

# GLOBAL STRATEGY AND LEADERSHIP

## CPA PROGRAM SUBJECT OUTLINE

Global Strategy and Leadership is the capstone subject for the CPA Program. This subject consolidates and builds on the learnings candidates have gained in the other three compulsory subjects: Ethics and Governance, Financial Reporting and Strategic Management Accounting. In the increasingly complex business environment in which organisations operate, characterised by change, uncertainty and escalating competition, the disciplines of strategy and leadership have become critical to successful organisational performance.

The aim of this subject is to link the knowledge expected of the future finance professional to the concepts of strategy and leadership. The future finance professional is expected to use a range of technical information to make decisions for the future of the business within an ethical framework of operation. This subject demonstrates that accounting information, ethics, strategy and leadership are applicable to finance professionals, in a global context and in diverse organisational settings. The subject materials address the needs of candidates operating in different international markets in varying roles, including content on current and emerging technologies and emerging business models.

This subject builds upon knowledge gained in the other three compulsory subjects of the CPA Program. The concepts of professional ethics and good governance underpin the subject. Candidates who have previously undertaken the Advanced Audit and Assurance or Strategic Management Accounting subjects will be familiar with the use and application of Porter's five forces model. Those candidates who have studied Strategic Management Accounting will note a number of other concepts that are expanded upon in this subject, including strategic analysis, performance measurement and the value chain. The international focus of this subject acknowledges the importance of the reporting requirements under the International Financial Reporting Standards (IFRSs).

## EXAM STRUCTURE AND PREPARATION

The Global Strategy and Leadership exam comprises a combination of multiple-choice questions and extended response questions.

## SUBJECT AIMS

The subject has two key aims:

1. The primary aim of this subject is to provide you with an understanding of the concepts and principles that underpin the practices of strategy and leadership in the global economy, and the ability to apply these concepts to real-life business cases.
2. The secondary aim of the subject is to consolidate the knowledge you have gained from your study of the other three compulsory subjects, Ethics and Governance, Financial Reporting and Strategic Management Accounting.

## GENERAL OBJECTIVES

On completion of this subject, you should be able to:

- understand the role of the accountant in the development and implementation of strategy
- use analytical tools and models to analyse the industry and the market in which an organisation operates use analytical tools and models to understand and measure the performance of the organisation
- use business information for decision-making from an organisational perspective

- identify and explain the key challenges faced in the implementation of strategy and the role of the accountant in the implementation and leadership functions
- consolidate the understanding of strategy and leadership concepts through the use of real-world examples integrated throughout the material, and apply these concepts to business case scenarios through the use of a case studies
- apply skills in thinking strategically and formulating broad strategies for consideration and application in their organisational environment

## SUBJECT CONTENT

The 'weighting' column in the following table provides an indication of the emphasis placed on each module in the exam, while the 'proportion of study time' column is a guide for you to allocate your study time for each module and analysis of the pre-seen exam case studies.

Module	Recommended proportion of study time (%)	Weighting (%)
1. An introduction to strategy and leadership	10	10
2. Understanding the external environment	15	15
3. Understanding the internal environment	15	15
4. Product and market development	15	15
5. Developing the strategic plan	15	15
6. Strategy implementation	15	15
7. Leading the strategy	15	15

The subject is divided into seven modules. A brief outline of each module is provided below.

### Module 1: An introduction to strategy and leadership

Module 1 provides an overall introduction to the key concepts of strategy and leadership in the global context. It illustrates the need for improved capabilities in both areas because of the rapidly changing and uncertain business environment.

The role of CPAs in such a changing environment becomes even more crucial. Accounting is a dynamic role in the modern business environment and, as such, accountants are contributing increasingly to the high-level, decision-making process within organisations.

The need to craft and implement a strategy in order to translate a vision into reality is described in Module 1 as a key leadership function. The module provides an overview of various theories and perspectives that inform the practices of strategy and leadership. Further, the module helps candidates understand the basic concepts and principles that are elaborated upon in the later modules.

Contents:

- Introducing strategy and leadership
- The strategy process
- Gaining competitive advantage
- Organisational context for strategy

- The global context of business
- Introduction to leadership
- Leadership styles
- The role of leaders in strategy
- The role of the CPA in strategy and leadership

## Module 2: Understanding the external environment

The strategic analysis component of this subject begins in this module. Following the discussion of the concept of strategy in module 1, modules 2 and 3 undertake the analysis component of strategy, focusing on business strategy. These modules focus on approaches used in undertaking a strategic analysis of the external industry and internal business environments. Module 2, in particular, provides tools for strategic analysis of the external operating environment of the organisation.

Module 2 also provides a framework for analysing the external environment, focusing on an organisation's specific industry and markets. This involves evaluating social, technological, environmental, economic, political, legal, ethical and other trends to provide an estimate of the level of future industry growth. The industry analysis helps to examine the forces determining industry profitability and concludes with market, competitor and customer analysis. In the era of 'big data', the analysis of the increasing amount of data available about the external environment is an important role for CPAs.

Contents:

- Understanding the external environment
- Defining the industry for analysis
- Remote environment analysis - growth
- Industry environment analysis – industry profitability
- Understanding customers and markets
- Competition in the industry
- Further implications for leadership and management

## Module 3: Understanding the internal environment

In this module, the focus is on the internal environment – that is, factors within the organisation's control that may affect its strategy choice in the future and the implementation of that strategic options.

Assessing the internal environment is critical in understanding whether the organisation is successful. It also helps to assess whether its strategy is appropriate in the context of not only the external environment, but also of internal factors, such as key stakeholder requirements, organisational performance and the organisation's capabilities. CPAs play an important role in measuring and reporting on the organisation's performance and capabilities.

Contents:

- Understanding key stakeholders
- Assessing current performance
- Strategic drivers
- Operational drivers
- People and organisational drivers
- The role of resources and capabilities
- Combining external and internal analysis
- Further leadership and management implications for internal analysis

## Module 4: Product and market development

After covering strategic analysis, this module turns to the use of this information to identify strategic options for growth. In this module, candidates begin to combine the results of the external and internal analysis (discussed in modules 2 and 3). There are a number of factors that must be considered by an organisation before determining which, if any, growth strategy to pursue.

In considering the concepts of product, service and market development as tools for organisational growth, the module discusses a number of the resources available to inform strategic choices, as well as the specific accounting impacts that may affect an organisation when it decides to enter a new market or undertake a significant new product development. The consideration of accounting impacts is a key factor in assessing organisational capability, particularly in terms of cost and resourcing implications of any desired changes — and while some of the issues discussed may appear more operational than strategic in nature, they are a vital part of an organisation's capabilities and are thus key to achieving successful implementation of strategy.

Contents:

- Innovation
- New product, service and market development
- New product development (NPD)
- New service development
- Approaches to developing new products and services
- New market development
- Intellectual property
- Leadership

## Module 5: Developing the strategic plan

This module discusses approaches to evaluating strategic drivers and options so that an organisation can decide which option or options to implement. The approaches used draw together information and analysis from modules 2, 3 and 4 so recommendations can be made in the context of an organisation's strategy for options being evaluated.

The module explains various tools for evaluating options and presents a risk assessment framework so risk can be understood and managed as part of developing the strategy.

The module emphasises the need to ensure strategic options chosen are cohesive and support the organisation's overall vision, mission, values and goals. The module concludes with the development of key performance indicators and measures to support implementation.

Contents:

- Aligning vision, mission, values, goals and strategy
- Strategic drivers and considerations
- Evaluating the strategic options and determining the strategic fit
- Risk assessment
- Integrating strategic options
- Finalising the strategic development

## Module 6: Strategy implementation

Once the strategic plan has been prepared, the focus shifts to the challenging task of implementation.

Here, leaders and managers must endeavour to translate the talk of strategy into action in the business and manage the change that goes with the implementation of the strategic plan.

Module 6 focuses on the culmination of the strategic process — implementation. This module covers major aspects of strategy implementation including a framework for designing implementation plans, using change management to create an environment that supports implementation of the strategy, using project management, monitoring progress and taking corrective action, and the role of leaders and CPAs in strategy implementation.

Contents:

- Designing and developing implementation plans
- The 7-S framework
- Change management
- Using projects to manage strategic initiatives
- Monitoring implementation, performance and the external environment
- Further implications for leadership and management

## Module 7: Leading the strategy

Module 7 focuses on the strategy and leadership in the context of a rapidly changing business environment that both enables and requires business model innovation. Technology, sustainability and emerging national markets are among the drivers of change in the business environment.

The module explores various transformative and disruptive business models and how these relate to strategy development. The high degree of uncertainty and the pace of change mean an organisation may need to adopt an emergent approach to strategy, which involves more learning, experimentation and iteration than the rational approach to strategy. Specific strategy responses to emerging business models are examined. The strategy implications for both start-up and established organisations are explored.

The module also examines the concept of a business ecosystem, in which value is co-created by a network of cooperating organisations. Hypercompetition, in which organisations continually introduce disruptive innovations, is also explored.

Finally, the module describes how organisations need to develop in order to thrive in the contemporary dynamic business environment and the challenges and opportunities for leaders and managers within this context.

Contents:

- The changing business environment
- Business models and strategy
- Implications for strategy
- Strategic responses to new business models
- Shaping the organisation for new business models
- Leadership and management roles in strategy for emerging business models