

Management Accounting—Rebuilding International Recognition

by Larry White, CMA, CFM, CPA, CGFM

Regular readers of this column are aware that I have been focusing IMA on management accounting and on rebalancing the accounting profession away from the “preparer or auditor” view and toward recognizing the work done by

management accountants to build value inside companies and build quality into their organization’s financial and operational processes. In November, IMA Interim Executive Director Paul Sharman and I took the message to the profession’s premier international forum and found significant support.

IMA has long been a member of the International Federation of Accountants (IFAC), an organization of 163 accounting organizations from 119 countries that represents 2.5 million accountants. Within IFAC, only about seven to nine organizations are dedicated to management accounting. The rest are focused primarily on auditing financial reports. Unfortunately, this is typical of the accounting profession. Audit firms, with their very direct economic interests, make the investment to get involved in the profession as representatives and advocates. Accountants in business have a less direct economic interest in professional advocacy, so they find it more difficult to justify their company’s support of such activity. Significantly, only 4% of the IFAC budget is directed toward the “professional accountant in business.” Since February 2004, the IMA board of directors has been reevaluating our membership in IFAC, and Paul Sharman has been working with the IFAC staff to improve the value IFAC provides to management accountants.

I am pleased to report that IMA’s message found significant support at the IFAC Council meeting in Paris, which

was a meeting of the leadership of the member organizations. As a direct result of IMA’s advocacy, incoming IFAC President Graham Ward, in his inaugural address, distinctly recognized management accountants, a phrase IFAC dropped several years ago, and “the very significant roles that these accountants play in decision support, planning, and control in adding value to organizations and the information that organizations deliver.” Regular readers will recognize this phrase from previous Perspectives columns. At several points in the speech, he included phrases recognizing the work of management accountants and professional accountants in business, such as “working in business to drive strategy, efficiency, and financial integrity” and “turn around ailing businesses, preserving ideas, jobs, and self-respect of those employees and their families whose livelihoods are saved.”

In addition to Graham Ward, organizations around the world showed a great deal of interest in IMA’s new thinking and positioning on the balance within the accounting profession. I heard over and over again from organizations on every continent about the difficulty of obtaining support and representation from accountants in business. The IFAC agenda is full of issues that call for greater input from management accountants, and regulatory bodies around the world want to hear from accountants in business to balance the advocacy of the audit community on audit



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standards, financial reporting, and many other economic issues.

It is increasingly clear that IMA has a great opportunity to play a leading role in rebalancing the accounting profession. This will yield benefits for members as governments, businesses, and academics begin to realize accountancy is not a homogeneous skill set defined by “public accounting” and come to demand more relevant and appropriate qualifications such as the Certified Management Accountant (CMA) and Certified Financial Manager (CFM) when they need the accounting skill set that provides decision support, planning, and control over their value-creating operations.

IMA will continue to lead. I urge all of you to be assertive in educating your companies and communities about the role you play as a management accountant—building the value inside businesses that creates the productive foundation for the capital markets and economic growth.

I welcome your comments, so please contact me at lwhite@imanet.org.