

I Where the Profession Is Headed

IMA's Practice Analysis of Management Accounting documented the sea change in the role of management accountants. Their work has become more analytical and less transactional, more decision oriented and less compliance oriented. Management accountants are more involved in running the business. Their new role

is more exciting and more challenging than their old role as keeper of the financial records.

But where is the profession headed? What will the work will be like in three years?

More than 80% of the practitioners we interviewed expect that in three years they will spend *more time* interpreting and analyzing information and being involved in decision making. About 60% believe that in three years they will spend *less time* collecting and compiling information and preparing standardized reports.

While there is agreement on the direction of change, there are differences in predictions about how fast and how far change will go. These differences probably are rooted in where a company is now, the speed at which its practices are changing, and the organization's attitude toward change.

Here are several ways practitioners in leading-edge companies describe some of the coming changes.

Decision Making and Interpreting Information

A financial executive at ITT Automotive said, "We will get more and more to the point where accountants won't spend a lot of time doing accounting, but they will be more analytical and more planning oriented and more of a partner with the operational side of the business."

"I think with the new tools for data collection, there will be even more data to analyze," said a Hewlett-Packard accountant. "So our challenge will be how to efficiently analyze the data, how to segregate it, how to manipulate it, and how to come up with meaningful answers."

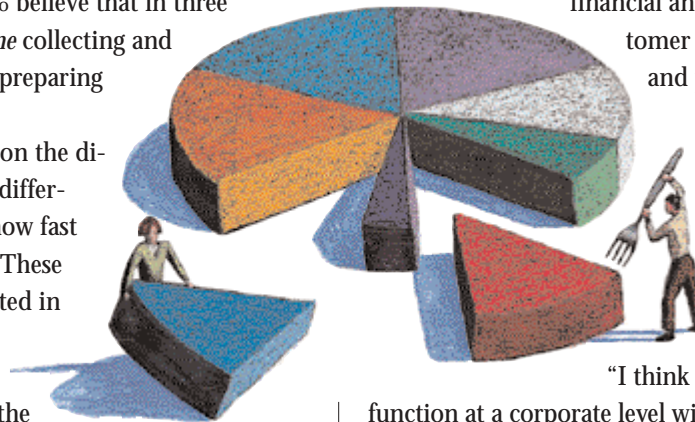
An accountant at Caterpillar headquarters predicted, "I think we'll be doing more internal consulting, performing financial analysis, focusing on customer and product profitability, and process improvement."

Concurring, another Caterpillar accountant said, "It'll be interesting to see in three years whether accountants will consider themselves business consultants or accountants."

"I think the finance and accounting function at a corporate level will continue to do more analysis and be less technical. You'll need the technical accounting skills, but the amount of time spent on that will be less and less," opined an Abbott Labs accountant.

"What we think we should become in the future is a business partner who helps people understand what the financials are saying and helps them design their businesses," said a US West accountant. "We shouldn't beat them up with the numbers but show them trends and help them understand how they can measure themselves."

"The finance organization will provide the analysis that the organizations need to understand their operations.



We will be able to make a tie between what the functional organizations are doing and how that interrelates to the achievement of their performance objectives.”

Technology

A US West accountant said, “Our goal in accounts payable is to make sure that we put everything out on the Web that we can. I would like invoices to be submitted on the Web and expenses to be submitted on the Web. We want to get to a point where everything coming into this department is electronic.”

“I think technology will allow us to continue to automate cycles and become more efficient,” said an Abbott Labs accountant. “This will allow us to take on additional activities as the business grows without adding additional head count and to do more interesting work.”

“All the financial information that we provide today will be accessible to managers online,” predicted a Hewlett-Packard accountant. “We will have centralized transaction processing areas; we’ll have a lot of specialists in centralized areas. The generalists will be out in the functional areas and part of the team.”

“I think e-commerce is going to change a lot. Certainly the speed with which we can get data changes the way you think about using the data, and it is only going to get faster as we go through time. We are redesigning systems based on data warehousing techniques that we didn’t have the power to do three years ago. This will allow us to manipulate information more rapidly and produce better decisions quicker to the line.”

Other Changes

A Boeing accountant predicted that within five years we are going to be

seeing a marked change: There will be an emphasis on general knowledge versus specialized knowledge. He predicted that the new world of accounting won’t require the specific accounting knowledge that characterized our training. Rather the accountant, or a business analyst, or whatever you want to call the person who occupies that role, is going to be more a generalist. “A generalist has to be able to take the detail data, which will be managed by a computer system, supposedly with some smarts to it, and interpret it for use by the management team. We’re going to take not just the financial data, but also the human resources data, the scheduling data, and the other metrics that the business manager needs, and we’re going to report to the operations people. So we’re going to need a more general knowledge of how the business works, and, more importantly, we will be expected to be able to look at the whole and see how all the parts work together.”

“Today, I have dual reporting to the CFO and the VP of Operations,” said a US West accountant. “Looking ahead a couple of years, I know I’ll be interacting a lot with the president of the company because he views people in the finance function as understanding the business, being able to analyze operations and options, and make recommendations. To do this we have to be incredibly versatile and have excellent people skills in order to walk through all the land mines of having dual reporting.”

“A successful corporate accountant will have to go beyond looking at historical information and strive to become a valuable member of the business, to understand what the drivers of the business are, and how to take his skill set and enhance what the organization is doing.”

Strategic Role

Some anticipate that finance will go beyond business partnering and broaden its role to strategic partner. Rather than support only what happens in the division, management accountants will look at the marketplace and at what the competition is doing. They will need to be more strategic, better visionaries, and more proactive:

“I see us becoming much more involved strategically. We’ll be more involved in business planning and forecasting, and trying to find opportunities for improvement.”
(Caterpillar)

“In five years [we will become] even more strategic. Really understanding the ins and outs of all the organizations and what their buttons are and really trying to be visionary—understanding what is happening to our business. You have to be somebody who understands the business, that really wants to work, and really has a commitment and interest to that. So not accountants any more, not even analysts.” (Hewlett-Packard)

We’ve got to be an integrated, expert business advisor to whoever the equivalent of the CEO is. (Boeing)

What are your predictions? What are you doing to prepare for the coming changes? How can IMA help? ■

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