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YEARS OF
EXCELLENCE
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CMA Enhances Your Human Capital

If you've ever been thinking about pursuing the CMA, now is the time to take action and go for the gold standard. It can enhance you both personally and professionally.

Human capital is the result of investing in yourself. The more human capital you have, the greater your expected future income and the lower your financial risk.

You've already taken a major step toward increasing your human capital by being an active member of IMA®. As a management accounting professional, you have a number of other opportunities to increase your human capital, including continuing professional education and certification. We suggest that obtaining the CMA® (Certified Management Accountant) professional certification is your most effective "next step" on this path. Earning the CMA credential demonstrates that you are a professional and can increase your salary, increase your job security, increase your job opportunities, and help you stay current with the ever-changing management accounting skills.

Measuring Human Capital

Human capital can be measured based on expected future earnings

and how this expectation affects your overall financial risk level throughout your lifetime. A college graduate can have millions of dollars in human capital or very little, depending on the specific degree he or she earns. For example, obtaining a medical degree could be worth millions of dollars in future income, depending on your specialty, while an art degree would probably be worth less than a million dollars unless, of course, you're the next Picasso or you use the creative skills you learned in school in another occupation.

Though there are many ways to enhance your human capital, an early major step is deciding to go to college and then choosing your major field of study. There are many career-enhancing majors, but we believe that if you majored in accounting, you chose wisely. (Yes, we're a little biased here.) According to various studies and reports, a university accounting degree increases a person's human capital and career opportunities more than many other degrees. In addition, most accounting graduates will be able to find jobs even in slow economic times.

Certification Is Key

After obtaining an accounting

degree, there are many other ways to enhance your human capital. Anything you do to improve your skills related to your organization's needs will increase your human capital. Examples include obtaining advanced degrees, certifications, certificates, specialized job experiences, and continuing education. For management accountants, the CMA is the ideal next step to take. Studying for the exam increases your management accounting skills while preparing you to take the exam. After you obtain the CMA, the required continuing education helps you keep your management accounting skills up to date. This is one of the reasons so many companies support IMA, including Johnson & Johnson, Caterpillar, Xerox, Microsoft, Cummins, Procter & Gamble, Saudi Aramco, and ConAgra, among others.

In addition, CMAs earn more money than accountants without a professional certification. The most recent IMA Annual Salary Survey shows that the average total compensation for those holding the CMA certification is \$131,093, which is 21% higher than noncertified management accountants. Finally, holding the CMA professional designation will

More About the CMA

Here are a few articles that elaborate on what we said and would be good sources of information for you about the value of the CMA:

“2011 Salary Survey: What Does This Recovery Feel Like?” by Lee Schiffel, David Schroeder, and Kenneth Smith, *Strategic Finance*, June 2012, www.imanet.org/PDFs/Public/SF/2012_06/06_2012_salary_survey.pdf.

“What’s Your CMA Worth?” by Gregory Krippel and Sheila Mitchell, *Strategic Finance*, November 2011, www.imanet.org/PDFs/Secure/SF/2011_11/11_2011_krippel.pdf.

“Take Less—and Earn More” by Joseph Hargadon and Lori Fuller, *Strategic Finance*, March 2010, www.imanet.org/PDFs/Secure/SF/2010_03/03_2010_hargadon.pdf.

“Go for Gold! Take the New CMA and CPA Exams While Earning Your MBA” by Lori Fuller and Joseph Hargadon, *Management Accounting Quarterly*, Spring 2010, www.imanet.org/PDFs/Secure/MAQ/2010_Q2/2010maq_spring_hargadon.pdf.

result in greater opportunities for promotions and less chance of layoffs when the economy stalls or businesses merge.

Another way you as a management accountant can enhance your human capital is to become an expert at specific tasks related to your current job that can be marketed to new employers. Numerous research studies have shown that the skills most in demand today on finance teams are planning, analysis, control, risk management, and decision support—exactly the skills tested on the CMA exam. In addition, continuing professional education, including the soft skills of communication and leadership, will enhance your human capital.

Given the many benefits we’ve described, we believe it is clearly

cost effective to put in the necessary study time to pass the CMA exam. We challenge you to do a cost/benefit analysis for yourself.

For those aspiring management accountants still in college, the CMA certification can be a way to differentiate yourself from the competition. You can’t receive the certification until you graduate and obtain the required experience, but you can take an exam part or two at the same time you’re taking courses to obtain your undergraduate accounting degree. While all this may seem like too much to accomplish, it’s important to note that much of what’s tested on the CMA exam is taught in the courses required for an accounting degree. You probably will have to take a higher-level Cost Accounting course and a

Corporate Finance course as electives, but smart planning can pay big dividends. For those in graduate school, the CMA is a perfect complement to an MBA or Master’s in Accounting or Finance. The CMA exam’s primary focus is to test knowledge relevant to actual practice, and this is attractive to prospective employers.

The Largest Payoffs

The bottom line is that the more human capital you have, the greater your future income flow and the lower your financial risk. A management accountant has many opportunities to increase human capital. We’re suggesting that obtaining the CMA gives you the highest payoffs for your efforts. Becoming a CMA means higher salaries, more job security, interesting opportunities, and staying up to date on the latest management accounting practices. Do yourself a big favor and invest the necessary time each week studying for the exam. It will broaden your mind and your human capital. We don’t think it can get any better than that. **SF**

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