

# Let's Move Management Accounting to the Forefront | by Larry White, CMA, CFM, CPA, CGFM

I am incredibly honored to be IMA Chair, and I want to begin our year-long dialogue (I really hope you will respond to these columns) with my view of management accounting because I consider management accounting to be my profession.

For me, management accounting is the part of accounting with a clear focus on the value-creating processes inside an organization. Management accountants are committed to helping their organization achieve its strategic goals by providing decision support, planning, and control for business operations with a high level of ethics and professional competence.

*Strategic Finance* supports three areas: management accounting, financial management, and information management. Why have I chosen to describe myself by arguably the most mundane of the three? I believe management accounting is what differentiates IMA from other accounting associations: We have a unique focus on the work inside organizations and on creating sustainable operational value. As management accountants:

- ◆ We are at the interface of finance and operations.
- ◆ We sort out, for decision making, the economic reality in business and operational situations.
- ◆ We deal with business risk by knowing our business and working hard, fast, and smart.
- ◆ Our mistakes cost jobs and create losses for people we have to look in the eye.

Management accounting has often been used as a synonym for cost accounting, but it encompasses much, much more, embracing the full range of techniques to analyze an organization's operations and quantify its per-

formance. **I urge you to never describe management accounting as simply cost accounting or yourselves as simply cost accountants!**



LARRY WHITE

The accounting world is often divided into “preparers or auditors,” placing the GAAP financial statement at the center of the universe. I reject this view of the world. A vast amount of valuable work is done and rewarding careers exist outside financial statement preparation. In fact, without well-managed business operations based on solid financial and operational analysis, there will be no business to report on or audit. I don't seek to diminish the importance of any area of accounting, but, for many years, management

accounting has been noticeably without champions, languishing in the background. I believe IMA has an unprecedented opportunity now, with the full support of the entire accounting profession, to restore management accounting to a well-deserved position of prominence.

If the tech bust and financial scandals taught us anything, it is to look past the value created in the financial markets and the representations in financial statements to the real value-creating capability of an enterprise—to the core of the business where the profession of management accounting provides the relevant set of skills!

What do you think? Please let me know about this and any other issue that's on your mind. You can contact me at [lwhite@imanet.org](mailto:lwhite@imanet.org). ■