

The Dutch Way

By Elbert de With

The CMA® (Certified Management Accountant) program is very successful throughout the world and continues to grow every year. Let's take a look at the management accounting profession in the Netherlands in the past 40 years and the Dutch CMA education program, particularly the reasons behind its success. Since 1991, CMA review courses have been taught at Vrije University (VU) in Amsterdam, the Dutch capital. Over the past 20 years, the number of people taking part in these classes has increased from 30 per class to 80 per class, and the candidates have been successful in passing the exam. In January 2012, we began the semester with 80 students.

After describing VU University and its Faculty of Economics and Business Administration, I'll discuss CMA courses in general and then the courses in Amsterdam. I'll also describe the IMA Amsterdam Chapter and how CMAs can comply with their continuing education requirements there. Finally, I'll present key success factors and make some recommendations about the organization of CMA courses at other universities in Europe.

Management Accounting in the Netherlands, 1972–2012

In the early 1950s, renowned Dutch professor H.J. van der Schroeff visited the United States to study the controller function. He wrote several articles in Dutch journals about his visit and advised Dutch companies to introduce the controller function. As a consequence, between 1960 and 1985, several large Dutch companies

did so. Those controllers were mostly educated as auditors (referred to as Register Accountants in the Netherlands) and had five to 10 years of experience in public accounting before joining a company as a controller. At that time, a dedicated program to educate controllers—like the CMA program in the U.S.—wasn't available.

In the early 1980s, large Dutch companies such as Unilever, Philips Electronics, and Royal Dutch Shell expressed the need for more dedicated training in the field of management accounting. In 1984 and 1985, professor Lou Traas of VU started to develop a postgraduate program focused specifically on controllers and the controller's job. In 1986, the Certified Controller program was launched for part-time students who were working in controller jobs and already had a master's degree in business economics. This was a milestone for the Dutch management accounting profession. The curriculum lasts two years (classes are on Fridays) and concludes with a thesis about an actual issue in the student's day-to-day work. Graduates of the program are awarded the Dutch title Register Controller or RC (in English, Certified Controller). The first graduates founded the Dutch Association of Certified Controllers and published their own magazine called *Controller Journal*.

The controller profession in the Netherlands was really established in the late 1980s and early 1990s, and more Dutch universities started to offer the postgraduate Certified Controller program. In 2012, seven universities offer it. Almost 3,000 students have graduated from the pro-

gram, and some 40% of them come from VU, where the program started in 1986. All Certified Controller programs at the seven universities are accredited master's degrees in finance and control. Nowadays, many RCs fill top positions in finance and control at Dutch companies.

The postgraduate program trains students to become the management team member responsible for the financial-economic and financial-administrative duties at a high level within the organization. The core of that position is to monitor and contribute actively to the economic viability of the organization. This means that the controller must be equipped with knowledge, insight, and skills to:

- ◆ Bear the ultimate responsibility for a trustworthy internal and external supply of information in organizations,
- ◆ Bear the responsibility for the economic rationality of the decisions made in the organization, and
- ◆ Fulfill a proactive, supporting role in the development, execution, and implementation of operational and strategic policy.

Controllers must have a thorough knowledge of the disciplines influencing their own spheres of work: accounting information systems, financial reporting, decision support analysis, cost management systems, financial statement analysis, risk management and internal control, and management accounting and control. They need to combine that knowledge with a critical, analytical approach. Yet professional knowledge in their own field alone isn't enough. They must also be knowledgeable about strategic management, information management, corporate finance, supply chain management, corporate law, corporate tax law, and compliance and governance. And controllers must effectively employ their communication and social skills to keep their relationship with top decision makers productive. The integration of knowledge and skills is crucial for controllers if they want to become real business partners in organizations.

VU University

The Netherlands has 13 universities, two in Amsterdam. VU University is a fast-growing university with approximately 26,000 students and 3,000 academic staff. Founded in 1880 by Abraham Kuyper, who was prime minister of the Netherlands from 1901 to 1905, it is a broad-based university in which education and research are closely related. It enjoys a strong international reputation in research and aims to be inspiring, innovative, and socially

involved. There are 12 faculties (schools) at VU, and the University offers more than 50 bachelor's degree programs and almost 100 master's degree programs.

Faculty of Economics and Business Administration

The Faculty of Economics and Business Administration is the largest VU faculty with about 4,000 undergraduate students, 1,450 postgraduate students, and 500 academic staff. It participates in exchange programs with many international universities, such as the University of Notre Dame in the United States, Sweden's Göteborg Universitet (University of Gothenburg), and the Universidad de Barcelona in Spain.

Bachelor's degree programs include Economics, (International) Business Administration, and Econometrics & Operational Research. After obtaining a Bachelor of Science degree, students can pursue one of seven Master of Science programs (Economics, Econometrics and Operations Research, Accounting and Control, Finance, Marketing, Business Administration, and Spatial, Transport, and Environmental Economics) or a research Master of Philosophy degree.

In addition, 12 postgraduate (post-master's degree) programs are offered. Examples are the CMA, Treasury, Certified Financial Analyst (CFA), Certified Public Accountant (CPA), and Certified Controller programs. Subjects studied in the Dutch CPA (RA) program are auditing, accounting information systems, and financial accounting. Participants in the Certified Controller (RC) program study management accounting and control, accounting information systems, financial accounting, financial statement analysis, strategic planning, corporate finance, treasury management, controllership, strategic cost management, decision analysis, tax law, and business law.

The CMA Program

As we all know, IMA® is the association of accountants and financial professionals in business. With more than 60,000 members, its mission is to provide a forum for research, practice development, education, knowledge sharing, and the advocacy of the highest ethical and best business practices in management accounting and finance. This mission led to the founding of the ICMA® (Institute of Certified Management Accountants), which creates and administers the CMA exams on behalf of IMA.

The CMA credential provides corporate management

BENELUX ACTIVITY

By Nina Michels-Kim, CMA

The Benelux region (Belgium-the Netherlands-Luxembourg) is a key geographical business hub of Europe, currently representing 29% of IMA's total European membership. The Benelux region is an ideal location for companies to serve the European market. According to a KPMG report, 69% of all international companies using a Centralized European Distribution Center locate that center either in the Netherlands or Belgium. This highly international location lends itself to a mobile workforce with high aptitude of the English language, a prime target for potential CMA candidates. In addition to supporting the Amsterdam Chapter and the CMA program at the Postgraduate School of VU Amsterdam, IMA has been actively working on other new developments to better serve its growing membership base in the Benelux area.

In line with its strategic goal of creating superior membership value for the entire career continuum from C-level executives to students, last November IMA co-sponsored a CFO Roundtable featuring long-time CMA advocate and retired Caterpillar CFO Dave Burritt. Many CFOs attended this event, which was held in two Dutch cities: Breda and Amsterdam. Inspired by Dave Burritt, two CFOs who attended, Patrick Speek, EMEA (Europe, Middle East, Africa) finance director of A. Schulman, and Jorge Consiglieri, EMEA finance director of Ritchie Brothers, are supporting CMA in-house training for their team members and are spearheading an initiative to form a new IMA chapter serving Southern Holland, Belgium, and Luxembourg to increase knowledge exchange and networking among finance professionals in the area.

The IMA Europe office has also been active in secur-

ing new partnerships to expand in Benelux. For example, new course provider partners increase opportunities for CMA candidates in the region to attend both live, in-person and virtual/online exam preparation courses. The recently announced partnership with Rotterdam School of Management of Erasmus University, which will offer the CMA curriculum embedded in its MScBA in Accounting & Control program, is a good example of ways to expand CMA education to local students and enhance the reputation of the CMA program throughout Europe. With increased globalization, the Benelux region is also the home to many expatriates who can't follow CMA preparation courses in Dutch. To meet the needs of expatriate professionals, Webster University has been offering evening CMA courses in English in Amsterdam since 2006, averaging about 50 students per year. In addition to growing the course provider network, we are also working with the local NBA VRC organization, formerly the Dutch Controllers Institute, to work together to provide additional value to members of the profession.

I welcome any other ideas, suggestions, and comments from members to further support the growth of IMA in the Benelux region!

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and individual IMA members with an objective measure of knowledge and competence in the field of management accounting. To earn the certification requires knowledge of and expertise in a broad range of topics that are key to management performance and contribution. The CMA program now consists of two exam parts:

Part 1: Financial Planning, Performance and Control

Part 2: Financial Decision Making.

CMA Amsterdam Before 1995

In December 1989, the International Financial Management Association (IFMA) of the Netherlands approached VU to organize a CMA examination in Amsterdam. This association was a group of financial managers in multinational companies, and it promoted IMA and the CMA in the Netherlands. The group selected VU because it was the only place at that time

where the postgraduate Certified Controller program was taught, which is (as I mentioned earlier) the Dutch variant of CMA.

Funding the new review course program appeared to be a problem because the University couldn't provide the money since it isn't allowed to spend government funds on commercial postgraduate education. Professor Lou Traas offered a solution. As founder and coordinator of the Certified Controller program, he was willing to lend the new program part of the profits from his program. During 1990-1991, IFMA and VU developed plans to establish the CMA program, and I became project leader of the CMA courses. The Dutch CMA program started in September 1991 with about 30 people taking CMA review courses. Most of them had a master's degree in business. By 1995, the number of candidates had increased to 50.

CMA Amsterdam, 1995–2010

At the end of 1994, Professor Traas retired, and the CMA program had to stand on its own feet. Fortunately, it had accumulated sufficient funds during the first years to be able to become an independent postgraduate educational program with its own supervisory board. This board consists of two professors in management accounting from the VU Certified Controller program and two CMAs. I was appointed director of the CMA program and associate professor to teach the main parts of the program (management accounting, financial accounting, and corporate finance). Associate professors at VU taught other subjects.

When I taught these review courses, the CMA exam was four parts, so I covered two parts each semester over 15 weeks. That way, we taught all four parts in one year. During each lecture I used one chapter from the Gleim review book as a starting point. It consisted of outlines, study guides, and problems and solutions. The subject matter we discussed in class was based on leading American textbooks about the topics, such as *Cost Accounting: A Managerial Emphasis* by Charles T. Horngren, Srikant M. Datar, and George Foster; *Intermediate Accounting* by Donald E. Kieso, Jerry J. Weygandt, and Terry D. Warfield; and *Principles of Corporate Finance* by Richard Brealey, Stewart C. Myers, and Franklin Allen.

CMA Amsterdam, 2010–Today

In November 2008, the ICMA announced a significant reorganization of the CMA curriculum and examination

format. Focused specifically on a body of advanced accounting and financial knowledge, the program now consists of two exam parts rather than four. The current exam's subject matter places greater emphasis on the issues most critical to accountants and financial professionals in business, including financial planning, analysis, control, and decision support.

In January 2010, VU started the new program with Part 1. My 15 lectures are based on the Horngren *Cost Accounting* book, and we use Gleim's book as review material. The last lecture is at the end of April, and in May and June the students can take the exam at the Prometric test center in Amsterdam.

Part 2 of the CMA program starts in the fall. These 15 lectures are based on Brealey's *Corporate Finance* and Horngren's *Cost Accounting* with Gleim review material. The last lecture is the third week of December, and the exams are in the Prometric center in Amsterdam in January and February. An important advantage of the new program is that it's focused on the main subjects of management accounting.

IMA Amsterdam Chapter

To preserve their certification, CMAs are required to obtain 30 hours of continuing professional education each year. In Amsterdam this is possible at IMA's Amsterdam Chapter, the first IMA chapter in Europe, which was started in 2003. IMA Global Board of Directors member Rosemary Amato was very supportive of our efforts.

The chapter has approximately 500 members, most of whom are CMAs. We hold several major activities throughout the year.

Financial Management Workshops

We hold workshops four to five times each year. Topics presented in the last two years were Project Management of ICT Investments, Business Controls at Randstad (the largest Dutch employment service company), Best in Finance Program at KPN (the largest Dutch telecommunication company), Valuation of Companies (merger of Air France and KLM), Lean Six Sigma at KLM, Time-Driven Activity-Based Costing, and Lean Finance. The chapter and companies develop the workshops, so the information is based on real-world experience.

Annual Meetings

We also hold annual meetings in May or June on an important accounting subject that's relevant to chapter members. The first meeting was in 2003 and covered the

controller's function and the role of the Amsterdam Chapter. Subjects of the next meetings were the KLM/Northwest Alliance, New Trends in Performance Management, Transformation in Control and Finance, Budgeting: Theory and Practice, Management Accounting and Customer Profitability, Management Accounting Practices in the USA and The Netherlands, Management Control Systems, the Role of the Controller in Europe, and Strategic Risk Management.

Executive Courses

Each year the chapter holds 10 courses in conjunction with VU Executive Education. Focused on controllers, the courses have covered Financial Shared Services, Update on Management Control, Diploma in International Financial Reporting, Update in Business Law and Tax Law, Strategic Cost Management, Takeover of ABN AMRO, Risk Management (Lessons Learned), Management Control and Strategy, and New Developments in Corporate Finance.

The activities of the Amsterdam Chapter are very successful because:

- ◆ The CMA program is successful, so it draws many participants for chapter activities.
- ◆ Workshops and annual meetings are free. The University pays the costs of presenting the events, and participants have to pay just a small fee for the courses.
- ◆ Our chapter has a management assistant of the CMA program who is responsible for all administrative activities. Brigitte de Graaff has been the management assistant since 2011.

More than 25% of IMA members are outside the United States. In March 2011, IMA opened the first European office in Zürich, Switzerland. Nina Michels-Kim, a CMA, leads the operations in Europe and provides a lot of support to the chapter. (See her sidebar on page 51.)

Key Success Factors of the CMA Program in the Netherlands

IMA's CMA program in Amsterdam is a very successful program in Europe with high pass rates and many participants. Several key factors have contributed to this performance:

- ◆ We didn't have the funds to begin our program, but, fortunately, we were able to borrow some money from another postgraduate program (Certified Controllers) to design and hold the first courses. After a few years, as the number of participants grew, we were able to repay the loan.

◆ The CMA program is one of the postgraduate courses of a university. This gives an academic focus to the course, and many professionals and specialists are available for teaching one of the classes.

◆ Preparation is key. Many Americans prepare for their CMA exams by studying review books at home. Dutch students use review books and participate in the review courses. As I mentioned earlier, we use American textbooks extensively during these reviews to help the students understand the subjects.

◆ Dutch accounting methods are comparable to American methods with a separation between financial accounting and tax accounting.

◆ Many Dutch companies, such as Unilever, Royal Dutch Shell, and Philips Electronics, are listed on an American stock exchange. Also, many American companies, such as IBM and HP, have important subsidiaries in the Netherlands. This has made it possible for Dutch universities to use American accounting and finance textbooks, and students have become familiar with American methods.

◆ Knowledge of English is a key factor that determines the ease with which students can take part in the CMA exam. The Netherlands is a very internationally oriented country, so English lessons begin in primary school, and many (subtitled) American programs are on Dutch television. Most master's programs at the universities are taught in English.

The Dutch experience with the CMA program can serve as an example for other European countries. Especially with ongoing globalization, which is now also visible in International Financial Reporting Standards (IFRS), internationally recognized qualifications will become more necessary and more popular. It's important to start the program at a university because its professors can teach the courses, and you can use many of its resources. **SF**

For more information about the CMA program in Amsterdam, visit our website at www.feweb.vu.nl/education/postgraduate_programs/CMA. You may also contact me, Elbert de With, by e-mail (cma@feweb.vu.nl) with questions and for other information.

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