



LARRY R. WHITE

Let's Reinvigorate Management Accounting

IMA's new Chair wants his profession to have the recognition and respect it deserves.

BY KATHY WILLIAMS

As Chair for 2004-05, Larry White, CMA, CFM, CPA, CGFM, wants IMA to reclaim the domain of management accounting and promote the relevance of the profession. “We have a crisis in management accounting—but nobody has noticed it yet,” he says. “Look at last year’s IMA/E&Y Survey of Management Accounting [see the July 2003 issue of *Strategic Finance*] and its six key findings. Management accounting was seen as strategically important, but progress and investment in new initiatives were stagnant.”

He also wants to help management accountants gain their “rightful place in the accounting profession, which is as true business partners who act as the interface between operations and economic decision making at a level that changes company operations,” he explains. Too

much emphasis is being placed on financial accounting, he adds, “which by and large presents a comparable and consistent fiction of real operations.”

He believes three avenues will lead to success: “reestablishing, redefining, and creating some branding-type messaging for the domain of management accounting within the accounting profession; promoting thought leadership and research in management accounting; and engaging IMA members with the organization in as many ways as possible.”

A TRUE MANAGEMENT ACCOUNTANT

A staunch advocate of his profession, White genuinely gets excited when he discusses management accounting. “I consider management accounting my profession. I’m proud of

what I do. You want to engage me, let's talk about lean manufacturing and costing for it, let's talk about activity-based costing, let's talk about resource consumption accounting, target costing. I get excited about that stuff.

"On the other hand," he muses, "we have to get out of just the cost world and think about the revenue side, revenue planning and analysis. We have to think about the broader business partnership concept. As management accountants, we have to make sure we understand the value-creating operations of the organization we work for. We need to make sure we can lead change and not confuse good, detailed analysis for good communication because they aren't the same thing. We have to make sure we don't act like corporate cops except when we need to. Instead, we must be seen as a proactive part of the business team, as problem solvers."

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Larry has been following these principles his entire career. A Captain in the U.S. Coast Guard, he is Deputy CFO and Chief of Financial Systems and Policy at USCG Headquarters in Washington, D.C. In this position he's responsible for the service's financial system architecture, maintenance, and development; financial statement preparation and audit compliance; financial policy; financial management personnel development; and program manager for the service-wide finance center, a 400-person operation in Chesapeake, Va.

Now finishing his 28th year in uniform, he was accepted by and entered the Coast Guard Academy in 1976, right after graduating from high school in Ford City, Pa. "I became fascinated with the idea of going into the military when I read Herman Wouk's *Winds of War*. I chose the Coast Guard because it was an organization that rescued people and it was a natural extension of my high school interests. I worked at the Armstrong County, Pennsylvania YMCA as a lifeguard, swim coach, and instructor for swimming, lifesaving, canoeing, and kayaking."

At the Academy, White majored in management and economics. "I had only two accounting courses," he says, "one financial and one managerial." When he was graduated four years later, he was commissioned as an Ensign and chose an ocean-going buoy tender as his first assignment. (Buoy tenders assist in search and rescue, law enforcement, marine environmental protection, and pollution response missions as well as maintaining buoys and navigational aids.)

DEVELOPING FINANCIAL EXPERTISE

He served on the USGC Madrona out of Portsmouth, Va., in the Hampton Roads area for two years and then was chosen to command a patrol boat in Norfolk, Va. "It was great," he says. "It was one of the top jobs at that level. I had command of the USCG Point Arena for two years, and we did a variety of search and rescue and drug law enforcement missions. It was here that I took a strong interest in financial matters. Our Group Supply Office used to call my patrol boat Supply Center Point Arena because I got good at government ordering. I was able to get extra money from the supply officer because he was always looking for somebody who knew how to plan and use the money. They would say, 'If you can't find it anywhere else, call the Point Arena—that damned Lieutenant JG seems to be able to get anything.' That was my first financial management success."

Next, he was assigned to the Third Coast Guard District Operations Center on Governor's Island in New York City

from 1984 to 1987, becoming the branch chief in charge of the search and rescue and law enforcement center in the final year of the assignment. Then he was selected to go to graduate school as part of the Coast Guard's financial management professional development program and chose Columbia University's Graduate School of Business, concentrating in both managerial and financial accounting. He received his MBA degree in 1989.

At this point White was slated for his next assignment, which would have been the Brooklyn Supply Center. But while at Columbia he had talked with his former patrol boat commanding officer, who had been given a project to set up a single Coast Guard finance system to replace the separate systems at 20 accounting offices throughout the country. "I was really interested in this project, so I gave him a call and asked if he needed a Lieutenant," Larry says. "He said, yes, so I got to go back to Portsmouth, Va., and the start-up team for the centralized Coast Guard Finance Center. I spent four or five months on the road for the next two years, going from Coast Guard facility to Coast Guard facility, training accounting systems users for the transition to the new financial system. I also designed the training, which was a great learning experience for me."

Over the next several years, he served as comptroller at the Training Center in Yorktown, Va., the Integrated Support Center in Portsmouth, and the Coast Guard Finance Center in Chesapeake. He also was Chief of the Budget Execution Division where he managed seven appropriations with more than \$5 billion in annual funds and prepared the Coast Guard's senior executives for congressional hearings. He was named to his current position three years ago. As part of these activities, he leads the Coast Guard's participation in the Consortium for Advanced Manufacturing-International's (CAM-I) Cost Management Section. He takes between eight and 14 junior Coast Guard financial managers with him to the quarterly CMS meetings "to expose them to the latest developments and thought leaders in strategic cost management and management accounting," he says. He was introduced to the think tank in 2001, and, in December 2003, White received CAM-I's prestigious Robert A. Bonsack Award for "distinguished contribution to the advancement of cost management."

IMA WAS MEANT TO BE

It was at Columbia in 1988 that he literally stumbled across IMA. "I didn't find financial accounting all that exciting, but I had decided to sit for the CPA exam

because it was the thing to do. My father had instilled in me that it was important to acquire specific skills. Then one day I noticed a post card on the business school hallway floor and picked it up. It described the subject matter of the CMA exam, and it seemed to me that the CMA reflected the skills and knowledge needed by a financial manager inside an organization much better than the CPA exam did. The card had self-postage, so I just filled it out right then and there and mailed it. The information I received confirmed my initial impression. The low student membership fee encouraged me to join right away, and I put it on my agenda to take the CMA exam."

He took and passed the CPA exam first and then started taking CMA exam parts in 1990. He became a Certified Management Accountant in December 1991. When IMA offered the CFM exam in December 1996, he sat for and passed it and became a Certified Financial Manager in 1997. Then when the Association for Government Accountants created the Certified Government Financial Manager program, he became a CGFM.

"I made a conscious decision that I was going to be the most qualified financial manager in the Coast Guard. Hence the focus on certifications, as close to indisputable evidence of professionalism as you can get. I've always played them up in my performance reports to stress my uniqueness, and I wanted to be prepared if I had to go outside the Coast Guard," White explains. "When I came up for Captain, which is a very selective promotion, there were seven financial managers in the group. Only two of us made it. The other guy had a CPA, and I had multiple certifications plus extensive professional activities.

"I tell all accounting students and professionals that certifications are a must. When you're searching for a job or when you're seeking to improve your career, you want to have discussions about what you can strategically contribute to an organization you want to work for. Certifications help get you past the discussion of technical qualifications and allow you to talk more about what makes you unique. Getting a certification at any point in your career shows that you are an energized professional, you are improving yourself, and you're interested in and committed to ongoing professional improvement."

BRING BACK THE REAL FOCUS

Although he's proud of his certifications, White is concerned about management accounting in general and IMA in particular. He feels management accounting has been pushed aside as companies have focused on financial reporting issues, corporate scandals, and government

regulations. Also, he adds, “We’ve got a model in this country that says the pathway to the CFO position is through the big accounting firms—or the big audit firms, to be more accurate. They take new graduates, train them as auditors, keep a fraction of them, and spit the rest out as well-trained clients. The model has perpetuated itself and has been incredibly successful. I can’t say it’s bad for the country because we’ve got the greatest economy in the world and great capital markets. But there are valuable opportunities and important problems to solve that require an in-depth knowledge of management accounting tools, techniques, and analysis. The subject matter is simply being given little attention by schools of business and accounting.”

He continues, “What we management accountants need to get across is this message: If you want to solve financial problems, focus on the business’s value-creating operations. Report on them well, truthfully, accurately, and in accordance with standards. Don’t try to make your financial reports look better than your underlying business. That means you should first hire the best accountants to do the right things operationally inside your organization.”

THOUGHT LEADERSHIP IS ESSENTIAL

Regarding IMA, White is a devoted member who wants to build the association’s professional prominence, particularly in the areas of research and management accounting expertise. “We need to reestablish our expertise in the management accounting domain,” he explains. “Many people have told me IMA abandoned its core subject matter—that even though we have excellent certifications, which are right on target, we need to reclaim the professional domain our certifications pertain to. We need to let the world know and make it believe that IMA is the organization for management accounting.

“We have had excellent research programs, particularly the Bold Step initiative, but we didn’t take enough advantage of it. Not enough people in the profession knew about it. We’ve been the thought leaders in research before, and we need to be there again,” he notes.

He also wants to make sure IMA engages members in as many ways as possible. Although he joined as a student member in 1988, he didn’t participate in chapter activities until 1993, when he joined the Hampton Roads Chapter board of directors. He served as its president in 1994. When he was transferred to Washington, D.C., he became active with the chapter there but never changed his affiliation from Hampton Roads because he commuted back and forth each weekend to Suffolk, Va., where his

wife Sherry, an artist, and children Heather and Heath lived. This was the best arrangement, he notes, because he didn’t have to move his family around.

After his year as chapter president, he accepted national service as a member and later chair of the Member Interest Groups Committee. A Finance Committee assignment was next, and he chaired the 2003 Annual Conference Program Committee. Named Chair-Elect in 2003, he led the Strategic Planning Committee. In June 2004, he was installed as IMA Chair at the Annual Conference in Chicago.

ENGAGEMENT IS KEY

How is he planning to engage members? “I use the word ‘engage’ in the context of the book *First Break All the Rules*. People engage when they can make a difference to an organization, when the organization makes a difference in their lives, or when the organization is seen as having a high potential to impact them. IMA has good programs that do all three things. Chapters are great, but they aren’t for everybody. E-mail exchanges have great potential for creating instant, flexible professional networks that solve daily business problems. We have services that are not well promoted, such as excellent articles in *Management Accounting Quarterly*, and we have the biweekly electronic newsletters (*IMA Online News* and *Strategic TechNotes*). I believe a great deal of engagement will come through using technology. Watch your kids. They engage in front of that computer screen. They aren’t playing solitary games—they’re playing a team game with someone from Norway, someone from China, Afghanistan, South America. That’s what we need to figure out in IMA—how to engage today’s busy professional in a meaningful, value-added way.

“I also believe industry professionals will become engaged once they see IMA is their advocate, helping them communicate their role in the accounting profession, providing access to networks of other professionals, and taking a leading role in redefining and guiding the development of management accounting. That’s what people are looking for from associations. People are busy—caught in the tyranny of the present—and they are looking for help to scan their environment and see around the next corner, over the horizon. IMA can provide that help. We need to define the excellent work management accountants are doing for their companies and the broader strategic opportunities that excellence in management accounting can create in terms the business world understands and values.” ■