



MANAGEMENT ACCOUNTING CAREER READINESS:

Shaping YOUR Curriculum

By Loreal Jiles

The results are in: Accounting is still a hot major for college students. According to the U.S. Bureau of Labor Statistics, the number of accounting jobs is expected to grow 13% over the next decade. This growth can be attributed to an increase in the number of businesses, changing finance laws, corporate governance regulations, and increased accountability for protecting an organization's stakeholders. With so many different opportunities for employment after graduation, deciding which job to take should be the biggest challenge facing an accounting student, right?

Wrong! The challenge actually presents itself much sooner, while students are selecting their courses. Most undergraduate accounting programs are geared toward preparing students for careers in public accounting. This means the typical entry-level corporate accountant's "toolbox" is overflowing with public accounting knowledge, while management accounting concepts, crucial for the person to perform his or her daily responsibilities, take up a small compartment in the back of the box. The traditional undergraduate curriculum's sparse offerings of classes that cover key management accounting topics must be changed.

Are Most Curricula Misguided?

According to the most recent American Institute of Certified Public Accountants (AICPA) statistics, only 39% of accounting undergraduates enter careers in public accounting. This means more than 60% are entering management accounting or other fields when they graduate. Within five years of leaving campus, approximately 80% of graduates are employed in organizations from *Fortune* 500 companies to family-owned businesses, government agencies, or nonprofits.

How can schools better prepare their newly minted professionals for the business world?

Once they begin their careers, accounting students have the option of pursuing a number of professional certifications, two of which are CPA (Certified Public Accountant) and CMA® (Certified Management Accountant). Because the curriculum of each of the top 50 undergraduate accounting programs in the United States is largely aligned with the components of the CPA exam and updated with changes in the public accounting sector, accounting grads are well prepared for entry-level public accounting positions. Just as the CPA exam today, prompted by heightened accounting regulations some years back, serves as the foundation for the structure of most existing accounting curricula, why can't the content of the CMA exam serve as the framework for the shape of an undergraduate management accounting track?

It can. Arguably “the gold standard” certification for accountants and financial professionals, the CMA demonstrates a person's ability to manifest “critical accounting and financial management skills demanded by today's dynamic businesses,” according to IMA® (Institute of Management Accountants). To ensure this metric remains reflective of current management accounting practices, the ICMA® (Institute of Certified Management Accountants) periodically conducts studies that identify current job tasks of management accountants, determine skills and abilities needed to perform those tasks, and validate the relevance of exam con-

Table 1: CMA Exam Content

| PART 1: FINANCIAL REPORTING, PLANNING, PERFORMANCE, AND CONTROL | |
|--|-----|
| Planning, Budgeting, and Forecasting | 30% |
| Performance Management | 20% |
| Cost Management | 20% |
| Internal Controls | 15% |
| External Financial Reporting Decisions | 15% |
| PART 2: FINANCIAL DECISION MAKING | |
| Financial Statement Analysis | 25% |
| Corporate Finance | 20% |
| Decision Analysis | 20% |
| Investment Decisions | 15% |
| Risk Management | 10% |
| Professional Ethics | 10% |

tent as changes occur in the profession. Evidence of this validation is the ICMA's decision, announced March 24, 2014, to update the curriculum and modify the format of the CMA exam.

Table 2: TSU Undergraduate Accounting Curriculum

| COURSE | MAJOR TOPICS |
|--------------------------------------|---|
| Financial Accounting (Introductory) | |
| Managerial Accounting (Introductory) | Cost Management; Performance Management; Planning, Budgeting, and Forecasting |
| Intermediate Accounting I | External Financial Reporting Decisions |
| Intermediate Accounting II | External Financial Reporting Decisions |
| Advanced Accounting | External Financial Reporting Decisions |
| Cost Accounting/Management | Cost Management, Decision Analysis |
| Financial Statement Analysis | Financial Statement Analysis, External Financial Reporting Decisions |
| External Audit and Control | External Financial Reporting Decisions |
| Tax (Personal Income Tax) | |
| Business Law | |
| Microeconomics (Introductory) | |
| Macroeconomics (Introductory) | |
| Microeconomics (Intermediate) | Decision Analysis |
| Macroeconomics (Intermediate) | Decision Analysis |
| Business Management | Performance Management, Decision Analysis, Risk Management |
| Marketing | Decision Analysis, Risk Management |
| Ethics | Professional Ethics |
| Financial Management I | Corporate Finance, Investment Decisions |

The CMA Exam Gets a Facelift

The new CMA exam, launching January 1, 2015, consists of two parts: (1) Financial Reporting, Planning, Performance, and Control and (2) Financial Decision Making. The major topics in each part are individually ascribed relative weights represented by coverage percentages that mirror how often various subject areas come up in current management accounting practices. Each major topic requires skill levels of knowledge, comprehension, application, analysis, synthesis, and evaluation.

Table 1 lists the major topics covered in each part of the CMA exam, with corresponding coverage percentages.

These percentages reflect not only the frequency with which a management accountant uses the most common technical skills, but they also signify the amount of coverage each topic should receive in an undergraduate curriculum designed to prepare students for careers in management accounting.

Now perhaps you're thinking, "This sounds great, but how can I incorporate a management accounting track into my school's curriculum or encourage my local college or university to consider adopting this curriculum model?"

Let's go step-by-step using an example.

STEP 1: Map the existing undergraduate accounting curriculum to major topics on the exam.

The undergraduate accounting course offerings above general freshman- and sophomore-level courses (for example, English, College Mathematics/Calculus, Science) for a fictitious university that we'll call "Typical State University (TSU)" are listed in Table 2. They are based on content commonly found in course catalogs of most of the top 50 undergraduate accounting programs in the U.S. In Table 2, the courses in TSU's accounting and business school curriculum have been assigned one or more CMA exam major topics based on the correlation between the content typically covered in each undergraduate course and the subtopics of CMA exam major topics. Given the skill levels required for each major topic, introductory-level courses that aren't specific to management accounting haven't been assigned major topics as these courses may not cover the depth of material needed to develop the required skill level.

STEP 2: Identify gaps in the existing curriculum.

Table 2 shows that some of the CMA exam major topics are captured in most undergraduate accounting curricula. Nevertheless, a few gaps still exist: (1) Some topics aren't covered in enough detail to equip students with

each of the skill levels that the exam requires, (2) some courses don't cover all or most of the relevant subtopics, and (3) the majority of additional accounting electives among the top 50 programs are driven by public accounting, covering subjects such as external audits and fraud examination, to name a few.

In particular, the following exam major topics aren't covered adequately in TSU's existing curriculum:

- ◆ Planning, Budgeting, and Forecasting
- ◆ Performance Management
- ◆ Internal Controls
- ◆ Professional Ethics
- ◆ Decision Analysis
- ◆ Risk Management
- ◆ Investment Decisions
- ◆ External Financial Reporting Decisions

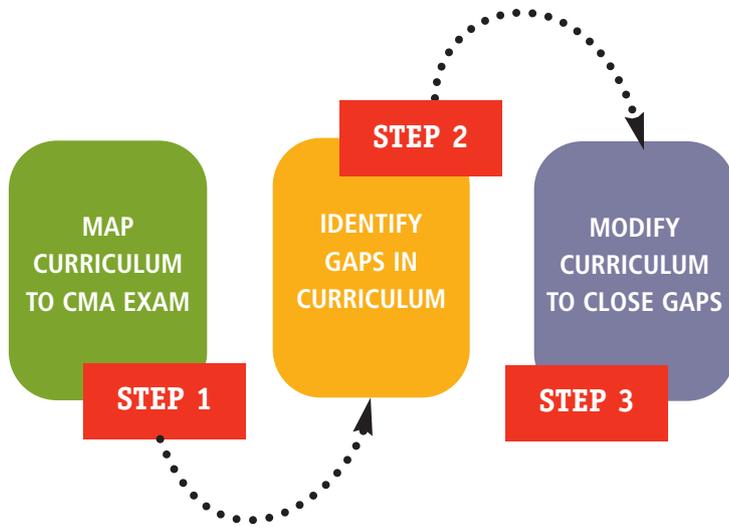
STEP 3: Modify the curriculum to close the gaps between current degree requirements and CMA exam major topics.

To add a management accounting track or concentration, TSU's accounting faculty should consider making the following modifications to its existing curriculum:

1. Ensure the courses that currently cover CMA exam major topics provide students with a sufficient amount of exposure to respective subtopics so the students are able to demonstrate the skill levels that the exam requires.
2. Replace the Personal Income Tax course with a Corporate Tax course or offer Corporate Tax as an elective.
3. Replace the External Audit and Control course with Internal Control, Risk, and Assurance, which would include the Professional Ethics, Risk Management, and Internal Controls subtopics.
4. Add the following "upper-level" courses to the curriculum as requirements for the management accounting track/concentration:
 - a. Performance Management
 - b. Planning, Budgeting, and Forecasting
 - c. Investments/Financial Management II
 - d. Decision Analysis and Risk Management/Strategic Management
 - e. External Financial Reporting Decisions

The subtopics referenced in points 2, 3, and 4 should prompt TSU's accounting faculty to think about whether a new course needs to be created or if an existing course, perhaps within the broader business-major curriculum, could be used or modified to fill the current void for future management accountants.

Figure 1: Steps to Shaping Your Curriculum



What You Can Do Now

Suddenly the biggest challenge facing an undergraduate accounting student no longer seems insurmountable! A great starting point, summarized in Figure 1, addresses the current gaps in accounting curricula. Other sources of information that will prove beneficial during this process are the *CMA Candidate Handbook* and *Content Specifications Outline*. Both of these excellent resources are available on IMA's website (www.imanet.org). If you click on the "CMA Certification" tab, you'll see "Current CMA Candidates" under which you'll find the "Preparing for the Exam" section. These documents will give you more information about content covered in each of the CMA exam major topics.

There are a couple of other things you as a student or as a professor can do now to help make a difference in your undergraduate accounting program: First, consider hosting an informative session to explain the key differences between management accounting and public accounting. Then poll students in your program to determine how many are interested in management accounting. This will allow you to see if there's an appetite within your specific program for management accounting preparedness.

Second, after completing the steps identified here and polling undergraduates, share your findings with faculty at your college or university. If your analysis identified any gaps, use the information in this article and the results of your poll to justify the need for modifications. Seek support from accounting faculty members to implement your proposed changes.

Accounting Undergrads—Take Charge!

As this article has made clear, you don't have to have finished your studies to begin forging a path toward becoming a Certified Management Accountant. Here are a couple of tips:

Plan to take the CMA exam toward the end of your undergraduate studies. This timing should make preparing for the exam less intense because relevant material will still be fresh in your mind, and passing the exam should confirm your readiness for a management accounting role. Additionally, the CMA certification will make you more valuable to your employer—and put more money in your pocket as well! On

average, CMAs earn \$27,756 a year more than noncertified accounting professionals, according to IMA's latest salary survey, which appeared in the June 2014 issue of *Strategic Finance*.

Shape your individual course plan to mirror CMA exam content. Proposed curriculum changes, even if supported by accounting faculty, aren't likely to happen overnight (and may not even be fully implemented before you complete your undergraduate studies). Therefore, once you've helped complete the steps to identify gaps, consider taking elective courses that will help you fill them.

Whether you're a faculty member or a student, now that you're armed with knowledge of how to enhance the management accounting section of an undergraduate's toolbox, you should feel empowered to initiate change in your collegiate program. For additional inspiration, information, or consultation on undergraduate accounting curricula mapping or other related materials, go to www.imanet.org or contact me at the e-mail address below. **SF**

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