BY GARY SIEGEL, CPA;
JAMES E. SORENSEN, CPA; AND
SANDRA B. RICHTERMEYER, CMA, CPA

PART 1

# Are You a Business Partner?

MANY MANAGEMENT ACCOUNTANTS AND FINANCIAL MANAGERS HAVE MADE THE LEAP AND ARE ENJOYING THEIR VALUABLE NEW ROLE.

**Business partners help run businesses.** They are consulted on all major decisions. They are proactive with information, are focused on improving business processes, and are team leaders. Their work is exciting, and they are enthusiastic about what they do. The financial professionals who have become business partners say they are thriving since they added this dimension to their work.

**What is a business partner?** It's difficult to define a business partner in two or three sentences because the work they do requires a variety of skills, encompasses several disciplines, and impacts the organization in various ways.

**Are they accountants?** In one sense, you could say that business partners are accountants. They still hold fiduciary responsibility and carry out all of the traditional accounting functions. They just do it a lot faster and with a lot fewer people than they used to. But they definitely do more than accounting. They are involved in strategic planning, process improvement, team building, and a host of other activities.

Textbooks tell us that management accountants do scorekeeping, attention directing (for example, alerting management to problems with the management control system and established policies and procedures), and problem solving. Business partners do very little scorekeeping and a lot more problem solving. But they also do more than solve problems.

> "Yes, I'm a Business Partner. You have to know the business. You have to have some credibility, and you have to push your way into things. I have always done that. You have to get some understanding. This is a strongly engineering- and operations-oriented company. You have to get to know the business and understand it and not be afraid to push outside of your sphere and then show the link. You just have to push that." —*A controller at Trane*

Business partners have transformed themselves from accountants to superaccountants—from accounting specialists to business generalists. Their perspective has changed. They still do the accounting work but don't see it as their mission. Their mission is business success and performance excellence. They focus on running the business, and accounting is a vehicle to improve performance and help people make better decisions.

So are these superaccountants still accountants? They'll tell you, no. They call themselves business partners. Their titles don't include the "A" word. Sure, if we point out to them that they are a CMA, CFM, or CPA, they will say, "Yes, we earned those credentials, but we don't do accounting." And, yes, they still have to know their debits and credits. But as a business partner at UPS told us, "Our business is delivering packages, not debits and credits."

**Making the transition.** They have transformed into business partners. They perceive themselves differently, and the people they work with see them differently. But do their colleagues refer to them as business partners? A controller at McDonald's explains:

*We probably get called everything in the book—I hope all of it good. I don't know if they call us business partners or not. I hope they would. If you asked them a question about me or some of the other folks in accounting, I would hope they would say, "He is much more than just an accountant." If you asked them, "What types of things does this person do?," they will talk about strategic plans, they will talk about evaluations, they will talk about impact on the business, having an influence on—in my case—individual brands, striving for better business results. All these things are driven around the business, not debits and credits, not anything that is in a traditional accounting realm. Whether they call us a business partner or not, we are doing a lot more than traditional accounting.*

Again, are they accountants? Technically, yes. But substantively, no. These financial professionals do much more than traditional accounting. They do decision support, but they are beyond decision support. They are business analysts, but they do more than simply analyze. They are valued for their business savvy and financial insight. They are focused on improving business processes. Their work is light years away from the work traditional accountants did as recently as 15-20 years ago.

**Scope of change.** Accountants' work had been pretty constant from the development of double entry bookkeeping in 1492, but it took a dramatic turn with the development of high-speed computers in the 1960s and again with the widespread diffusion of electronic spreadsheets in the early 1980s. The old accountant is dead or dying. Long live the new accountant! We aren't the same as we were in 1985 or even 1995, which should be a wake-up call to leaders in the profession, business school educators, and corporate executives.

**Traditional accountants.** To appreciate what a business partner does, let's contrast their role with the role of traditional accountants. Historically, accountants collected and manipulated data, manually worked spreadsheets, checked expense reports, produced inventory reports and standardized financial statements, complied with federal and local tax laws, prepared and maintained the budget, handled the treasury function, worked with outside auditors, held fiduciary responsibility for

**This article is based on interviews with more than 100 accountants who have made the transition to business partner.** The interviews were part of the research project, "How to Become a Business Partner," the fourth in a series of applied IMA research studies that focus on the changes in accountants' work and work roles. The authors are the research team. Previous IMA projects are "What Corporate America Wants in Entry-Level Accountants" (1994), "The Practice Analysis of Management Accountants" (1996), and "Counting More, Counting Less: Transformations in the Management Accounting Profession" (1999). Executive summaries of the previous research are available on IMA's website at www.imanet.org. Click on Resources, then IMA Studies. Results of "How to Become a Business Partner" will be available this fall in hard copy form and also on the IMA website.

the company's assets, made sure that bills were paid and receivables collected, and were available to answer accounting- or tax-related questions.

They were the keepers of financial records, preparers of financial reports, treasury officers, internal auditors, and compliance and fiduciary agents. They provided a vital service to their organizations, but they weren't central to running the business. In organization charts, accounting was off to the side—it was a staff function that supported line managers.

Accountants worked mainly with other accountants on accounting projects, such as cost reports, payables, year-end closings, and inventory. They worked in their own world, physically and psychologically isolated from the people who were running the business. In the actual work environment, there were "departments." Accountants worked in the accounting department, but the people running the business worked in other departments. This doesn't imply that accountants had no interaction with other people in the organization. They did. But the accountant's focus was on "doing the accounting": getting the report out on time, doing the payroll, working on the budget. The focus of the line people was on "running the business." Accountants weren't expected to be participants in this.

Accountants were psychologically distant as well. They were seen as numbers crunchers, bookkeepers, and bean counters. Because they prepared and enforced the budgets, they were the corporate cops, the people who could make a line manager's life miserable. They were the naysayers. They were seen as obstacles, not enablers.

In the course of interviewing dozens of accountants over the past several years, we have heard many stories about their purposely being kept out of the decision-making process. They simply weren't consulted about upcoming decisions involving expenditures. They learned about decisions only after they were made. Why? A frequent explanation is that they were seen as protectors of the budget—the guys (there were few women accountants in the old days) who always said no. So why bother asking?

"Yes, I'm a Business Partner. ...it was an open dialogue and they [accountants] were treated as an equal at the table, and they were at the front end making the decision, not given the answer and go figure it out." —*A controller at Boeing*

Accountants were valued for the information system they maintained and the reports they provided. But they weren't valued for their interpretation of the information or the advice they could give on a business question. This implies that accountants weren't considered "big picture" people. They were seen as too focused on the numbers. The implication is that they really didn't sufficiently understand the complexities and nuances of the business, so few people sought their opinions.

**Business partners.** Then the business world changed. Manual spreadsheets disappeared, and management accountants no longer had to spend hours calculating and checking calculations. Bureaucracies were flattened. Company precedents were questioned. Shared services emerged. Technology made a quantum leap. Continuous improvement became a reality.

As accountants were liberated from the time-consuming, mechanical aspects of accounting, they had to move from the operational level in organizations to the strategic level for the profession to survive and remain relevant. Their knowledge of basic financial tools wasn't sufficient to keep them relevant; they had to enhance their knowledge and acquire advanced financial tools.

In many companies, financial professionals used their freed-up time to create a new role for themselves as business partners, which required them to become generalists.

Those who have successfully made the switch tell us that there are some lingering jokes about "bean counters" in their organizations, but that isn't how they are perceived anymore. Now they are considered proactive and available and are sought-after participants in the decision-making process. They are seen as valued team members and enablers. As another business partner at McDonald's said, "We are not asked when the project is almost done to come out here and run some numbers; we are invited early on."

The physical and psychological isolation has broken down. Physically, those who have become business partners have moved out of the accounting department. Many work with the groups they support. This means their desk could be in the marketing department, on the factory floor, or in an office adjacent to the president's. Most of their day is spent sharing information with others. Shared objectives and shared perspectives have erased the psychological isolation.

The term "business partner" is itself very telling of a new identity. Partners have an equal voice and an equal vote on decisions. They have the right to challenge faulty logic or faulty assumptions, regardless of who makes a statement. Indeed, it is expected that a partner do this. A partner is actively involved in business decisions.

Before accountants became business partners they "serviced their internal customers." Their mission was to satisfy their customers' needs. A principle of quality service is that the customer is always right. In practice, this meant that if a marketing vice president asked for a particular report, the accountant was expected to deliver it as ordered. It didn't matter if the requested information wasn't the most relevant to the decision or if interpreted in a particular way could result in a dysfunctional decision. "The customer was king," and it wasn't accounting's prerogative to second-guess the decision maker.

Not so with business partners. They have to understand what the business problem is and work with the team to determine which information is most relevant. Then they interpret the information and work with the team to make the decision. They have to understand how accounting information and practices impact behavior and, ultimately, performance. They have to foresee how company decisions and practices will impact accounting reports. And they educate their teams about the tax and financial implications of company actions.

> "Yes, I'm a Business Partner. I see an overall trend that has been going on for some time of more empowerment at lower levels of the organization. More and more individual work teams and work groups are trying to make decisions that have a large financial component to them in managing their daily work, whereas they might not have been thinking about it in that way before. I think it is going to increase. There is more demand for financial support at a lower level—more demand for accountants to help. In wing manufacturing, [the staff focuses] on particular parts of the process in building the airplane. The demand for financial support is insatiable. They want to know, and they need to know: What is the consequence of doing this? If we streamline this, how does it impact us financially? What does that do to us? Does it impact the value stream? They need accountants to help them with that kind of information. I see a continued growth in that kind of activity and the need for accountants as the trusted business advisor. That is one aspect that I really think will continue to expand and grow."—*A financial director from Boeing*

A corporate controller from a large, publicly traded company describes the business partner philosophy:

*I just made a presentation to a group of 20-30 of our assistant regional controllers from around the country, and I told them that the most important thing they can do is move the business, which really doesn't have much to do with numbers. It has to do with understanding that you have fiduciary duty, but you can never fulfill your fiduciary duty and get the business moving in the right direction unless you have the right kind of relationships with your management. You start with your regional manager. You should be the first person the regional manager goes to when they want to ask a question.*

*I don't think accountants can do their job unless they know almost as much about the business as everybody around them because we are supposed to assess the answers we get. If you are able to understand the various parts of the business, you are the best person for senior management to go to for advice and guidance. This doesn't just happen because you are an accountant or are good analytically. It happens because you go out of your way to create relationships that allow you to do that when the time comes. I think that's the biggest thing we are talking about nowadays—customer satisfaction at a very high level. It's very much about having the confidence of the people that you need to do this interpretation for to help run the business.*

In many organizations, business partners have taken leadership roles on teams. Unlike team members in marketing or engineering, accountants aren't seen as having their own agenda. As corporate insiders explained to us, the marketing person is focused on market share, and the engineer is focused on design issues. But the business partner is perceived as having an overview of the organization as a whole and an understanding of the financial implications of actions. They can point out to the marketing person or the engineer whether a proposed action will enhance the company's well being. In this way, business partners are perceived as committed to the organization's goals.

**Skill set.** What skills do business partners need to do all of this? They need excellent communication and interpersonal skills, team-building skills, and analytical skills.

"Yes, I'm a Business Partner. … once we went to business units, people started acting like [they were] their independent businesses. So suddenly it was more important for them to have broader business knowledge. At that point, I think in almost every profit center the senior accounting person became the right-hand person to business unit managers because they were the person they turned to with, 'Help me understand the financial data I'm getting. Help me understand what levers I can move to make the financial data to be what I want it to be.'"*—A corporate accounting manager from Caterpillar*

They need a thorough understanding of the business they work in. This is critical because, without that understanding, they can't add value. They should be familiar with the quality literature (cost of quality, Six Sigma, ISO 9000-2000, *Criteria for Performance Excellence*, and the like) and know how to use quality tools (affinity diagrams, interrelationship digraphs, cause-and-effect diagrams). And an understanding of psychology and social psychology will help them learn how to resolve conflicts and motivate people. What about accounting skills? This is a given. Any business partner is expected to have a comprehensive knowledge of accounting and tax laws.

Their work encompasses the disciplines of accounting, some finance, some systems, and some decision support. To be effective in their roles, they have to be familiar with all of the business functions (marketing, purchasing, engineering), the processes that run their organization, and how the processes, functions, and people work together.

As another McDonald's controller observed regarding decision support:

*When voice recognition becomes even more prevalent, the chief executive is just going to scream at a computer, and it is going to tell him the answers to the question. So the fundamental basics of scorekeeping will be done by machines, all of it, and also much of the analytical work. Accountants are basically interpreters. That doesn't mean that they just interpret numbers. They tell people what to do with them.*

**The future.** For accountants who have made the transition to business partner, or would like to make the transition, the way to remain relevant is perseverance, stamina, and a commitment to lifelong learning.

For educators, the challenge is to prepare their students to become business partners, not "accountants." Accounting programs still have to teach students the intricacies of the accounting information system, cash flows, data flows, the relationships between the financial statements, and the like. But there has to be more emphasis on decision support and understanding a business—more emphasis on using the information. Students must learn how to handle qualitative data because they will be attending meetings and will have to make sense out of hours of back-and-forth discussion. They should be introduced to the Baldrige *Criteria for Performance Excellence*. They should learn how to use some quality tools. But step one is that they need to be informed that there's a new occupation called business partner to which they can aspire.

For leaders in the profession, many issues have to be addressed. Do we continue to call ourselves accountants, or do we select a new name? How can the most appropriate continuing professional education (CPE) be developed and delivered? How should professional associations respond to the ongoing changes in work roles and responsibilities?

The answers to these questions will determine the future of our profession. ■

*Gary Siegel, CPA, Ph.D., is associate professor at the School of Accountancy and Management Information Systems, DePaul University in Chicago and president of the Gary Siegel Organization, an opinion research and behavioral accounting firm. He was co-project director of four major IMA studies on the practice of management accounting. You can reach Gary at gsiegel@depaul.edu.*

*James E. Sorensen, CPA, Ph.D., is professor of accountancy and the John J. Gilbert Endowed Professor in the School of Accountancy at the University of Denver. He specializes in management accounting, not-for-profit accounting, financial management, and program evaluation of behavioral health organizations. He, too, was involved in the four major IMA studies on the practice of management accounting. You can reach Jim at jsorense@du.edu.*

*Sandra B. Richtermeyer, CMA, CPA, Ph.D., is an assistant professor of accounting at the University of Wyoming. She primarily teaches courses in accounting information systems and e-business. Her research interests are in the practice of management accounting and implications of technology for the accounting and finance professional. You can reach Sandra at richters@uwyo.edu.*