



LESOTHO INSTITUTE OF ACCOUNTANTS

Strategy 2021/22 - 2023/24



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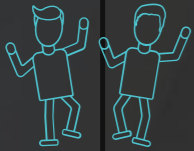
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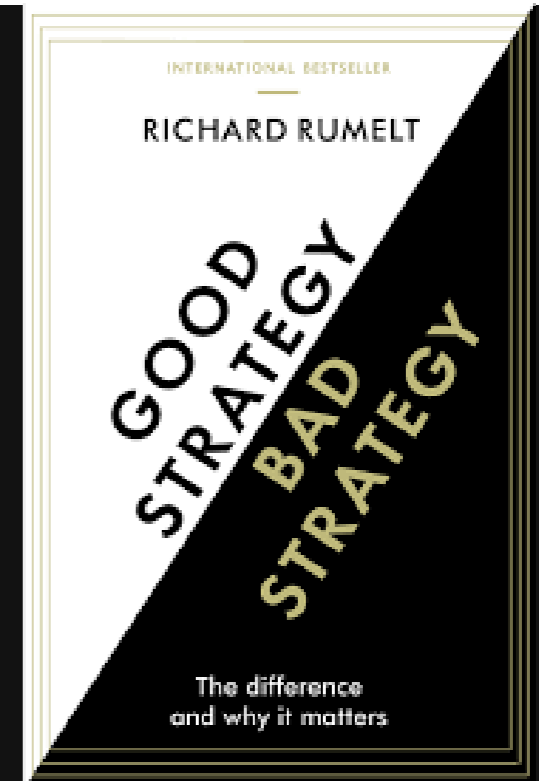
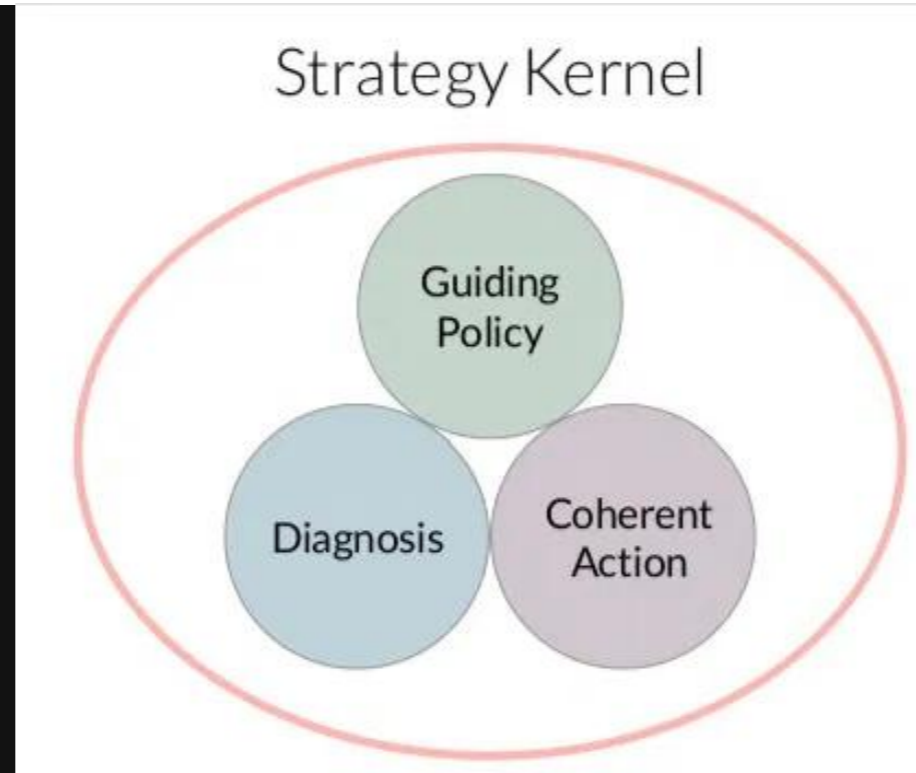
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WHAT IS STRATEGY?

The approach adopted for this strategy is that advocated by Richard Rumelt in his book, *Good Strategy Bad Strategy: The difference and why it matters*. The approach emphasises that, contrary to convention, strategy is not so much about vision, mission, goals and strategic objectives. For it to be effective and bring about organisational progress, a strategy has to be "*Coherent action backed up by an argument, an effective mixture of thought and action*". To that end, Rumelt advocates for what he calls a Kernel of Strategy, the hard nut at the core of strategy. In that core, you do not find vision and mission, but rather three elements being, **a *Diagnosis of the problem*, a guiding policy to solving the problem** and, critically, **a set of coherent actions to execute the guiding policy**.



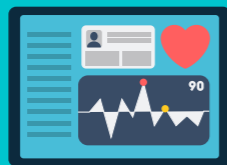
DIAGNOSING OUR PROBLEM

In this first section of the strategy report, we diagnose the problem that ails the Institute. The one that undermines its ineffectiveness in carrying out its mandate. The diagnosis results from an extensive analysis of stakeholder views including our clients, members of our fraternity, staff and the incoming Council Members.

A problem diagnosis is imperative because without it, there cannot be a strategy. At least not an effective one. With this understanding, we sought to answer a series of basic questions all seeking to figure out an answer to the question; "What is happening with our institute?". To avoid diagnosing symptoms as the real problem, we adopt an onion-layer-pilling type of problem analysis by asking ourselves a series of 'why's' for each symptom, while also paying attention to the criticality and leverage potential of an identified factor.

This enabled us to simplify our complex organizational symptomatic challenges with an explanation that allowed us to identify the critical elements of the situation. Focused coherent action on these critical elements is bound to offer the greatest leverage in improving the Institute over our planning period.





FEEDBACK: WHAT IS HAPPENING HERE?



"Your accountants and auditors do not understand basics. Also, training on public sector accounting is neglected"



POOR SERVICE

" The institute offers a poor service to members. There are no digital platforms for prompt service "

WHY BE A MEMBER?

" We do not see any benefit to membership. After all, even non-members compete equally with us and LIA does not enforce the law to protect members "



No Brand Marketing

The Institute does not market the LIA brand. Therefore, the LIA Brand is equated to CA designation.



"You do not adequately advocate for the profession and you fail to protect it against fly-by nights and pirates from RSA. This makes us unconvinced of value of membership to the Institute "

" The pride we used to associate with the CA designation is no more. You no more undertake annual quality reviews "

“



"You do not enforce the law. As a result, it is very easy to gain membership by merely passing the ACCA Exam. Yet the law requires serving articles and CPD "

POOR LAW ENFORCEMENT

“



"The syllabus is very old and increasingly irrelevant to today's world of business. "

OLD SYLLABUS

Not Future Ready

The professions of auditing and accounting do not seem to be future ready. The 4th Industrial Revolution threatens careers in auditing and accounting. The syllabus has not adapted.





The first step of our strategy kernel, diagnosis of the problem, was undertaken through a survey of the views of a sample of clients, members, staff and Council Members. As indicated in this figure, an effort was made to avoid the trap of diagnosing symptoms as the root cause of our problems.

As such, each layer of this problem diagnosis onion gets peeled to reveal more deeper lying symptoms. In doing so, we ultimately get to what we consider to be *the root cause* of all the symptoms and therefore the problem to be treated.

We diagnose the problem as *lack of a compelling value proposition*. That is, due to, amongst others, low entry barriers to LIA membership, an old syllabus, lack of future readiness, perceptions of incompetent members and, notably, a poor service to members, there is a widely held feeling that LIA membership does not offer any value to potential members.

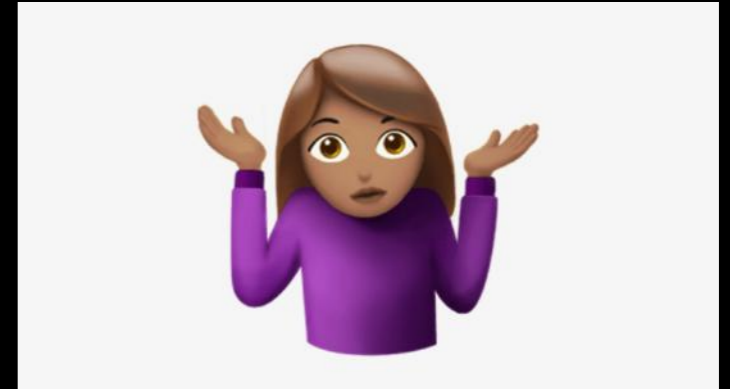
This is seen as the problem that causes all the observable symptoms as indicated by the feedback from both members and clients. Both active and potential members cannot readily see the benefit of accreditation by and therefore membership to the Institute.

The most prominent reason seems to be that there are no more barriers to entry into the profession as demonstrated by rampant pirate-accountants, especially with respect to tax accounting and bank loan services. The free-reign accorded to RSA accredited accounts to practice, illegally, in Lesotho was also identified.

With these and other problems as identified, LIA membership benefits are hard to justify. There is no value proposition.

DIAGNOSIS

LACK OF A COMPELLING VALUE PROPOSITION



guiding policy



HOW to deal with problem?

applying strength against weakness

clarifies and restricts the domain of action - like guardrails



GUIDING POLICY

DEVELOPING A COMPELLING VALUE PROPOSITION
THROUGH ADVOCACY AND LAW ENFORCEMENT



Embracing integrated Thinking

OUR VALUE
CREATION
MODEL



sources of capital

We adopt the integrated thinking approach as a way of packaging our strategic objectives and the related coherent actions. This ensures that we create net organisational value through a strategic mix of five sources of capital.

We therefore avoid the usual pitfall of only building financial capital while destroying the other sources of capital.

This is in acknowledgement of the importance of intangible assets especially in our context where it can be argued that human capital and innovation capital are both our primary business.

V
C
M

VALUE CREATION MODEL

OUR FIVE SOURCES OF CAPITAL

SPIRITUAL CAPITAL

Building this capital will entail a focus on building, within our members, a sense of worthy purpose in our mission. This will be achieved through actions aimed at evoking a sense of pride of profession and LIA membership.

We will also promote professionalism, composed of compliance to ethical standards and the mastery of our body of knowledge, as a key value

SOCIAL CAPITAL

The equity value of our brand, as perceived by the public, and the public trust that we enjoy both constitute our social capital. To build this capital, we are going to focus on the promotion and marketing of the LIA brand combined with advocacy of the profession. To that end, we shall be engaging a marketing company.

We will also deepen public trust in our members through regular opinion surveys and action to address their concerns.

HUMAN CAPITAL

We are in the business of developing and selling human capital. Building this capital will entail a focus on increasing the motivating of our members by ensuring that we add value and become a catalyst for their career success.

We will also build their competence on our body of knowledge by enforcing the law on CPD and serving of articles.

INNOVATION CAPITAL

We seek to leverage technology in order to enhance our service offering to our members and to also provide thought leadership through an R&D approach aimed at ensuring the future readiness of our profession.

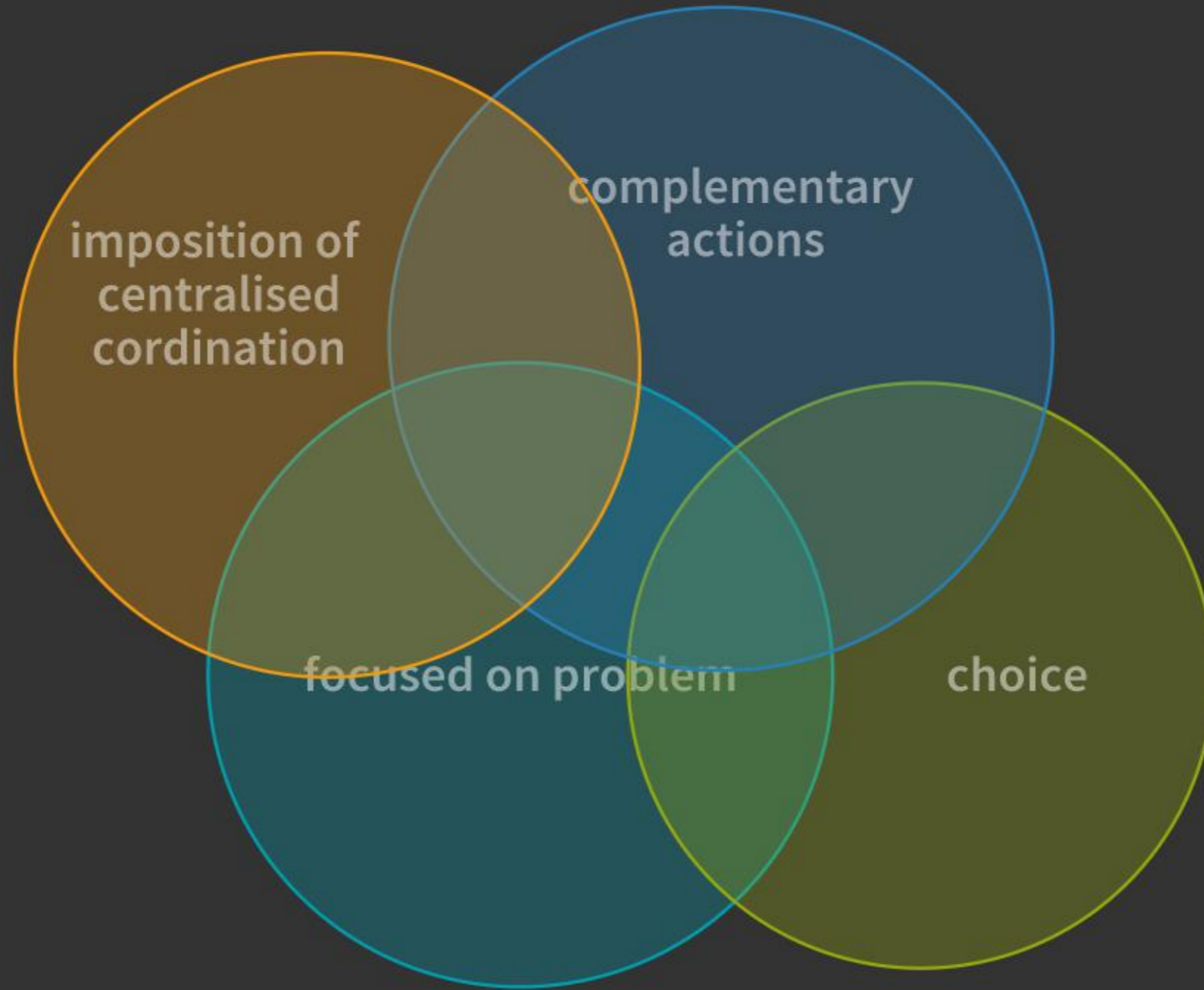
Generally, our focus will be on innovating on both the service we offer and the related business process.

FINANCIAL CAPITAL

This is the most common source of capital which is reflected in accounting information, to the total exclusion of the others.

We seek to build financial capital through building our own office building, which will be income generating, while also ensuring financial viability through the maintenance of adequate financial reserves.

coherent action



SPIRITUAL CAPITAL



| ID | STRATEGIC OBJECTIVE | COHERENT ACTIONS |
|---------|---|--|
| SO1-SpC | Entrench a sense of professional pride within our members | <p>SpC1.1 Develop, adopt and enforce policies and procedures to separate academic qualification from professional accreditation</p> <p>SpC1.2 Contribute to nation building efforts by leading a focused dialog program on financial accountability within public sector</p> |
| SO2-SpC | Promote professionalism as a key value of LIA membership. Professionalism defined by a continuous commitment to an ethical code of conduct and mastery of our body of knowledge | <p>SpC2.1 Promote the ethical code of professional conduct and our standards of continuous professional development as the key differentiator of our membership</p> <p>SpC2.2 Commence member annual ethical conduct and CPD compliance declarations, follow up with verifications audits and prompt decisive action to sanction none compliance and to reward exemplary conduct</p> |

SOCIAL CAPITAL



| ID | STRATEGIC OBJECTIVE | COHERENT ACTIONS |
|---------|---|---|
| S01-SoC | Increase our clients' skills and ethics trust index | <p>SoC1.1 Develop and adopt a Client Trust Index focused on perceptions of our skills and ethics, start monitoring via a bi-annual survey</p> <p>SC1.2 Continuously adapt actions to the findings of the Client Trust Index with a view to increasing the Index</p> <p>SoC1.3 Commence strict enforcement of the relevant legislative and professionally prescribed standards that set a higher bar for initial and continuous membership beyond just academic qualification</p> |
| S02-SoC | Increase both the awareness and perceived value of the LIA Membership Brand to those outside the profession | <p>SoC2.1 Develop, adopt and implement a membership policy that entails a Membership Compliance Committee to oversee, on behalf of Council, all membership matters</p> <p>SoC2.2 Engage a professional marketing firm to craft and implement a brand promotion plan to increase both the awareness and the perceived value of the LIA Professional brand</p> |

HUMAN CAPITAL



| ID | STRATEGIC OBJECTIVE | COHERENT ACTIONS |
|--------|--|--|
| SO1-HC | Increase membership for all core accounting and auditing professionals from X to Y by Dec 2022 | <p>HC2.1 Develop, adopt and roll out a members' recruitment plan based on our value proposition</p> <p>HC2.2 Undertake an annual high school career guidance program to promote accounting as a gateway to careers in entrepreneurship, finance and auditing</p> |
| SO2-HC | Increase LIA Members' Net Promoter Score from X to Y by December 2023 | <p>HC3.1 Undertake a members' satisfaction survey to identify gaps between their needs and LIA's offer</p> <p>HC3.2 Develop, adopt and roll out a Members' Value Proposition plan to respond to survey findings</p> |

INNOVATION CAPITAL



| ID | STRATEGIC OBJECTIVE | COHERENT ACTIONS |
|--------|---|---|
| SO1-IC | Implement district member societies for a decentralized and enhanced responsiveness to client and member needs | <p>IC1.1 Design, adopt and roll out governance structure of the voluntary self financing district societies</p> <p>IC1.2 Provide ongoing technical support to district societies as a conduit of rolling out the LIA strategy</p> |
| SO2-IC | Deploy technology to drive process efficiency towards enhanced digital experiences of members | <p>IC2.1 Develop, adopt and implement a digitally enhanced service delivery offering for members</p> <p>IC2.2 Capacitate the ICT function to enable it to act as the main conduit for delivering services to members</p> |
| SO3-IC | Provide thought leadership in accounting and auditing through a biannual research seminar focused on future readiness of the local profession | <p>IC3.1 Commission a members technical committee with a mandate to start and coordinate a digital readiness seminar series</p> <p>IC3.2 Secure sponsorship funding from corporates for the biannual seminar series</p> |

FINANCIAL CAPITAL



| ID | STRATEGIC OBJECTIVE | COHERENT ACTIONS |
|--------|--|---|
| SO1-FC | Maintain adequate financial reserves to ensure financial viability | <p>FC1.1 Leverage members who are Executives in the corporate world and business owners to finance key strategic programs</p> <p>FC1.2 Hold a National Public Financial Accountability Conference to consolidate both financial and technical support of the Institute's mandate by partners interested in financial accountability - World Bank, Auditor General, DCEO, LRA and Private Sector</p> |
| SO2-FC | Build LIA House | <p>FC2.1 Assemble a members LIA House Financing Model Advisory Team with a mandate of evaluating funding options, developing a full financial model and making recommendations for Council approval</p> <p>FC2.2 Assemble a LIA House Project Management Team to advise Council and to provide technical project management guidance from inception to project close</p> |



OUR MISSION

TO REGULATE THE ACCOUNTING PROFESSION IN ORDER TO PROTECT PUBLIC INTEREST
AND TO EMPOWER OUR MEMBERS TO BE LEADERS IN FINANCE AND BUSINESS

“

Delivering greater value to our members as a force of attraction
towards membership growth

”



OUR VALUE IS PROFESSIONALISM



THE END

