

# What Do Management Accountants Do?

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Management accounting has been described as “a profession that involves partnering in management decision making, devising planning and performance-management systems, and providing expertise in financial reporting and control to assist management in the formulation and implementation of an organization’s strategy.” As such, management accountants help companies with planning, budgeting, and forecasting as well as internal financial reporting, performance management, and cost management.

With job titles such as financial analyst, cost accountant, business analyst, controller, chief financial officer (CFO), corporate accountant, and more, management accountants analyze financial statements, manage risk, and help make diverse investment decisions about capital expansion, sustainability projects, acquisition of computer-based manufacturing systems, and more—all necessary components of successfully implementing an organization’s strategy.



At entry level, as a member of the management-accounting team, you can expect to work on preparing financial statements, payroll, budgets, and internal financial reports while reporting to a senior accountant or manager within the organization. In short, you will be applying the skills and knowledge you obtained as part of your studies in accounting, finance, and systems.

Once you’ve proven yourself in that role, you may continue to perform many of the same tasks, but with a greater level of responsibility. You may become involved with tax compliance, be asked to provide input on budget matters, and be responsible for analyzing financial reports, not just creating them. You’ll also start managing lower-level accountants and begin to interact more frequently with individuals outside of accounting (e.g., marketing, human resources, and production/operations).

Finally, at the senior level, you can expect a high level of responsibility for reporting on the organization’s financial health, the efficiency of its system of internal controls, its risk exposure, the analysis and control of its strategic investments, and its progress in implementing its strategy. In short, you will be substantively involved in planning, control, and decision making at the highest level of the organization for which you work. You may even get to run the entire accounting department, overseeing the hiring, training, and professional development of staff members in the department.

Your daily activities at every level will depend on the company’s size, industry, and needs, but in general, here’s a more in-depth look at what you can expect to do as a management accountant, with insights from three experienced, high-level professionals.



## Business Planning

One of a management accountant's primary objectives is to be forward-thinking, reviewing and analyzing the company's past performance to inform plans for the future. Through budgeting and forecasting, management accountants help companies determine what course of action to take to achieve their goals. They inform decision makers about the company's financial position and the likely impact of plans under consideration on the company's cash flow, profitability, and other critical success factors.

David Elrod is the finance director of the supply chain for Savers, Inc., a for-profit, global thrift retailer. His job requires him to perform budgeting, forecasting, and analysis of supply-chain operations. He examines all the components involved in getting Savers' products—high-quality secondhand clothing, accessories, electronics, books, household goods, and more—to its customers, on time and in the right condition. "I also provide advice on strategic direction and manage supply costs," he says. "I assess operations and ensure good returns on investments, and I analyze capital decisions and allocate resources for the group."

## Advising Senior Management

A management accountant's work is essential to the senior management team of any organization, be it for-profit, service, governmental, or not-for-profit. Management accountants help those with the greatest level of responsibility for the organization's performance make key decisions based on budgets, relevant cost and revenue data, and similar reports prepared by members of the accounting and finance team. Management accountants also help senior managers in the organization to better manage assets, expenses, and risk. Upper management may seek your opinion on whether the company should expand its operations abroad or develop a new product line, for example.

At the senior level, you may be part of the upper management team. Michael Lockard is senior vice president and CFO of K-VA-T Food Stores, Inc., which does business as Food City and which owns and operates a chain of supermarkets in southwest Virginia, eastern Kentucky, and eastern Tennessee. He and his team establish financial policies, including credit and collection policies; review and approve accounting procedures; and develop the tax plan for the organization. "There is regular communication between operating leaders in the organization and members of the accounting and finance team," he says.

## Supporting Other Departments

You probably think of someone in management as being supported by others—not the other way around. But management accountants—at all levels—help support other employees, not only within but also outside of the accounting and finance area. "I work across all functional lines to support my group, whether I'm dealing with accounting, HR, real estate, or other groups," Elrod says. "This collaboration involves a lot of touch points that drive my daily activities." The ability to listen carefully is thus essential to a management accountant's role, especially when you're not an expert in what other departments do.

Accounting reports and other financial information help inform decision making in every company's day-to-day operations (resource acquisition, resource deployment, manufacturing, distribution, etc.). Understanding the financial impact of day-to-day decisions helps empower nonaccounting employees to make responsible, successful choices regarding company operations. Lockard, for example, has job responsibilities that involve human resources. He works with the company's senior managers on talent management and succession-planning strategies. He helps with identifying anticipated vacancies and future talent needs and with finding well-qualified candidates for those roles.

## Working in Cross-Functional Contexts

Being an excellent management accountant means understanding more than just the organization's financials. Understanding the fundamentals of the organization's business and its industry as a whole will help inform you when assisting with strategic business-planning decisions.

"From a nonaccounting standpoint, a strong knowledge of the industry and competitors, as well as our business, products, and strengths, is vitally important," says Christian Cuzick, CMA, senior director of finance for Janssen, Inc. Janssen is the pharmaceutical division of Johnson & Johnson that develops treatments in the areas of cardiovascular

## Working in Cross-Functional Contexts

health and metabolism, immunology, infectious diseases and vaccines, neuroscience, and oncology.

If you work for a pharmaceutical company, for example, knowing your industry means being familiar with competitors and their drugs, being aware of the costs to develop a new drug and bring it to market, being familiar with drug patents and other pertinent laws and industry regulations, and understanding how the clinical-trial process works. In any industry, understanding how changes in the political or social climate, or even world events, can have a financial impact on your company, and knowing how to proactively plan for such impacts is important. Knowing your industry also means understanding existing regulatory requirements and keeping abreast of potential changes that could affect business.

"I spend a large percentage of my time meeting with customers, participating in industry groups, and attending conferences to make sure I am caught up on the latest business issues," Cuzick says. These activities not only help him learn more about his industry, but they also help him establish a network of people that can keep him informed and answer any industry-specific questions he has.



## Managing Other Employees

Once you've climbed the ranks a bit, you'll gain responsibility for others' work. Your success in the workplace will depend not only on how well you perform any accounting and finance-related tasks you do alone, but also on your work overseeing and motivating others. You'll be involved in making sure they perform tasks accurately and on time, teaching them new skills, advising them when they don't understand things, and getting them back on track when they make mistakes. To succeed in these tasks, you'll need to pay attention to others' preferred styles of working and interacting and be comfortable adapting to different personalities within the workforce.

Elrod manages a small team that helps him support his business partners, and Cuzick directs about 50 finance personnel in his division by establishing goals, facilitating learning and career development, providing stretch assignments, and setting priorities. Lockard, as CFO, has 180 direct and indirect staff on his team. "We handle all aspects of finance, accounting, internal auditing, tax functions, IT projects, and the health plan to maintain the company's fiscal integrity," he says. "We develop and implement plans, policies, and procedures to provide the financial resources to conduct the company's business, safeguard the company's assets, and measure the company's financial performance."



## Working with External Stakeholders

The stereotype of the accountant cloistered in a cubicle crunching numbers all day just isn't accurate when it comes to management accountants. Not only are you likely to work with senior management and employees in other departments, you're also likely to work with people outside your company as part of your job, including regulators, other organizations in your industry, and supply-chain partners, to name a few.

"My team and I interact with outside constituents on any of the company's public debt," Lockard says. They also make sure the company is represented and involved in the community to reinforce K-VA-T's image as a positive and strong business partner.

Over at Janssen, Cuzick says he works with the CFO of Johnson & Johnson's North America division. He also interacts with auditors, wholesalers, and indirect customers on issues ranging from reviews of new pricing proposals to strategic questions of whether to acquire or divest a product.

## Continuous Professional Development

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Learning doesn't stop when you leave school. As an accounting professional you need to continuously maintain—and improve—your skills. Pursuing your professional development may require taking time outside of work hours to improve your skills and further your career. But your investment of time and brainpower will pay off.

As part of their professional development, many management accountants also earn professional credentials such as the CMA® (Certified Management Accountant), a credential offered by IMA® (Institute of Management Accountants). Certification recognizes one's expertise and gives job candidates a competitive edge in the market.

Management accountants are also often involved in professional associations like IMA. Membership in these groups helps them stay current on the most important issues and developments in their field and provides a venue to network with other management accountants and pursue lifelong learning through continuing professional education (CPE) activities.

You now have a better idea of what management accountants do and the strategic role that management accounting plays in all world-class organizations. To learn more about this exciting field, [www.visitimanet.org](http://www.visitimanet.org).