CGMA Competency Framework guide:
Generate value for long-term success
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Introduction

Today, 80% of an organisation’s value lies in its intangible assets, compared to less than 20% forty years ago. The environment in which businesses operate globally has become more volatile, uncertain, complex and ambiguous. To survive and thrive in this business ecosystem, decision-makers and managers have less room for errors.

So, they need data and insights to inform them of their options. And because change is relentless, accelerating and unpredictable, leaders need to make better decisions faster and have them executed more reliably throughout their organisations and extended supply chains. So, new competencies are required. Consequently, finance functions are being expected to “up their game” when it comes to providing support for decision-makers.

This guide has been produced to explain how to use the CGMA Competency Framework (2019 edition). And a spreadsheet (tool) has been developed alongside this guide, with several short videos that will explain how to get the most out of the tool's functionality to practically implement competency improvement efforts. Decision-makers and managers can now meet the businesses needs for:

- Attraction and recruitment
- Performance management
- Learning and development
- Transforming the finance function
A new Competency Framework for a new business ecosystem

The most obvious change is the introduction of a new skill — digital skills — to complement the original ones, which remain relevant.

The new framework (Figure 1) incorporates new competencies that management accountants now need to remain relevant. Digital skills is not just a new and separate section added to the framework. Digital skills have been incorporated into the other four skill areas as well, for example: digital ecosystems, digital communication and digital strategy.

To help management accountants continue to add value to organisations in an age of intangible value the new framework now expects them to be competent in integrated reporting and thinking.

Although many of the new business model successes we take for granted in 2019 already existed when we launched our first competency framework in 2014, many have started to have a major impact on global commerce in recent years. Management accountants must understand how to support a business to plot its future in an age punctuated by business model disruption. Accordingly, the 2019 competency framework now incorporates business model competencies within business skills.

Figure 1
CGMA Competency Framework guide: Generate value for long-term success
### Overview

The CGMA Competency Framework defines the range of skills and competencies that accounting and financial professionals need to lead their organisations to success. It is a guide to assess the knowledge needed for current and future roles. It articulates the competencies that accounting and finance professionals need to enhance their careers and to create and preserve value for their organization.

The framework consists of five skills (Figure 4): technical skills, business skills, people skills, leadership skills and digital skills. Each of these includes a series of competencies that are defined at four proficiency levels: foundational, intermediate, advanced and expert.

#### Figure 4: CGMA Competency Framework outline

<table>
<thead>
<tr>
<th>Skills</th>
<th>Competencies</th>
</tr>
</thead>
</table>
| **Technical skills** | • Financial accounting and reporting  
                      • Cost accounting and management  
                      • Business planning  
                      • Management reporting and analysis  
                      • Corporate finance and treasury management  
                      • Risk management and internal control  
                      • Accounting information systems  
                      • Tax strategy, planning and compliance |
| **Business skills** | • Strategy  
                      • Business models  
                      • Market and regulatory environment  
                      • Process management  
                      • Business relations  
                      • Business ecosystems management  
                      • Project management  
                      • Macroeconomic analysis |
| **People skills**  | • Influence  
                      • Negotiation and decision-making  
                      • Communication  
                      • Collaboration and partnering |
Technical skills enable finance professionals to collect, store, process and analyse information to be shared with various stakeholders. These include the preparation and dissemination of external and internal reports as per the professional accounting standards.

Business skills enable finance professionals to use their knowledge of the business and the ecosystems in which it operates to transform data into insights. This allows businesses to evaluate their strategic positioning, the alignment of their business models to their strategies, their performance and opportunities for the future.

People skills and the ability to communicate effectively are used to influence the decisions, actions and behaviours of decision-makers and others throughout the organisation and its stakeholders. The ability to collaborate and work with partners is also a key skill.

Leadership skills take place at various levels. Three types of leadership can be identified as peer, functional and strategic. Peer leadership involves leading peers in and out of the finance function on issues that require an understanding of the financial implications of events and issues in the organisation's internal and external operating environments. Functional leadership refers to the leadership that ensures the finance function delivers its objectives to the organisation. It takes place from the intermediate level onward, but mostly at the advanced level. Strategic leadership is exercised at the strategic level. Experts join with leaders in other functional areas to define, formulate and oversee the implementation of the organisation's strategy.

Digital skills are essential for finance professionals, from basic digital literacy through to a deeper expertise in cloud computing, cybersecurity, data analytics and digital costing. If finance professionals are to remain relevant, they need to keep pace with advances in technology and be able to manage and guide the finance function in a digital world. As well as being a standalone knowledge area, digital skills permeate throughout the other knowledge areas.

<table>
<thead>
<tr>
<th>Skills</th>
<th>Competencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership skills</td>
<td>• Team building</td>
</tr>
<tr>
<td></td>
<td>• Coaching and mentoring</td>
</tr>
<tr>
<td></td>
<td>• Driving performance</td>
</tr>
<tr>
<td></td>
<td>• Motivating and inspiring</td>
</tr>
<tr>
<td></td>
<td>• Change management</td>
</tr>
<tr>
<td>Digital skills</td>
<td>• Data strategy and planning</td>
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<tr>
<td></td>
<td>• Digital content creation</td>
</tr>
<tr>
<td></td>
<td>• Information and digital literacy</td>
</tr>
<tr>
<td></td>
<td>• Problem-solving</td>
</tr>
</tbody>
</table>

2019 CF
2019 CF tool
Benefits

Ultimately, the CGMA Competency Framework helps organisations equip their finance functions with skills and competencies needed by businesses for success.

It is designed to help finance professionals and their employers understand the knowledge required and to assess the skills needed for professionals in existing and desired accounting and finance roles. The need for objectivity, integrity and ethical behaviour underpins the framework, which also supports a commitment to the continuous acquisition of new skills and knowledge.

You can use the CGMA Competency Framework flexibly, depending on your organisation’s specific needs. You can adopt it in its entirety or remove any inapplicable elements. If you already have a competency framework in place, you can compare the two and select the best from both.

We have populated a spreadsheet to make it quick and simple to use the framework in your organisation.

Table: some of the benefits of the CGMA Competency Framework

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
<th>What are some of the benefits and outcomes?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attraction and recruitment</td>
<td>Recruiting finance professionals and providing the business with relevant data about the human capital that is available to it</td>
<td>Strengthening overall recruitment practices for the finance function by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Developing new job roles and descriptions</td>
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<tr>
<td></td>
<td></td>
<td>• Articulating specific competencies for job roles</td>
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<tr>
<td></td>
<td></td>
<td>• Comparing competency levels across job categories</td>
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<tr>
<td></td>
<td></td>
<td>• Standardising or customising existing job roles and functions</td>
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<tr>
<td></td>
<td></td>
<td>• Developing interview questions or scenarios to challenge applicants</td>
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<tr>
<td></td>
<td></td>
<td>• Gauging applicants’ skill sets compared to desired standards</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Identifying the right talent</td>
</tr>
<tr>
<td>Activity</td>
<td>Description</td>
<td>What are some of the benefits and outcomes?</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Performance management</td>
<td>Assessing employees’ performance against predefined goals and behaviours</td>
<td>Strengthening the overall effectiveness of performance management and the efficiency of the finance organisation by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Clearly communicating the required standards of competency</td>
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<td></td>
<td></td>
<td>• Identifying the right talent in the existing team with the required competencies</td>
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<td></td>
<td></td>
<td>• Better matching of needs to talent by deploying the right talent in areas where needed</td>
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<tr>
<td></td>
<td></td>
<td>• Improving workforce and succession-planning efforts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Managing employees’ performance and measuring their contributions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Boosting performance review discussions by providing structured feedback to employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Assessing gaps in employees’ knowledge and skills</td>
</tr>
<tr>
<td>Learning and development</td>
<td>Building those capabilities, skills and competencies that the finance workforce needs to ensure and maintain organisational success</td>
<td>Strengthening organisational resilience through a skilled workforce within the finance function by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Setting required standards of competency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Measuring knowledge gaps for remediation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Developing a structured plan to address remediation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Unlocking workforce potential and motivation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Aligning job-related capabilities to improve performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Aligning employees’ behaviours with organisational objectives and vision</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Improving workforce and succession-planning efforts</td>
</tr>
<tr>
<td>Activity</td>
<td>Description</td>
<td>What are some of the benefits and outcomes?</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>--------------------------------------------</td>
</tr>
</tbody>
</table>
| Transforming the finance function | Evolving from a cost centre to a function that drives value in organisations | A finance team that helps managers achieve and sustain superior organisational performance by:  
  - Developing relevant digital strategies and plans  
  - Aligning the operating model with strategy for sustainable success  
  - Optimising the organisation's ecosystem  
  - Developing digital channels and customer fulfilment  
  - Assembling and presenting decision-relevant data  
  - Creating, improving and protecting digital assets |
Using the framework and the tool

In the previous section we outlined some example benefits of using the CGMA Competency Framework. In this section we demonstrate how you can easily reap the benefits of the framework and tool for your organisation.

Attraction and recruitment

The key priority for all organisations is building and maintaining success — and the workforce is the key to achieving this. Recruiting the right talent with the right skill sets, from within the organisation as well as the external labour market, is what drives the performance, satisfaction and long-term success of your employees and, therefore, your organisation.

Finance professionals have an important role to play, contributing through their technical skills, their understanding of business and their ability to influence and lead people in the delivery of organisational performance.

Most organisations have defined roles, responsibilities and targets for their finance positions. However, they don’t often detail the competencies required to effectively carry out those responsibilities. The CGMA Competency Framework enables you to articulate the skills and competencies needed for your finance function roles. This then enables recruiting managers to identify the right talent.

The ways in which organisations advertise their job roles and approach the interview process are further critical aspects of the recruitment process. If done well, these are not just positive ways to set you apart from your competitors — more importantly, they can also give you greater assurance that you have employed the most suitable candidates.

Benefits

- Easier, more consistent, specification of job roles and descriptions
- Improved identification of competencies for job roles
- Ability to compare competency levels across job categories
- Standardised or customised job roles and functions
- Immediate availability of interview questions or scenarios to challenge applicants
- Improved ability to gauge applicants’ skills and competencies against specification

Scenario — attraction and recruitment

You are a controller, and you need to fill a vacancy for a senior finance manager in your team. When you look at the job description for the role, you see it was last updated over five years ago. You have greatly developed your team since then and the description no longer reflects the profile of the candidate that you need.

Download the CGMA Competency Framework tool to work through the described scenario and get a list of competencies around which you can build your job description.
Employee performance management
Performance management is the activity and set of processes that aim to maintain and improve employee performance in line with an organisation’s objectives. Its aim is to ensure that employees contribute positively to business objectives.

The CGMA Competency Framework gives you a structured approach to defining, measuring and tracking the development of competencies in the finance function. This makes it easier to identify the competencies that will best enable your finance and accounting professionals to achieve organisational and personal goals.

Benefits
• Standards of competency required are clearly communicated
• High-potential talent with the required competencies in the existing team are easily identified
• Improved matching of the right talent with business areas of need
• Improved workforce and succession-planning
• Improved employee performance measurement and management
• Improved performance review discussions
• Employee knowledge and skills gaps assessed

Scenario — performance management
You need to appoint a project manager for a mission-critical system implementation. You want to ensure that the person you appoint has the right personal objectives to help them succeed and to enable you to support and manage their performance.

Download the CGMA Competency Framework tool to work through the described scenario and get a list of competencies around which you can build your job description.
Learning and development
For every organisation, meeting the learning and development needs of its employees promotes knowledge, skills and attributes that drive business performance, long-term survival and sustainable success.

Developing various sets of skills and competencies across different teams requires a carefully structured approach that takes into account factors including:

- The organisation’s and employees’ objectives
- The skill sets required to meet those objectives
- Knowledge gaps that should be plugged
- The resources needed to address the gaps.

Learning methods can include courses, webinars and events. The learning should enable employees to apply the concepts they learn in the context of the business and their own day-to-day roles.

The CGMA Competency Framework is very helpful in this area. It provides a structured plan for identifying gaps. Employees and employers can use it to identify areas of growth and development, whether these are needed in a current or future role or in developing specific skills as part of a project team or working group.

Benefits
- Required standards of competency established
- Knowledge gaps identified
- Improved learning and development planning
- Workforce potential and motivation unlocked
- Job-related capabilities aligned with business needs
- Employee behaviours aligned with organisational objectives and vision
- Workforce and succession-planning improved

Scenario — learning and development
You are a controller and want to improve your readiness for a CFO role. You consider yourself technically proficient in your role, but you want to be sure about the other skills you will need to progress.

Having reviewed the statements of competence, you are satisfied that you have the technical skills needed to be credible in a CFO role, but you want to check the other competencies that are typically required.

Download the CGMA Competency Framework tool to work through the described scenario and get a list of competencies around which you can build your job description.

If you are looking for learning and development resources, visit the AICPA | CIMA Competency and Learning website. This brings together a plethora of learning resources and self-assessment tools to guide and empower you in the journey of lifelong learning and career development.
Transforming the finance function
Finance functions are accustomed to being measured on cost as a percentage of sales, with “world class” being touted as approaching 1% of sales.

CEOs in leading businesses today have long moved on from asking how much cost they can get out of finance to how much value they can get from finance.

The challenge for modern CFOs is to provide value from the function — not just efficiency. Making the transformation from cost centre to value centre is challenging because, in most businesses, further investment into the finance function is a hard sell. CFOs need to transform the function while containing costs and in world class businesses today they are doing this by successfully applying digital technologies to everything from process automation to decision support, freeing up resource to invest in upskilling finance teams from number crunchers to business partners.

Benefits
• Improved efficiency and effectiveness of the finance function
• Relevant digital strategies and plans
• Operating model aligned with strategy for sustainable success
• Organisational ecosystem optimised
• Digital channels and customer fulfilment fit for purpose in a digital first business ecosystem
• Decision-relevant data readily accessible to all decision-makers
• Digital assets, identified, optimised and protected

Scenario — transforming finance
As CFO, you are coming under increasing pressure from decision-makers across the business to improve decision-support. Your finance teams (and others around the business) are swamped by routine processes and you recognise that opportunities are being foregone to automate the routine. To address this challenge you decide to create a “Digital Champion” award for team members who achieve the competencies and skill sets needed to drive digital transformation in the finance function and across the business.

Download the CGMA Competency Framework tool to work through the described scenario and get a list of competencies around which you can build your job description.
Conclusion

The CGMA Competency Framework is designed to help organisations ensure that their finance functions are fit for purpose in today’s complex and fast-changing business environment.

This guide should help you to:

• Understand the role and scope of the CGMA Competency Framework
• Be able to assess its relevance and value to your organisation
• Understand how to adapt its use to the specific needs of your organisation at its current stage of development
• Use the framework to fulfil some basic tasks in the areas of attracting and recruiting new team members, performance management, and learning and development.
Appendix A

The development of the CGMA Competency Framework

The CGMA Competency Framework was developed through three phases of research: face-to-face interviews, roundtables and an online survey. The participants were finance and non-finance staff at mid to senior levels, from diverse industries in both the private and public sectors. A total of 130 organisations from across 14 countries participated in the face-to-face interviews. The roundtables were held in 20 countries from Asia, Europe, Africa and the Americas. Nearly 5,000 responses were received to the online survey, including CIMA members, employers, students, the wider finance community and academics.
Appendix B

Questions leaders could ask themselves
Below is a series of questions to help leaders get started on the journey of developing, implementing and maturing a competency framework for their finance organisation.

<table>
<thead>
<tr>
<th>Making the case</th>
<th>Developmental competencies</th>
<th>The implementation project</th>
<th>Review of competency framework</th>
<th>Continuous improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What business priorities and critical competencies do we require to meet the priorities?</td>
<td>• How can we develop the team from ledger stewards to leaders around the business?</td>
<td>• How can we secure top-level support and buy-in for the implementation of our competency framework?</td>
<td>• How well does our framework compare to best practice, e.g. the CGMA Competency Framework?</td>
<td>• What plans do we have for maintenance and ongoing ownership beyond implementation?</td>
</tr>
<tr>
<td>• What are the different roles and types of competencies we need to perform each role and provide value?</td>
<td>• Do we have a deep understanding of the organisation we serve?</td>
<td>• Have we cross-checked our competencies with leaders and decision makers across our organisation?</td>
<td>• Do we have a trustworthy way of assessing individuals’ competencies, for example 360 appraisal?</td>
<td>• How well does our framework compare to latest practices?</td>
</tr>
<tr>
<td>• What competencies do we have, and which need to be developed?</td>
<td>• Are we able to articulate our business model clearly?</td>
<td>• Do we have the resources we need to successfully implement our framework?</td>
<td>• Do we have individuals in the finance team who are not embracing the competencies?</td>
<td>• Are the existing job roles and functions still in alignment with the development of our business?</td>
</tr>
<tr>
<td>• How can we engage key stakeholders in initial conversations on developing a competency framework?</td>
<td>• Do we have ideas about how to connect organisational activities to financial outcomes across our business model?</td>
<td>• How should we roll out the implementation of our framework? Should we stage a rollout by location, business unit or role? How should it be communicated to employees?</td>
<td>• Do we have individuals in the team who exemplify our competencies?</td>
<td>• How relevant are the existing competencies in helping us carry out the strategic objectives of the business?</td>
</tr>
<tr>
<td>• How influential is Finance around the business? Is it involved in the decision-making process on the strategic goals and objectives of the organisation?</td>
<td>• Do we have the skills to become respected by decision-makers?</td>
<td>• What risks do we face in implementing a competency framework?</td>
<td>• Which of our business unit(s) have most-improved post-implementation? How?</td>
<td>• Do we need new skill sets and competencies within certain teams?</td>
</tr>
<tr>
<td>• Is it clear from the management information how non-financial results drive financial outcomes?</td>
<td>• Can we identify the competencies that would be valued enough by decision-makers to compel them to invite members of our team to key operational meetings?</td>
<td>• How will our competency framework affect employees at all levels? What are the cultural issues and implications?</td>
<td>• Which training courses and mechanisms work best for our people (online and/or classroom)?</td>
<td>• What are the new and/or recurring skill gaps? And how do we need to address them?</td>
</tr>
</tbody>
</table>
Further resources

AICPA | CIMA Competency and Learning website  
CGMA Competency Framework  
CGMA Competency Framework tool  
CGMA Global Management Accounting Principles  
Re-inventing finance for a digital world — the future of finance

Business Models Concepts — CGMA white paper  
CGMA Resources  
CGMA Store
CGMA Competency Framework guide:
Generate value for long-term success

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