HOW MANAGEMENT ACCOUNTING DRIVES SUSTAINABLE SUCCESS
What Management Accountants Do

Management accountants are trusted to guide critical business decisions and drive strong business performance.

They combine financial expertise and business acumen to achieve sustainable business success. They understand how the different parts of the business need to come together.

Chartered Global Management Accountants (CGMAs) are committed to professional ethics and a code of conduct. A single syllabus and examination standard ensures the consistency of a CGMA’s skills all over the world.

While many CGMAs work in the finance department, others put their broader business training to use across the organisation, including the roles of Board Director, Chairman and CEO.

A Global Profession

AICPA, the American Institute of Certified Public Accountants and CIMA, the Chartered Institute of Management Accountants, two of the world’s most prestigious accounting bodies, have formed a joint venture to elevate the profession of management accountancy by establishing CGMA as the most valued, globally recognised management accountant designation.
### WHAT THE BOARD/MANAGEMENT NEEDS

- Responsible for leading long-term, sustainable success of the company or organisation (irrespective of size in the private and public sector)

### HOW A CGMA DELIVERS

- Links the board objectives and the business, enabling the right decisions to be made, be appropriately funded and correctly implemented throughout the organisation — short and long-term

### HOW AICPA AND CIMA SUPPORT CGMAs

- Supports the success of individuals, organisations and countries: “It’s never been a better time to be a management accountant”

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### ROLES

- **Determine/approve/oversee:**
  - short and long-term strategy
  - business model
  - risk appetite

- **Quality decision making:**
  - strategic development
  - risk mitigation and assessment
  - oversight of:
    - capital and resource allocation
    - strategy implementation
  - Enterprise risk management
  - Business control
  - Talent identification, assessment and development

#### Setting incentives:
- executive pay
- bonuses
- results related pay

#### MANAGERIAL

- **Management accounting:**
  - Map journey – strategy to planning to execution
  - Align KPIs to outcomes
  - Business support e.g. scenario planning, pricing
  - Quality information, analysis and evaluation – decisions and resource allocation
  - Cost leadership and improved productivity
  - Project and investment appraisal
  - Tax risk management and planning
  - Treasury and cash management
  - Enterprise risk management
  - Business control
  - Oversight – control and performance management
  - Effective management information (financial and non-financial)
  - External reporting

- **Data and process:**
  - Communication – translate complexity
  - Strategic change, project, relationship and operational management
  - Transparency
  - Quality internal/external data (knowledge, data-warehouse)
  - Accounting operations

#### SKILLS

- **Aims:**
  - Sets appropriate tone
  - Articulates clear vision
  - Inspires and empowers
  - Looks forward and outward

- **Behaviours:**
  - Acts with integrity, credibility and influence
  - Offers constructive challenge and objective view
  - Is the ethical conscience of the organisation

#### INFLUENCE

- **Customers:**
  - The business
  - Business partners
  - Community and environmental stakeholders
  - Regulators
  - Shareholders

- **The board:**
  - Senior management
  - Colleagues in all departments
  - Peers in finance function
  - Business partners

- **Support:**
  - Employer recognition
  - Members
  - Students
  - Academic partners

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*The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company. FRC – June 2010*

*Cash is king. Most businesses fail not because they don’t make a profit but because they run out of cash*

*The global credit crisis, the sovereign debt crisis and the economic downturn gave rise to a “perfect storm”, emphasising the growing need for management accounting*
Established in 1919, CIMA is the world’s leading and most respected management accountancy body, with members and students in 168 countries. The diagram below sets out the CIMA Professional Qualification syllabus. The syllabus is divided into operational, managerial and strategic levels, with interim qualifications awarded at each stage. The diagram also details the weightings given to each exam topic at the different levels. Before qualifying, candidates must also pass the Test of Professional Competence and fulfil three years practical experience requirements.

**CIMA Professional Qualification Syllabus**

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>MANAGEMENT</th>
<th>OPERATIONS</th>
</tr>
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<tbody>
<tr>
<td>Enterprise</td>
<td>Performance</td>
<td>Financial</td>
</tr>
<tr>
<td>Interacting with the competitive environment 20%</td>
<td>Management control systems 10%</td>
<td>Formulation of financial strategy 25%</td>
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<tr>
<td>Change management 20%</td>
<td>Risk and internal control 25%</td>
<td>Financial decisions 30%</td>
</tr>
<tr>
<td>Evaluation of strategic options 30%</td>
<td>Review and audit of control systems 15%</td>
<td>Investment decisions and project control 45%</td>
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<tr>
<td>Implementation of strategic plans 30%</td>
<td>Management of financial risk 35%</td>
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<tr>
<td></td>
<td>Risk and control in information systems 15%</td>
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**CIMA Advanced Diploma in Management Accounting**

<table>
<thead>
<tr>
<th>STRATEGY</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Strategic management and assessing the competitive environment 30%</td>
<td>Pricing and product decisions 30%</td>
<td>Group financial statements 35%</td>
</tr>
<tr>
<td>Project management 40%</td>
<td>Cost planning and analysis for competitive advantages 30%</td>
<td>Issues in recognition and measurement 20%</td>
</tr>
<tr>
<td>Management of relationships 30%</td>
<td>Budgeting and management control 20%</td>
<td>Analysis and interpretation of financial accounts 35%</td>
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<tr>
<td></td>
<td>Control and performance measurement of responsibility centres 20%</td>
<td>Developments in external reporting 10%</td>
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**CIMA Diploma in Management Accounting**

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<th>STRATEGY</th>
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<tbody>
<tr>
<td>The global business environment 20%</td>
<td>Casting accounting systems 30%</td>
<td>Principles of business taxation 25%</td>
</tr>
<tr>
<td>Information systems 20%</td>
<td>Forecasting and budgeting techniques 10%</td>
<td>Regulation and ethics of financial reporting 15%</td>
</tr>
<tr>
<td>Operations management 20%</td>
<td>Project appraisal 25%</td>
<td>Financial accounting and reporting 60%</td>
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<tr>
<td>Marketing 20%</td>
<td>Dealing with uncertainty in analysis 15%</td>
<td></td>
</tr>
<tr>
<td>Managing human capital 20%</td>
<td>Managing short-term finance 20%</td>
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In the United States, CGMAs are generally qualified CPAs with management accounting experience who are committed to professional ethics and a code of conduct equivalent to that of CIMA. US CPAs have taken a uniform examination and met education and experience requirements set by state governmental agencies.

**CONTINUING PROFESSIONAL DEVELOPMENT (CPD)**

Chartered Global Management Accountants continuously sharpen their business acumen through Continuing Professional Development (CPD). This ensures that management accounting skills, tools and techniques of CGMAs are up to date.

**CGMA CASE STUDIES**

CGMAs are guiding critical business decisions and driving strong business performance all over the world using management accounting research, tools and techniques.

**CGMA CASE STUDIES**

- **15%** Net present value over three to four years. Project has provided foundation for acquisitions worth multiple billions of dollars. Simon Henry CGMA, Group CFO, Royal Dutch Shell
- **£25m** Savings and staff redeployed into higher value work. Steve Swientozielskyj CGMA, Head of Finance Shared Services, Network Rail
- **60%** Cost savings switching EMEA into shared service centre. Boonsiri Somchit-Ong CGMA, Vice President Global Accounting, AMD, Kuala Lumpur
- **$1bn** Added to the bottom line of a global FMCG client over an 18 month period. Justin Watson, Head of Finance Talent, Deloitte
- **£65m** Spend on innovative green technologies resulting in a distillery that recycles 31% of its water and 85% of its steam and electrical power. Paul Walsh CGMA, CEO, Diageo

For more information go to [www.cgma.org](http://www.cgma.org)