

Skills Needed for Entry-Level Management Accounting Positions

What do management accountants look for in recruits for entry-level positions? Here are some hiring criteria from the leading-edge companies interviewed for IMA's Practice Analysis. Companies can benchmark, and accounting educators and students can evaluate how well their curriculum prepares people for work in the new world of management accounting.

Grades. For many companies, grades come first.

"Typically, we've got a grade point cutoff," a Caterpillar accountant explained. "When we start flipping through résumés, we will look at only the best because we want people who could be a business manager some day."

But according to a US West financial executive, being a good student isn't enough. You must be able to express yourself and understand areas outside accounting, especially those that relate to your business, such as engineering or manufacturing.

Self-Confidence and Self-Assurance. Several management accountants mentioned the confidence factor. "The entry-level people are not very assertive. They are so timid and scared," observed a Hewlett-Packard accountant. An accountant at a Caterpillar production facility cited universities as the problem. "I think that schools could better prepare people for the work environment ... they have to teach students how to talk to people and not step on their feet."

One solution is to do things that generate self-confidence, such as getting a broader education or becoming involved in sports. Nevertheless, as time passes, confidence will increase. "Once they've been around for a couple of years they find out they were really pretty assertive all along," said the Hewlett-Packard accountant. "The few who become real stars are the ones that have that assertiveness to disagree with their manager."

Accounting Skills/the Basics. It may seem obvious, but

management accountants should be grounded in both managerial and financial accounting. They also should take a few management courses to appreciate and relate to leaders. "The first piece of advice I would give them is to learn the basics," another HP accountant said. "Be very competent in spreadsheets and decision tools, plus other things like OLAP and reporting products."

The same view was expressed at Abbott Labs. An accountant there advised students to ground themselves in their technical skills: cost accounting, general accounting, and financial statement analysis. He also urged students to take audit, cost accounting, and, if possible, operations classes. He noted the value of classes with teamwork and unstructured assignments. Those skills and the ability to find information will be handy in the business world.

Communication, Initiative, and Leadership. As fundamental as accounting skills are, they aren't sufficient for success. "Leadership, initiative, communication skills. These are our top three. If you don't have these, you don't



have a place here at Caterpillar,” said one accountant. Indeed, at the company headquarters, some entry-level employees give presentations to group presidents after only three to six months.

At the core of communication skills is the ability to take a complex subject, boil it down into easily understood language, and explain it to nonaccountants. Interpersonal skills are critical—you should be able to influence people and must be comfortable dealing with coworkers at different levels. After all, you aren’t always talking to a peer.

To succeed, you need initiative. This means taking that extra step, asking a coworker or supervisor if they need help, making recommendations after you do the analysis on a problem, or finding alternatives and making recommendations to management. It means following through to complete the picture.

Critical Thinking. For many companies, critical thinking and its corollary, creative problem solving, are key. You should be able to step back and look at something “out of the box.” “The skills that I find the hardest to get in people are analytical thought processes and critical thinking,” said a Caterpillar management accountant. “Nine out of 10 people that I see coming here can be wizards at spreadsheets, can manipulate data effectively, but they aren’t very good at figuring out whether the information in front of them is reasonable or realistic. When you ask, ‘Is that reasonable?’ ... the critical thinking aspect is just not there.”

Accuracy. Accuracy is crucial. An error in a calculation could amount to millions of dollars, which in turn could lead to an erroneous decision.

A Boeing executive highlighted the difference between school and the work world: The real world “is not like a test where you turn it in and get 10 points off because you screwed up on a number. ... When you get into business and mess up your numbers, the ramifications are a whole lot bigger. It’s part of your job and your responsibility to check every number or to set up a system where you know that the numbers are correct.”

Other Advice to Students and Entry-Level Accountants

- Accept the idea that training and education are a lifelong process.
- Be more IT/database savvy.
- Have a passion for the business. Don’t work for a company if you have no interest in what it does because you’re going to be required to strategically influence that business.
- Understand that business is different overseas. Cultures are different, the way you do business is different, and markets are different.
- Understand relationships between data and how systems work.
- Be able to think logically. If you can do that, then you can learn almost anything fairly quickly because you won’t be memorizing.
- Have a good business understanding. Be able to look at a business and really understand what drives it and what the key factors are that make it go well or not go well.
- Be able to do projections, set goals, and determine a path to get to that goal.
- Be able to work in a team environment.
- Be able to apply what you learn.
- Be mature. I don’t know if you can teach that, but with business

comes a higher level of responsibility.

- Develop computer skills.
 - Develop writing skills.
 - Be patient enough to work in a bureaucracy and impatient enough to be willing to change it.
 - Be willing to take risk—it’s the only way to grow.
 - Be willing to make mistakes, and don’t let them devastate you. Be smart enough not to make the same mistake twice.
 - Have a good idea of how a company runs.
 - Continually educate yourself, whether it’s formal or informal, taking additional courses or keeping current.
 - Have a process view, be very process focused, and look at things not just where finance starts and ends but as a whole.
 - Have high energy and a positive attitude. Be very proactive.
 - Have integrity. If you are going to become the confidant of the top management people, if you are going to be the advisor, they’ve got to trust you implicitly.
- Practitioners: Are your hiring criteria stated clearly? Accounting educators: How can your curricula be modified to better meet the demands of Corporate America? Students: Are you learning the skills necessary for success? IMA can help bridge the gap between Corporate America and Academic America. ■
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