



Message from the Chair

Accounting Specialties Need More Public Recognition



BY LARRY WHITE, CMA, CFM, CPA, CGFM

Professionals specialize in a complex world. You don't just go see a doctor or a lawyer. You don't hire an engineer. You specify with a fair amount of accuracy the type of problem you are attempting to solve or service you require.

Why is this situation substantially less defined for the accounting profession? When you say you are an accountant, it is generally assumed you are a CPA and knowledgeable about everything from taxes to financial reporting to management accounting to financial planning. This image is nurtured by large and small accounting firms who claim and offer to "do it all" because they are staffed with "professional accountants." The image is nurtured by the advertising of many accounting industry state and national organizations. Most academics and their institutions nurture the image in curricula and student communications by their overfocus on public accounting as the singular career path.

I think the accounting profession does the public a great disservice with its focus on the accountant who can "do it all," maybe with an eight- or 16-hour CPE course to polish

some long-buried exposure to the topic. And now that the profession has gone through the crises of Enron, WorldCom, etc., and lost its self-regulation in the audit field, I think it is imperative that accountants begin to be very clear about their qualifications, training, and expertise.

Perhaps the least-defined specialty in today's accounting environment is management accounting expertise. As I travel around the country and speak to audiences, I rarely get more than a handful of accountants who have had more than two formal college-level management accounting courses; the typical number is one. While college isn't the only way to obtain knowledge (arguably it isn't even the best way), it is typically the most consistent and in depth and creates the knowledge foundation for more condensed forms of professional training.

Businesses that need management accounting expertise (and I believe *all* businesses need a great deal of expertise in decision support, planning, and control focused on their value-creating operations) will have a tough time identifying it in the job market. Certainly the CMA is an excellent indicator, but the holder of any other accounting certification is likely to have the typical level of college training—one course—and there is little focus on management accounting in any other professional examination. MBAs usually compensate with an advanced level of general business analysis skills, but why use an expensive shotgun when it's possible to pinpoint what you want with rifle accuracy in an undergraduate from one of the (relatively few) schools that provides a solid management accounting education.

Businesses need to focus on building the management accounting expertise they need, and the surest way to do that is to support talented staff to study for the CMA exam and obtain the education and training that will support the effort.

If you are a specialist in management accounting, don't suffer the incursions of generalists, whatever

brand name they carry, without a fight. The impact of bad management accounting initiatives by accounting generalists is fairly obvious—the high percentage of failed or unsustainable activity-based costing (ABC) projects, the wide use of unsophisticated traditional standard costing, the underuse of costing and performance measurement modules of installed enterprise resource planning (ERP) software, and the resistance from finance departments to many strategic cost management techniques that support operations but create complexities for auditing and financial reporting such as Theory of Constraints, lean techniques, capacity management, and target costing. Management accounting is an important discipline that has suffered severely in the hands of inappropriately qualified accountants. Over the next months and years, you will see IMA focus aggressively on differentiating the role and skills of the management accountant from the pervasive “generalism” that has dominated the accounting profession.

Please let me know your thoughts. Contact me at lwhite@imanet.org. ■