The Role of the Management Accountant: 2003–2012

BY B. DOUGLAS CLINTON, CMA, CPA, PH.D., AND
LARRY R. WHITE, CMA, CFM, CPA, CGFM

This article is based on research supported by SAP, Alta Via Consulting, and the IMA® Research Foundation.

HOW HAS MANAGEMENT ACCOUNTING CHANGED DURING THE LAST DECADE?

HOW HAVE MANAGEMENT ACCOUNTANTS' ROLES AND RESPONSIBILITIES CHANGED?

THE AUTHORS CONDUCTED A NEW STUDY TO FIND OUT.

In 2003, Ernst & Young and IMA (Institute of Management Accountants) conducted a comprehensive survey that provided warning signals for the management accounting profession. The "2003 Survey of Management Accounting" reported that management accounting (MA) was at a "critical juncture" as evidenced by shifting roles and practices, a recessionary economy, and an emerging range of MA techniques.[1] Since then, not many surveys have been conducted about contemporary roles and practices of management accountants. Also, after IMA discontinued its Cost Management Group, the frequency of survey data became scarce.

Even though a few more surveys about the profession have been published recently, we decided to replicate the 2003 survey to see how the management accounting landscape had changed from 2003 to 2012. Several notable watershed events have happened since 2003 that could clearly change the roles and practices in accounting as a whole, and most–if not all–of these significant events have impacted management accounting in one way or another.

Consider the following trends and events that took place during 2003 to 2012:

- Development of International Financial Reporting Standards (IFRS) has globalized the perspectives of accountants around the world.
- Accountants have operationalized Sarbanes-Oxley Act of 2002 (SOX) compliance, and the financial statement audit has expanded to report on internal controls over financial reporting.
- Major financial frauds and failures have continued to occur, such as the home mortgage collapse, Lehman Brothers, Bernard Madoff, and others.
- The Chartered Institute of Management Accountants (CIMA) and the American Institute of Certi-

fied Public Accountants (AICPA) created a joint venture that recognized the global importance of MA and introduced a new management accounting designation: Chartered Global Management Accountant (CGMA).

- The U.S. economy has continued to endure significant financial austerity, including the subprime mortgage crisis, increased capital market volatility, high unemployment, and the creation of unprecedented amounts of government spending/debt.
- China and India have grown to be world financial powers.

Every organization, family, and individual has been impacted one way or another by some of these historical landmarks. Although we provide limited discussion about these trends and events in light of how they may have colored the survey results, we encourage you to consider the impact of these events in shaping our reported findings.

Objectives

The primary objectives of the current survey were largely the same as those of the original 2003 survey, but we also considered the longitudinal perspective. The objectives were stated as questions in 2003, and we reevaluated them in the 2012 survey[2]:

- Have there been fundamental changes in the role of management accounting?
- Do existing tools fulfill the changing needs?
- Which tools are needed? Which are being adopted?
- What role have new technologies played?
- Which factors constrain or accelerate adoption of these tools?

Sample, Survey Process, and Demographics

We administered the 2012 survey in December 2011. The population consisted entirely of IMA members operating primarily in senior-level financial executive roles. The 2003 survey included a larger population and sample size of nearly 2,000 members, whereas the 2012 survey sample size was only 238. Nevertheless, the demographic makeup of the 2012 survey sample appears to be representative of the IMA population and is very similar to the sample obtained in the 2003 study.

First, IMA sent a link to the survey in an e-mail blast to 10,000 of its members. Then it sent a follow-up e-mail to remind those who had not taken the survey yet. We estimated that the 238 respondents took 20-25 minutes to answer the 26 multipart questions. The survey was programmed online by Alta Via Consulting using SurveyMonkey, and the instrument was designed with controls to prevent multiple responses.

As with the 2003 survey, participants were delineated into two groups: decision *makers* or decision *enablers*. Decision makers included those with titles of CEO, CFO, CIO, COO, VP of finance, and director of finance. Remarkably, the ratio of decision makers (31%) to decision enablers (69%) was identical in both surveys. Most of the other 2012 demographic data also was very similar to the 2003 data, such as revenue and industry type. One exception was the type of entity (publicly held vs. private companies). Here the data suggests that more companies were privately held in 2012 than in 2003. Consistent with this evidence, our data shows that the median number of employees in organizations is somewhat smaller in 2012 as well. This information is in line with increased unemployment; the decreasing average size of companies; and evidence from our findings that, because of downsizing, there are fewer employees, but they are attempting to accomplish greater output through increases in efficiency. The Brenner Group (April 2012) corroborates this finding, stating that 1997 was the peak year for the number of publicly held companies and that, with some minor exceptions, the number has generally been in decline since then.[3] It mentioned various possible reasons, including the effects of SOX legislation and an array of regulatory changes. From 1997 to 2008 alone, the number of publicly held listings dropped by nearly 40%. Our results show considerably less change over the survey period, with a 13% drop from 2003 to 2012. Nevertheless, the decline is significant given that, for example, the number of listed companies in Hong Kong almost doubled from 1997 to 2008. (See Items 1, 2, 32, and 33 in the Survey Results section for the respondents' demographics: industry classification and role within the company.)

Key Findings

The key findings present a disturbing picture of management accountants' roles, expertise, and influence in cost management within their organizations. While there is a significant element of financial austerity present in the findings, the perpetuation of many 2003 findings shows that the management accounting profession is not improving the applicability of cost information or insights into cost measurement inside organizations. There also are fairly strong indicators that the level of knowledge and expertise in applying new approaches to cost management information and systems is continuing to diminish. On the positive side, however, cost reduction and efficiency improvements are a central focus of organizations, but it is not clear from the survey which elements in the organization are driving these improvements. Consider the following important results of the survey:

1. New tools are largely *not* considered relevant. One set of disturbing key findings from the 2003 survey was the degree to which improving cost information was not a priority. To recap the 2003 data, 80% of respondents indicated that MA data is important, 80% reported using traditional normal or standard costing systems that are commonly believed to be inferior to others, 77% were dissatisfied with decision support information, 38% said that cost data is significantly distorted, and 80% said that change is not a priority.

Results in 2012 showed similar findings. Our perspective on this is that improving cost information is still not a priority, even in the continuing recession. This is particularly noteworthy when we consider that all the respondents are IMA members who are likely to place a high value on various financial decision support mechanisms. Moreover, the 2012 data only seems to reveal a reinforced commitment to this position. When examining the current status of management accounting tools in their organizations, 2012 respondents not only rejected the adoption of virtually every significant new tool, but the modal response indicated they viewed these tools as "not relevant." We can only speculate on the reasons. Are the tools ineffective? Or is the expertise to implement and use them effectively lacking in the accounting profession? Or is it something else?

2. The most important priority shifted to cost reduction and driving efficiency. Although responses were similar, the most important priority for respondents in 2003 was generating relevant and actionable cost information that senior management could use for making decisions. In 2012, however, the most important priority was cost reduction and driving efficiency. This is consistent with another 2012 IMA survey and special report, *Rising to the Challenge: Productivity in Accounting and Finance Organizations*, that noted "…the most frequently cited primary concern was streamlining processes and improving productivity in order to reduce costs."[4]

This corroborates our findings. In one sense, the 2012 survey presents a rather strange modal response that would suggest that cost reduction itself is more important than generating relevant cost information in the first place. Should we believe that cost reduction was more important than understanding whether the costs were relevant? This finding calls into question whether the management accountant is a significant contributor to the cost reduction effort. If cost reduction is being driven by improved efficiency, it would appear that operations managers have decided to pursue process improvements without the use of enhanced cost information as a strategic input. The previous paragraph indicated a high level of dissatisfaction with traditional standard cost information and decision support information across a nine-year period, but it identified no significant improvements. We are left wondering: "What is the role of the management accountant in the cost reduction effort today?"

3. Factors reflecting constraints and triggers for adoption of best practices have shifted. The biggest constraints to adoption of new or best practices included a different item in 2012: lack of worker time. It was considered a bigger constraint than management buy-in, even though management buy-in was the biggest trigger for adoption. Next to management buy-in, adequate technology was the most important trigger in 2003 for both large and small companies but was listed fifth as a constraint for large and small companies in 2012. This finding may reflect rising unemployment rates since 2003, and employees may have been asked to do more with less, making adoption efforts more difficult and straining in-house expertise. Alternatively, the rise of constraints in human resources and expertise, combined with the reduction of technology as a constraint, may indicate that cost management knowledge in the accounting profession is continuing to diminish. In addition, the growing demands, requirements, complexity, and focus on external financial reporting may be having a negative impact on management accountants' expertise and leadership in cost management.

4. The economic downturn has generated a greater demand for more accurate costing, but cost reduction is *not* considered the primary way to improve the bottom line. Demand for accuracy/transparency in costing has increased because of the continued economic downturn, but results suggest that respondents did not consider cost reduction the primary impact to their bottom lines in 2012 as they did in 2003. Most organizations may have focused on cost reduction to the degree that they have exhausted all effective ways to reduce costs and are now looking for other ways to improve profitability. Yet given the concerns with the quality of cost information and the low priority placed on making improvements, it also is possible that organizations are focusing elsewhere because they do not know how to proceed with further cost reduction or generate more insightful cost management information.

5. Availability of investment resources was not a significant constraint to pursuing improved cost management information. Adequate technology was listed fifth out of six constraints for both large and small companies in 2012. Despite great financial austerity, lack of investment resources was *not* a significant constraint in 2012 for most respondents/companies. In comparison, it was a significant constraint in 2003. This is perhaps the most alarming finding from this study because, apparently, senior financial executives could not support a business case for improved cost information. Whether the reason is lack of justification/return on investment or lack of expertise to find an effective costing solution, it raises a significant issue for the profession.

6. Tool use, not development, is seen as most critical to implementation and adoption. Business intelligence (BI) emerged as the most critical item for adoption/implementation in 2012 for both large and small companies. The perceived importance of data warehousing tools, however, fell to the bottom of the list in 2012 from the top spot in 2003 when they were considered the most important tool for large companies. Presumably, BI is vital to both large and small companies so they can do the most with what is available in order to achieve more with less. The same is likely true of the revealed increased importance of data mining tools. The data pattern here also may reflect a shift to greater use of data with a decreased emphasis on data *development and improvement*—a retrenchment approach often expected in the midst of continuous financial austerity. Yet lack of the knowledge or expertise to design and implement new approaches to create improved cost information may result in a similar finding.

7. The impact of in-memory and cloud technology. A new question for the 2012 survey and a new topic to the marketplace, in-memory technology is expected to have a major impact on reduction of response times and program run-times. Regarding cloud technology, it may be too soon to tell because this new technology is not yet completely proven or well-understood. Consequently, respondents' perceptions about this area are not well-developed. Nevertheless, 44% are averse to cloud technology, indicating that respondents, on average, are not yet convinced this new technology is beneficial.

What Will Happen to Management Accountants?

Management accountants are clearly valuable strategic partners, but the longitudinal perspective presented by this study over a nine-year period does not show growth in the management accountant's role or initiative in cost management. A fundamental shift appears to be occurring in the management accounting profession, so we encourage you to examine the following survey data and our analysis for clues to the causes and nature of the shift. Change brings with it opportunity. Is the evolving path for management accountants to abandon cost management for a greater role in planning and evaluation? If so, is this because of the greater pace of operational and market change? Or is there an opportunity to renew a focus on cost management with a strong emphasis on operational and managerial decision support? We are hoping for the latter. ■

Note: You can read the complete Ernst & Young and IMA "2003 Survey of Management Accounting" on the IMA website at www.imanet.org/PDFs/Public/General/2003SurveyofMgtAcctg%20EY.pdf.

B. Douglas Clinton, CMA, CPA, Ph.D., is Alta Via Consulting Professor of Management Accountancy at Northern Illinois University and is a member of IMA's Fox River Valley Chapter. You can reach him at (815) 753-6804 or Clinton@niu.edu.

Larry R. White, CMA, CFM, CPA, CGFM, is executive director of the Resource Consumption Accounting Institute and former IMA Chair. He is also a member of IMA's Hampton Roads Chapter. You can reach him at (757) 288-6082 or lwhite@rcainstitute.org.

Acknowledgment: The authors acknowledge the outstanding work by Mary Bull, research assistant, Northern Illinois University, who provided many hours of work in graphical presentation and formatting for this project.

Endnotes

1 Ashish Garg, Debashis Ghosh, James Hudick, and Chuen Nowacki, "2003 Survey of Management Accounting and Benchmarking Tool," Ernst & Young LLP, 2003, pp. 1-21; and Ashish Garg, Debashis Ghosh, James Hudick, and Chuen Nowacki, "Roles and Practices in Management Accounting Today," *Strategic Finance*, July 2003, pp. 30-35.

2 Ashish Garg et al., "2003 Survey of Management Accounting and Benchmarking Tool."

3 Gunther Hofman, "Where Have all the Public Companies Gone?" The Brenner Group, January 17, 2010, pp. 1-4.

4 Raef Lawson, *Rising to the Challenge: Productivity in Accounting and Finance Organizations*, Institute of Management Accountants, Montvale, N.J., 2012.

5 Ibid.

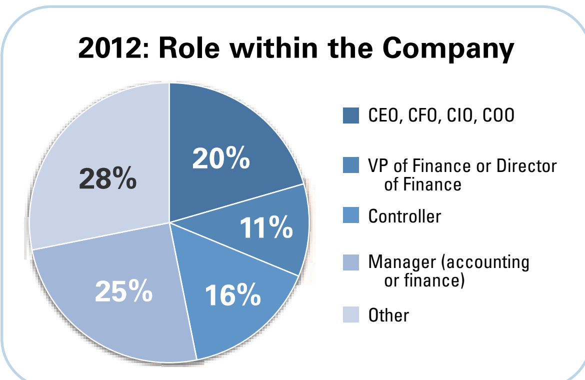
Survey Results

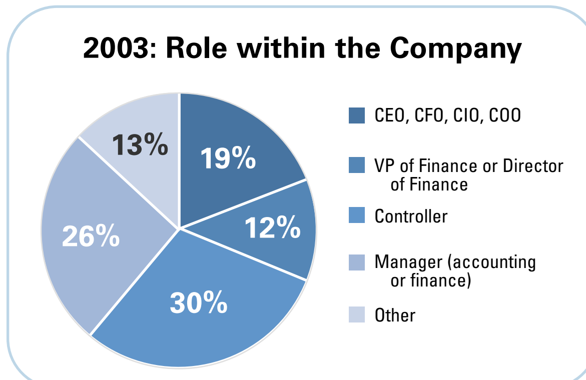
Now we present the results of our survey. Each item represents a question or statement that respondents answered or responded to and includes a comparison of 2003 and 2012 responses.

Item 1: Position of Respondent
Please select your position or title within your company.

Role within the Company

For both years, 31% of the respondents were decision makers, which includes CEO, CFO, CIO, COO, VP of finance, and director of finance. Individual roles/titles are virtually identical for both years.

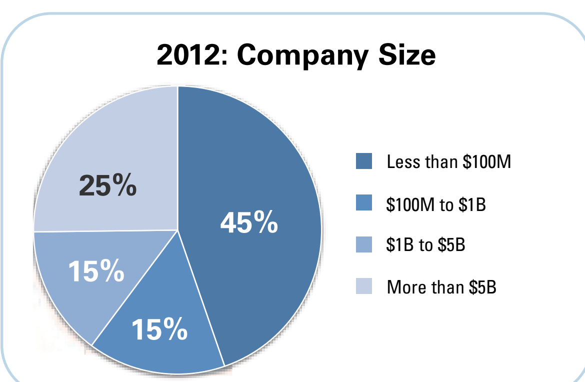


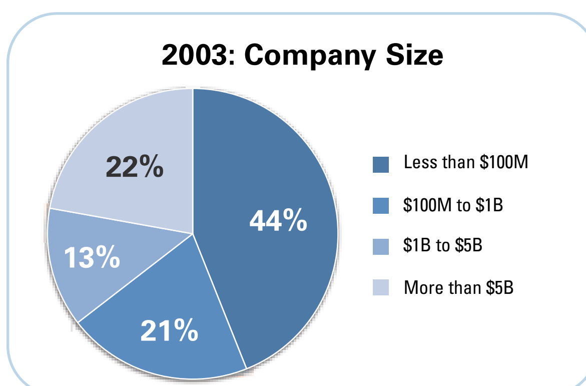


Item 2: Revenue
In the last fiscal year, what was your parent company's (not division or business unit) revenue?

Revenue

Revenue levels reported by respondents were similar for 2003 and 2012.

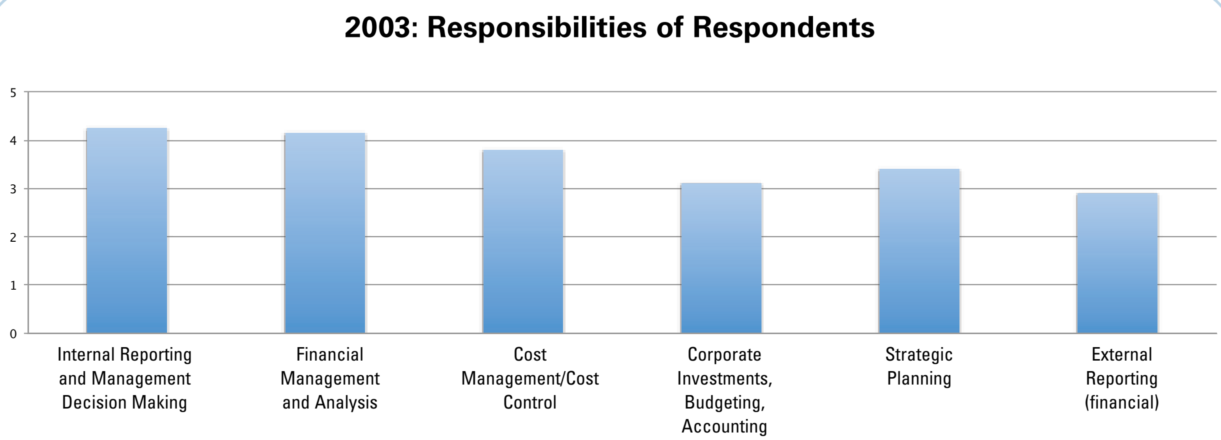


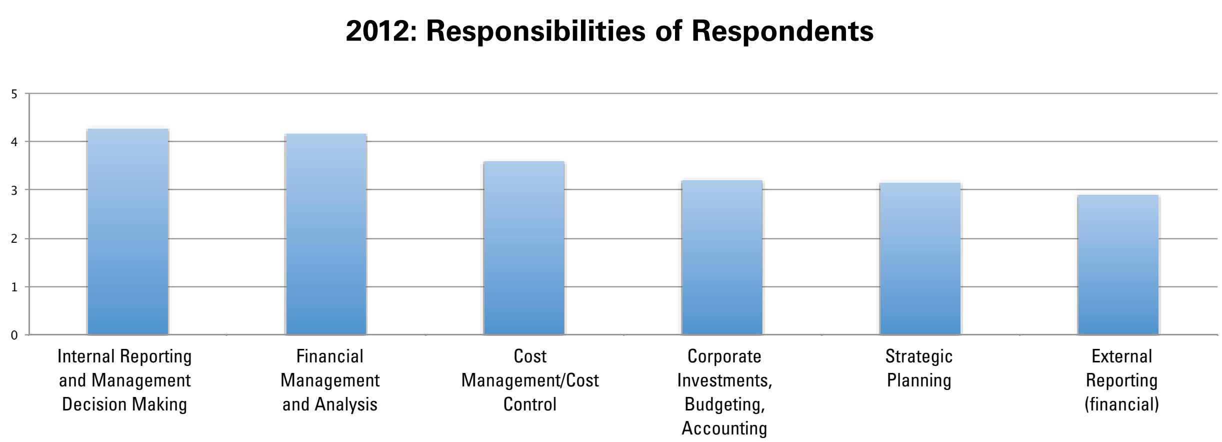


Item 3: Responsibilities of Respondents
Please indicate your current responsibilites in order of priority.

The top priority for both years is the same for the first three categories: (1) Internal Reporting and Analysis, (2) Financial Management and Analysis, and (3) Cost Management/Cost Control.

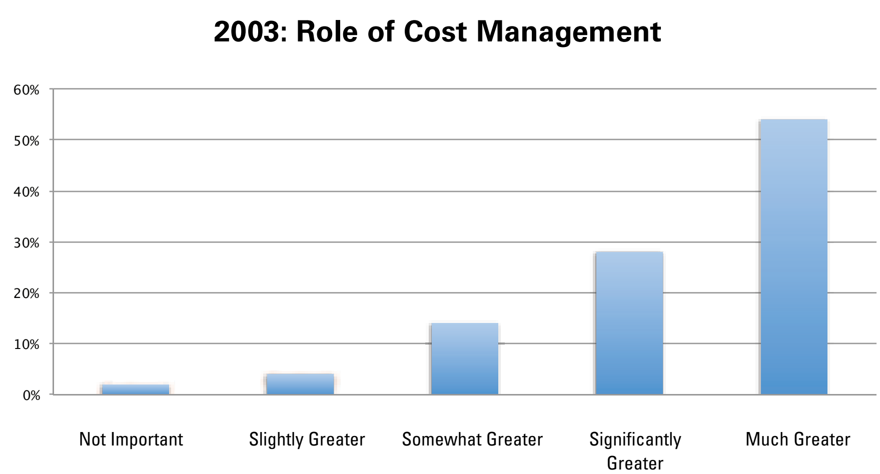
The results reflect the continued importance of internal reporting and management decision making. Other areas of the survey reveal an increasing emphasis on cost control and a focus on reduction in spending during a period of recessionary austerity (see Items 4-6). External reporting remains necessary but is not considered a priority. This finding would indicate that optimizing the enterprise via management accounting is much more important to respondents than cost accounting (i.e., external reporting)—even if they do not have the most advanced tools/approaches to achieve optimization or plans to invest in improving cost information. This finding raises an important question about the value of additional cost information from new tools/approaches: "Is the current level of cost information sufficient, or are important opportunities being missed?"





Item 4: Role of Cost Management
How important is the role of cost management in your organization's overall strategic goals?

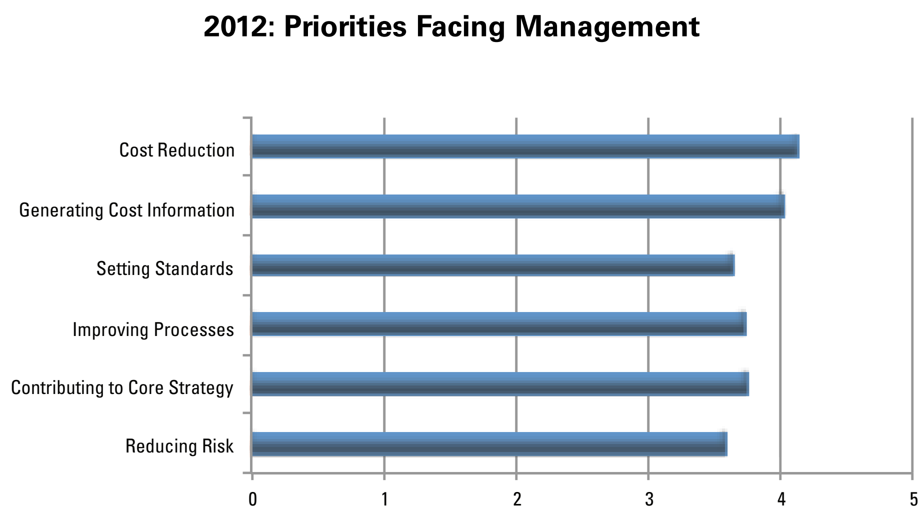
Cost management is important or very important to 66% of the respondents in 2012, but in 2003 it was important to 80%. This decrease may be the result of several years of recession, which have fully exploited the benefits of cost management from existing cost information, and indicates a shift toward focusing on generating revenue for profitability improvements. Yet it also may reflect the sustained lack of investment and decline in resources and expertise focused on cost information and systems over the 2003-2012 period. Perhaps the cost information simply is not being generated to maintain or expand the role of cost management in strategy.

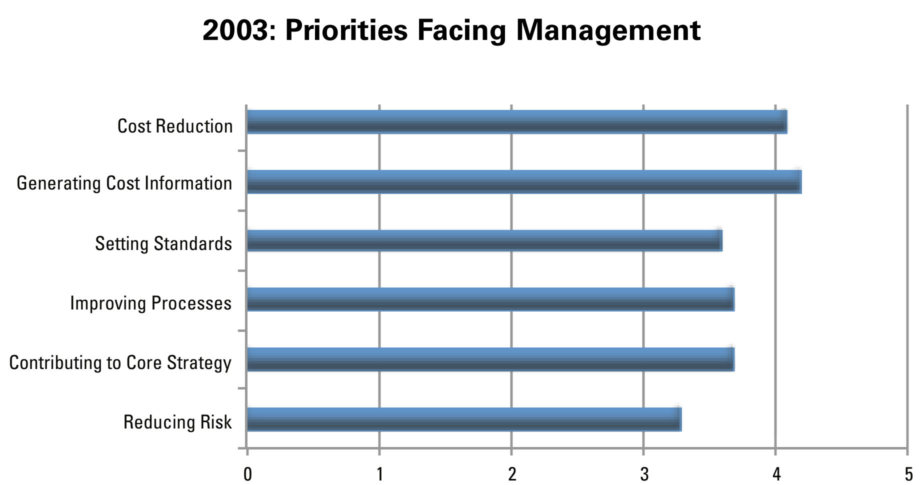


Items 5 & 6:
On a five-point scale, please rank the current priorities facing management accounting in your organization. (1 is the least important priority, and 5 is the most important priority)

Although responses were similar, generating relevant and actionable cost information for senior management to use for decision making was considered the most important priority for respondents in 2003. In 2012, however, the most important priority was cost reduction and driving efficiency. This finding is consistent with another 2012 IMA survey and special report, *Rising to the Challenge: Productivity in Accounting and Finance Organizations*, that noted "…the most frequently cited primary concern was streamlining processes and improving productivity in order to reduce costs."[5] This corroborates our findings.

In one sense, the 2012 survey presents a rather strange modal response that would suggest cost reduction itself is more important than generating relevant cost information in the first place. Should we believe that cost reduction was more important than understanding whether the costs were relevant? On the other hand, both cost reduction and

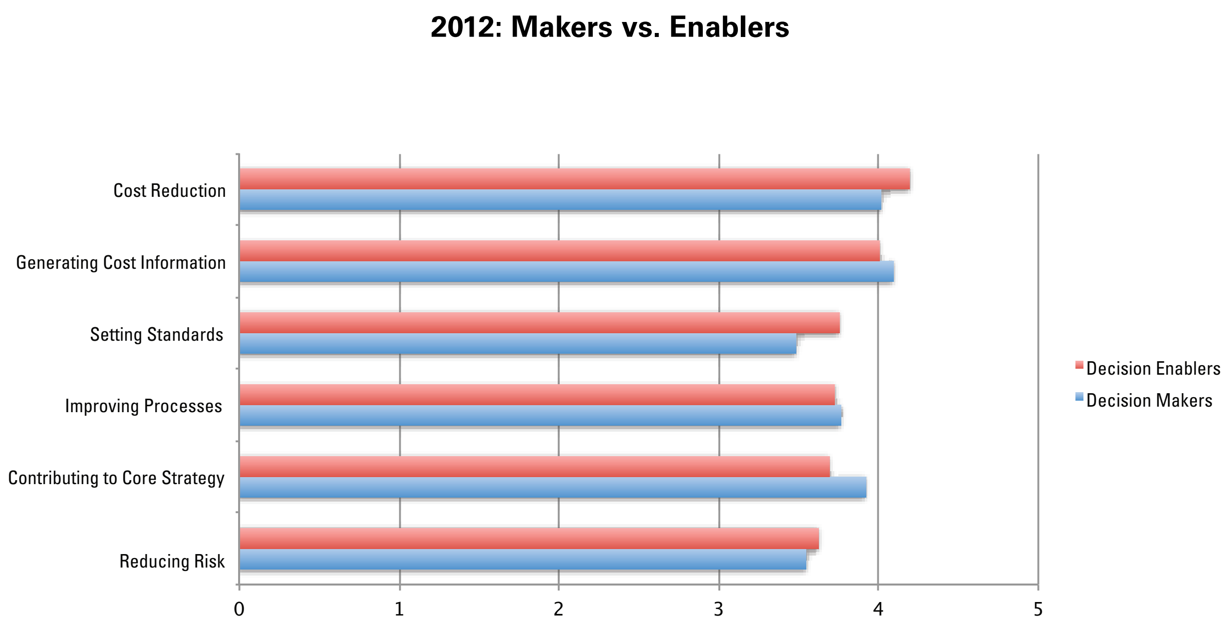


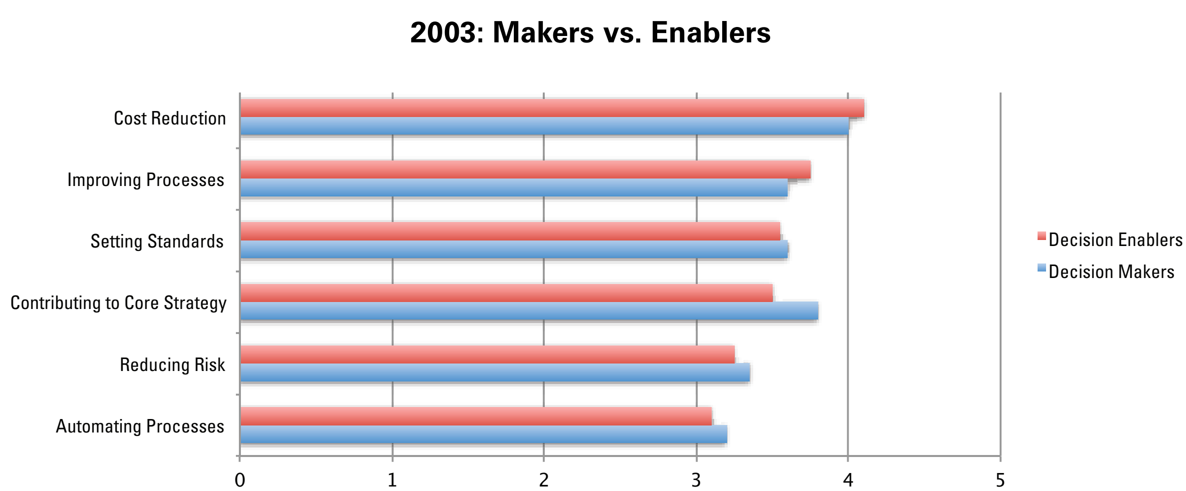


increasing efficiency, and generating relevant and actionable cost information were rated as very important in both 2003 and 2012. This result sets a high expectation for initiative and progress in cost management and cost information, which the rest of the survey results failed to deliver in both 2003 and 2012.

Rankings between decision makers and decision enablers are similar, but, not surprisingly, contributing to core strategy is more important to decision makers than to decision enablers.

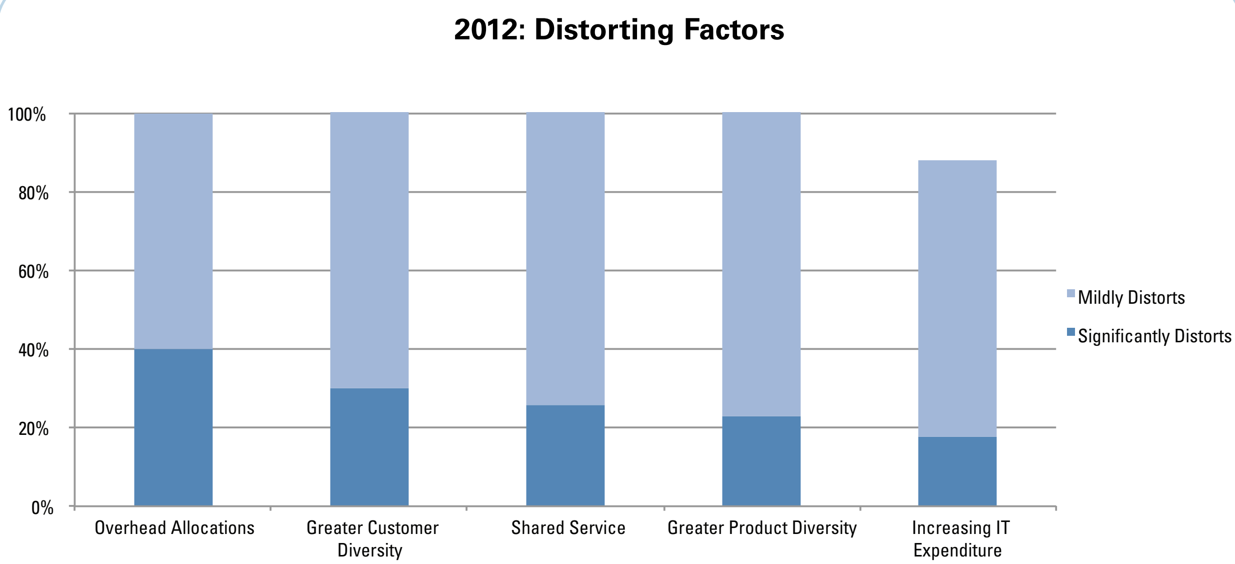
Decision Makers vs. Decision Enablers

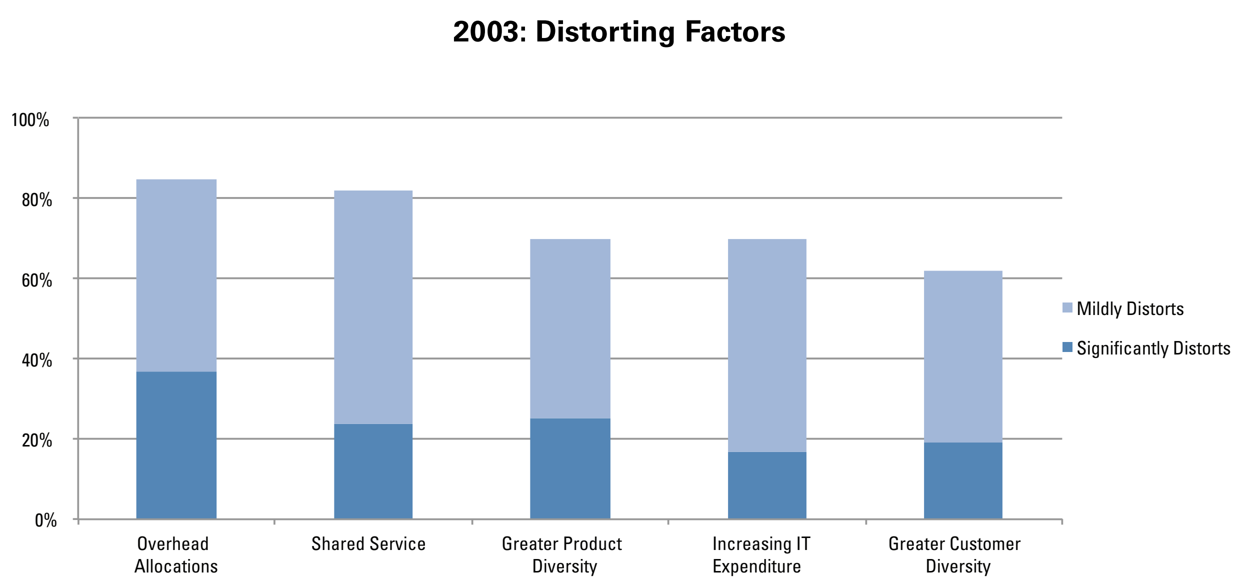




Items 7 & 8:
In your experience, what factors are distorting the accuracy of costing in your organization?

All respondents in both survey years believe that cost accuracy is impaired, and 35% to 45% believe it is significantly impaired. The most prominent reason for cost distortion is overhead allocation. The second most significant factor was shared services in 2003 and customer diversity in 2012. Yet everyone needs to recognize that most of the distorting factors reflect overhead allocations of some type. If the high level of distortion in costing continues to rise, it is possible that action will be required for improvement. As later survey results indicate, however, action is not happening.

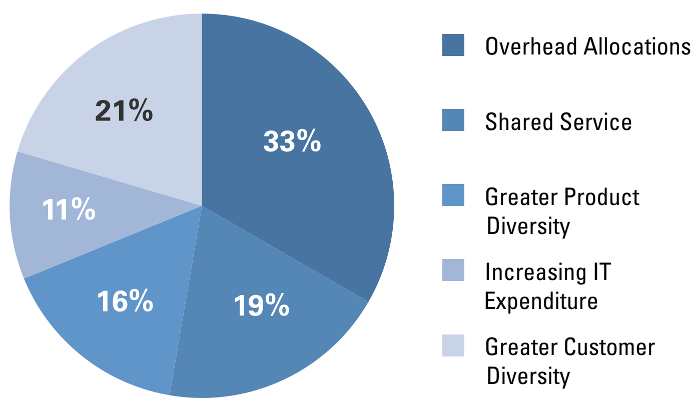




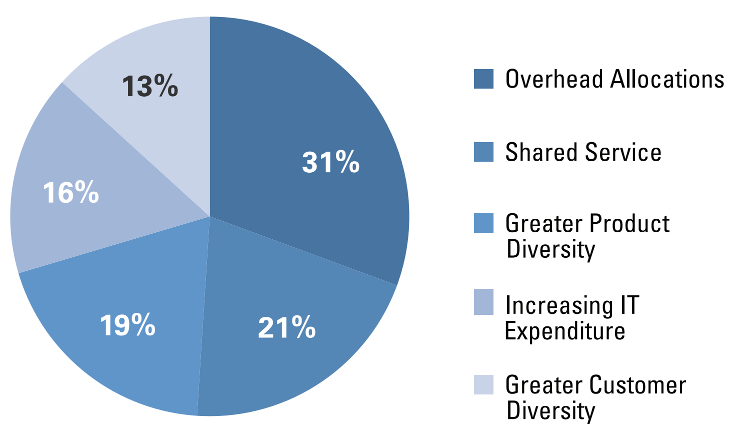
Therefore, accountants either view this distortion as a minor problem that they have solved to their organization's satisfaction or as a fact of life that cannot be solved and must be endured.

Note: To increase clarity, the wording of this question was changed slightly in the 2012 survey from 2003's "In your experience, what factors are distorting the computation of true costing in your organization?"

2012



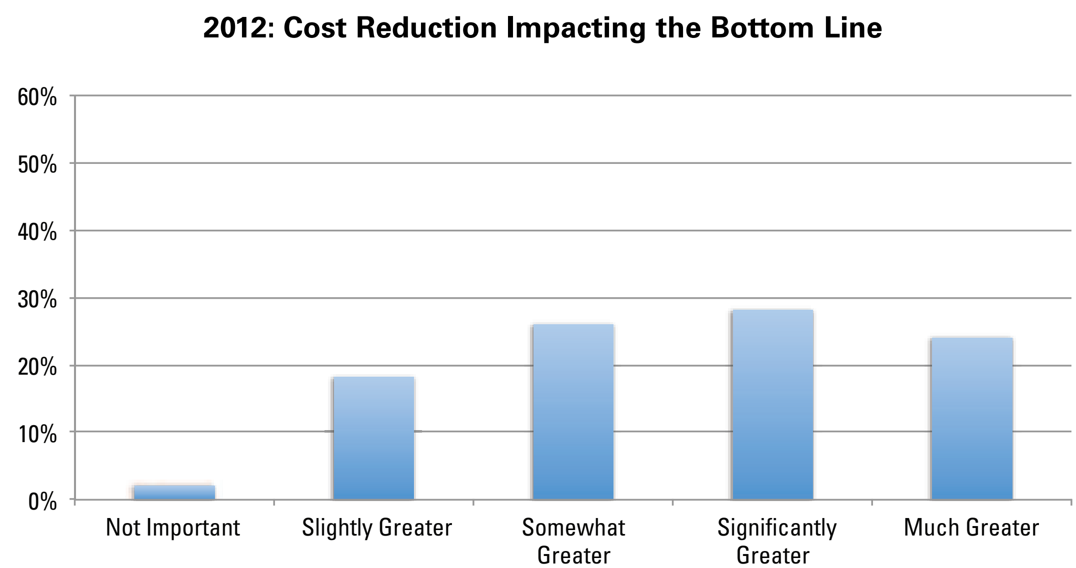
2003

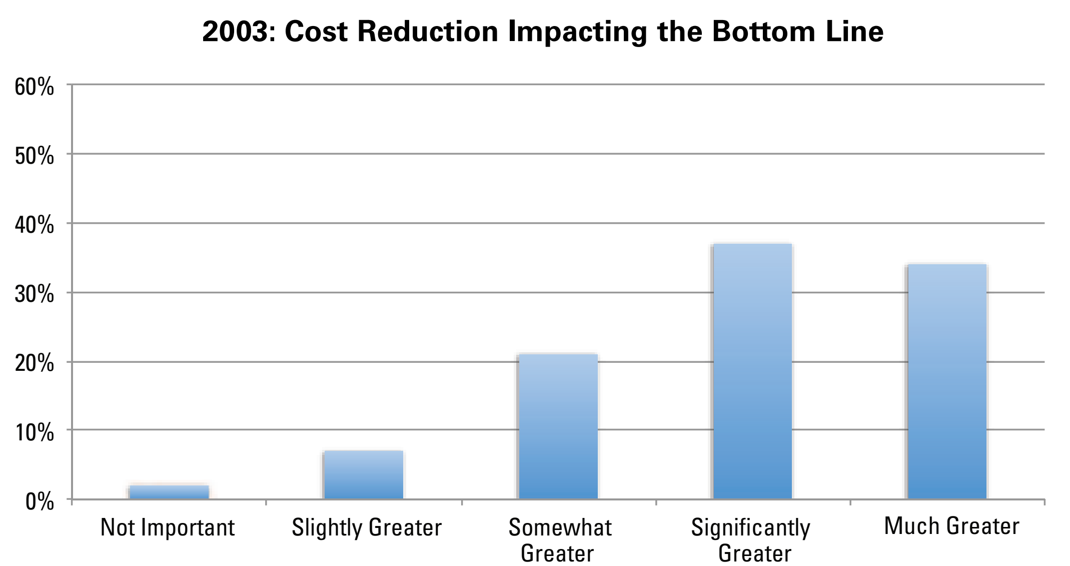


Item 9:
In the current recession, is cost reduction considered the primary way to improve the bottom line?

For the top two categories (important and very important), the 2003 numbers were greater than 70%, and the 2012 responses in these two categories was 52%.

Results suggest that cost reduction is not as strongly considered the primary way to impact the bottom line in 2012 as it was in 2003. Although it is difficult to determine why, it could be that most organizations have focused on cost reduction to the degree that they have virtually exhausted all effective ways to reduce costs using existing cost information and are looking for other ways to improve profitability. This result raises many questions. Should the profession be concerned that the management accountant's ability to contribute to the bottom line through cost reduction insights has diminished significantly? Is this an indicator of success or of the lack of new insights into costing? What skills and approaches are management accountants applying to enhance insights into revenue generation?

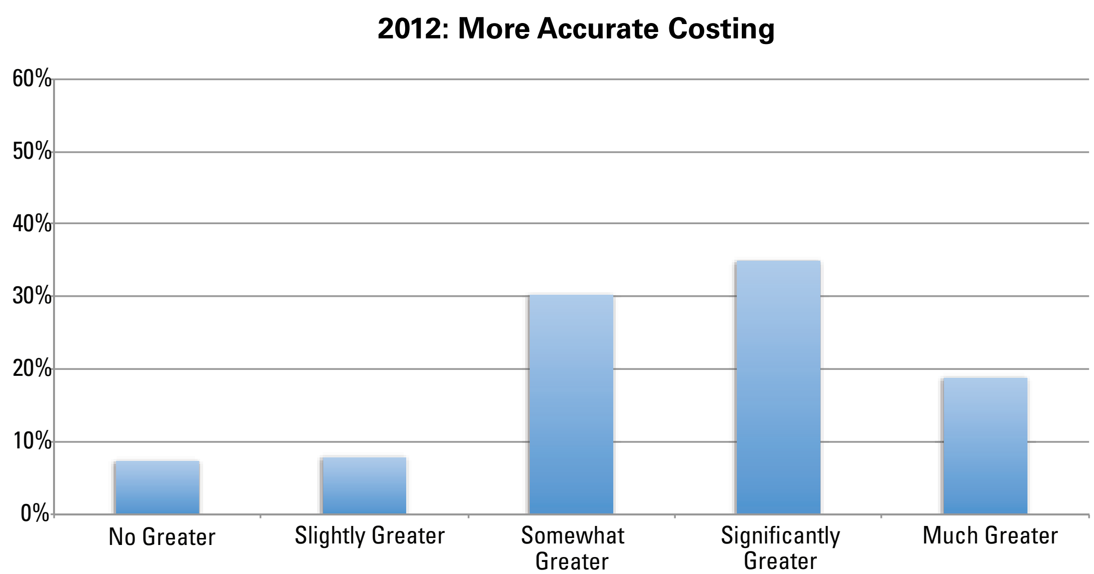


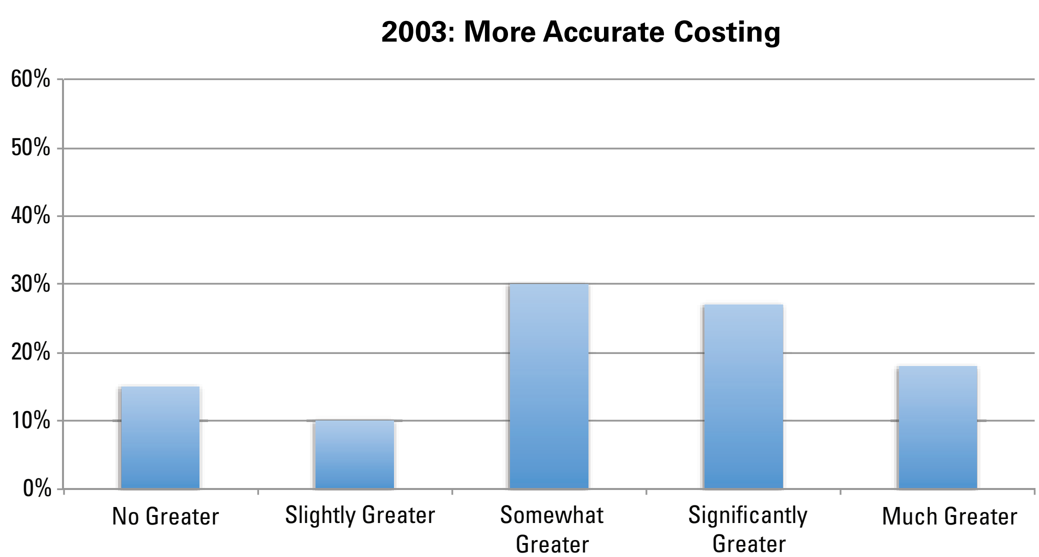


Item 10:

Has the current economic downturn generated a greater demand for more accurate costing or more cost transparency?

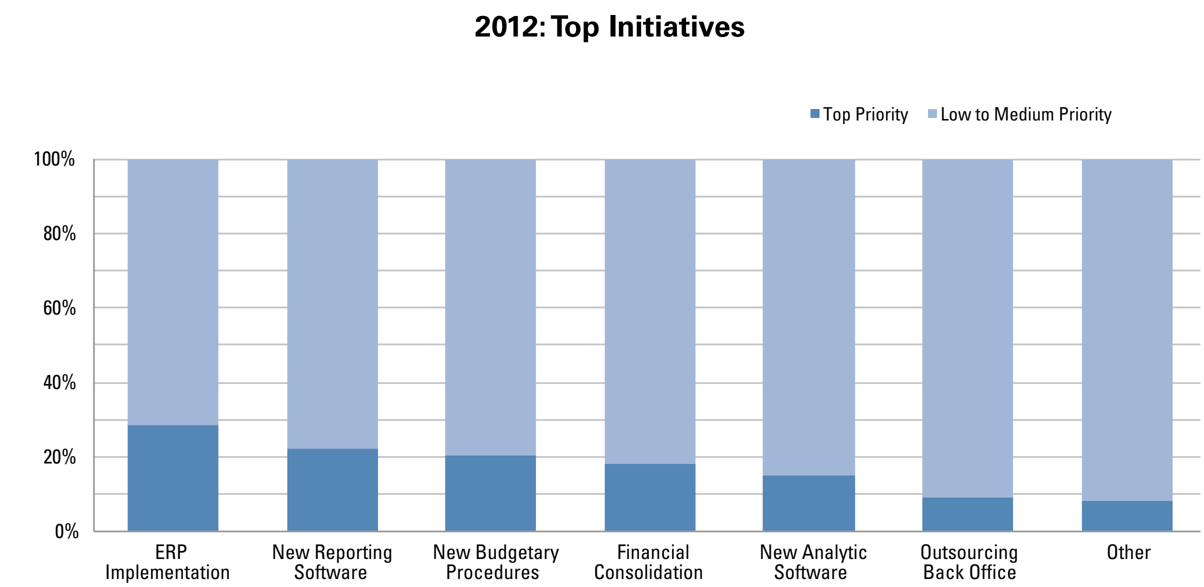
The top three categories for 2003 made up 75% of the responses, while the top three for 2012 were 84%. Demand for accuracy/transparency in costing may have increased as a result of the continued economic downturn or the value placed on transparency in today's financial reporting environment. Given additional survey results indicating the lack of use of new costing tools and lack of investment in costing, one has to wonder how this demand is being met. Perhaps given the results of items 7 and 8 that indicate significant distortion, the demand for transparency is being addressed more successfully than the demand for accuracy. Another possibility is that transparency is being provided in the costs reported on financial statements, but the ability to use those same costs internally is impaired by the inaccuracies that are typical when traditional standard costing is used for internal operational decisions. The unanswered question is: "How successful have management accountants been at meeting the demands of their various internal and external customers for accuracy and transparency?"

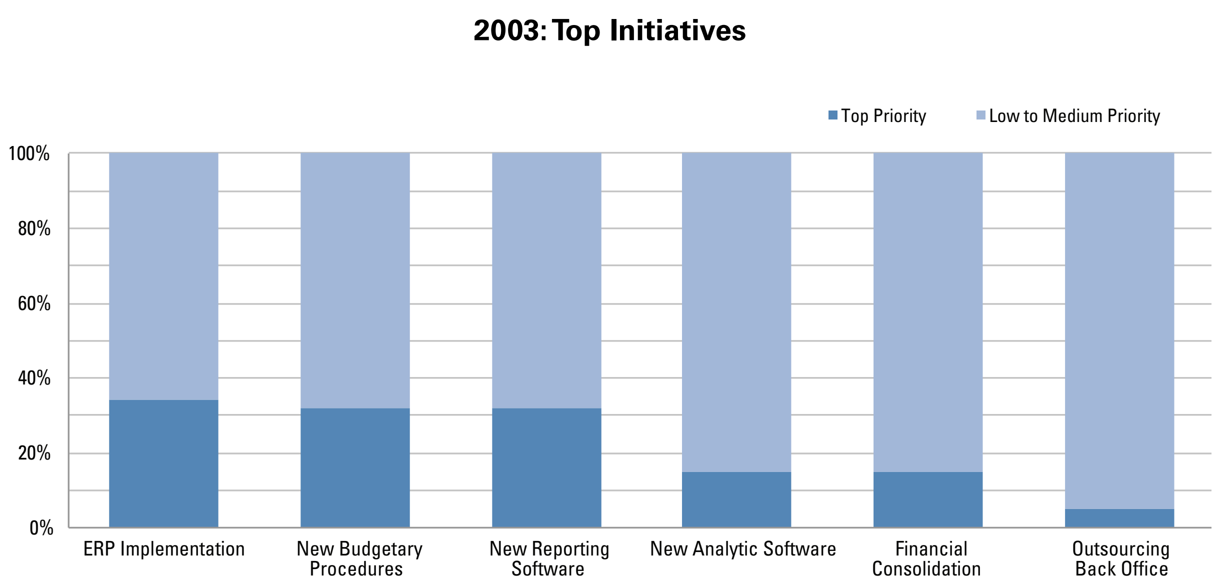




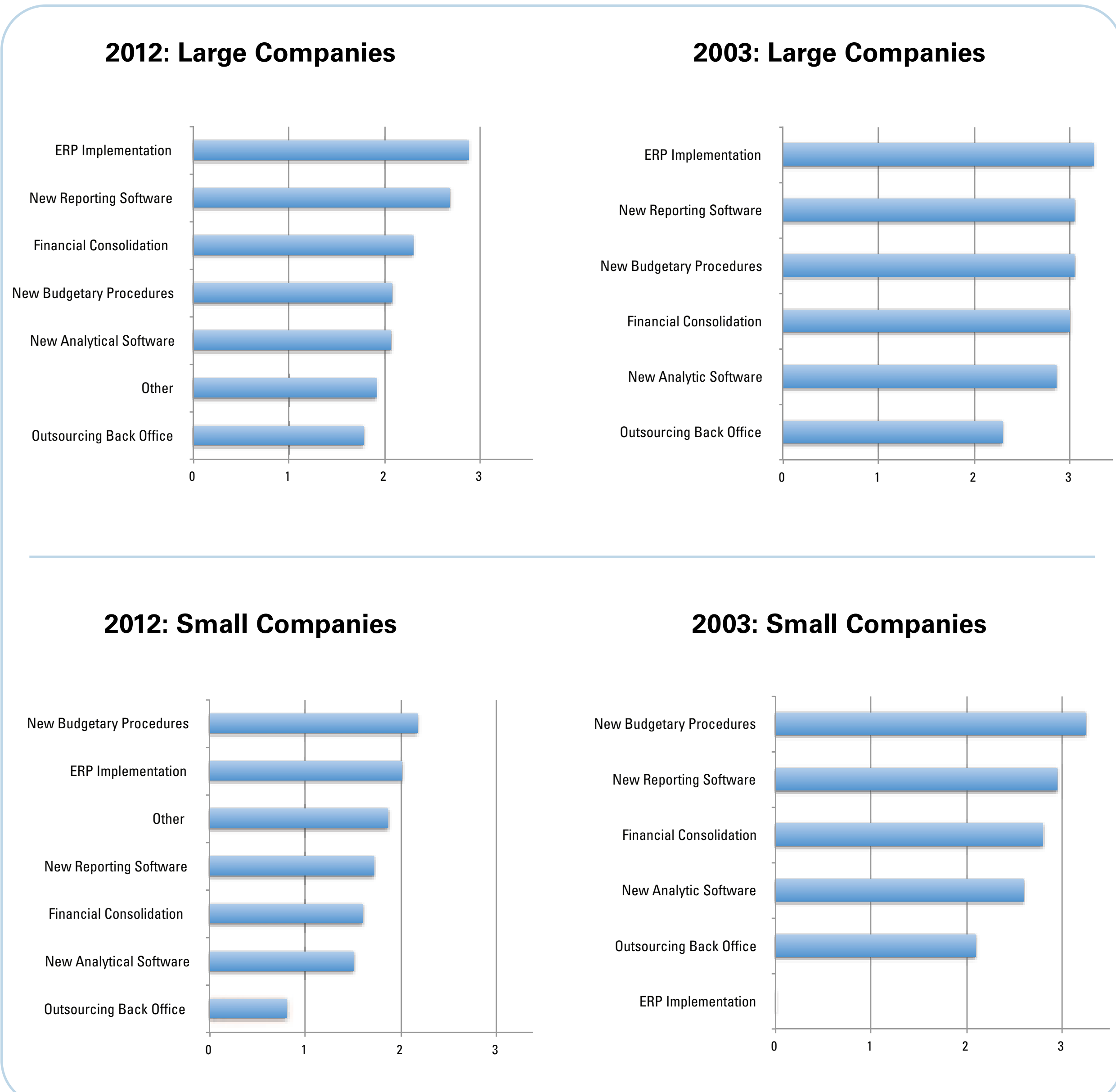
Items 11-13:
What are some of the top initiatives your company is undertaking in management accounting?

The top three initiatives for both 2003 and 2012 were enterprise resource planning (ERP) implementation, new budgetary procedures, and new reporting software/business intelligence software. These results tend to indicate an incremental approach to improved cost information. ERP generally creates only marginal increases in the quantity and transparency of cost information unless a new costing approach is adopted. Budgeting involves planning, indicating



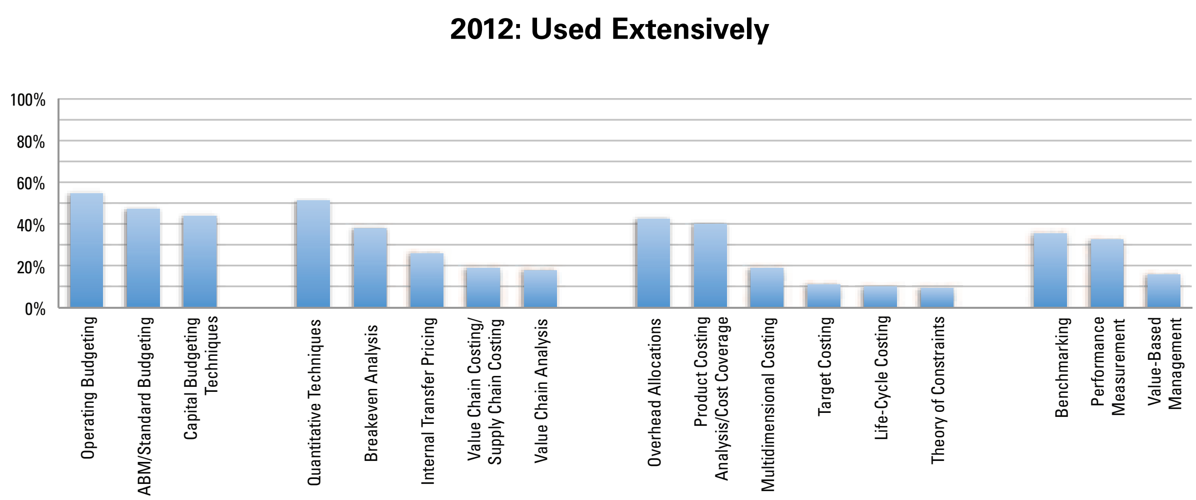


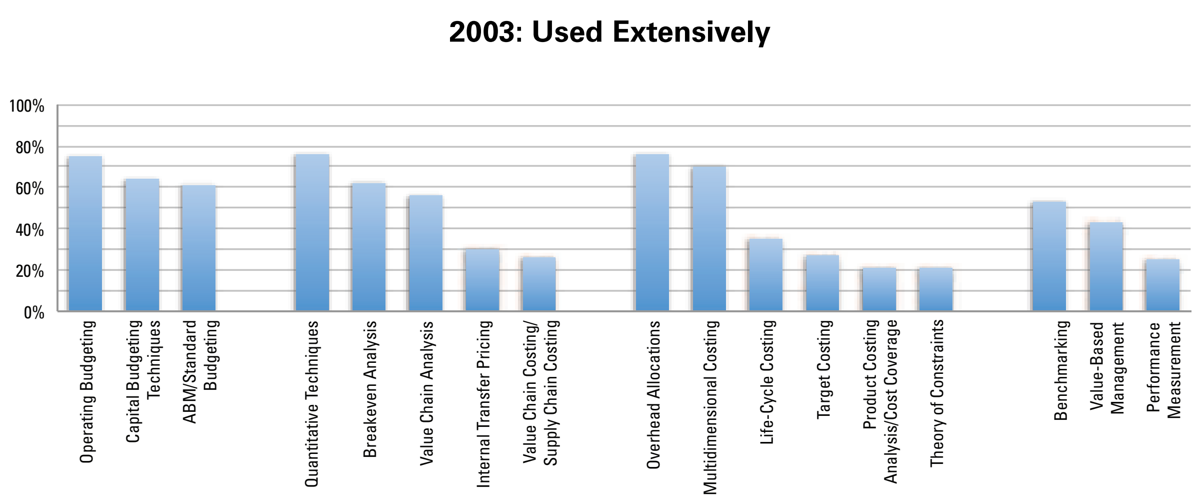
a desire to anticipate and control cost improvement initiatives. Business intelligence software allows new views into existing data (again a marginal improvement without adopting a new costing approach). These appear to be low-risk, low-reward initiatives in regard to improving costing. ERP and business intelligence software are investments that can benefit the full range of CFO responsibilities and perhaps the broader organization through the integration of sales, production, and logistics information. This result tends to reinforce the trends toward cost reduction through operational improvements and a shift from generating costs of existing capability to improving the planning for the costs of future capability.



Items 14-16:
What is the current status of management accounting tools in your organization: used extensively, being considered, or rejected?

In the 2012 survey, we added an additional category to the original choices of (1) used extensively, (2) considering adopting, and (3) relevant but rejected. The additional category was "not relevant." This addition was very revealing in that the respondents considered 62% to 78% of all relatively new tools "not relevant." New tools included theory of constraints, throughput accounting, target costing, value engineering, Kaizen costing, multidimensional costing (by customer, product, and so on), and life-cycle costing. Traditional tools clearly win the day. Even value-based

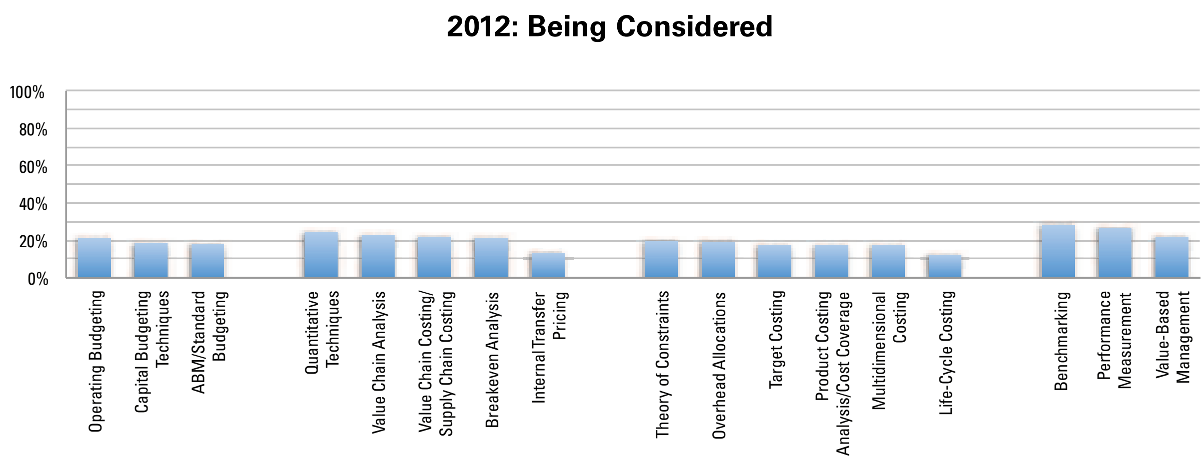


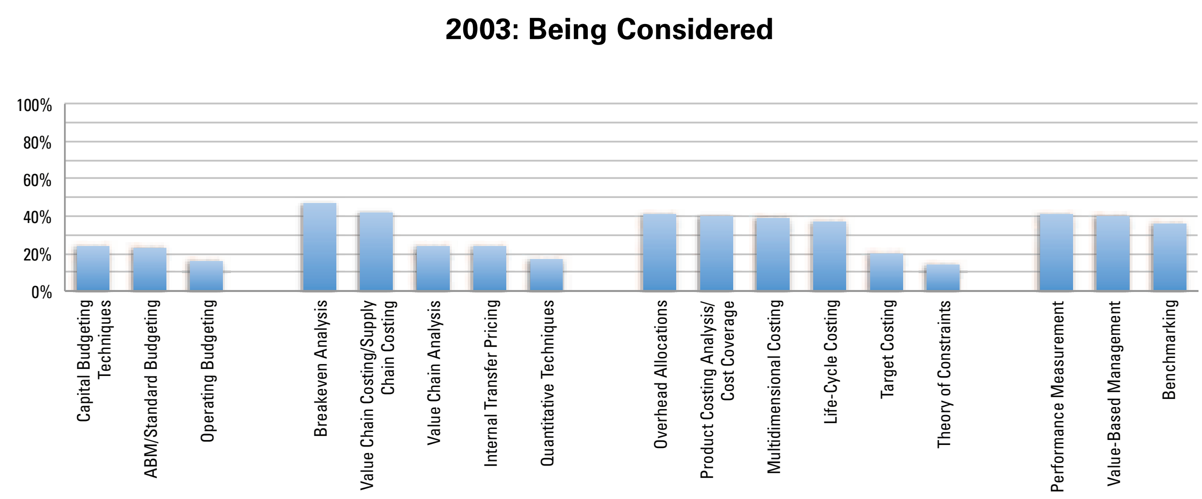


management was considered "not relevant" to 47% of the respondents.

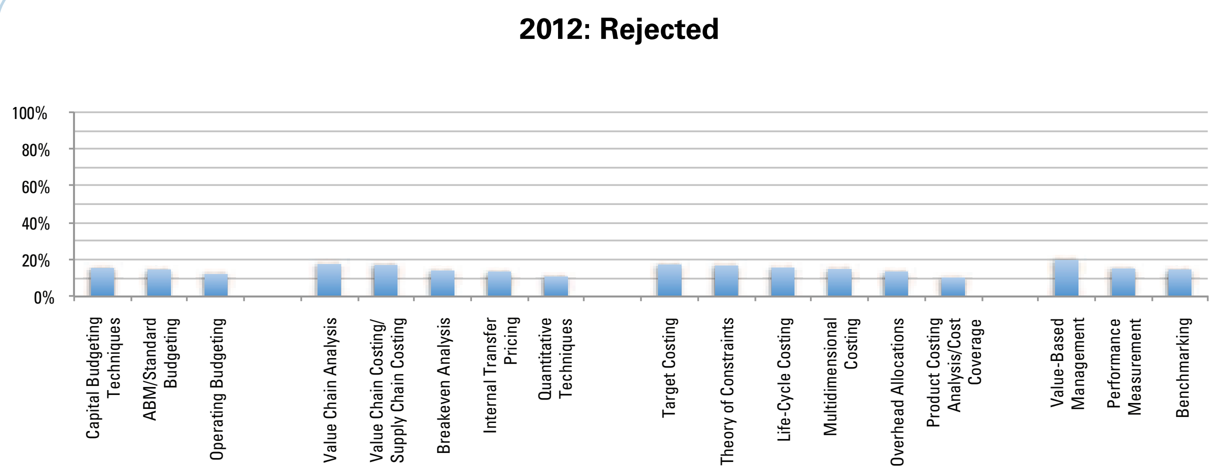
As for the types of tools in general (i.e., decision support, product costing, performance evaluation, and planning and budgeting), fewer tools were being considered for adoption in 2012 than in 2003. Tools used extensively include traditional varieties, such as quantitative techniques, product-costing analysis, overhead allocation, benchmarking, and operations budgeting.

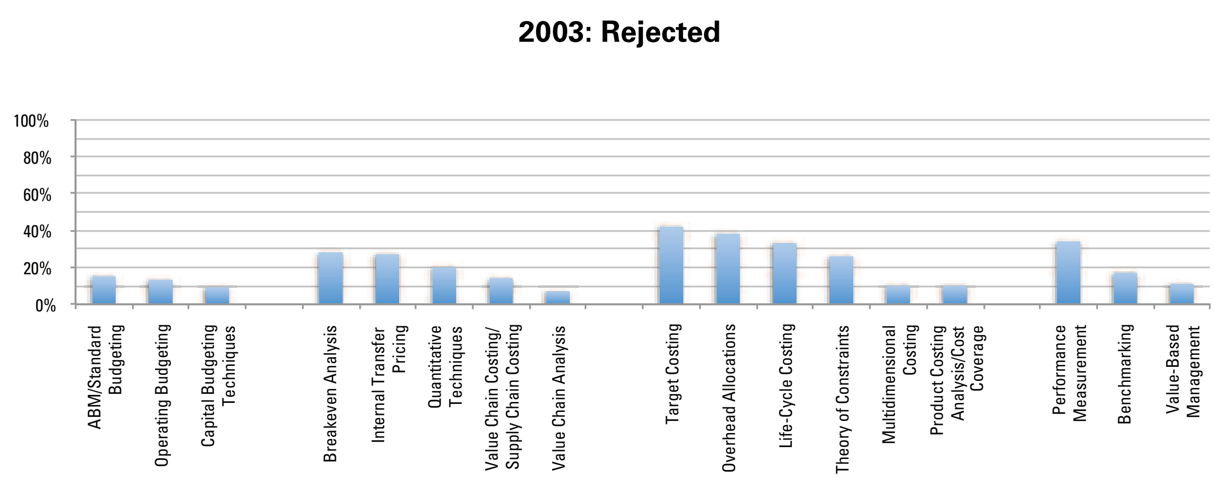
The results of both surveys show that traditional tools are favored over new tools, which calls into question the contribution of costing approaches developed since the 1980s. Another explanation may be to examine what is taught in



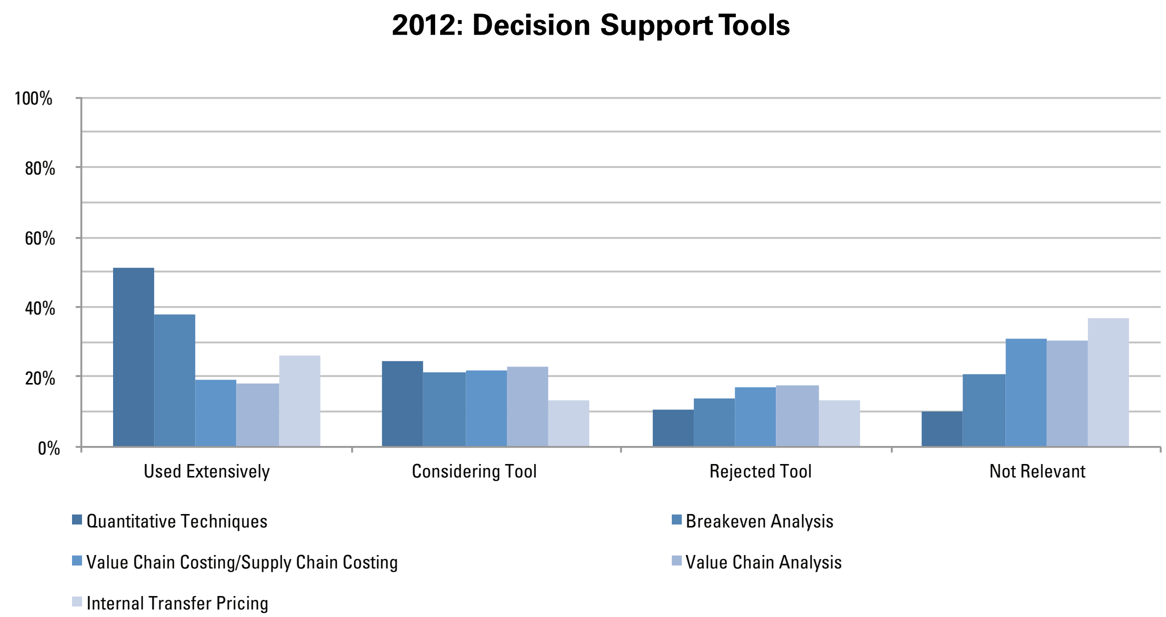


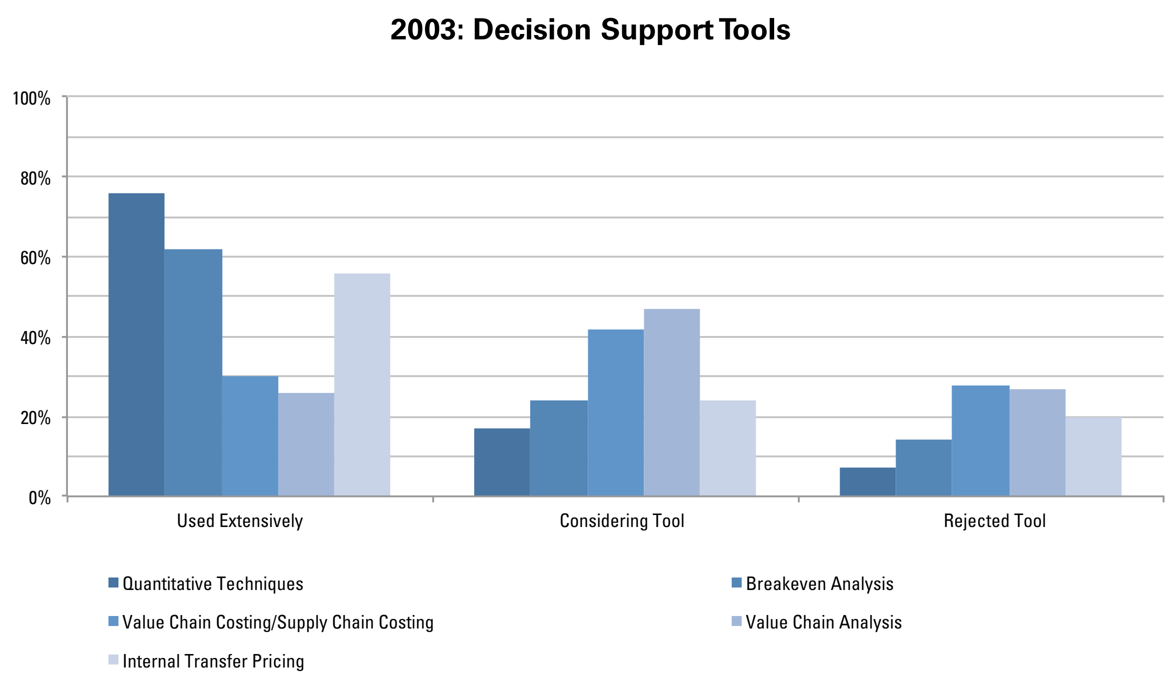
accounting curricula. If only traditional approaches that link to the financial statements are taught widely, the knowledge to see the benefits and to implement new approaches to costing may be lacking. The overwhelming focus on financial reporting and transparency related to external financial reports over the past nine years would tend to promote the use of traditional cost accounting approaches. This situation may make management accountants wary of using cost approaches that might require complex reconciliation to match financial statements, even if those methods seem to better reflect operations. A third alternative could be that increasingly rapid changes in technology and operations place a premium on planning for future improvements, making cost control of current resources and operations a less fruitful effort. Do resources really change that rapidly, or is this the type of analysis that accountants and MBAs have the knowledge and skills to perform?



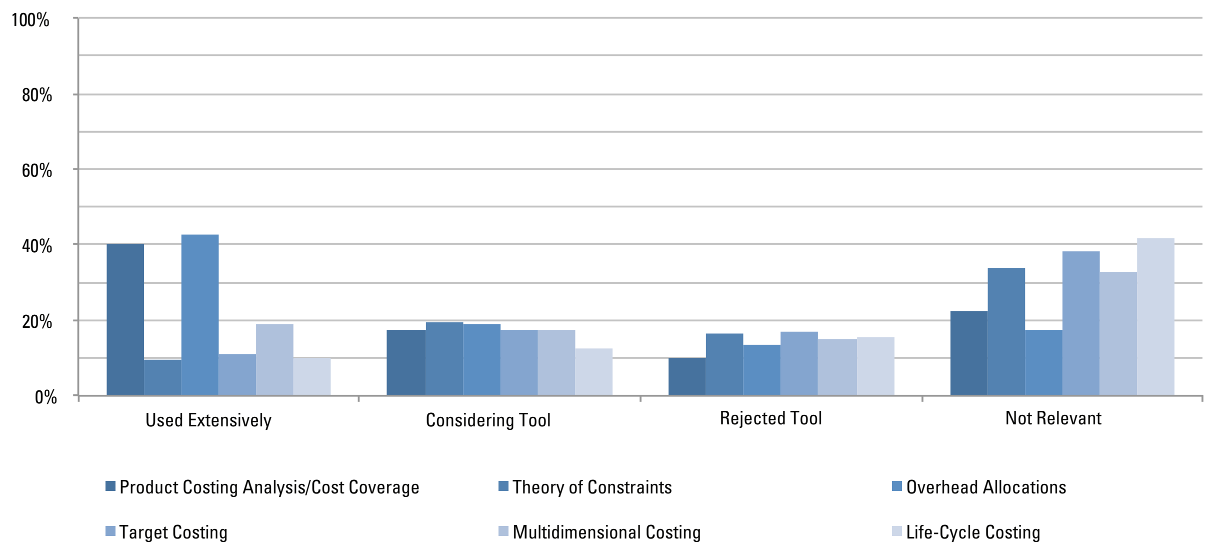


Items 17-20:
What is the current status of management accounting tools in your organization? (This is broken up by types of tools.)

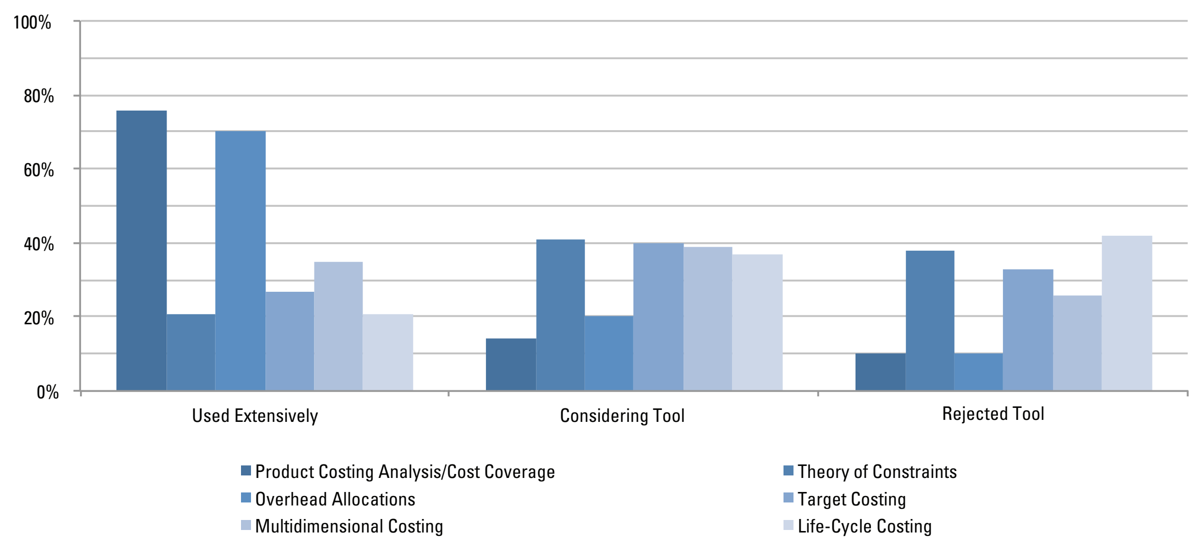


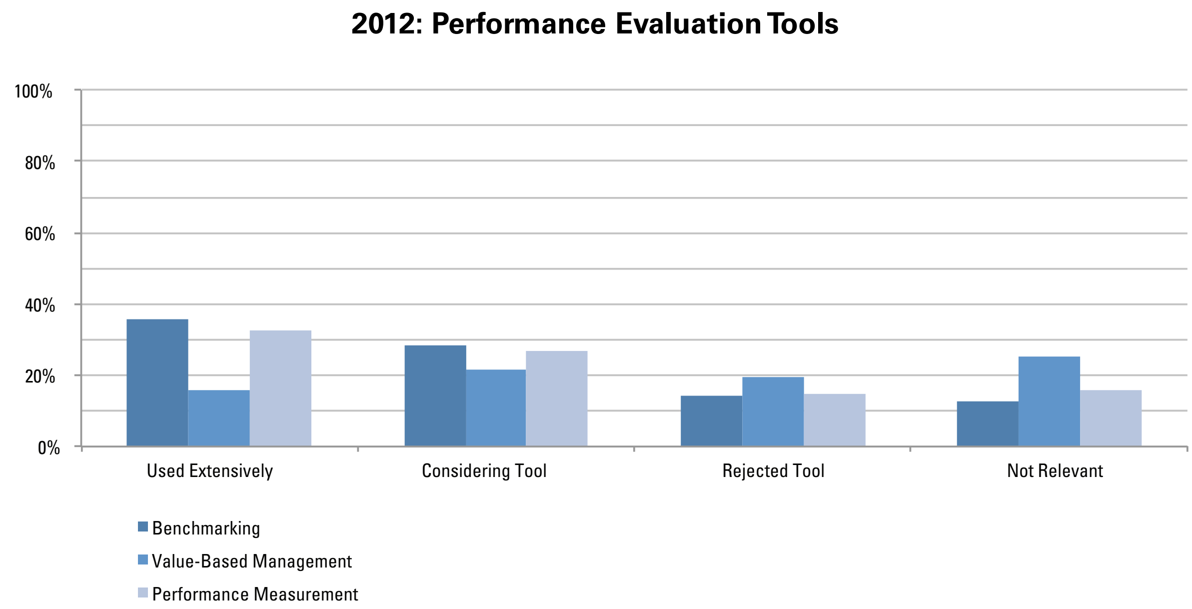


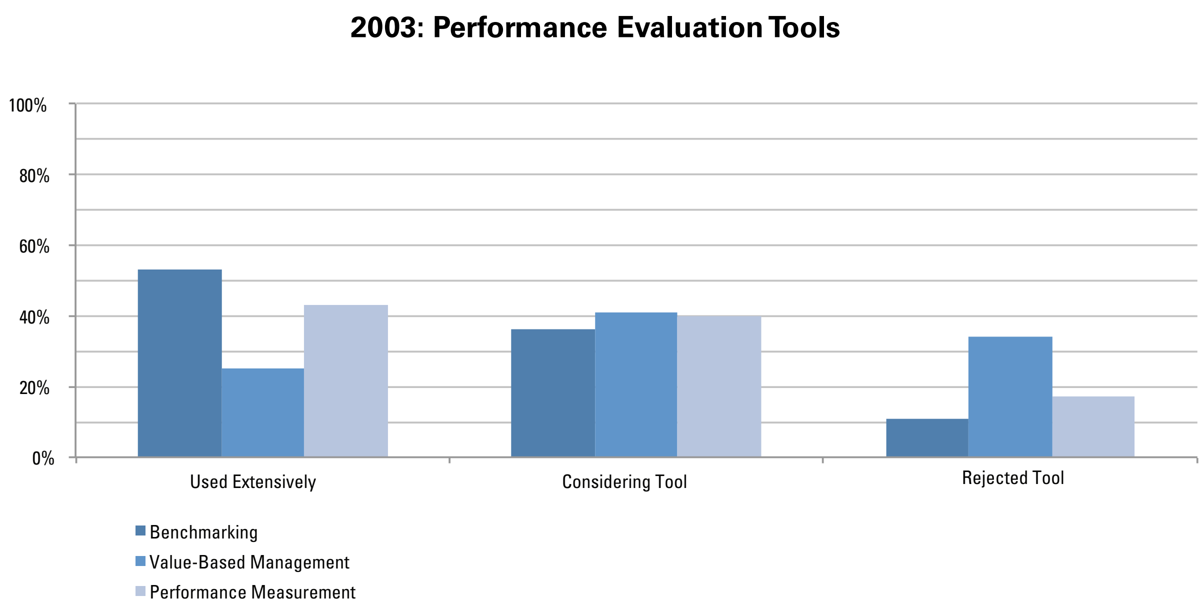
2012: Product Costing Tools



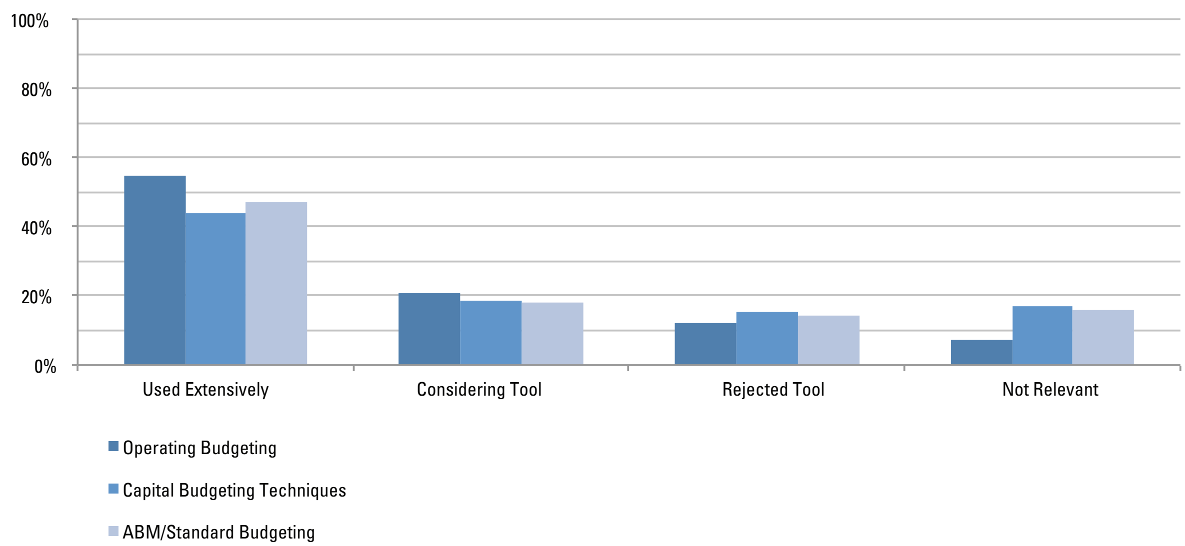
2003: Product Costing Tools



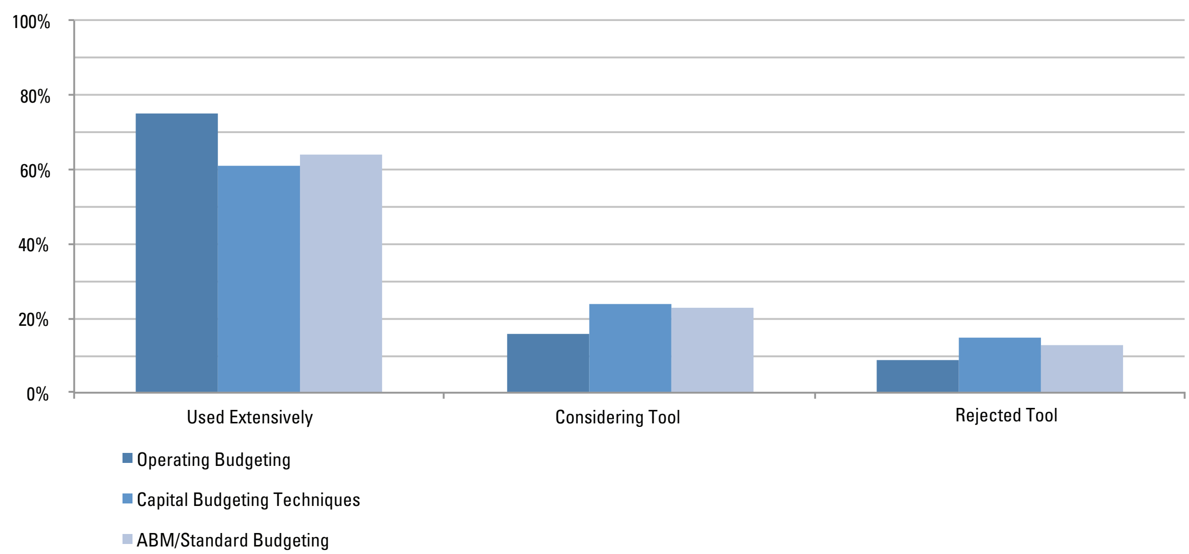

2012: Performance Evaluation Tools
100%
80%
60%
40%
20%
0%
Used Extensively
Considering Tool
Rejected Tool
Not Relevant
Benchmarking
Value-Based Management
Performance Measurement


2003: Performance Evaluation Tools
100%
80%
60%
40%
20%
0%
Used Extensively
Considering Tool
Rejected Tool
Benchmarking
Value-Based Management
Performance Measurement

2012: Planning and Budgeting Tools



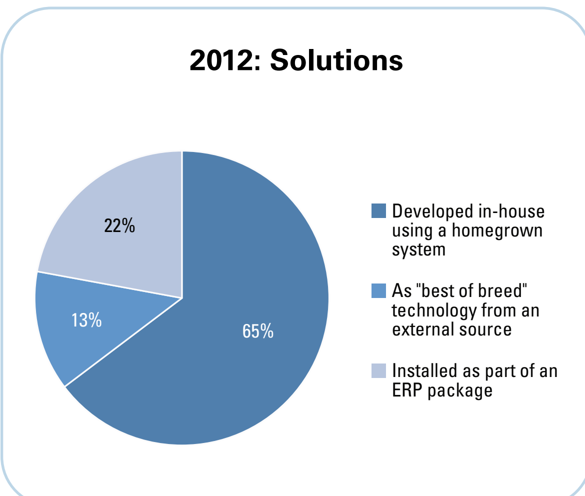
2003: Planning and Budgeting Tools

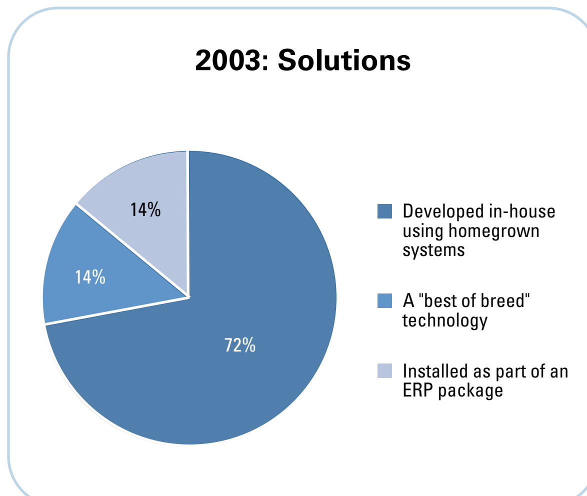


Item 21:
How were the majority of these solutions or tools implemented within your organization?

For both survey years, tools that were implemented the most were developed in-house using a homegrown system. Yet the number decreased from 72% in 2003 to 65% in 2012.

This response probably suggests that ERP systems are gradually replacing homegrown solutions, which is consistent with the growing importance of transparency in cost information, the drive for greater efficiency, and the use of traditional costing approaches that are readily available as part of ERP solutions. ERP solutions tend to offer well-established costing solutions, which, in the United States, means traditional standard costing linked to financial statements. Moreover, they can provide deeper costing insights when integrated with operational, supply chain, distribution channel, and customer relationship information. Even with an ERP system, however, the key to better cost information is broad and deep knowledge of costing solutions and approaches. In the absence of this knowledge, an ERP system will automate existing processes with some efficiency improvements but only with marginal cost information improvements.

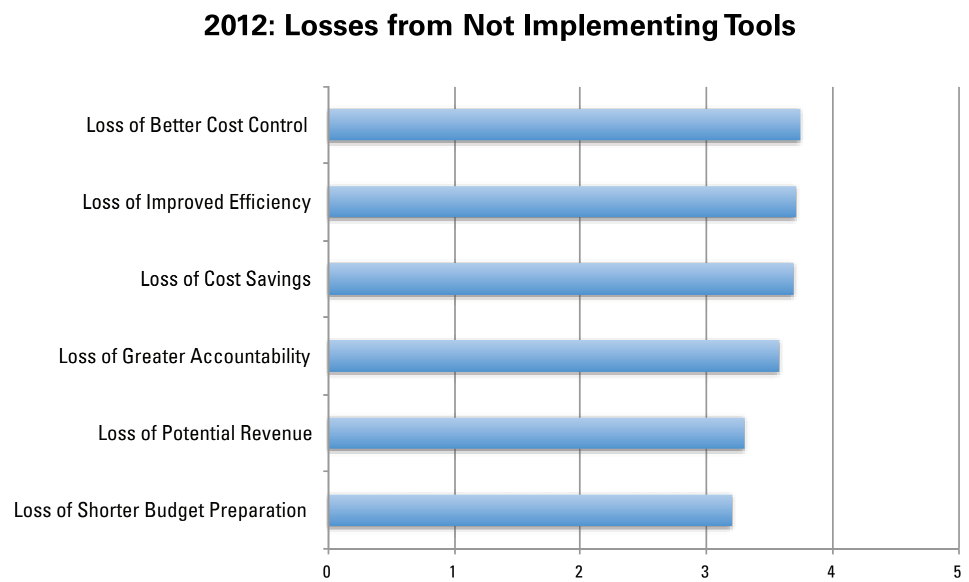


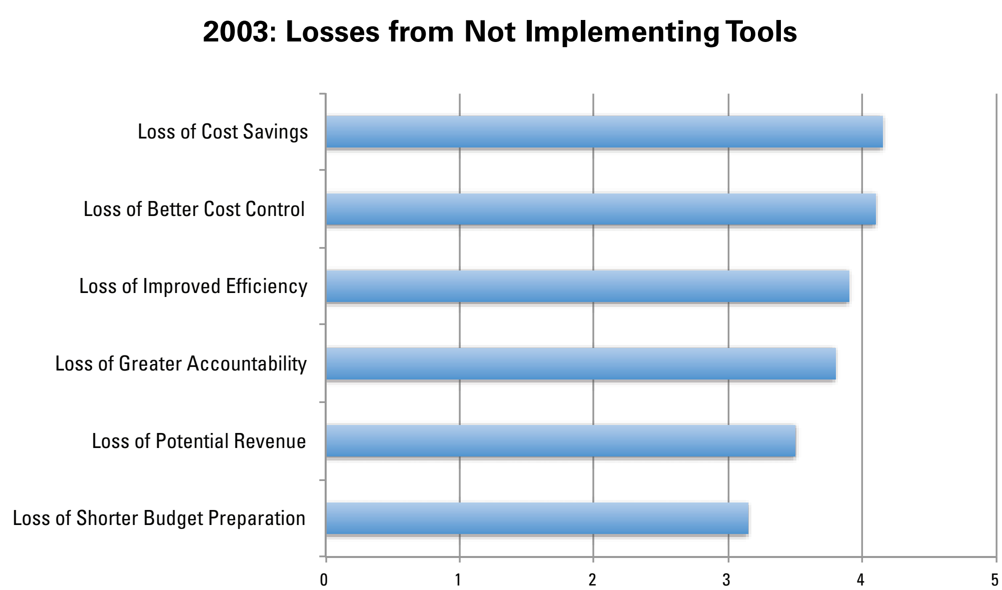


Item 22:

In your experience, which losses (if any) resulted from not implementing the tools/solutions that reflect the best practices? Please rank in terms of importance of the item in producing loss in each area.

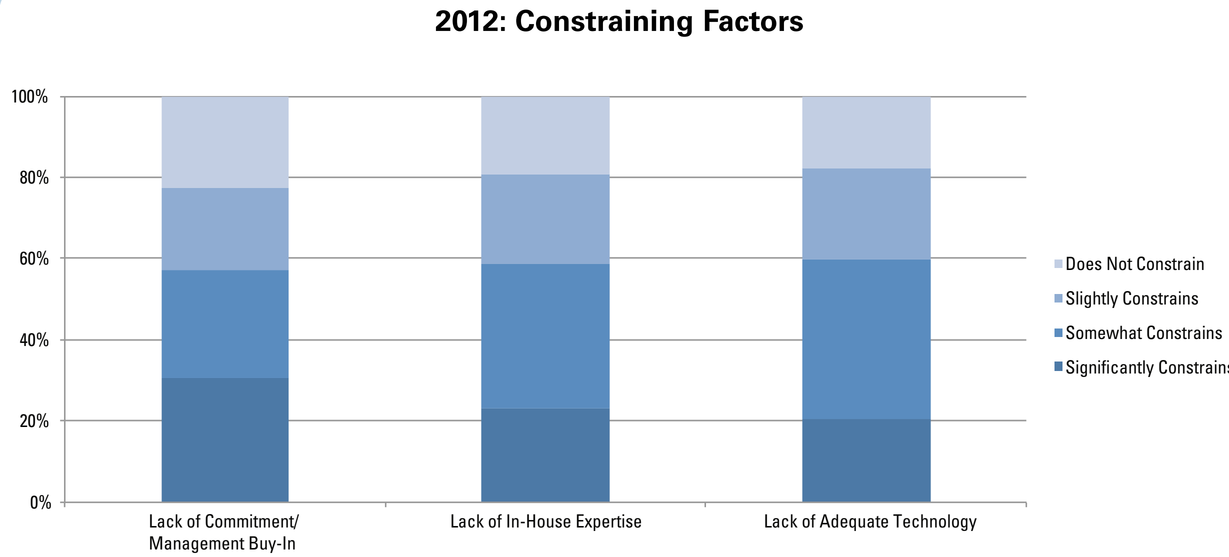
Loss of cost control, loss of cost savings, and loss of improved efficiency were at the top of the respondents' list of losses resulting from not implementing beneficial tools. The magnitude of those losses in general was perceived to be smaller in 2012 than in 2003. It is disconcerting that these "losses" are acceptable over such a long term and perhaps more shocking that the loss is not felt as keenly in the 2012 survey. Have management accountants identified ways to compensate for the losses, or are they less aware of the missed opportunities?

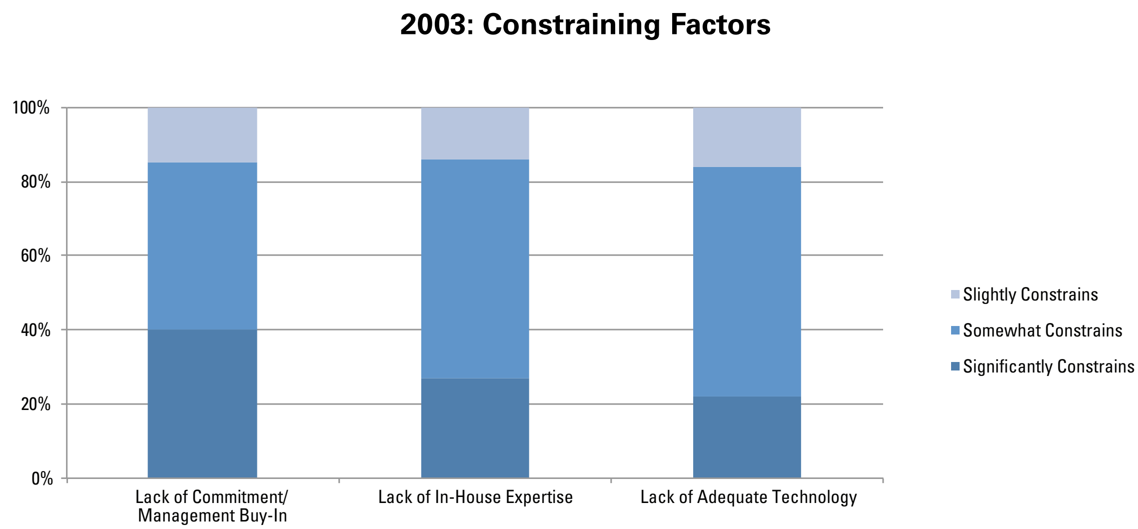




Item 23:
What factors constrain the adoption of best practices in your organization?

The biggest constraints to adoption of new/best practices included a different item in 2012 (lack of worker time). This constraint was considered even more important than management buy-in, probably because unemployment rates have risen since 2003 and employees have been asked to do more with less, making adoption efforts more difficult. Another





significant constraint included lack of in-house expertise. Again, the market for labor has been increasingly strained, making in-house expertise scarce.

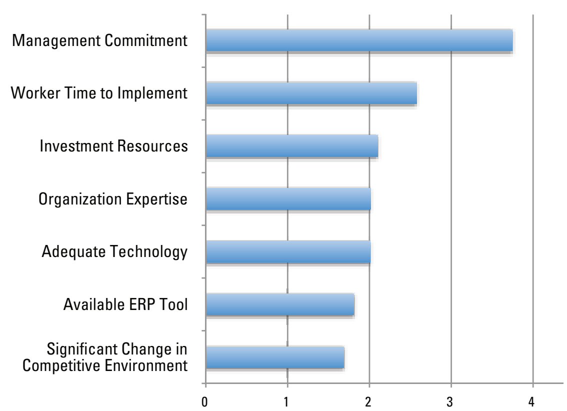
One notable observation is that lack of investment resources is not a significant constraint in 2012 for most respondents/companies, yet it was significant in 2003. The lack of worker time combined with the insignificance of a lack of investment resources seems to reflect the lack of priority, the lack of perceived or tangible payback from investment in improving cost information, or a lack of clear ideas or proposals to improve cost information. Earlier responses have established that cost information and cost management are priorities, so one has to suspect there is a lack of ideas, expertise, or the ability to articulate a return on investment. The data seems to indicate that the lack of forward movement in solutions to improve costing is a human resource issue. It is not yet clear if the issue results from a lack of people or a general lack of knowledge and expertise. The lack of improvement in cost management techniques over the nine-year period points strongly toward a lack of knowledge about cost management and generating innovative cost information.

Items 24 & 25:
In your experience, what two factors would effectively trigger the adoption of best practices in your organization?

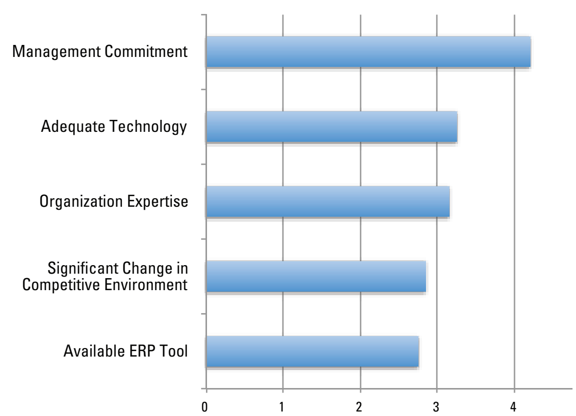
Management buy-in for both survey years is overwhelmingly the most significant trigger for adoption. Nevertheless, constraints have increased since 2003, with 2012 respondents claiming that significant triggers include appropriate in-house expertise and worker time to implement—a problem reflecting a leaner workforce. Adequate technology was the most important trigger after management buy-in in 2003 for both large and small companies. Adequate technology was listed fifth for both large and small companies in 2012.

Management buy-in is fundamentally the result of management accountants convincing their organization's management that implementing improved cost information will be a good investment of resources. That they could not make the case for improved cost information over a nine-year period should be of significant concern.

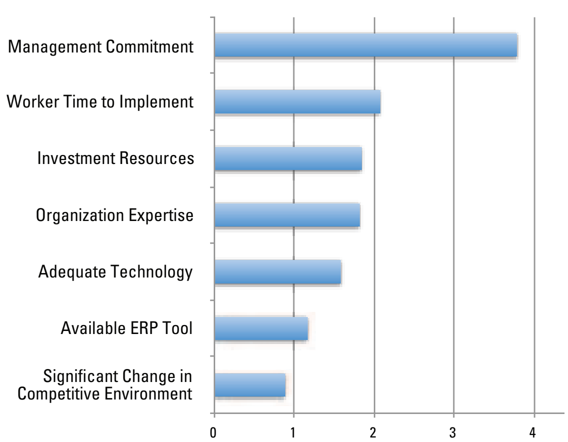
2012: Large Companies



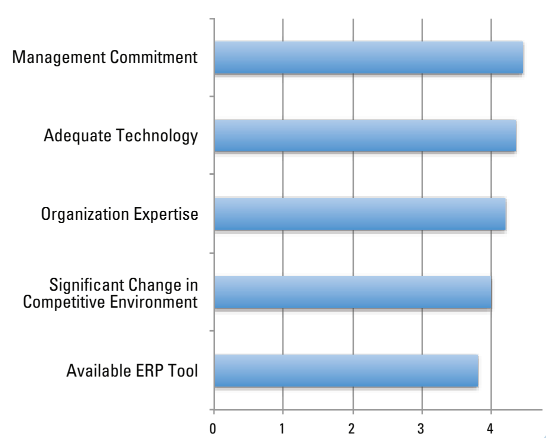
2003: Large Companies



2012: Small Companies



2003: Small Companies

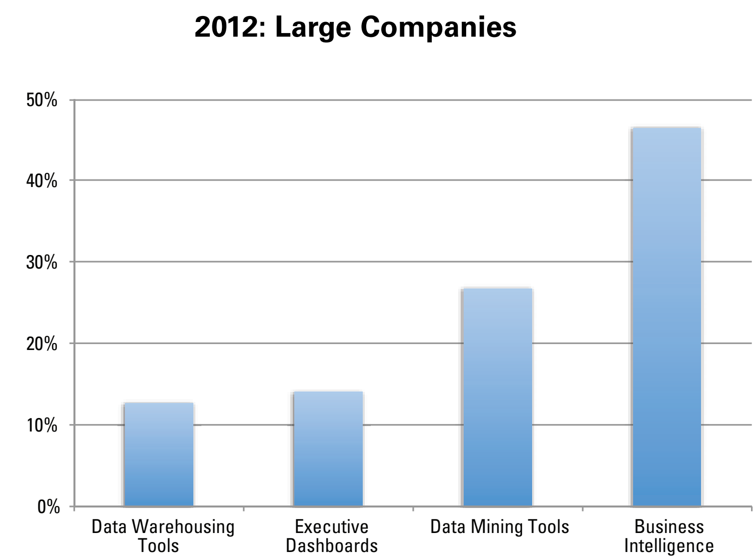


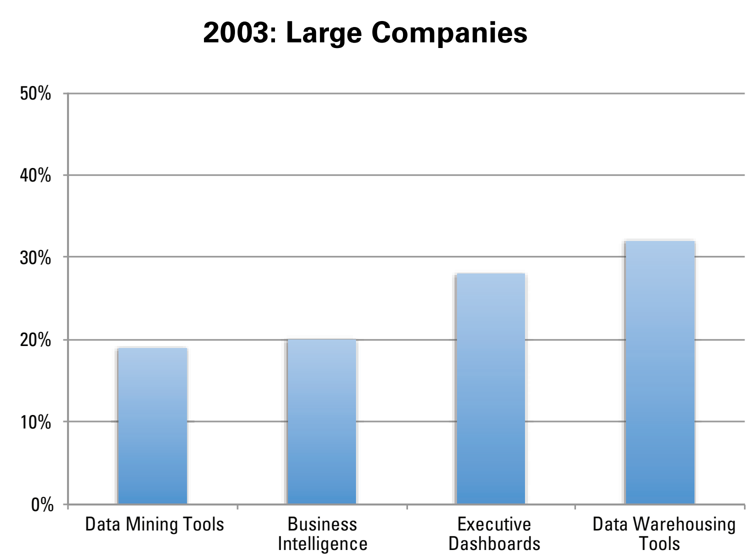
Items 26 & 27:

In your experience, which of the following is the most critical to the successful implementation and adoption of management accounting tools?

Both large- and small-company respondents shifted their perspectives from 2003 to 2012 regarding what attributes were critical to successful adoption and implementation of management accounting tools. Three notable observations emerged:

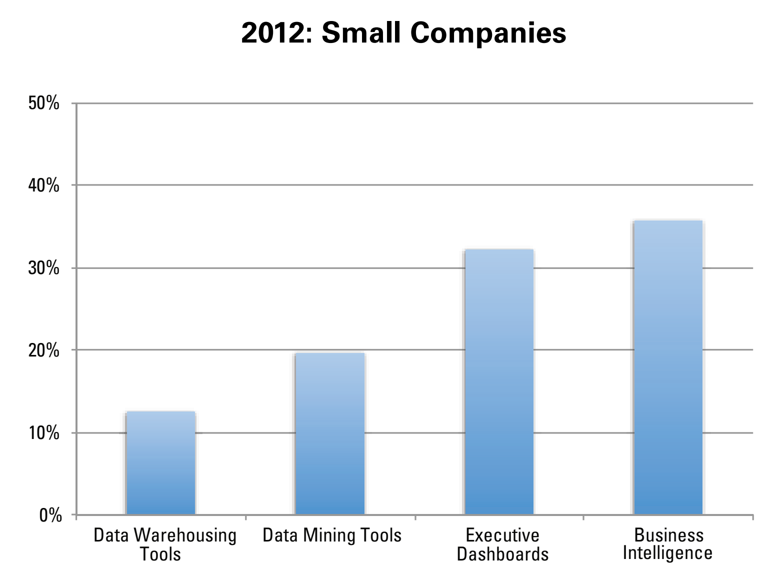
- Respondents from smaller companies ranked items almost in the same order of importance in 2003 and 2012 with only business intelligence ranking higher in 2012.
- Business intelligence emerged as the most important issue to both large and small companies in 2012.

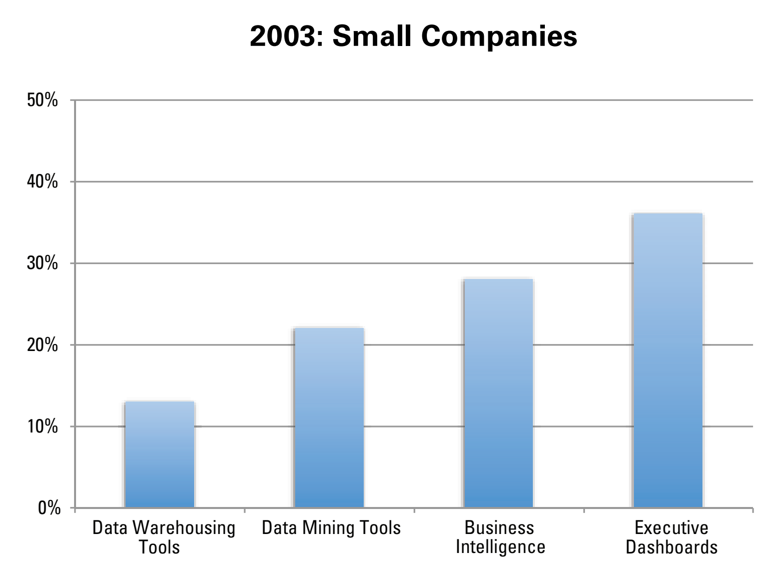




◆ The perceived importance of data warehousing tools to large companies did a complete reversal from 2003, when they were the most important attribute, to 2012, where they were rated as the least important tool.

Presumably, business intelligence is vital to both large and small companies so they can do the most with what is available in order to achieve more with less. The same is likely true of the increased importance of data mining tools. This data pattern may also reflect a shift to greater *use* of data with a decreased emphasis on data *development*—a retrenchment approach often expected in the midst of continuous financial austerity. This response also is consistent with the view that development of new approaches to cost management is not a priority but is viewed as important to extract maximum value from the information available to the organization. This is certainly a safe, low-risk path that builds on the existing knowledge of the finance staff and that will produce some marginal improvements in cost and enterprise information. It does not appear to be a path that will lead to the type of breakthrough improvements needed to solve the significant concerns about cost information that were identified in the open questions of the survey.

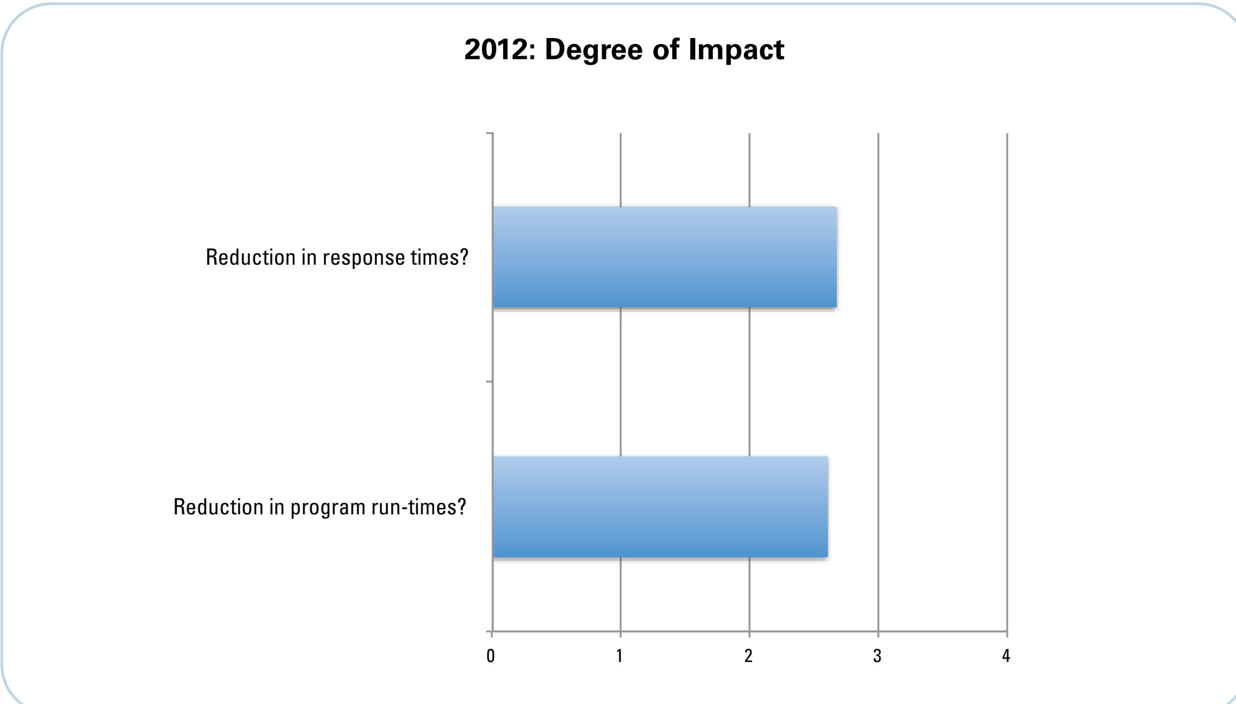




Item 28:

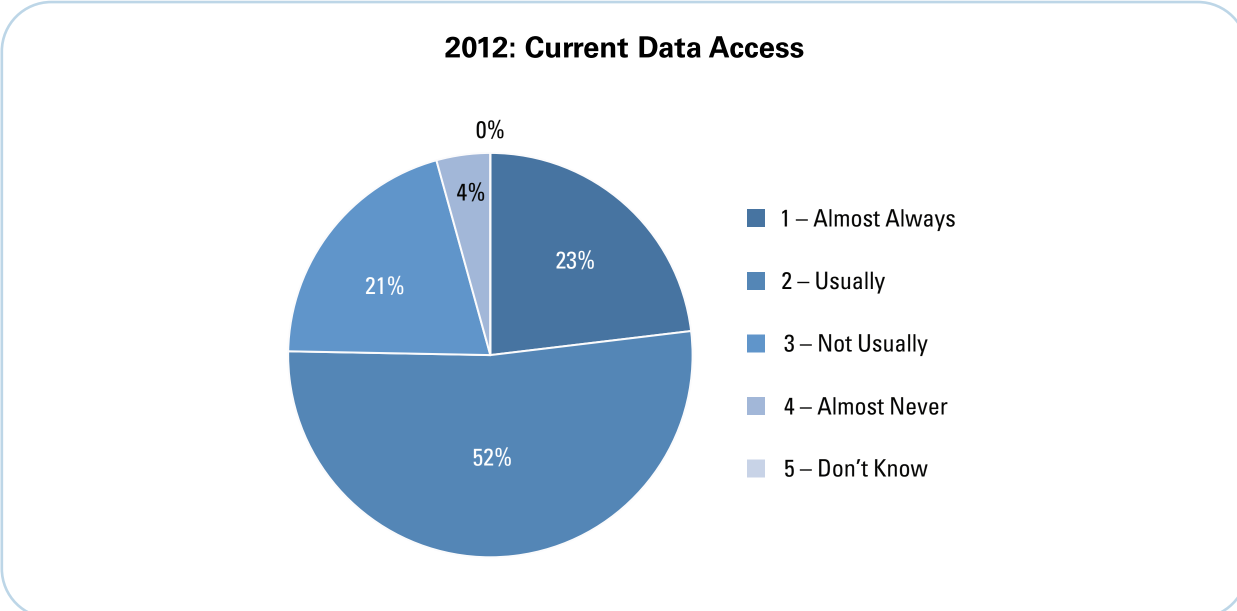
In-memory technology allows for super-fast processing of vast amounts of data. Please rank the degree of impact you perceive in-memory technology will have on management accounting processes and reporting using a four-point scale. (1 is the least impact, and 4 is the greatest impact)

A new question in the 2012 survey, in-memory technology is predicted to have a significant impact on run-times and response times.



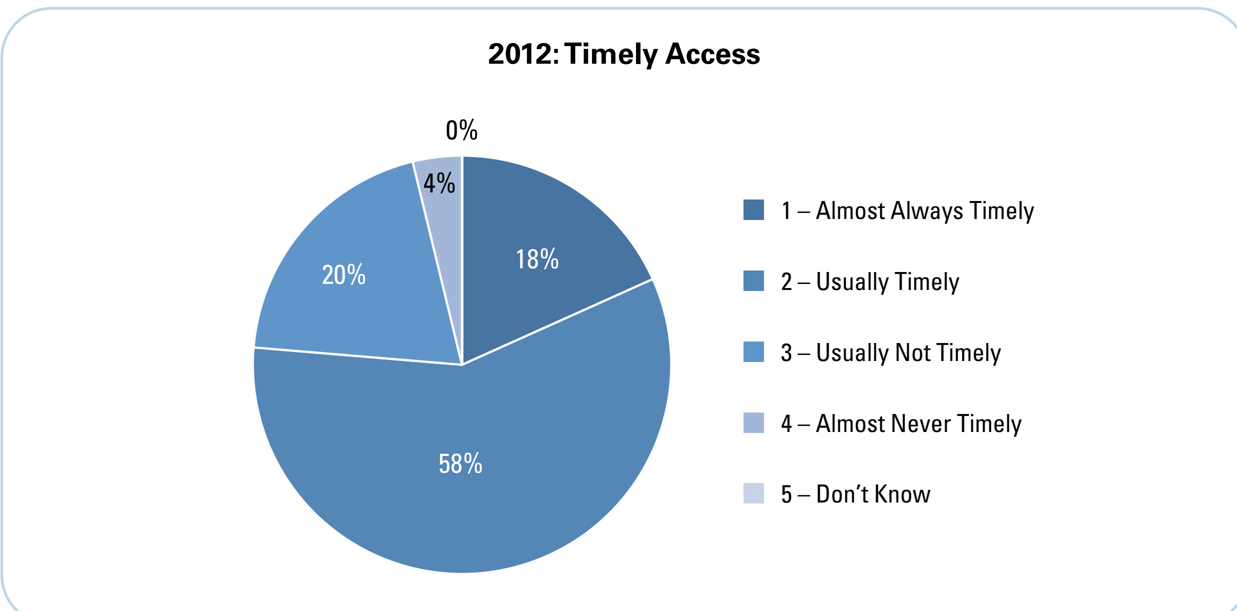
Item 29:
Do you have access to current (real-time) data you need?

This new question in 2012 reveals that real-time data access is usually satisfactory (75% of the time).



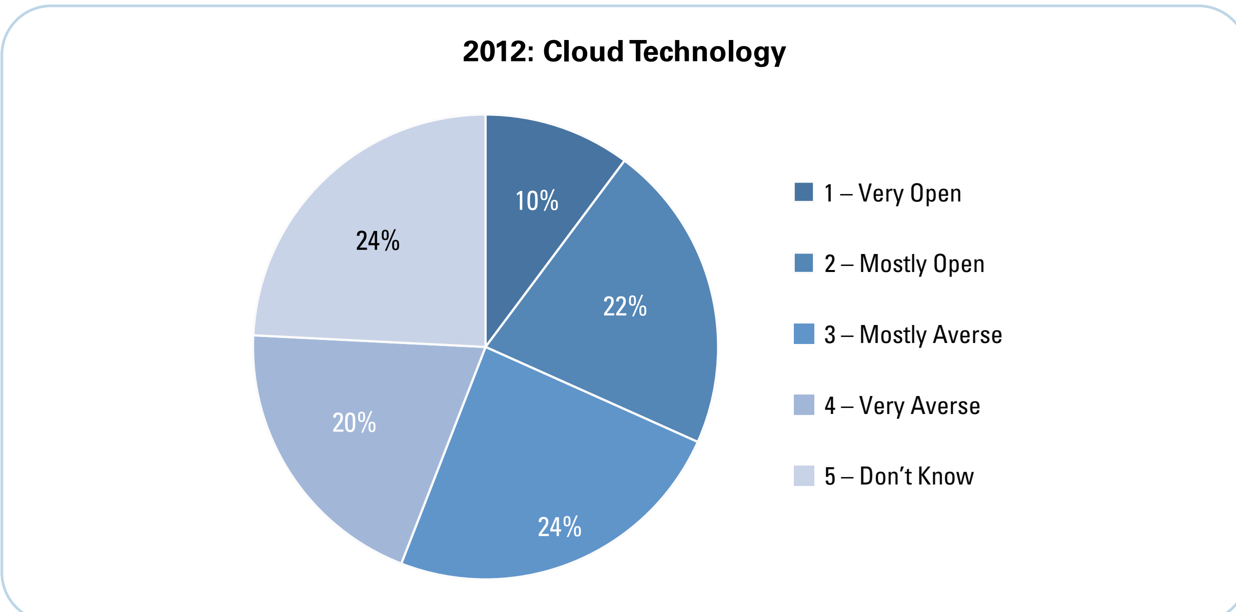
Item 30:
Do you have timely access to all the data you need?

Another new question to the 2012 survey reveals that data access does not differ significantly between real-time and otherwise.



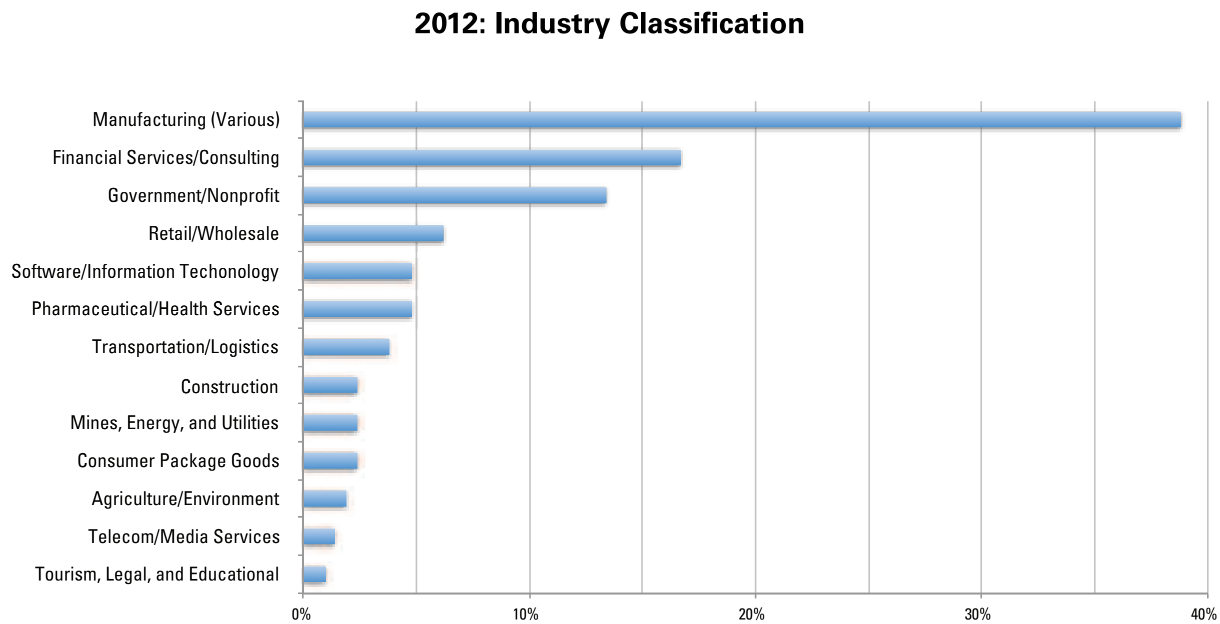
Item 31:
Cloud technology allows for cost-effective storage and off-premises processing of management accounting data via the Web. Please rank the degree to which your company is averse or open to storing management accounting data in the cloud.

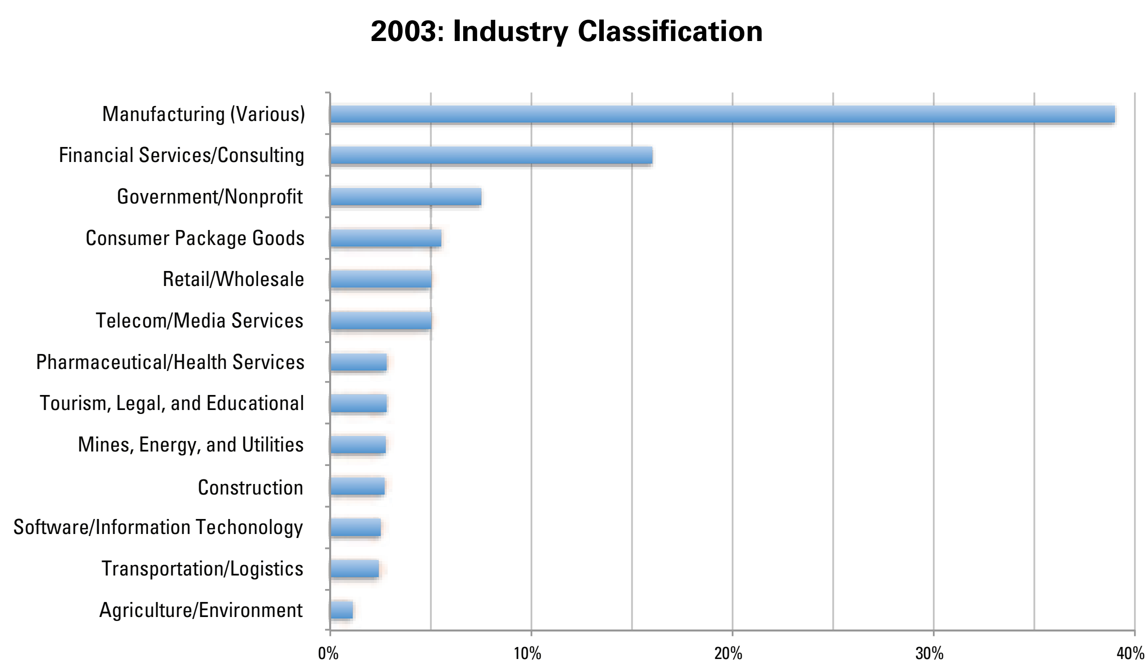
A new question in 2012 and a new topic to the marketplace, cloud technology may be considered a new tool that is not yet completely proven or well-understood. Consequently, the perceptions about this area are not well-developed. Nevertheless, 44% of the respondents are averse to cloud technology, indicating that, on average, respondents are somewhat wary of this new technology.



Item 32: Demographics—Industry

What is the primary industry classification of your parent company?





Item 33: Demographics—Company Size
How many employees does your parent company have?