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40

YEARS OF  
EXCELLENCE  
1972 – 2012

# Happy Anniversary, CMA!

A lot has changed in the 40 years since the CMA® exam was first offered, but the value that the certification offers remains as important and vital as ever for accountants and financial professionals in business.

The year 1972 was remarkable in many ways. As a leap year, and with two additional leap seconds added, it was the longest year ever. The first scientific pocket calculator, the HP-35, was introduced and sold for \$395. The first generation of video games, Atari's PONG, also hit the market, and the Dow Jones Industrial Average closed above 1,000 for the first time. It was also the year that the CMA® (Certified Management Accountant) exam was introduced.

In January 1972, the Board of Directors of IMA® (Institute of Management Accountants—then called the National Association of Accountants) unanimously approved the recommendation of an exam that would assess and certify the competence of those working in the field of management accounting. Thus the CMA and its governing body, the Board of Regents, were formed. On December 6, 7, and 8 of that same year, the first CMA exam was administered to 410 people in 22 locations throughout the United States. The

first 54 CMA certificates were issued in 1973, and since then we've issued more than 35,500 certificates, and we now administer the exam in 80 countries. The CMA is a global brand, with more than 10,000 members from outside the U.S. pursuing it. The CMA program is poised for dramatic growth and unprecedented recognition around the world.

To celebrate the 40th anniversary of the CMA designation, IMA is planning many activities—including this monthly article—throughout 2012. This anniversary also marks an appropriate time to reflect on the history and future of the CMA program—how it has changed over the years and how it might change in the future.

To gain some insight into the past, we spoke with IMA Chair-Elect John Macaulay. John was among the first exam takers in December 1972. He sat for the exam at the University of Minnesota library in a room that had very tall windows, and these windows turned out to be extremely important. During the exam it began to snow, the weather quickly turned into blizzard conditions, and the site experienced a power outage! But John and the other candidates weren't entirely in the dark and

were able to keep working because the light from the tall windows was adequate, and they were determined to finish. John made it home safely and passed all exam parts on his first and only attempt.

Studying for the exam wasn't easy in 1972. At the time, there were no CMA exam review materials or review courses, only an outline of topics and a list of about 30 or 40 recommended books. The exam was in pencil-and-paper format, and you had to take all five parts during three successive days. A number of candidates did exceptionally well. CMA certificate numbers 1, 2, and 3 were awarded to the top three scorers on the December 1972 exam: Robert Garland (gold), Ronald Huefner (silver), and Gary Luoma (bronze). Other notable exam takers in 1972 were Dennis Beresford, past chairman of the FASB, and Keith Bryant, former IMA Chair.

## Changes Came

Since 1972, of course, the CMA exam has changed considerably: from a five-part exam offered exclusively in the U.S. to a two-part exam offered in more than 80 countries and administered in both English and Chinese. There are also many review course



# CERTIFICATION

providers available now, as well as Learning Outcome Statements that provide much more detail than a simple list of topics. Instead of paper and pencil, the exam is given on computer at secure testing centers around the world. The HP and TI calculators that we currently allow candidates to use on the exam are exponentially more powerful than the HP-35, even smaller, and 1/10th of the price.

What *hasn't* changed is the primary mission of the CMA program: to administer a certification that's designed to validate competence in the relevant body of knowledge and practical skills of accounting and financial professionals in business. Management accounting is a distinct profession and plays a critically important role in the development and implementation of business strategy. For accounting and financial professionals working in business to be true business partners, competence in the business-insight skills of planning, analysis, control, risk management, and decision support are imperative. The CMA program tests exactly that.

But the CMA program is more than a test—there are education and experience requirements, as well as continuing education and ethics requirements. The test is at the heart of the program. A rigorous assessment based on psychometrically sound research into the knowledge, skills, and abilities necessary to do the job at a high level is the only way to assure competence. The CMA credential assures employers that an individual has passed a rigorous, market-relevant exam. Our proud 40-year-old

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## Questions from the 1972 CMA Exam

As part of our anniversary celebration, we thought we would share some questions from the first exam. Over the next year, we hope to bring you more like these, as well as some questions that might give you an idea of the current exam. So, just for fun, how well would you have done on these typical questions from the first exam? You can find the answers on p. 63.

### Part 1, Economics and Business Finance

Wednesday, December 6; 1:30 p.m. to 5 p.m.

8. The demand curve as seen by a producer in a perfectly competitive economy is
- sloping downward to the right.
  - sloping upward to the right.
  - perfectly horizontal.
  - perfectly vertical.
  - none of the above.

### Part 2, Organization and Behavior, Including Ethical Considerations

Thursday, December 7; 8:30 a.m. to 12 p.m.

12. Classical theories of organizational control stress the need for equivalence between which of the following?
- Power and authority.
  - Power and responsibility.
  - Responsibility and authority.
  - Leadership and responsibility.

### Part 3, Public Reporting Standards, Auditing and Taxes

Thursday, December 7; 1:30 p.m. to 5 p.m.

5. CMA Corporation bought a machine in 1965 for \$30,000. The Corporation used this machine in its manufacturing operation until November 1972, when it was exchanged for a similar, but larger, machine having a list price of \$65,000 and which could be bought at a cash price of \$60,000. At the date of the exchange, the adjusted basis of the original machine was \$12,000, and CMA paid \$35,000 on the exchange. The gain or loss recognized for tax purposes on the exchange by CMA Corporation, and its tax basis of the new machine immediately after the exchange, are
- gain recognized \$13,000; basis \$60,000.
  - no gain or loss recognized; basis \$60,000.
  - no gain or loss recognized; basis \$47,000.
  - gain recognized \$18,000; basis \$65,000.
  - loss recognized \$5,000; basis \$60,000.

### Part 5, Decision Analysis, Including Modeling and Information Systems

Friday, December 8; 1:30 p.m. to 5 p.m.

12. Which of the following involves concurrent execution of two or more programs within one computer?
- Multiprogramming.
  - Time-sharing.
  - Multiprocessing.
  - Concatenation.
  - Real-time processing.

## CMA

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credential is the primary link between accounting career professionals and those organizations requiring the most proven, ethical, and highly qualified finance talent.

### Help Us Celebrate

Over the next 11 months, we'll look at different aspects of the CMA program, including what makes a good test, the concepts of validity and reliability of exams, how we set a passing score, what makes a good exam question, why you should take the CMA exam if you haven't already done so, how we promote the CMA brand, the relationship of ICMA and IMA, the role of the Board of Regents, and what the future of the certification might look like.

In the last three-and-a-half years, more than 30,000 candidates from around the globe have joined the CMA program, and more than 5,500 new CMA certificates have been issued. The CMA program has had a long tradition of high quality and rigor, and we continue that tradition as we move toward our vision of being the leading certification in the world for accounting and financial professionals working in business. Please join us in celebrating this significant milestone for the CMA program. **SF**

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