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CMA: The Quest for Increasing Value

The ICMA Board of Regents made changes to the CMA program that will help employers elevate the critical skills of their accounting and finance teams, help accountants and financial professionals elevate their careers, and help current CMAs by dramatically increasing the value of the CMA in the market.

In the May 2008 issue of *Strategic Finance* we shared with you some changes to the Certified Management Accountant (CMA®) program that were aimed at helping increase recognition of the CMA credential and elevate its value to CMAs, CMA candidates, and employers (e.g., CFOs, controllers, HR). So far, changes such as testing windows and an increased level of marketing have helped increase the number of new CMA candidates. In fiscal year 2009, new candidates grew by 16%, and the number of exam parts taken grew by 28% compared to fiscal year 2008. This is good news, but we envision even greater growth. Right now, too many candidates don't complete the exams and never become CMAs. With a market size of several million account-

tants and financial professionals in the U.S. alone (according to the Bureau of Labor Statistics), the number of new candidates entering the CMA program should be far greater.

The vision of the Institute of Certified Management Accountants (ICMA®) is for the CMA to be the world's leading certification for accountants and financial professionals in business, and we are continuously looking for ways to improve—with respect to both our exam product and our marketing and corporate development. The overarching goal of the

CMA exam contains the very competencies needed to achieve this objective.

Over the last two years, the ICMA Board of Regents has been hard at work formulating a strategy to ensure that we reach our goals. As other leading certification bodies do, the ICMA regularly reviews the content of the CMA exam to ensure that current topics are updated appropriately and are relevant to business practice. Connectivity of a practical body of knowledge to the workplace is critically important, so the Board of Regents initiated and evaluated

research into the skills needed to do the job of a management accountant. They went further by taking a true “Greenfield” approach to the CMA program, envisioning a desired future state to significantly increase the penetration and influence of CMAs worldwide. The decisions they

made are data based and market tested. The ICMA then used significant primary and secondary research to understand the “voice of the market” (e.g., CFO/controller interviews and focus groups).



CMA program is to increase the competencies and capabilities of organizations and individuals so they can protect investors and other stakeholders while generating greater economic value. The body of knowledge tested in the

CERTIFICATION

Based on this extensive market research and the recommendations of a committee that was charged specifically with reviewing the CMA program and the market it serves, the Board of Regents voted to change the curriculum and format of the CMA exam. The new exam curriculum will focus on financial planning, analysis, control, and decision-support skills—skills that are critical to the success of finance teams. A newly constructed two-part exam tests mastery of these disciplines. This format aligns more closely with the knowledge, skills, and abilities that an accountant or financial professional in business uses on the job today. Also, the new exam content will allow an employer to more readily understand the applicability of the CMA to a corporate career path and will allow a candidate to better demonstrate the skills evidenced by the CMA.

This new CMA exam curriculum and format will be implemented in May 2010. The program consists of two four-hour exam parts: “Financial Planning, Performance and Control” and “Financial Decision Making,” each consisting of 100 multiple-choice questions and two 30-minute essay questions. The content breakdown is shown below.

Part 1—Financial Planning, Performance and Control (Levels A, B, and C)

- ◆ Planning, Budgeting, and Forecasting (30%)
- ◆ Performance Management (25%)
- ◆ Cost Management (25%)
- ◆ Internal Controls (15%)

- ◆ Professional Ethics (5%)

Part 2—Financial Decision Making (Levels A, B, and C)

- ◆ Financial Statement Analysis (25%)
- ◆ Corporate Finance (25%)
- ◆ Decision Analysis and Risk Management (25%)
- ◆ Investment Decisions (20%)
- ◆ Professional Ethics (5%)

All topics in both parts will be tested up to Level “C” competence. Level C questions test a candidate’s ability to synthesize information, evaluate a situation, and make recommendations. Levels A (knowledge and comprehension) and B (application and analysis)

The new exam curriculum will focus on financial planning, analysis, control, and decision-support skills.

will still be tested, but an appropriate percentage of Level C questions for all major topics will be presented as well. This is a change from the current exam where some topics are tested at a lower level, up to either a Level A or a Level B but not up to a Level C.

The new curriculum will assume a certain level of accounting and business knowledge: economics, basic statistics, and financial accounting. A strong foundation in financial accounting is required to do well on the test in areas such as budgeting and forecasting, performance measurement, and financial statement analysis. Of course, prior courses

in accounting and finance are highly recommended. Examples of how this assumed knowledge might be tested in the exam include calculating marginal revenue and costs, demonstrating an understanding of the relevance of market structures and elasticity when determining prices, calculating variance when managing financial risk, and preparing a Cash Flow Statement.

Consistent with changes in the profession, the following topics have been added or given greater emphasis: pro forma income, financial statement projections, cash flow projections, off-balance-sheet financing, fair value accounting, International Financial Reporting Standards (IFRS), mergers and acquisitions, COSO Internal Control Framework, enterprise risk management (ERM), and professional ethics. Also, our research indicated that certain topics, although important as part of a general business education, aren’t considered critical to the day-to-day activities of finance and accounting teams. Accordingly, subjects such as economics, information technology, marketing, and organizational behavior will no longer be tested.

New candidates can enter the new CMA program December 1, 2009, and registration for exam parts begins in spring 2010. Both Parts 1 and 2 will be given during the following three testing-window periods: January and February, May and June, and September and October. The first testing window for the new program will be May and June 2010. The exams will continue to be computer based and offered at Pro-

Table 1. Transition Table

Current Exam Parts Passed	New Exam Parts Needed
Part 1 —Business Analysis (only)	Part 1 —Financial Planning, Performance and Control, and Part 2 —Financial Decision Making
Part 2 —Management Accounting and Reporting	Part 2 —Financial Decision Making
Part 3 —Strategic Management	Part 1 —Financial Planning, Performance and Control
Parts 2 and 3	“Transition exam” (Part T)

metric testing centers.

Existing candidates can choose to complete any remaining parts in the current program or (beginning in spring 2010) transition to the new CMA program. The current exam curriculum and format will be available until December 31, 2010. Candidates in the current program who don't pass all four examination parts by this date will be able to earn their CMA in the new program according to the transition plan (see Table 1).

In addition to making changes in the curriculum, we have increased the level of marketing for the CMA program as we strive to reach individual accounting and finance professionals with our message and are vigilant in our efforts to appeal to a broader audience. To this end, the IMA Marketing and Communications team has been very busy promoting the CMA program. In the past six months, full-page ads promoting the benefits of certification have been featured in the following publications: *Business Finance* magazine, *CFO*, *La Cuenta* newsletter, *Spectrum* magazine

(NABA), *Financial Executive*, *Financial Management*, *The CPA Journal* (NYSCPA), *New Accountant*, and *INSIGHT* magazine (Illinois CPA Society).

Also, 30-second radio spots aired on Bloomberg Radio. On August 19, 2009, *USA Today* published its “snapshot” that indicated that CMAs earn 31% more than noncertified members based on the results of the IMA 2008 Annual Salary Survey, which appeared in the June 2009 issue of *Strategic Finance*. So not only is the CMA the “global passport” to a long and rewarding career, but there are monetary incentives as well. On the corporate development front, Johnson & Johnson and Caterpillar continue to be strong supporters of the CMA program, and we recently won support from Walmart, Bayer, and Defense Finance and Accounting Service (DFAS), among others.

Our CMA program is strong, and, again, we are actively advancing the vision of the CMA being the world's leading certification for accountants and financial professionals in business. As stewards

of the CMA program, the IMA/ICMA leadership team will do everything we can to ensure its continued and future success. The new CMA curriculum maintains the relevance and rigor of the current CMA program but focuses the content more on the critical skills of financial planning, analysis, control, and decision support, which make the certification attractive to employers. In addition, the CMA is unique in the market—differentiated from other certifications and degrees. We are very excited about the new curriculum and format and anticipate dramatic growth in the level of recognition and market value for the CMA credential.

If you have any questions about these changes, please e-mail Dennis Whitney, senior VP, ICMA, at dwhitney@imanet.org. **SF**

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