

Message from the Chair



Remember the Customer

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Once upon a time, many companies—financial ones among them—conducted business under a wise proviso: “The customer is king.” It meant that the company’s chief priority was to listen to and meet the needs of its customers, who were the means by which the company earned its income, both today and in the future. As president and CEO of a community bank in

Bucks County, Pa., I know that my financial institution has always tried to maintain this focus on the people who entrust us with their business.

Anyone reading the news lately can see how far afield we’ve gone from this priority. While it’s easy to point a finger at who’s to blame for the current financial crisis—the regulators who failed to intervene, the corporate executives who took mammoth bonuses, the homeowners who wanted more than they could afford—I would posit that much of the mess we’re in comes from the simple fact that too many people forgot about their customers.

It happened up and down the value chain. From the real-estate agents who sold the homes, to the banks that approved the loans, to the investment

banks that securitized the mortgages, and to the salespeople who sold those securities, all were primarily interested in getting their own commissions, not in doing what was best for their customers. Their focus was on transactions, not relationships.

Unfortunately, we’re now bearing witness to the collapse of this faulty system, which proves another wise adage: “If it sounds too good to be true, then something must be wrong.” Buyers purchasing homes way above their means: Something’s wrong. Real-estate prices climbing at double-digit rates: Something’s wrong. Profits at investment banks growing astronomically high: Something’s wrong.

I believe it is our responsibility as management accountants—no, our professional imperative—to question

things that sound wrong. It’s not easy to be the person questioning why a loan is being made or complicated derivative instrument is being sold, but it’s part of what management depends on us for.

As management accountants, we’ve got to remember our customers, too. Who are our customers? They’re people and organizations that buy our companies’ products or services, but they’re also the individuals within our own company, namely management, who rely on our expertise and advice to make sound financial decisions. We owe it to them to give them our best without thinking of ourselves first.

It’s going to take the effort of many, many people to get us out of this mess. And it’s tempting to leave the mess for someone else: “I’m going to retire soon, so I don’t want to be bothered,” or “Let the next Congress worry about it.” But I don’t think that’s what this country needs right now. We need strong leaders at the deepest levels of business who will start to think about what’s best for the customer—and the country—again. I urge all of us to be among them.

I welcome your comments at fschea@imanet.org. ■