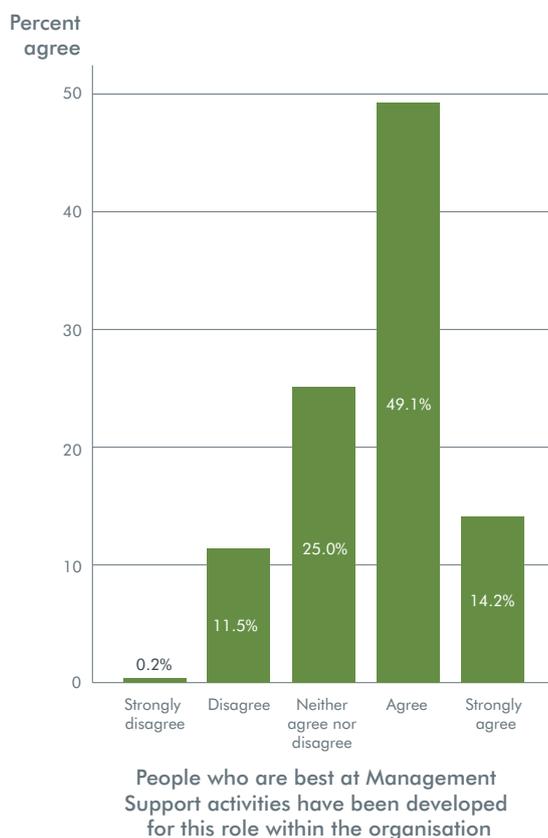
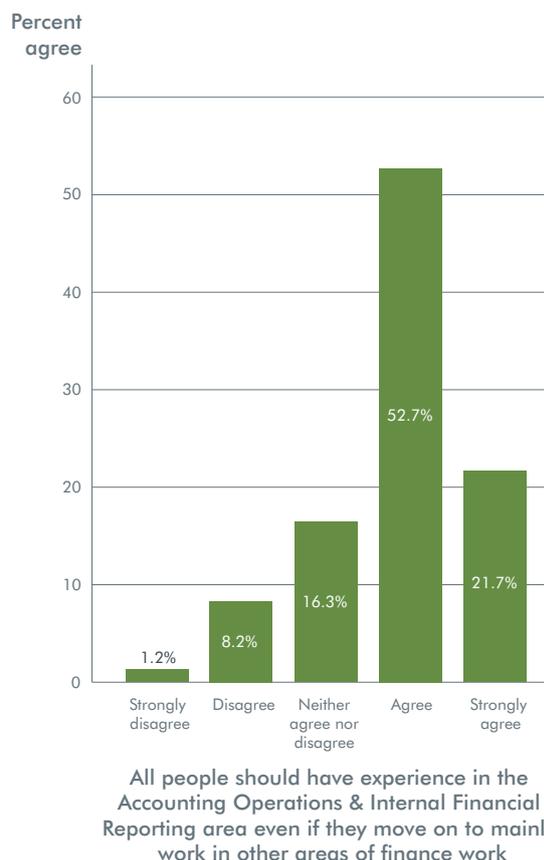


FIGURE 3.5: Need for broader experience in those who undertake management support activities



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- 78.0% also believe that secondment to different parts of the business is key.
  - 77.8% see training focused on skills as an important way to develop management support.

Internal development is rated advantageous – 65.2% of respondents agree that those finance people best at management support have been developed internally.

This possibly reflects the inherent business-orientation of the management support role, making it essential that the finance professional has a deep understanding of their organisation's business and its environment to best support decision making.

The survey asked whether all finance professionals should have experience in the accounting operations area regardless of their ultimate work (Figure 3.5).

This was supported by the vast majority, just under three-quarters of the sample. This trend is often reinforced by our consultations where senior finance management see the need for all finance to understand and work in the operational and transactional areas to provide a rounded perspective. The thinking seems to be that business partners cannot be as effective in the insight and decision support they provide if they do not understand where the numbers have come from and how the end to end processes work.

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## Summary and recommendations

There are some key conclusions and actions that may be drawn from the analysis above:

- Learning through doing and knowledge sharing are the most useful development activities yet are among the activities that are least often applied and used, cost and time being cited as the primary barriers. The real return on investment is being missed by the many organisations that choose simpler traditional activities and avoid those that are most useful and provide most return. Real value may be missed, and in the long term this approach in fact can become more expensive and time-consuming, and brings less value to the organisation or individual.
- Professionals highly value their professional finance qualification but sometimes this is the training and development area that is least supported by organisations. A large proportion of organisations choose to recruit the talent and skill set rather than develop and train from within. As skill set requirements shift, organisations need to ensure that they have adequate plans to upskill existing staff.
- More time is allowed in principle for training than is actually experienced in practice, suggesting that the planning and execution of the organisation's training and development strategy create problems. This means that the strategy is not always carried through in full. Constant monitoring, review and engagement are recommended.
- The research points to cost considerations and time restraints as key drivers of the perceived gaps in training support. There are also possible limitations on the ability to communicate and cascade the availability and support of training opportunities throughout the organisation. Some employees are simply not aware of the opportunities their employer has available. Employers need to work harder and better at this dissemination.
- There is a perception that not all finance people are suited to, or want to work in, management support or business partnering roles. This may suggest that organisations need to work to identify the staff with the right characteristics and motivations for this role and focus on their development to gain the right mix of technical and business competencies we have seen in the previous section.
- Internal training is deemed the most effective for development of people in partnering or management support roles. This type of training enables specific transfer of knowledge and skills on the organisation's products and services, sector, competition and so on.
- Individuals need to take responsibility for their own development. During our consultations senior finance management clearly see the need for individuals to be proactive, to make time for training and to be the drivers in the planning and implementation of activities for their development.
- Our consultations point to the need for the CFO and also the CEO to engage with and drive the training and development strategy, focusing on organisational and individual needs and using the whole mix of training and development tools to ensure full return on investment and to drive the function in providing value.