

Global Challenges Call for More CMAAs and CFMs

IN THESE CORPORATIONS' VIEW,
CERTIFICATION VALIDATES COMPETENCE IN TODAY'S
INCREASINGLY COMPLEX FINANCIAL OPERATIONS.

BY DANIEL M. HRISAK

Confronted with the impact of new technology, revitalized competitive forces, and the challenges of globalization, leading companies across industry lines are turning to the Certified Management Accountant (CMA) and the Certified in Financial Management (CFM) programs to train their accounting and financial professionals.

The numbers attest to growth and commitment of major companies. In the last decade, CMA certifications have doubled as companies recognized the value of the CMA, and the number seeking CFMs is now on the rise. Some companies have established in-house, on-site training facilities for the programs, including a University School of Finance, and other companies, to support training worldwide, plan to go with intranet distance-learning programs to support the corporate mission and goals.

Supporting this corporate demand for certified employees, a recent survey shows the proportion of IMA members with CMAs has increased to 37%, the highest percentage since 1990. (See article in this issue, p. 24.)

In today's rapidly changing business climate, alignment with emerging skills is a challenge confronting virtually every organization. It impacts the finance function in a dramatic manner. Let's look at industry leaders Cummins, Procter & Gamble, and Eli Lilly.

CERTIFICATION PROVIDES TOOLS

These three companies, like many others, have a common goal to compete in the global marketplace with quality goods and services, make profits, and drive higher value to shareholders.

"When you're in a global marketplace, like Procter & Gamble is, with operations all over the world, and you're going to global systems and implementing a standard cost system around the world, it's good to know that your finance and accounting people know how to use these systems and also have the CMA certification, which prepares them to know the nuts and bolts of management accounting. To meet our business goals, make better business decisions, and drive higher shareholder value, we need smart, well-trained people who are making those decisions and helping drive the business forward," says Mike Guarasci, CMA, CPA, finance manager, Global Fabric and Home Care. "The CMA increases the average skill level of our people. It provides the tools to our people to make better decisions and just be better business people," Mike explains.

At Eli Lilly and Company, Bryan (Andy) McGuire, manager, Lilly University School of Finance, Lilly Corporate Center, Indianapolis, Ind., says, "We have supported many certifications as far back as the early '80s. In 1994,

What topics are covered by the certifications?

Certified Management Accountant (CMA)

- ◆ Covers a broad range of topics including economics, organizational structures, financial statements, cost measurement, business planning, control/performance evaluations, behavioral issues, and information systems (i.e., more financial management focus as opposed to financial accounting focus).
- ◆ Requires two continuous years of experience in management accounting or financial management to become certified.

Topics Covered in the Program

- I. Economics, Finance, and Management
- II. Financial Accounting and Reporting
 - ◆ Development of Accounting Standards
 - ◆ Advanced Topics on the Preparation of Financial Statements
 - ◆ Interpretation and Analysis of Financial Statements
 - ◆ External Auditing
- III. Management Reporting, Analysis, and Behavioral Issues
- IV. Decision Analysis and Information Systems

Certified in Financial Management (CFM)

- ◆ Covers same topics as CMA with the exception of Financial Accounting and Reporting, which is replaced by Corporate Financial Management.
- ◆ Requires two continuous years of experience in management accounting or financial management to become certified.

Topics Covered in the Program

- I. Economics, Finance, and Management
- II. Corporate Financial Management
 - ◆ Use of Financial Statements
 - ◆ Advanced Topics in Corporate Financial Management
 - ◆ Risk Management
 - ◆ External Financial Environment
 - ◆ Accounting Standard-Setting Environment
- III. Management Reporting, Analysis, and Behavioral Issues
- IV. Decision Analysis and Information Systems

we became a corporate sponsor of the CMA/CFM and began to actively promote these certifications to our employees. To show our support, we held a kickoff event for the financial component. We wanted our employees to know we supported getting certifications; we're going

to pay for it; we want employees to be concerned about their continuing education. Initially, certifications of any kind were viewed negatively—you were seen as a “techie.” We needed a certification that was seen as valuable to many audiences, which is why we chose to support the CMA/CFM certifications. Employees with the B.A. viewed it as continuing their professional growth; those with the CPA could broaden their perspective of the financial world; and employees with the MBA could use the certifications as review and ongoing learning.”

Interest in continuous learning and visible support for deepening employees’ technical expertise are a vital part of Lilly. That continuing education vision has achieved reality in the Lilly University School of Finance, established in January 2001. McGuire says he’s planning to place the CMA and CFM training online via the company’s intranet.

Continuous improvement is more than a buzzword at Cummins. “The CMA program says a lot about a person’s willingness to improve his or her skills,” says Bruce Batts, CMA, benefits finance director, who explains that people who sacrifice to take this course and continuously

improve themselves support the mission of the company to improve its processes and products.

WHO HAS THE CMA?

The CMA is respected globally. Procter & Gamble has about 100 CMAs. Of that number, 60 to 75 work in the United States, and 25 work around the world, with 15 of the 25 working in the company’s finance operations in Asia.

Lilly has 27 CMAs and 16 CFMs; 14 have both certifications. Sixty people are currently working toward getting their certification. “Our CMAs and CFMs are working throughout the financial component, and many of them are managers or higher,” McGuire says.

Cummins Engineering has 52 CMAs and three CFMs. According to Batts, since the program was initiated in 1978, about 150 people have gone through the CMA program at Cummins. “It is not a requirement for advancement or a certain position, but it does not hurt to have the CMA,” Batts notes.

Actually, the CMA program, especially in the United States, is larger than the CPA, notes Guarasci. “The CMA

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“THE BIGGEST REASON FOR
 THE **CMA** ONGOING
 DEVELOPMENT IS THAT IT KEEPS OUR
 FINANCE AND ACCOUNTING PEOPLE
 CURRENT, AND THE CERTIFICATION
 PROVIDES PROFESSIONALISM.”



is oriented toward manufacturing, cost accounting, and general business,” he says. “The CPA,” he explains, “is focused on public accounting, external reporting requirements of companies, the FASB, and auditing standards. CMA lines up with the roles of our manufacturing processes.”

THE BOTTOM LINE

Do the CMA and CFM reduce a company’s costs and increase its profits? The three companies interviewed agree that there’s no way to quantitatively answer this question. But they do agree that the people with the CMA have improved their contribution to the finance functions and the business of the companies.

“I don’t think there is a debit and credit and a ledger that would say here’s my cost and here’s my quantitative payback,” Guarasci says. “But I believe there are all these qualitative factors that, while you can’t point to them and put a number against them, they help in terms of getting better business results here at Procter & Gamble.”

Guarasci also believes that one of the training missions is to increase the level of skills and knowledge across the finance function as an enabler for the function helping the company get better results.

“We’ve never set up metrics to see if there is a decrease in costs and increase in profits,” says Eli Lilly’s McGuire. “But the fact that we have a CMA program has been beneficial when we do our recruiting of MBAs or B.A.’s.” During recruiting, he explains, applicants learn that Lilly will continue to worry about their development and provide additional education and training. “We see college graduates who are very excited about our support of the

CMA program,” McGuire adds. “This is a very visible payback and provides a very positive environment when we go out recruiting.”

“The biggest reason for the CMA ongoing development is that it keeps our financial people current, and the certification provides employees with a sense of professionalism,” he notes.

When did Cummins first find out about the CMA? According to Batts, in 1978 there were a number of people at Cummins who were aware of an article in *Management Accounting* about a new program that was being run at Monsanto in St. Louis, Mo. Batts and several of his co-workers read the article and talked about it. We all agreed: “If Monsanto could do a certification program like the CMA, Cummins could do it.”

Batts explained that there were a number of finance and accounting people at Cummins who weren’t thinking about going out into public practice and who weren’t thinking CPA. “Our belief was that the CMA and the background material covered in it were perfect for an industrial organization,” he says. So he and several of his co-workers from the finance staff approached the corporate controller, who told them to find out more about the CMA program and the company would sponsor it. Batts and a Cummins’ group manufacturing controller visited Monsanto and talked with their finance people. “We studied their program and modeled our program to what we needed at Cummins,” he explained. “We approached Indiana University, talked with people from their faculty from various disciplines, and started our CMA program at Cummins in 1978.” Batts was the manager of accounting policy, doing the

company's SEC reporting and annual reports.

"In that first class, 25 people on the finance staff of Cummins in Columbus demonstrated that they not only had a desire to better themselves but were willing to put the time in to show that they would be more valuable employees to Cummins both in the near and far term," Batts says. "It showed that extra effort beyond the norm."

WHAT DOES IT COST?

When the in-house certification programs have 20 or 25 people participating, the cost per student is about \$1,000 to \$1,200. "I can't think of a better investment than an in-house CMA program," Batts emphasizes. "Think about it. What seminar or course, with 75 contact hours, could you possibly send an employee to that would cost less?"

Cummins encourages the local IMA chapter to participate in the in-house training programs at its facilities.

A Special Message from the IMA President

Our extensive research over the past five years has documented the skills needed by finance professionals in Corporate America. IMA's certification exams, CMA/CFM, test for competency in those same skill areas. If your company would like more information about these corporate programs and how certification can benefit your finance professionals, call Dave Schweitz, IMA's executive director, at (800) 638-4427, ext. 230, and he will help you get started.

Frank C. Minter
IMA President

The company also invites other companies in the area to attend the sessions and obtain the certification. "It makes good sense," says Brian Lavin, finance manager, Midrange Engine Plant, at Cummins. "We invite other companies to send people to fill any empty seats we have."

INCENTIVE PROGRAMS

Almost all the companies provide an incentive program for qualified employees who seek the CMA. Eli Lilly pays for fees, certifications, books, and tests. Cummins pays for all review course expenses, including books and mate-

rials for the students' needs. Batts says his company stops short of paying for exam fees. Procter & Gamble pays all expenses including fees, certifications, books, and tests. But Procter & Gamble goes one step further to encourage students who finish the courses of instruction to sit for the exams. "Up until May 2002, when employees complete the courses to attain the CMA, an additional incentive program kicks in," Mike Guarasci says. "We give a one-time 50% of the monthly salary payment for those candidates who pass the exams and receive their CMA." That's quite an incentive.

THE FUTURE

Corporate supporters like those described above are greatly appreciated by IMA, according to Priscilla Payne, managing director of the Institute of Certified Management Accountants, Montvale, N.J. "IMA continues to seek ways to strengthen these relationships," she says, "and is happy to announce a further enhancement to our exam delivery system. Beginning in the fall, IMA will be able to deliver the exams directly to corporate training facilities. This will allow 'corporate classes' to take the exams as a group at their place of business. The date will be scheduled in advance, and the candidates will be able to target their study time for a particular date.

"Similar corporate support is a cornerstone of IMA's global expansion," she notes. "In addition to the global presence experienced by companies like Procter & Gamble, relationships with companies headquartered in countries such as Egypt, Saudi Arabia, South Korea, and The Netherlands are being nurtured. IMA believes that the expansion of these synergistic relationships points toward a bright future for the CMA/CFM and the profession." ■

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