



INDIANA CPA SOCIETY  
CORE COMPETENCY DESCRIPTORS WHITE PAPER

*August 2013*

Core Competency Teams

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## **Indiana CPA Society**

### **Core Competency Descriptors White Paper**

#### **Introduction**

The history of knowledge management goes back more than 40 years, although in many of those early years it was more prevalent in Europe than in the United States. In 2010, the Indiana CPA Society began exploring knowledge management concepts and applications. Following the work of two task forces and the assistance of advisor David Griffiths, Ph.D. of K3-Cubed Ltd. based in Wales in the U.K., the Society in 2012 decided to pursue knowledge management concepts and applications for its members, and identified a series of initiatives that supported knowledge management.

Interviews, focus groups, symposiums and surveys were conducted to determine member needs and wants as they related to knowledge management. A clear message was that one of the key components of a knowledge management program needed to be a competency-based approach that specifically addressed and built upon core competencies of the CPA profession. INCPAS research found that individual CPAs and the firms and companies that employ them did not have the tools or resources to measure core competency levels and create training plans to enhance the core competencies and progress to higher levels of competency achievement.

INCPAS could have attempted the challenging task of determining the core competencies of the profession on its own. But that work had already been done. Through two American Institute of Certified Public Accountants (AICPA) research projects, the core competencies of the profession had been very effectively identified through extensive research and analysis of input gathered from CPAs across the United States. The Society had a great foundation to start from, but much work was still to be done. The core competencies needed to be described and developed in greater depth and detail to create awareness and usefulness. And then CPAs and their employers would need guidance on how to use and apply the core competency descriptors.

Before work started on creating the descriptors, the decision was made to initially focus on public accounting, and in particular those CPAs who work in small and mid-size firms. Eventually plans call for the core competency descriptors and related guidance to be revised so that they are relevant to CPAs in business and industry, and also expanded and adapted to be relevant to CPAs in larger firms. Though the core competencies are universal to all CPAs, there are aspects and elements of each competency that vary slightly based on what discipline of the profession a CPA works in. Though the competency-based approach initiative is just one component of a broader knowledge management program, it is an important one that will be key to the success of other initiatives.

## **CPA Center of Excellence™**

The CPA Center of Excellence™ created by the Indiana CPA Society is a package of programs and resources designed to support knowledge management concepts and its applications. The two primary components of the CPA Center of Excellence™ are competency enhancement and intelligent collaboration. Together, we believe these components represent the future of the CPA profession and the value proposition presented by state CPA societies.

Competency enhancement is addressed through the competency-based approach initiatives, which involves an emphasis on the CPA profession's core competencies through new tools and resources that include:

- The online competency assessment product, SenseMaker®, which measures individual and organization-wide competency levels, developed exclusively for the CPA profession
- Supporting advisory services
- New traditional and online education modules featuring action-based learning.
- A Core Competency Toolkit comprised of the core competency descriptors and other useful tools and models.

Intelligent collaboration is also addressed through the Center, primarily via the CPA Center of Excellence™ Online, an intuitive online community powered by TallyFox that enables knowledge sharing and serves as a repository of information; as well as the Fusion Network – a group of INCPAS members who share thoughts on emerging issues and trends impacting the CPA profession through blog posts, audio blogs, comments, tweets and articles.

## **Background**

The CPA Vision Project<sup>1</sup>, an initiative of the AICPA, conducted during 1996-98 looked at the future of the CPA profession through nationwide face-to-face grassroots research. The end result of the CPA Vision Project was the identification of the top five core competencies, core values, significant issues and future services through the year 2011. With that year approaching, the AICPA embarked on a new initiative named CPA Horizons 2025<sup>2</sup> that would further develop and update the findings of the original CPA Vision Project. This time using electronic research means, a new future course for the profession over the next 14 years was identified. This included a revised set of core competencies.

While the core competencies themselves were thoroughly discussed, presented and promoted, more depth behind what they actually meant was needed. CPA Horizons 2025 told us what the core competencies are, but did not provide the detail necessary to guide members of the profession and their employers related to competency development and how to improve required skills for each of the six core competencies. Missing was a useful tool that would be a great step toward providing that guidance.

10 members of the INCPAS Knowledge Management Task Force, along with two other members who had participated in knowledge management meetings or classes, formed three separate task forces to further discuss and develop the core competency descriptors using templates designed by K3-Cubed. The task forces worked during the early fall of 2012, and presented their work for review by the Society's Leadership Cabinet and Emerging Leaders Alliance in November 2012. Changes and updates were made from the feedback gathered, and then the descriptors underwent a comprehensive review and fine tuning by Griffiths, a human resources expert.

### **Core Competency Evolution**

The CPA Vision Project in 1998 defined core competencies as follows, "A unique combination of human skills, knowledge, and technology that provides value and results to the user. Enhancing our core competencies is key to sustaining a competitive and differential advantage in the marketplace." The five core competencies identified included:

#### ***1. Communications and Leadership Skills***

Able to give and exchange information within meaningful context and with appropriate delivery and interpersonal skills. Able to influence, inspire, and motivate others to achieve results.

#### ***2. Strategic and Critical Thinking Skills***

Able to link data, knowledge, and insight together to provide quality advice for strategic decision-making.

#### ***3. Focus on the Customer, Client and Market***

Able to anticipate and meet the changing needs of clients, employers, customers, and markets better than competitors.

#### ***4. Interpretation of Converging Information***

Able to interpret and provide a broader context using financial and non-financial information.

#### ***5. Technologically Adept***

Able to utilize and leverage technology in ways that add value to clients, customers and employers.

Those core competencies, along with the other "Top Fives" named in the CPA Vision Project, served the CPA profession well for more than a decade. However, in 2010 AICPA updated the findings and looked even further into the future. Thus the CPA Horizons 2025 project was

initiated, and in just six months using electronic research methods, a new vision for the profession was created to look 15 years out. Included was an update to the core competencies, which now numbered six. They include some similarities to the original five:

***1. Communications Skills***

CPAs are able to effectively exchange reliable and meaningful information, using appropriate context and interpersonal skills.

***2. Leadership Skills***

CPAs are adept at influencing, inspiring and motivating others to facilitate change and achieve excellence.

***3. Critical-Thinking and Problem-Solving Skills***

CPAs are skillful in evaluating facts, challenging assumptions and applying judgment to develop relevant solutions.

***4. Anticipating and Serving Evolving Needs***

CPAs are adept in identifying strategic directions and opportunities to meet the evolving needs of those we serve.

***5. Synthesizing Intelligence to Insight***

CPAs are expert in connecting data, performing analysis and using business acumen to provide astute guidance for better business decision making.

***6. Integration and Collaboration***

CPAs are effective at building strategic alliances and working collaboratively to provide multidisciplinary solutions to complex problems.

Those involved with INCPAS knowledge management planning quickly recognized the importance and significance of these core competencies; yet felt that one key core competency was missing – knowledge sharing. The ever-increasing need to expand your knowledge base to enhance a career as a CPA was the reason the Society began exploring the concept of knowledge management in the first place. The INCPAS Knowledge Management Task Force devised definitions for both knowledge and knowledge management:

**Knowledge**

Experiences and ideas gathered throughout one’s career that can be shared during the right situation to enhance competency or decision-making.

## **Knowledge Management**

The capabilities by which communities capture, emulate, maintain and distribute the knowledge that is critical to them, continuously improve upon it, and make it available in an effective manner to those who need it, so they can use it creatively to add value as a normal part of their work to sustain their organization and the profession.

With that, the seventh core competency of knowledge sharing was added to the list. The descriptor for that core competency was developed through the work of the participants in a five-day knowledge management certificate course attended by INCPAS leadership and staff, and taught by Griffiths and his colleague Peter Evans from the University of Edinburgh in Scotland. With that work complete, the focus turned toward developing the six core competency descriptors from the CPA Horizons project, and three teams of four members each were formed.

## **Competency Descriptor Template**

Griffiths' K3-Cubed Ltd. already had the competency descriptors developed, and they had been used by other international clients using a model adapted from templates published by The British Council. The descriptors were a perfect fit for the CPA profession core competencies as they covered all aspects of the competency pyramid – knowledge, skills and aptitude, along with observable behavior and personal characteristics.

Specifically, the descriptors cover several important areas of interest for each core competency, and, if developed appropriately, describe to users exactly what the competency is and the steps they have to follow to enhance their proficiency of it. The descriptors are broken down into the following sections:

- Definition – What the competency is and what it means.
- Why is it Important – The significance of the competency to your career, business or the profession.
- Five Levels – A step-by-step guide to achieving five advancing levels of competency proficiency.
- Warning Signs – Obstacles that prevent someone from achieving the competency or its various levels.
- Positive Indicators – Things that indicate someone has achieved proficiency or is making progress to a new level.

With the template as a guide, the three INCPAS teams spent several weeks working on the draft descriptors with each team addressing two core competencies. As mentioned previously, those were then updated and revised from feedback obtained from the INCPAS Leadership Cabinet and Emerging Leaders Alliance, as well as the expert review and analysis from Griffiths. In the

end, the Society had developed seven detailed descriptors, the likes of which had not previously been developed for the CPA profession.

One of the seven core competency descriptors (communications skills) follows at the conclusion of this white paper. It is presented here in its entirety as a sample of the work that has been done to date. Future plans call for a Core Competency Toolkit to be developed that will not only include all of the core competency descriptors, but also other human resource-related tools and models along with guidance and instruction on how to use and apply the descriptors, tools and models. The toolkit, which is scheduled to be available by mid-2014, will be relevant from both individual and employer perspectives.

### **Human Resource Cycle**

An emphasis on core competencies touches all elements of the HR cycle, such as recruitment, interviewing, hiring, professional development, performance appraisal, retention and succession planning. Many HR cycle models are readily available, but Griffiths' "The HR Development Journey"<sup>3</sup> cleverly depicts the cycle through all phases beginning with the initial strategy and going all the way through to the succession planning that will ensure the overall survival and success of an organization.

After strategy, the journey begins with job design and then recruitment. Then there is selection (hiring) and induction. The next stages are performance, assessment and reward, all of which are ongoing through learning and development. Finally, as a result of continuous professional development come the final stages of career development (advancement) and, where a personal journey may end, with succession planning.

Clearly, the core competencies – the understanding of them, the progression of them, and the measurement of them – play a key role in human resources. Certainly CPAs are also evaluated based on their technical skills and competencies, but the core competencies are becoming increasingly important in today's changing marketplace. Evolving client and employer needs, specialization, globalization and other business factors are requiring CPAs to be leaders, communicators, problem solvers, decision makers, critical thinkers and collaborators – exactly the traits that the core competencies cover.

Undergraduate education is usually not enough. Though some programs may prepare new professionals better than others, the enhancement and maintenance of the core competencies must occur throughout one's career as the HR cycle implies. For CPAs to maintain their status as trusted advisors there must be a renewed emphasis placed on the core competencies by individuals, organizations and the profession as a whole, including the state CPA societies that support and provide resources to its members.

## **Opportunities**

There has been a lack of attention paid, and resources allocated to, the core competencies in the CPA profession for many years. Although most do not question the relevance or importance of the core competencies, many do realize there is a disconnect between the importance and the actual commitment to improve those skills. Investing time and money for the training necessary to achieve the competencies at necessary or adequate levels has lagged. The technical competencies have traditionally been viewed as more valuable, and that has driven professional development in the CPA profession.

Times have changed. Technical competencies are still vitally important, but with increasing complexity, the core competencies are at least on equal ground if not perhaps even more important. A 2011 survey<sup>4</sup> conducted by global talent management firm Lumesse found that many professionals are not satisfied with their current employers, particularly in the areas of talent utilization and usefulness of performance appraisal. In fact, 81 percent said they do not believe their skills are being fully utilized, while 49 percent find little or no value in their performance appraisals. Those are both key areas in which the competency descriptors can provide direction – assessment of skills and identification of where and how to improve.

Retention is also becoming a major issue for the CPA profession, and in many cases the reason CPAs change employers is often due to undefined advancement tracks that fail to enable a clear understanding of how to improve and move up in the organization. The competency descriptors may not solve those issues in all cases, but there is no doubt they can help CPA employers and individual professionals come to a mutual understanding of where they want staff to be at certain points in their career, how to assess and measure where they are, and how to prepare a training plan that will help both sides get what they need – a qualified and prepared professional and one that has advancement potential if the effort is put forth.

## **Challenges**

Despite the talk and the evidence, the core competencies often are difficult to assess and a tough sell to garner the support to enhance them through professional training. Some employers expect their professional staff to simply possess the competencies naturally or develop them on their own time. Employers often do not appreciate the investment requires to develop and maintain the core competencies. Some professionals may still underestimate or not yet fully understand the value that having high competency levels may bring to the future of their career and the future of the profession. It will take an awareness campaign along with testimonials and case examples of success stories to sway some of the misconceptions to prove that the core competencies are just what they are termed – core to the profession and competencies that all CPAs should have.

## **Conclusion**

The Indiana CPA Society, through exploration of knowledge management and creation of the CPA Center of Excellence, has bridged the gap that existed with the CPA profession's core competencies. It has taken helpful information – the list of the core competencies from CPA Horizons 2025 – and developed milestones that can be used by individual CPAs and employers of CPAs nationwide. The competency descriptors are guides, but are certainly not inflexible. They were created knowing that they could be modified or adjusted by individuals and especially organizations to fit certain situations and cultures. The belief is that by enhancement of the core competencies, individual CPAs will become more valuable, CPA firms and businesses that employ CPAs will become more successful, and the CPA profession as a whole will be better positioned to effectively become more agile, resilient, adaptive and dynamic in handling the marketplace and global forces of the 21st century.

## **Footnotes**

<sup>1</sup> CPA Vision Project – 2011 and Beyond, Final Report, *American Institute of Certified Public Accountants*, 1998.

<sup>2</sup> CPA Horizons 2025, Final Report, *American Institute of Certified Public Accountants*, 2011.

<sup>3</sup> The HR Development Journey, David Griffiths, K3-Cubed Ltd., 2012.

<sup>4</sup> Insight Paper: Global Workplace Survey June 2011. “Like where you work – but still plan to leave?”, Lumesse Ltd. 2011.

## **Sample Competency Descriptor**

The following competency descriptor is for the core competency of “communications skills.” It is provided here as a sample of the seven core competency descriptors developed by the Indiana CPA Society and David Griffiths, Ph.D. Each competency descriptor is copyrighted: © Indiana CPA Society in collaboration with David Griffiths (K3-Cubed Ltd.)

# COMMUNICATION SKILLS

## Definition

Communication skills relate to oral, listening, presentation and writing skills that enable a person to convey information that increases the opportunity for information to be understood and for knowledge, skills and behaviours to be transferred; effectively persuade, influence and negotiate with others while utilizing active listening.

## Why is it important?

CPAs communicate concepts and best practices for a variety of issues for a range of audiences. Communication provides the opportunity for developing good relationships with internal or external customers, stakeholders and staff. Excellent communicators use verbal, non-verbal and writing skills to anticipate others' abilities and reactions to the information being conveyed. Communication is also essential to any individual CPA, or organisation, looking to negotiate modern complexity, where connectedness overcomes challenges of diversity and hyper-specialisation.

## Positive signs

- Consistently communicates using negotiating and networking skills.
- Deals with opposition effectively, even under harsh circumstances.
- Confidently and effectively modifies presentations for the clarity of each audience.
- Inspires others through verbal and written communications, is able to connect with the audience.
- Successfully influences each audience.
- Consults and negotiates successfully with customers, stakeholders and staff.
- Actively listens and checks understanding of all audiences.

## Warning signs

- Is distressed or apprehensive when speaking.
- Is not open with information.
- Uses inadequate spelling, punctuation, or grammar, or does not write with structure.
- Speaks or writes without consideration of audience's perspective.
- Expects others' comprehension without checking, or assumes the audiences' understanding.
- Disrupts conversations, or otherwise does not listen.
- Pays little attention to the requirements of customers, stakeholders or staff.

## Level 1

- Able to converse in small groups in familiar surroundings
- Consistently delivers simple presentations to small groups in familiar surroundings and is able to highlight simple messages, problems, questions or conflicting views/debates.
- Is able to utilise multiple methods for communication, though not always consistently or effectively (video, audio, PowerPoint etc.)
- Able to communicate in writing using clear and articulate language.

## Level 2

- Able to converse in small groups in familiar surroundings, knowing when to contribute and when to listen
- Demonstrates active listening skills and engagement in communication by restating previously communicated information in response to problems, questions or conflicting views/debates.
- Consistently delivers presentations to small groups in familiar surroundings and is able to reinforce specific messages, problems, questions or conflicting views/debates in such a way that the audience clearly understands the point of the presentation.
- Demonstrates an ability to articulate himself or herself clearly when faced with routine questions in a conversation and/or presentation.
- Exhibits an understanding of the reader's needs when developing written work

## Level 3

- Encourages discussion through empathy and sensitivity towards individual perspectives
- Delivers presentations that consistently demonstrate an understanding for differentiation according to the needs of the audience.
- Presentations are engaging, utilising multiple forms of media, and content is delivered using a balance of 'push' and 'pull' methods.
- Works to bring the 'unheard' voice into the discussion and shows patience with others who find difficulty in articulating their message.
- Is able to edit the written work of others.

## Level 4

- Confident and clear communicator 1 on 1, in small groups and in front of larger audiences.
- Demonstrates an ability to articulate themselves clearly when faced with non-routine and/or challenging questions in formal/social professional environments.
- Works to assist others to improve their message, especially in conflict resolution.
- Confident and clear communicator in unfamiliar surroundings.
- Demonstrates the ability to coach others in terms of presentation skills and written communication

## Level 5

- Is able to demonstrate an impact upon colleagues, clients (internal or external) and/or the CPA profession through oral, written and presentation-based communications.
- Successfully negotiates conflicts and encourages open communication.
- Effectively condenses complex information, both in verbal and written communication in such a way as not to overwhelm the audience.
- Uses verbal, written and presentation skills to anticipate others' abilities and reactions to the information being conveyed.
- Demonstrates an understanding of the nuances of 1 on 1 and small group conversation, demonstrating an ability to negotiate the needs of others against his/her personal interests or the interests of the organisation and/or profession.
- Demonstrates an understanding of the nuances of written communication (personal and for a wide audience), demonstrating an ability to negotiate the needs of others against his/her personal interests or the interests of the organisation and/or profession.