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## Features

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# Five steps to becoming a business partner

**There are five prerequisites a management accountant should meet to become a truly effective business partner. By meeting these, a management accountant can add strategic value, building upon a company's strengths**

**Marie-Andrée Caron, CMA**



As concerns over internal control reach new levels under the influence of the *Sarbanes Oxley Act*, the management accountant's role as a business partner is developing apace. At the same time, companies across Canada are trying to cut back the time spent by financial staff on transaction processing to devote the freed-up time to business analysis and performance management. These activities help management accountants assume the role of a business partner, i.e. of a professional who can help to formulate strategy and, more generally, to manage performance.

The transition from guardian of integrity to business partner implies a few conditions that turn a management accountant's practice into an art. This article provides an introduction to the five major prerequisites to succeeding in this endeavour. To become a business partner, accountants must (1) get as close as possible to operations, (2) own the learning process, (3) acquire the ability to transpose knowledge, (4) marshal material and human resources and (5) train managers, the users of their knowledge.

### Operations and knowledge experts

The first prerequisite for becoming a business partner refers to an accountant's positioning within the corporate structure. It is critical for accountants to become more familiar with operations if they wish to get a firm grasp of their company's major strategic issues. The structure of a company and of the finance function can either distance accountants from the strategic decision-making process or bring them closer to it. In a traditional silo structure, for instance, accountants have little opportunity to become involved in the decision-making process, because they are often seen as no more than guardians of integrity. Under a non-siloed business unit structure, however, a management accountant can develop close strategic ties to managers, provided of course that the structure of the finance function itself doesn't hamper this development by short-circuiting the confidential relationship that the accountant has established with them.

The second prerequisite for a management accountant to achieve the role of a business partner relates to training and to owning the learning process. To act as business partners, management accountants can call upon their professional training, and information made available to them by their professional order or society, to provide the business with the most up-to-date best practices information and strategic skill sets. If management accountants are unable to apply their formal knowledge effectively, integration as business partners isn't likely to happen. For management accountants, owning the learning process means developing the ability to view their contributions to an organization from an objective, third-party perspective — to review mandates they've championed and see how effectively they've fulfilled their role. For instance, were they able to get their point across? Did the effort succeed or fail? Through this self-reflexive process, the maximum advantage of their formal knowledge, and their practical experience, is properly realized.

This self-review process can be fostered by a mentor, by practice exchange forums, by project exchange meetings and by resorting to various training methods such as case studies, action

learning and simulations. By experimenting with a number of review processes, management accountants can develop, within specific contexts, business and self-knowledge that they will be able to subsequently transfer to new projects carried out under entirely new conditions.

### **Sharing knowledge**

A third prerequisite to success as a business partner is the ability to transpose knowledge into action. After developing a capacity to effectively reflect on their experiences, management accountants should be able to use their acquired knowledge to consciously develop strategic management plans — to efficiently and effectively identify the principles that apply to a given situation, the priorities of the situation and the resources to be marshaled. The greatest benefit an organization receives through this process is an effective transfer of knowledge. Although management accountants may be addressing a specific issue in the process of putting their self-reflexive knowledge into action, the analysis provided in the process will expand the perspective of everyone involved in the process. This transfer capacity depends on how thoroughly management accountants think through an issue, to analyze and understand each situation in which they are called upon to act, and how they, in turn, deal with such situations.

Management accountants who act as business partners transpose knowledge via their own unique skill set, adapting this to the unique set of circumstances laid before them — the independent variables in question, key variables that require action, types of risk faced, guidelines for channeling actions and decisions, sources of information available for further research, the sequence of priorities, as well as the identity of all persons to be considered or consulted. The complexity of this mesh of considerations and active participants makes it easier to understand how fulfilling the role of a business partner is; it is, indeed, an art — well suited to the dynamic, unique skill set of the management accountant.

As an example, to clarify the reflexivity process, consider the following: When called upon to perform a strategic analysis of division A and to take part in a decision to launch a new product, Anne, a management accountant, develops knowledge about her organization's decision-making process, her own business approach, and the knowledge that she hopes to transpose to the strategic analysis of division B, which operates in an entirely different market, country and regulatory framework and that requires an entirely different organizational dynamic. The success of the transposition of her knowledge to division B depends on how well Anne reflects upon her experience; by contextualizing the knowledge that she has acquired about division A's strategic framework before contextualizing it for transfer to division B's strategic framework, she can more effectively adapt that knowledge.

Transferring knowledge from one framework to another is clearly not automatic. For instance, an accounting professional who specializes in the design of internal controls to fulfill the integrity of information requirements of a firm could have a very hard time transposing any knowledge acquired within this framework to strategic analysis and performance management.

### **Mobilizing HR, generating the numbers**

The fourth prerequisite that will enable management accountants to fully assume their role as a business partner refers to a professional competency — the ability to marshal physical and human resources into a network to make a competent contribution within a given management framework. When acting as business partners, management accountants will call upon trusted colleagues with whom they have established close links, e.g. through professional activities outside the organization. They will also be able to mobilize any relevant documentary resources: appropriate professional documentation, relevant professional articles, applicable legislation, etc.

The final prerequisite for becoming a business partner is the ability to share accounting information effectively. In a recent study conducted by the CMA International Chair of HEC Montréal, only 30% of management information generated by an accountant was shown to be useful and used (for more information about this project, see the articles by Hugues Boisvert in the February 2006 issue of *CMA Management*). It clearly appears that management accountants have a major contribution to make towards the training of managers — the users of their knowledge — by tuning them into the accountant's view of the world, in order to foster their autonomy. As professionals, management accountants must devote much of their efforts to training users. The results of my dissertation, based on meetings with CFOs of 30 Quebec firms, demonstrate how much accountants have contributed to this training.<sup>1</sup>

In short, being a professional management accountant and a business partner within an organization means being able to act effectively in unusual circumstances, to understand a situation, to let no crucial detail get away, to be able to marshal resources into a network with a view to acting competently in a given situation. But above all, being a professional management accountant means involving users of accounting knowledge (other managers) and training them to better understand the strategic importance of numbers. These activities are heightened when a

management accountant is called upon to become a business partner. The diversity of frameworks for action and of training activities is the key to succeeding in the art of being a business partner. Although management accountants don't give up their role as guardians of integrity, their added responsibilities as business partners enable them to ensure that controls don't jeopardize their firm's strategic flexibility.

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1 This dissertation, written with the financial support of CMA Canada, is titled "La culture des comptables en organisation, une mise à l'épreuve de leur savoir et de leur pratique," HEC Montréal, 2003.