



RAISING STUDENT AWARENESS OF MANAGEMENT ACCOUNTING:

A Pilot Program with Promise

By Thomas A. Lechner and Roydon Strom, CMA, CIA

From the time students select accounting as their major and until they graduate, they are inundated with courses and information focused on public accounting rather than management accounting. The curriculum for a typical undergraduate accounting major will include at least two intermediate financial accounting courses and at least one auditing course. Compare this to the one upper-level management accounting course typically required. The disparity sometimes continues with student organizations. On most campuses, the primary student accounting organization is Beta Alpha Psi, and a majority of its speakers focus on public accounting. Therefore, it isn't surprising that most students, especially the top ones, aspire to attain the CPA (Certified Public Accountant) credential rather than the CMA® (Certified Management Accountant) credential.

Although some students initially attend IMA® (Institute of Management Accountants) Student Chapter meetings, relatively few continue on to become CMAs and maintain their skill set with CMA-required continuing education. There are many reasons for this falloff. The most commonly stated reasons include:

1. The time and effort required to ensure passing the CMA exam,
2. The cost of membership and exam fees,
3. Uncertainty regarding the value of the CMA, and
4. The fear of failure after a substantial investment of time and money.

To have a thriving IMA Student Chapter and successfully promote the CMA on campus (especially on a commuter campus), faculty advocates for management accounting and the IMA professionals who interact with students must address these concerns. We'll have to raise awareness of the value of the CMA and implement programs that improve the chance for success on the CMA exam, thus improving the cost/benefit for students.

Benefits of the CMA

Why put so much effort into getting students to pass the CMA exam? After all, if students aren't motivated enough on their own, why offer them scholarships and work to keep down the costs of the CMA? So what if they don't get certified? All valid points to be sure. Yet there are several benefits for students, the university, and IMA from having these students become CMAs and for earning that accreditation early in their careers.

Benefits for Students

First and foremost, we know that CMAs earn an average of \$27,756 more per year than noncertified accounting professionals, according to the 2013 IMA Annual Salary Survey published in the June 2014 issue of *Strategic Finance*. Success on the exam also helps students stand out during on-campus recruiting events. Much like a college recruiter uses standardized entrance exam scores, the CMA gives the prospective employer the security of knowing the student has passed an independent certification exam and has demonstrated a firm knowledge of the profession. For students who don't want to pursue the CPA, the CMA is a way to help differentiate them from the competition when they compete for promotions and new job opportunities. The certification (and the CMA program in particular) can play a huge role in helping students stand out in the recruiting process or helping professionals improve their current job performance.

Students pursuing the CPA track also can benefit from taking and passing the CMA exam. Studying for the exam helps them build the skills and habits they need to prepare for and pass the CPA exam. It also helps show prospective firms the applicant is capable of successfully preparing for and passing standardized tests for certification. In addition, the CMA can give new employees credibility with clients, especially early in their careers. Finally, having a management accounting perspective can make a new auditor a more valuable contributor. For instance, he or she may be better at analyzing variances or audit discrepancies or have better insights into the operation of the business and thus be better at spotting problems and opportunities for improvement.

As an accountant's career progresses, the continuing education requirements that come with CMA certification will help keep his or her skills current and relevant. Often, accounting professionals who have been working in the field for several years may begin to develop habits around their particular job requirements. They may find that they use only some of the skills they learned in college or that they don't use them often enough so they forget them. For example, accounting professionals may frequently do budgeting and standard costing without needing to use decision analysis or process costing techniques. When they lose track of the principles behind the process and find that they are doing things because "they've always been done this way," both the professional's career and the company's performance may suffer. By maintaining credentials and certification, accounting professionals will keep all of their skills up-to-date, relevant, and useful.

Benefits for Colleges and Universities

Promoting and building the CMA brand within the student chapter's host college or university can also help build the institution's brand. Having a long list of students who have already passed the CMA exam will help institutions attract a broader base of companies for on-campus recruiting. A record of successful certification helps demonstrate a higher quality of graduate and differentiates the school from other institutions, including the increasing number of online universities and programs. Implementing this program at Eastern Michigan University, for example, has helped boost the reputation of the IMA Student Chapter there, which in turn has created additional networking opportunities for students, alumni, and local businesses. Networking with alumni in turn can lead to improved alumni relations and better placement opportunities for graduates.

Benefits for IMA

IMA also benefits from its CMA Scholarship Program and from promoting CMA review programs at universities, particularly through IMA Student Chapters, because it makes students more aware of the CMA designation and its value. This greater awareness on campus can lead to growth. The enhanced student awareness also provides opportunities for interaction with the local IMA chapter. As the number of active CMAs grows, overall recognition of the CMA designation will grow along with the perceived value of certification. Growing the CMA brand also benefits those who already hold the credential by increasing the visibility, and thus the perceived value, of the CMA.

The Eastern Michigan University Experience

Building momentum for the CMA starts from the ground up when students elect to pursue an accounting major. They need to be aware of the certification early in their academic careers and plan to obtain it. Three years ago, IMA worked to address this issue by offering a limited number of scholarships for students to sit for the CMA exam. While this was a promising first step, many of the top juniors and seniors, ideal candidates for CMA certification, were also targeted by major public accounting firms and received public accounting internships instead. Then they were recruited by public accounting firms and didn't complete the CMA in the three-year scholarship window provided.

Eastern Michigan University (EMU) has always had a strong IMA Student Chapter, which owes much of its success to the faculty and administrators who have promoted the CMA by building awareness over the years with a grassroots effort. The University's accounting department has long promoted the benefits of joining IMA and becoming a CMA, so it was only natural that a program would emerge to encourage students in that direction. The IMA Student Chapter at EMU is running a pilot program that builds on the CMA scholarship approach with a study group and review program. The chapter is striving to build a critical mass of students who are motivated to study rigorously for, take, and pass the CMA exam so they can ultimately obtain the credential.

Launched in fall 2012, EMU's program started small. Its first offering resulted in several students and an alumnus passing both parts of the CMA exam within the planned time frame. But despite the program's successful launch in 2012, the fall 2013 session failed to gain traction and was cancelled because of low participation numbers, which resulted from many of the concerns listed

earlier (time, cost, and value). This challenge provided the impetus for the current design. Most notably, awarding IMA scholarships helped boost attendance three-fold from the initial session in 2012. Also, these new scholarships are short term (they expire in five months from the time they are awarded). The group now has an air of excitement and a sense of urgency that continues to help motivate and provide encouragement to the participants. This year, five scholarship winners and an alumnus participated in the program and took Part 1 of the CMA exam. Of those six, one person took Part 2.

The EMU Program

In order to build a critical mass for the CMA Review Program, EMU's IMA Student Chapter targeted three audiences:

1. Likely CPA-track students,
2. Current students who will initially seek an industry or not-for-profit position where the CMA may be a valuable alternative to the CPA, and
3. Members of the business community (primarily alumni and local IMA chapter members) who realize the value of the CMA and welcome a low-cost way to get quality instruction and structure.

Implementation and Timing of the CMA Review

EMU's program timelines are very aggressive in order to take advantage of the students' most recent lessons associated with the curriculum—to "strike while the iron is hot" in regard to their motivation. The timelines also are designed to address the needs of the demographics the University serves since EMU is primarily a commuter school.

Two separate tracks of the program are available to accommodate the time commitments and motivation of each group. The first track is designed to help students pass both Parts 1 and 2 of the CMA exam in roughly a two-month period. For this group, the intensive program offered during the summer is ideal for an aggressive schedule. Most students take few, if any, courses during the summer, so they should have more time to devote to taking and passing the exam than during the regular school year. This track meets three times a week. Since the program can be completed by June 30, passing the exam can help the fall recruiting effort. The second track is more conservative and meets once or twice a week over a four-month period with the goal of passing Part 1 by June 30 and Part 2 in early September.

Instruction

Several CMA review courses with proven track records are

currently available in the area. Unfortunately, while the costs of these programs vary, they often exceed a student's budget. For those students who are truly committed and have the financial means, these programs are a great option to help them increase their chances of passing the exam. Until now, other than selecting a self-study method, these review programs have been the only option for most.

Since the IMA Student Chapter sponsors the program, EMU's classroom facilities are available without cost. In addition, all the instructors for this program are volunteers and include current faculty and alumni with CMA accreditation. By providing free instruction, we are able to attract CMA candidates who otherwise might not choose to pursue certification. The structure and purpose of this program blend a furthering of the University's mission for higher education with volunteerism in support of the CMA program.

For those students who can't attend all sessions, particularly because of vacations and travel, technology provides a solution—they can participate remotely using Skype. For instance, one student on the second track plans to participate live for two months from her home in China.

Cost

Several factors have helped minimize student costs for the program. For one, IMA generously offers multiple scholarships for taking/passing the CMA exam. In addition, the EMU program is able to use a recent prior edition of a leading cost accounting textbook in combination with standard CMA prep materials to provide in-depth instruction as well as review at a manageable cost. Students are strongly encouraged to use CMA self-test software to evaluate their progress.

Early indications are that students participating in the program are achieving scores of at least 75% to 80% on modules and thus should be well prepared to sit for the exam. Also, consistent passing scores should build student confidence, thus reducing anxiety. This careful review helps identify and target student weaknesses and remedy them with particular review material submodules that focus more sharply on students' specific needs. This factor helps reduce the overall time commitment required from both the students and the instructors.

Generous IMA Support

With the generous support of IMA, EMU's program had more than 20 students apply for scholarships in 2014, and IMA awarded 20 scholarships for taking the CMA exam. These scholarships helped cover the cost of IMA mem-

bership and the cost of exam fees. This important part of the program provided additional motivation for the students to complete the program and pass the exam.

Having "little or no skin in the game" means it's easy for some to get distracted by outside activities. Since most of the services are free, it's a challenge to keep students motivated and focused on earning the certification. The scholarship helps remedy this since it covers the cost of sitting for the exam once and has a limited five-month time horizon for completion. Without these scholarships as incentives, many students wouldn't have seriously considered the CMA and wouldn't have learned to fully appreciate the benefits and opportunities of management accounting.

Building a Program

While our progress in promoting our students and the CMA brand at Eastern Michigan University is encouraging, we're only one school. Current job postings for accountants show many positions require or prefer CPAs, but few list the CMA as a preferred designation. Although the demand for the CMA has grown over the years, this growth could accelerate if other colleges and universities adopted programs similar to EMU's.

Adoption starts with a commitment from the institution to promote management accounting as an attractive career path distinct and separate from the CPA path. Since many schools equate management accounting with cost accounting, and several aspects relating to the CMA exam aren't covered, building a strong student chapter with the help of faculty, alumni, and the local IMA chapter are crucial for success.

Developing a program such as this isn't easy, but the rewards and benefits for all stakeholders make this approach one that every institution should at least consider. Schools differ, of course, but when starting a study group program similar to EMU's, it's best to start small and expect some bumps along the way. Pilot programs based on students' needs, time commitments, and interest level should gauge well what will or won't be effective for a particular group. **SF**

Thomas A. Lechner, Ph.D., is an assistant professor of accounting at Eastern Michigan University and a member of IMA's Ann Arbor Chapter. You can reach him at ProfLechner@yahoo.com.

Roydon Strom, CMA, CIA, is the controller at W2Fuel, LLC, and a member of IMA's Ann Arbor Chapter. You can reach him at rstrom@frontiernet.net.