

Management Accountants' Roles on Cross-Functional Teams

Cross-functional teams help integrate organizations and enhance decision making by bringing together people with different perspectives who perform different functions in the organization. The IMA Practice Analysis, *Counting More, Counting Less*, revealed that nearly three-fourths of management accountants work in companies where they and their colleagues are members of cross-functional teams. Company size doesn't

matter: For every 100 management accountants who are on a team in companies with large finance departments (more than 50 professionals), there are 75 on teams in smaller finance departments (one to nine professionals).

The business position that accountants play on the team is straightforward. They can be involved in anything, from simply doing the budgeting or accounting for the team to researching alternatives to being a business advisor. Their roles on the teams are rich and varied. This month's column focuses on the roles that management accountants play.

Leadership Role. Management accountants are increasingly taking on the team leadership role. When not leading, they often become key players on the team. Why?

Part of the reason, according to a management accountant at a Caterpillar production facility, is "because the finance people have more of a grasp of the total operation." Management accountants do more than simply "work with all departments." To build or monitor a department's control system, management accountants need a thorough understanding of what that department is supposed to do and how it should do it. Compared to people in other disciplines, management accountants have more business information available to them and a better understanding of how departments should be working together.

One management accountant provided an historical perspective. "We used to be on teams where, for example, an engineer would talk with a product manufacturing guy

or a purchasing guy about a future project. There might also be a quality-type person or logistics person. And the accountant was in the middle of all this. Because of our discipline and the debit/credit mentality, we often became the secretary for those kinds of teams. We would be the one who said: 'This has got to be done by this point.' We became very good at project management and over time became more integral to the teams. We became team leaders because we were good at project management."

"I think that in many cases, the accountants would like somebody else to lead the team," said a management accountant at Caterpillar headquar-

ters, "but that doesn't seem to be the way it

works out. It is usually the accounting person that ends up leading the team." When

others are in control, progress could

be slow. "But as soon as

the accounting person takes over,

things move along." The accountant will set the timetable, specify the information needs, determine resource requirements, and assign tasks and deadlines. "The accounting person will pull it all together, guide the team, and make sure we are heading in the right direction."



The Enterprise Perspective Role.

With their unique ability to see across all the business functions, management accountants are perceived as knowing what the correct course of action is for the company. The other team members expect management accountants to speak from an enterprise perspective and to explain why an alternative may or may not make sense for the company.

The Business Advisor Role. Team members rely on management accountants for help with an array of business questions. A Boeing accountant describes his role as “analysis, data gathering, analysis, and business advice.” At US West, “They look to us not just to crunch numbers, but to create options, develop scenarios, participate in decisions, and create ways to measure and monitor success. They expect us to be flexible in our thinking.” A Hewlett-Packard accountant sums it up by saying that “the role of finance is a full business partner.”

The Accounting Role. In addition to bringing sound business sense to the decision-making process, the accounting perspective ensures “that we dot our i’s and cross our t’s. Accountants are still responsible for protecting assets, for control systems, and for complying with regulations.” They keep track of money spent, compare actual costs to budget, and estimate future costs and margins. They are expected to know accounting rules, the tax effect of different alternatives, and how different depreciation methods will impact earnings.

Management accountants have to explain the alternatives available for structuring transactions and the outcomes of each alternative. If the team is considering setting up a new entity, the accountant will describe

some of the pitfalls, enumerate the necessary tasks, and identify the key business issues. “A lot of times the focus is on the cost side—Are we going to maintain a certain profit or return on investment on a certain project? We have to make sure that different strategies make sense financially.”

“Our role,” according to a Caterpillar accountant, “is to look at a project from a financial viewpoint. I’ve been on teams where they want to buy equipment or put in a capital project, like a new system. We have to determine the appropriate financial data to gather, then be sure that the correct data is actually gathered, sift out the relevant information, analyze the data, and report it in a manner that everybody can understand.” If the data is analyzed properly, “we can calculate the return on investment for the team. So the management accountant is the financial leader.”

Accountants bring a sense of “checks and balances” to the team. Are the production and sales projections in line? Are engineering people heeding the input from marketing? “The common denominator is the dollar...so we’re kind of that glue, if you will, that holds everything together,” another participant added.

The Business Integration Role. Business integration is another key role played by finance. A Hewlett-Packard management accountant explains it best. “Finance is what I would consider the one objective function. Our objective is profit. We want profit. We are trying to make the business grow. R&D may throw a good idea on the table, and marketing, in their excitement, will throw another idea. We make sure that the ideas that are on the table are properly addressed.... From a perspective

of who has got a most pure function, I think finance comes in and says we are driving that profit. We explain that to the various functions. We say, ‘I am trying to make this successful. Explain to me how it would play out if we were to do what you are proposing.’ You try to get them to see how it plays out, so you walk them through a thought process, which is also a training process. And then they come back and say, ‘That is not going to work. I think you are right. What would you suggest? How about if we did this?’ I think from most people’s standpoint, manufacturing, R&D, marketing—they are looking to be successful. If you can help make people successful, you’ve got a friend for life. So we try to get people to see that success comes if we are in this as a team.”

The Big Picture/Reality Check Role. Management accountants act as a “reality check” for the team because most people tend to be overly optimistic about how their project or their pet product is going to perform. Management accountants try to temper that optimism with experience and carefully developed projections.

How many of these roles do you play on your teams? Which roles would you like to play? Networking with IMA members at your chapter meetings could generate stimulating ideas. ■

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