

Think Ahead

ACCA

Embracing  
change.  
Shaping  
futures.

*Strategic Business Leader –*  
Applied Knowledge and Applied Skills

Mapping of key syllabus areas



# Contents

---

Introduction	3
Examples	4
Mapping of key Applied Knowledge and Applied Skills to Strategic Business Leader	6
• Leadership	6
• Governance	6
• Strategy	7
• Risk	7
• Technology and data analytics	7
• Organisational control and audit	8
• Finance in planning and decision making	8
• Innovation performance excellence and change management	9
• Professional skills	9

## Introduction

**Strategic Business Leader has its own syllabus, covering the main capabilities of a senior manager or leader. Many of these were adapted from the existing P1, *Governance, Risk and Ethics* and P3, *Business Analysis* syllabuses, but with an emphasis on being more practical as befits a case study exam. However, there are also new areas and an implicit assumption that candidates studying for Strategic Business Leader will bring forward the basic principles and main learning gained at the previous levels of the qualification.**

That said, the emphasis in this exam is not on demonstrating detailed knowledge of techniques, models and theories, but more on using commercial judgement as to which may apply and understanding how they may be used in realistic business situations, as would be featured in future Strategic Business Leader exams.

The type of task requirements in Strategic Business Leader will always be practical in their nature and candidates will actually have to carry out activities as would be expected of a manager in the workplace. As in the workplace when someone takes on senior or leadership responsibilities, where tasks are high level and non-routine and when a task has to be carried out, there is no detailed guidance of how exactly to carry the task out, only what the ultimate objective(s) of the task would be. So unlike P1 and P3, specific theories and models will not be specified in Strategic Business Leader requirements, although a candidate carrying out the various tasks, may be required to decide which of these techniques, models or theories may best apply to help them achieve their overall objective.

Because business tasks can be so wide-ranging and cover several aspects or functions, particularly at senior level, it is important to bring forward underpinning knowledge from the Applied Knowledge and Applied Skills examinations. Many of the techniques examined at those levels may be applicable to the kind of tasks set in Strategic Business Leader and previous learning represents a body of knowledge and understanding that a candidate will have accumulated as a foundation for their study at Strategic Professional.

Candidates would never have to calculate or work through a technique in the way that they may have been required to do at the Applied Knowledge or Applied Skills levels, but they do need to be aware of these and when they could be applied to help analyse, evaluate and support business decisions required in the Strategic Business Leader exam.

## Examples

Examples (not an exhaustive list) of this kind of underpinning knowledge and how they may apply in the Strategic Business Leader examination are as follows:

### EXAMPLE 1

Leadership is covered in F1, *Accountant in Business* Section D. The syllabus introduces a broad range of theories and models of team working, motivation, and leadership. Candidates should be aware of these and how they could apply to leadership. To take one example without necessarily knowing the formula, a well prepared candidate would need to be understand if a business leader is deciding on a new reward and compensation system that they would do well to consider (amongst other motivation theories) Vroom's Expectancy theory. Having a basic understanding of this would indicate that motivation depends on a person's perception of how challenging targets are and their ability to achieve them, the link between performing well and being rewarded and also on how appealing the reward itself is to the person potentially being rewarded. Knowing this would influence the leader in having a reward system designed to take these factors into account and to encourage higher performing people.

### EXAMPLE 2

Some of the planning and risk material in F8, *Audit and Assurance*, particularly assessing audit risks and materiality (D3) and about the entity and its environment (D4) could be relevant to the Strategic Business Leader examination. For example, a business leader who has a grasp of the key risks facing an organisation, including audit risk, will have a more responsible attitude, but understanding the materiality thresholds will help the leader use their commercial judgement in deciding how risks should be managed such as whether they should be accepted (if not material) or otherwise transferred, avoided or reduced. If a risk is financial in nature, and to be reduced or avoided, underpinning knowledge in F9, *Financial Management*, particularly from Section G, can be drawn upon to help a leader in their decision making. For example, is there a material risk from commodity price fluctuation, interest rate changes or exposure to foreign currency movements?

Having a basic understanding of how techniques from F9 can be used to mitigate risk without having to do the detailed calculations is essential. Q2a) in Specimen 1 of the Strategic Business Leader exam illustrates this only too clearly.

<http://future.accaglobal.com/changes-to-the-qualification/the-qualification-journey/strategic-professional/strategic-business-leader>

### EXAMPLE 3

Business leaders must have strong commercial acumen to ensure that the strategies they evaluate and implement are feasible and in particular viable. Clearly, being able to understand the risks of such strategies and aligning them to the risk appetite of the stakeholders as used in example 2 above, is essential. However, a credible business leader must possess strong financial capability. They must therefore carry forward their core knowledge in F5, *Performance Management* such as break-even and cost volume profit relationships, and from F9, *Financial Management* the time value of money and investment appraisal and probabilities and expected values. For example, an understanding of DCF and discounting was called for in Task 2b) in the first Specimen and Specimen 2 Task 4a) required the candidate needs to analyse variances and understand the reasons for financial fraud.

Having a clear understanding of how to interpret financial reports from F7, *Financial Reporting*, including cash flow statements using relevant ratios, is another key area to re-visit. Additionally it is important to understand the impact of transactions on financial statements. For example, in a case study, additional capital may be required in an entity and because of existing borrowing, for example, the entity may be restricted in the balance of debt and equity it can raise without breaking existing covenants.

#### EXAMPLE 4

Internal controls and audit are important learning areas to bring to studies for Strategic Business Leader from underpinning F8, *Audit and Assurance* as many case situations will involve businesses that have problems in this area. This is illustrated in Specimen 2 when the Railway Company was suffering from serious ticket fraud when it was underinvesting in station ticket barriers.

Business leaders need to understand that unless assets are properly safeguarded, the business can be under threat from dishonesty and fraud, both internally and externally. It is important that the candidate particularly brings forward knowledge and understanding of the principles of sound internal control from F1 Section C5 which covers financial systems, procedures and related IT applications, particularly d) e) and f) which require the business leader to identify weaknesses in internal controls, using scepticism, and most importantly using their commercial acumen to suggest solutions to prevent fraud and error and to improve efficiency. This focus on internal control also extends to cyber security and IT controls, which is becoming a major area of fraud. Aspects of F8 also help underpin knowledge and understanding in this area: C2 and C3.



## Mapping of key Applied Knowledge and Applied Skills to Strategic Business Leader

The spreadsheet below gives a more complete mapping with some narrative about which areas students and learning providers should focus on in preparation for Strategic Business Leader. However, it is a guide rather than a definitive list.

SYLLABUS AREA	LINK TO APPLIED KNOWLEDGE	LINK TO APPLIED SKILLS	
<b>LEADERSHIP</b>			F1 is the best underpinning knowledge for the whole of this section. Don't worry about remembering all the theories here because Strategic Business Leader will consider leadership/professionalism/culture in a much broader way eg in context of change management or in your given role in the exam (eg consultant). Much of the broad knowledge from F1 D, B3, and F will help quickly go through this section in Strategic Business Leader and expect much of this knowledge to be mostly used/applied in SBL section C4, C5 and H.
Qualities of leadership	F1 (D)		The whole of this section is relevant and not only D1 (simply going by section titles).
Leadership and organisational culture	F1 (B3)		
Professionalism, ethical codes and the public interest	F1 (F)	F8 (A4)	
<b>GOVERNANCE</b>			Here F1 and F4 are the main players, although almost all exams touch on the subjects listed here (eg F9 (A3, A4), F5 (D3), F2 (E4) and so it should feel like revision really as you go through this section in
Agency	F1 (A2)	F4 (D1)	
Stakeholder analysis and social responsibility	F1 (A2)		
Reporting to stakeholders	F1 (C2, 3, 4)	F7 (A1, 3)	
Governance scope and approaches	F1 (B4, 5)	F8 (A3)	
The board of directors		F4 (F1, 2)	Although F4 Global is used here any F4 variant will share the same broad principles. Remember you are not expected to bring into Strategic Business Leader detailed rules and regulations.
Public sector governance	F1 (B5)		

SYLLABUS AREA	LINK TO APPLIED KNOWLEDGE	LINK TO APPLIED SKILLS	
<b>STRATEGY</b>			F1 provides background knowledge of different business structures and their purpose and F2 and F9 consider the decisions/objectives at different levels or functions within an organisation. Both will help in understanding strategy at Strategic Business Leader level.
Concepts of Strategy	F1 (A1, A2, B2), F2 (A1)	F9 (A2)	
Environmental issues	F1 (A)	F9 (B)	
Competitive forces	F1 (A9)		
The internal resources, capabilities and competencies			
Strategic choices			
<b>RISK</b>			
Identification, assessment and measurement of risk		F5 (B6), F9 (G1)	
Managing, monitoring and mitigating risk		F8 (B3)	
<b>TECHNOLOGY AND DATA ANALYTICS</b>			No detailed technical (IT) knowledge is expected here, instead a broad awareness of what these can offer to a business is required.
Cloud and mobile technology			
Big data and data analytics			
E-business: value chain			Several outcomes were taken from the P3 syllabus although there does not seem to be any underpinning knowledge of this, but in Strategic Business Leader you do not need all the detailed knowledge that was there. All that is important here is what opportunities e-business offers to an organisation as part of a solution
IT systems security and control	F1 (C5, 6, 7)	F5 (D1)	

SYLLABUS AREA	LINK TO APPLIED KNOWLEDGE	LINK TO APPLIED SKILLS	
<b>ORGANISATIONAL CONTROL AND AUDIT</b>			No detailed auditing techniques are expected in Strategic Business Leader so the best underpinning knowledge comes
Management and internal control systems	F1 (C6)	F5 (D1, 2)	
Audit and compliance	F1 (C3)	F8 (C1, 2, 4)	
Internal control and management reporting	F1 (C2, 3)	F8 (C1, 2, 4)	
<b>FINANCE IN PLANNING AND DECISION-MAKING</b>			F5 knowledge is crucial here, but no detailed F5 techniques will be tested in Strategic Business Leader. However candidates are expected to demonstrate high level of analytical skills in solving problems under this section.
Finance function	F1 (C2)	F9 (A2, 4)	
Financial analysis and decision-making techniques	F2 (C5)	F5 (B6, D4, 6), F7 (C2, C4), F9 (C, D, E1, 3, 5)	F5 (B6) has a list of forecasting techniques but Strategic Business Leader will also focus on expected values. Financial ratios and associated interpretations are found in almost all the skills level exams so it is revision in Strategic Business Leader and so it is expected that candidates will demonstrate appropriate use and at the right level of both quantitative and qualitative data given in a business situation. Other areas which candidates need to have an awareness of are break-even and cost volume profit relationships and investment appraisal techniques.
Cost and management accounting		F5 (B, C4, 8)	



SYLLABUS AREA	LINK TO APPLIED KNOWLEDGE	LINK TO APPLIED SKILLS	
<b>INNOVATION, PERFORMANCE EXCELLENCE AND CHANGE MANAGEMENT</b>			There is no direct underpinning knowledge of this section.
Enabling success: organising			
Enabling success: disruptive technologies			
Enabling success: talent management			
Enabling success: performance excellence			
Managing strategic change			
Innovation and change management			
Leading and managing projects			
<b>PROFESSIONAL SKILLS</b>			These skills are also addressed in the ethics and professional skills module which candidates will benefit if they do before attempting the Strategic Business Leader examination.
Communication	F1, F2	ALL	
Commercial acumen	F1, F2	F5, F8, F7, F9	
Analysis	F2, F3	F5, F7, F9	
Scepticism	F1	F4, F8	
Evaluation	F2, F3	F5, F6, F7, F8, F9	

[accaglobal.com/  
thefuture](http://accaglobal.com/thefuture)

©Copyright ACCA 2017