

IMPLEMENTATION GUIDANCE: DEVELOPING PROFESSIONAL ACCOUNTANTS IN BUSINESS (PAIBs) FOR THE STRATEGIC BUSINESS PARTNER'S ROLE

Purpose

The imperative to create organizational value is enhancing the need for the Professional Accountant in Business (PAIB)¹ to assume the role of strategic business partner. This implementation guidance examines how PAIBs can meet this challenge by:

- Describing the evolving role of the PAIB as a business partner with the senior management of an organization;
- Describing the changing set of competencies that PAIBs develop and maintain as they fulfill their business partnering role; and
- Describing how the learning outcomes (LOs) in the International Education Standards (IESs) can be viewed from and applied in a PAIB context.

The Evolving Role of the Professional Accountant in Business

The role of the PAIB is undergoing a dramatic transformation. Traditionally, accounting and finance teams concentrated on value stewardship, financial reporting, and compliance. Today, they are responding to changing expectations that place greater emphasis on adding value to their organizations. PAIBs are moving from the delivery of data and results to interpreting information and contributing to decision-making activities. They increasingly participate in the analysis and formulation of solutions to more strategically oriented issues, spending time driving productivity improvements, and using their experience and skills to help guide their organizations.

A great deal of this change is due to the impact of technology on the profession. The automation of more routine, repetitive tasks is enabling the accounting and finance team to focus on performing higher value-added activities. This, combined with the adoption of a more strategic outlook, is enabling PAIBs to increasingly contribute to significant enterprise value creation, and assume the role of a strategic business partner within their organization.

¹ Refer to the IFAC PAIB Committee's website for definition of a PAIB.

Competencies of PAIBs Performing the Role of “Future Ready” Strategic Business Partners

To succeed in this evolving role, PAIBs performing the role of strategic business partner will develop and maintain an expanded skill set. There is an increased demand to apply strategic, forward-thinking skills, to provide more and sophisticated strategic analysis of data, and to draw on business and relationship skills. PAIBs are expanding their skills to provide enhanced reporting of risk exposures, report information that informs decisions on deploying capital to grow the business profitably, support the long-term value creation for their enterprise, and communicate the ways in which accounting can promote the success of their enterprises. This will involve a mindset that is innovative, global, and questioning / challenging; leadership skills; the curiosity to ask better questions; and the emotional intelligence to better connect and communicate with others within their organizations.

Key focus areas² include:

Strategy, Planning & Performance. Strategic management includes activities such as competitive analysis, forecasting and budgeting, operational decision analysis, enterprise risk management, and innovation. Competency in this area is fundamental for PAIBs serving as strategic business partners.

Reporting & Control. With robotic process automation increasingly being used to automate accounting processes, PAIBs evaluate the efficiency and effectiveness of accounting processes and make recommendations to optimize them. This enhanced work requires sophisticated costing techniques, as well as procedures to ensure data security, protect assets, and meet legal and reporting requirements.

Technology & Analytics. PAIBs apply knowledge of data extraction tools for mining structured and unstructured data. Those engaged in this work employ data analysis tools that help collate, manage, and analyze this data, as well as utilize technology for data visualization and storytelling. These skills will help PAIBs add value to their organizations.

Business Acumen & Operations. Business acumen includes industry-specific and operational knowledge as well as quality management, continuous improvement, and project management skills. A thorough understanding of an organization and its processes is fundamental for PAIBs involved in managing risks and opportunities.

² These areas, and some of the non-authoritative learning outcomes presented later, are taken from the [IMA Management Accounting Competency Framework](#), 2019.

Leadership. Skills in areas such as motivating and collaborating with others, communications, change management, talent management, relationship management, negotiation, and conflict management are critical for PAIBs as they assume the role of change agents within their organizations.

Professional Ethics & Values. The evolution of technology and analytics raises new ethical dilemmas that can be addressed by professional accountants. As PAIBs become involved in the strategic planning process, they exercise professional skepticism around the inputs and assumptions in that process.

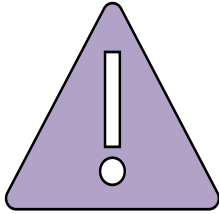
Implementation Guidance

This implementation guidance may be useful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring and professional accountants. While many of these institutions may have addressed the learning outcomes of the IESs in their curriculums by creating a broad-based educational foundation for aspiring and professional accountants, irrespective of the area or discipline in which they may work, this document illustrates and calls attention to those concepts and principles that may be considered most relevant in preparing PAIBs for careers in which they increasingly serve as strategic business partners. This material may also be useful to professional accountants who wish to transition into a strategic business partner role from another accounting discipline. For these individuals, this document will help identify personal development gaps and additional competencies identified by specific learning outcomes.

While the learning outcomes in the IESs describe the professional competence that aspiring professional accountants shall achieve by the end of initial professional development (IPD), regardless of their intended future accounting specialization or role, this document presents additional non-authoritative learning outcomes (NLOs) which may further support the development and maintenance of professional competence for aspiring and professional accountants performing the role of strategic business partner.

As such, the NLOs included in this document can be applied to continuing professional development (CPD) as well as IPD for PAIBs performing the role of strategic business partner.

This document is based on extensive information-gathering activities including consultation with academics, the American Accounting Association's Management Accounting section, and leading practitioners. Frameworks issued by ACCA, CGMA, CPA Canada, IMA, and SAICA were also reviewed.



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Strategy, Planning & Performance

Competence area: Management accounting		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs) ³
IES 2(b)(i) Prepare data and information to support management decision making on topics including planning and budgeting, cost management, quality control, performance measurement, and comparative analysis.	<p>As strategic business partners, PAIBs assess key business factors and drive value through strategy and operating plan development and execution.</p> <p>In addition to traditional calculations of the profitability of products and business segments, PAIBs perform strategic analyses that involve:</p> <ul style="list-style-type: none">• understanding stakeholder needs and expectations, criteria for evaluating alternative actions;• drivers of competitive advantage;• business intelligence resources;• strengths, weaknesses, opportunities, and threats;• critical success factors (CSFs) and related key performance indicators (KPIs);• environmental and social factors; and• the performance of products and business segments.	Assess strengths, weaknesses, opportunities, and threats (i.e. SWOT analysis) facing the organization using an appropriate framework.
IES 2(b)(iii) Apply appropriate quantitative techniques to analyze cost behavior and the drivers of costs.		Identify critical success factors (CSFs) and related key performance indicators (KPIs) necessary for successful strategy implementation and monitoring.
		Evaluate and incorporate environmental (including, but not limited to, political, regulatory, market) and social factors when supporting strategic decision making.
		Analyze the profitability of products and services by tracing costs and resource use throughout the value chain.
IES 2(b)(iv) Analyze data and information to support management decision making.		Identify criteria for evaluating alternative actions consistent with an organization’s strategic goals.
	Identify strategic issues and drivers of competitive advantage by employing appropriate industry analysis techniques.	
	Utilize business intelligence resources to identify strategic opportunities for the organization.	
IES 2(b)(v) Evaluate the performance of products and business segments.	Evaluate the performance of products and business segments in the context of an organization’s overall portfolio and its strategic goals.	

³ NLOs can be applied in both IPD and CPD contexts.

Competence area: Economics		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 2(j)(ii) Describe the effect of changes in macroeconomic indicators on business activity.	PAIBs apply an understanding of factors that can affect implementation of an organization's strategy, including economic changes.	Describe the impact of economic changes on the implementation of an organization's strategy and on the risks it faces.

Competence area: Business strategy and management		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES (2)(k)(iv) Explain the processes that may be used to develop and implement the strategy of an organization.	PAIBs increasingly utilize a set of effective communications skills to influence others in the organization, including identifying the right channels for delivering important messages. PAIBs recognize that effective implementation of strategy requires an understanding of both people and technologies.	Explain the integration of people, technology, and processes when developing organizational strategy.
		Advise on appropriate information and communication technology strategies that support an organization's business objectives.

Competence area: Intellectual		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES (3)(a)(iv) Recommend solutions to unstructured, multi-faceted problems.	As PAIBs assume a more strategic role, assisting in the formulation and implementation of strategy, they encounter more complex, multi-dimensional issues related to managing people, change, and uncertainty.	Assist in the implementation of strategic initiatives, including allocation of resources, while balancing long-term strategy and short-term objectives.

Reporting & Control

Competence area: Financial accounting and reporting		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 2(a)(ii) Apply International Financial Reporting Standards (IFRSs) or other relevant standards to transactions and other events.	The PAIB's approach to implementation of a new standard will be very different from that of other professional accountants. For instance, PAIBs will be called upon by management to assess the financial and operational impacts of that standard on the organization, including impacts on processes and systems. This involves a wide range of competencies, including communication skills, as PAIBs liaise with business operations personnel to assess the applicability of the new accounting standard to their organization.	Identify issues surrounding the adoption and implementation of new accounting standards.
	Familiarity with the relevant standards applicable to their organization is key for PAIBs to identify accounting implications that may arise from a given transaction or event. Such transactions or events may include, for instance, the signing of a contract, entrance into a new business venture or line of	Identify accounting implications that may arise from a given transaction or event.

Competence area: Financial accounting and reporting		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
	<p>business, or broader macroeconomic and market situations and circumstances outside the organization. Being able to determine when such transactions or events trigger accounting issues and considerations is vitally important.</p> <p>Being able to apply the standards to the identified transaction or event and being able to logically analyze and communicate (document) such analysis are distinct yet equally important skills.</p>	
IES 2(a)(iii) Evaluate the appropriateness of accounting policies used to prepare financial statements.	<p>While the valuation of inventory for external financial reporting purposes is prescribed by relevant financial reporting standards, some reporting frameworks provide flexibility in how inventory is valued. In such cases, the PAIB determines which of the acceptable methodologies to employ. This decision may include consideration of many factors, including the impact on taxes, cash flow, and an organization's strategy and operating plans.</p>	Evaluate the inventory method and cost flow assumption that are appropriate for a given a set of facts.

Competence area: Financial accounting and reporting		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 2(a)(iv) Prepare financial statements, including consolidated financial statements, in accordance with IFRSs or other relevant standards.	While this skill is applied at a basic level by all professional accountants, PAIBs “dive deeper,” analyzing the impact of transactions and events on the financial statements, taking into consideration their interdependencies.	Demonstrate understanding of organizational value through the relationships and interdependencies between the Income Statement, Statement of Financial Position, and Statement of Cash Flows.
	With the rise of extended external reporting, such as sustainability reporting and integrated reporting, PAIBs reach beyond traditional sources of financial information in order to present a more complete picture of an organization’s performance and ability to create value over time. Understanding process flows and how different data is captured and stored by an organization’s information systems is key. PAIBs will also ensure that information critical to their organization’s strategic focus and drivers of value creation is collected, analyzed, and communicated.	Identify appropriate data sources (such as sub-ledgers, other systems, databases, and non-accounting information) to support disclosure of organizational performance through financial and nonfinancial information.

Technology & Analytics

Competence area: Management accounting		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 2(b)(ii) Apply techniques to support management decision making, including product costing, variance analysis, inventory management, and budgeting and forecasting.	PAIBs increasingly help their organizations address strategic and tactical issues by employing predictive and prescriptive analytics in diverse areas of operations.	Apply various techniques for analyzing and forecasting revenue including market demand forecasting, customer lifetime value, and statistical analysis.
		Utilize analytical techniques, encompassing internal and external data, to improve the organizational budgeting process.
IES 2(b)(iii) Apply appropriate quantitative techniques to analyze cost behavior and the drivers of costs.	The role of the PAIB increasingly focuses on value-creating activities, such as obtaining deeper organizational insights by mining and analyzing a wide variety of data along multiple dimensions.	Describe the operations and resources of the organization and develop a cost model based on cause and effect (“causal”) relationships which reflects resource and process characteristics.
		Apply causal modeling to analyze how the business operates in order to drive insight.
		Identify and model causal relationships between revenues and other costs.
		Apply appropriate quantitative techniques to analyze the causal reasons for cost behavior.
		Deploy tools and approaches such as forecasts and scenarios that support better planning and execution.
		Interpret data to support understanding and insights and support the organization.

Competence area: Management accounting		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 2(b)(iv) Analyze data and information to support management decision making.	In a business partner role, PAIBs are increasingly called upon to assist in strategic decision making by applying enhanced technological and data analytics skills.	Analyze data for sustainable value decisions such as make or buy, lease or own, and sell or process further.
		Analyze data to assist in non-routine decision making such as special orders, outsourcing, and business segments.
		Identify the key criteria to use when evaluating alternatives to ensure alignment with an organization's strategic goals.
		Explain the type of data needed for a decision and determine if financial accounting and reporting data is appropriate or whether other causal data more accurately reflects the economic impact of the decision.
		Understand, evaluate, measure, assess and communicate non-financial data, and how it relates to value creation and preservation.
		Apply predictive analytics to solve business problems.
IES 2(b)(v) Evaluate the performance of products and business segments.	PAIBs mine, analyze, and effectively communicate a wide variety of data in order to provide enhanced strategic and operational insights into their organization.	Evaluate the profitability of products, services, and business segments through marginal and incremental analysis, and return on investment analysis, using both internal and external data.
		Evaluate the impact of customer or channel specific costs on product, service, or business segment profitability.

Business Acumen & Operations

Competence area: Management accounting		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 2(b)(i) Prepare data and information to support management decision making on topics including planning and budgeting, cost management, quality control, performance measurement, and comparative analysis.	In order to effectively serve as a business partner, PAIBs reach outside of their functional silo and have a thorough understanding of the operations of their organization, and the external environment.	Analyze costs across the value chain to support product and service sourcing decisions.
		Apply value chain analysis to identify cost and differentiation advantages.
		Demonstrate an understanding of capacity management and capacity costing.
		Discuss the implications of using traditional cost allocation methods as compared to assigning them on a causal basis.
		Discuss various ways of handling non-causal costs and their impact on decision making.
		Apply techniques to support management decision making, including product and service profitability analysis, forecasting, and operational improvement and optimization.
IES 2(b)(ii) Apply techniques to support management decision making, including product costing, variance analysis, inventory management, and budgeting and forecasting.	An understanding of an organization's processes and its cost drivers enables the PAIB to assign costs based on cause and effect relationships.	Create a process map of an operational process and assign costs to the process based on cause and effect relationships.
	An understanding of business operations enables the PAIB to create a managerial costing model that effectively supports managerial decision making.	Explain how to collect and structure costs to reflect an operational model of resources and processes.
	PAIBs apply the principles of capacity management in diverse business contexts.	Explain the principles of capacity management.

Competence area: Management accounting		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
	An understanding of the operations of an organization enables the PAIB to apply appropriate costing techniques.	Describe the implications of various cost management techniques including target costing, value analysis, and life cycle.
		Describe the implications for internal decision making of using costing information prepared to meet external financial reporting requirements.

Competence area: Finance and financial management		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 2(c)(i) Compare the various sources of financing available to an organization, including bank financing, financial instruments, and bond, equity and treasury markets.	An understanding of financial markets and an organization's operations enables the PAIB to evaluate various financing options, and the cost and risks associated with each.	Explain the differences and advantages / disadvantages of different funding sources and financing options.
IES 2(c)(iii) Analyze the current and future financial position of an organization, using techniques including ratio analysis, trend analysis, and cash flow analysis.	With the increasing demand for more comprehensive views of organizations' performance, PAIBs understand their organizations' operations, the key drivers of value creation and preservation, and potential opportunities and risks that may exist.	Describe the key value drivers, sensitivities, and risks for a given financial model.
		Analyze the impact of an organization's social and environmental performance on its future financial position.
		Interpret models and analyses to determine the implications on the long-term value creation capability of the organization including its human, social, and environmental capital.

Leadership

Competence area: Management accounting		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 2(b)(i) Prepare data and information to support management decision making on topics including planning and budgeting, cost management, quality control, performance measurement, and comparative analysis.	In the role of business partner, PAIBs develop leadership skills, including the ability to effectively communicate, in order to influence others and help create and protect value for their organization.	Communicate with impact to support and influence decisions of boards, management, operational staff, or external stakeholders, helping to ensure alignment of decisions and activities to purpose, values, objectives, and targets.
		Identify the impact of risks, processes, and flows of data and information, to an organization.

Competence area: Interpersonal and communication		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 3(b)(vii) Present ideas and influence others to provide support and commitment.	As PAIBs assume more strategic and operational facing roles they will increasingly partner with others who are outside the finance area in order to achieve organizational goals.	Communicate effectively with others in order to achieve a trusting relationship that yields positive results.

Competence area: Personal		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 3(c)(vi) Identify the potential impact of personal and organizational bias.	As PAIBs assume greater leadership roles within their organizations, an awareness of potential sources of bias that can affect decision making is beneficial.	Demonstrate an awareness of organizational biases that can affect development and implementation of an organization's strategy.

Competence area: Organizational		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 3(d)(v) Apply leadership skills to influence others to work towards organizational goals.	As a business partner the PAIB assumes a leadership role within the organization, fostering change where necessary.	Demonstrate the ability to work effectively as a change agent, both within and outside of the finance and accounting function.

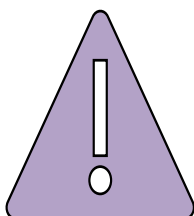
Competence area: Professional skepticism and professional judgment		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 4(a)(iii) Apply critical thinking when identifying and evaluating alternatives to determine an appropriate course of action.	PAIBs engage in reflective activity and independent thinking in order to effectively serve as strategic business partners.	Assess the impact of strategic decisions on the value chain.

Professional Ethics & Values

Competence area: Finance and financial management		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 2(c)(iii) Analyze the current and future financial position of an organization, using techniques including ratio analysis, trend analysis, and cash flow analysis.	An understanding of stakeholder expectations, organizational values, and the norms of the society in which it operates enables the PAIB to perform such evaluations and analyses.	Evaluate the impact of an organization's social and environmental performance on its future financial position.
		Interpret models and analyses to determine the implications on the long-term value creation capability of the organization including its human, social, and environmental capital.

Competence area: Ethical principles		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 4(b)(iv) Evaluate the significance of threats to compliance with the fundamental principles of ethics and respond appropriately.	As business partners PAIBs understand the need to align strategy and operations with organizational core values.	Demonstrate an understanding of the importance of pursuing strategies aligned with organizational core values.
IES 4(b)(vi) Apply the relevant ethical requirements to professional behavior in compliance with standards ⁴ .		Apply professional judgment, knowledge of strategy and operations, and best practices to resolve complex ethical dilemmas.

Competence area: Commitment to the public interest		
Extant IPD Learning Outcomes	Application in a PAIB Context	Non-authoritative Learning Outcomes (NLOs)
IES 4(c)(ii) Explain the role and importance of ethics in relation to business and good governance.	Identifying and addressing organizational risks and opportunities is important for a PAIB to assist in enterprise risk management.	Explain the need to develop effective internal controls processes to promote ethical business practices.



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⁴ Standards include auditing standards, accounting standards, and other standards related to the work being performed by the professional accountant.

This document was prepared by the Staff of the International Accounting Education Standards Board (IAESB).

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**International Accounting
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529 Fifth Avenue, 6th Floor, New York, NY 10017
T + 1 (212) 286-9344 F +1 (212) 286-9570
www.iaesb.org