

JOINING THE DOTS

Effective management accounting

Improving decisions and building successful organisations

Speaker: Malcolm Furber FCMA, CGMA, F.Inst.D, CCMI,
FSAIM, Past President of CIMA.

MANAGEMENT ACCOUNTING

Management accounting is the sourcing, analysis, communication and use of decision-relevant financial and non-financial information to generate and preserve value for organisations



ORGANISATIONAL VISION

- All organisations share an ambition to be successful over time.
 - Successful organisations have effective management accounting functions.
 - It is the combination of competent people, clear Principles, well managed performance and robust practices that make a management accounting function effective.
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GLOBAL MANAGEMENT ACCOUNTING PRINCIPLES

- Frameworks that underpin Generally Accepted Accounting Principles and International Financial Reporting Standards, provide clarity about how to report the organisation's financial position and past performance.
 - Until now, there has been no equivalent framework to guide management accountants in supporting decision-making, contributing to improved performance and achieving sustainable success.
 - The Global Management Accounting Principles fill this void by providing a basis on which organisations can set their own standards for the management accounting function.
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THE KEY ACTIVITIES OF A MANAGEMENT ACCOUNTING FUNCTION

CHIEF FINANCE OFFICER

INFORMATION SYSTEMS

Data capture, integrity and access, business intelligence

MANAGEMENT INFORMATION

Analysis, insight and forecasting, data analytics

PERFORMANCE MANAGEMENT

Strategy and plans, cost, risk and project management, governance and internal audit

EXTERNAL REPORTING

Integrity of financial reports, statutory accounts and returns

OTHER AREAS
e.g. Human Resources,
Information Technology,
Operations

FINANCIAL ACCOUNTING AND OPERATIONS

Transaction processing, recording and basic reporting (including the 'purchase to pay', 'order to cash' and 'record to report' processes), process improvement

OTHER TECHNICAL EXPERTISE

Tax, treasury, mergers and acquisitions

THE CHANGING ROLE OF MANAGEMENT ACCOUNTANTS

◀ TECHNICAL SKILLS ▶

Information is relevant



Data



Reports

Impact on value is analysed



Analysis



Insight

Communication is influential



Influence



Impact

STEWARDSHIP BUILDS TRUST

THE LINK IN THE JIGSAW

EXTERNAL ENVIRONMENT

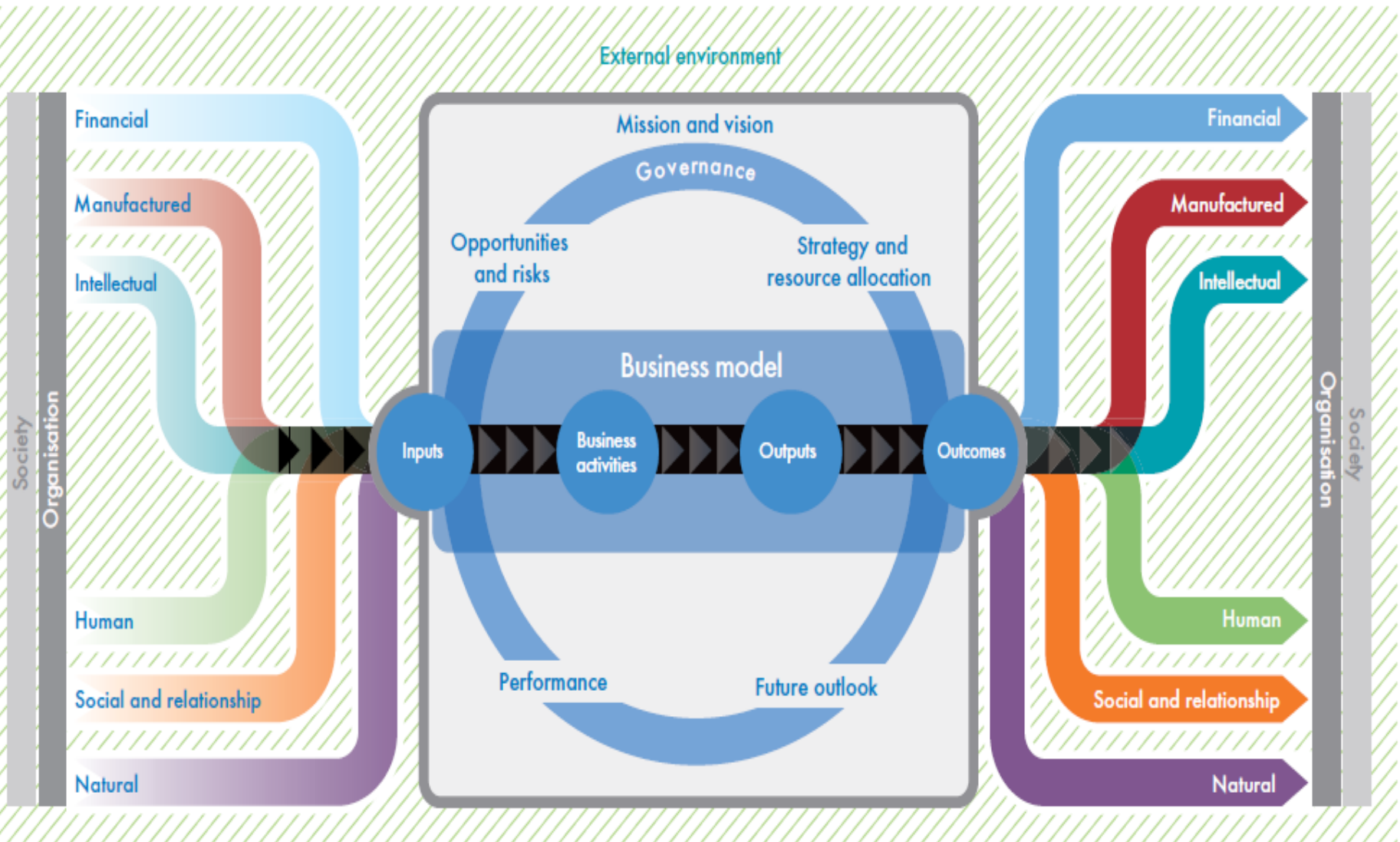
STRATEGY

MANAGEMENT ACCOUNTING FUNCTION

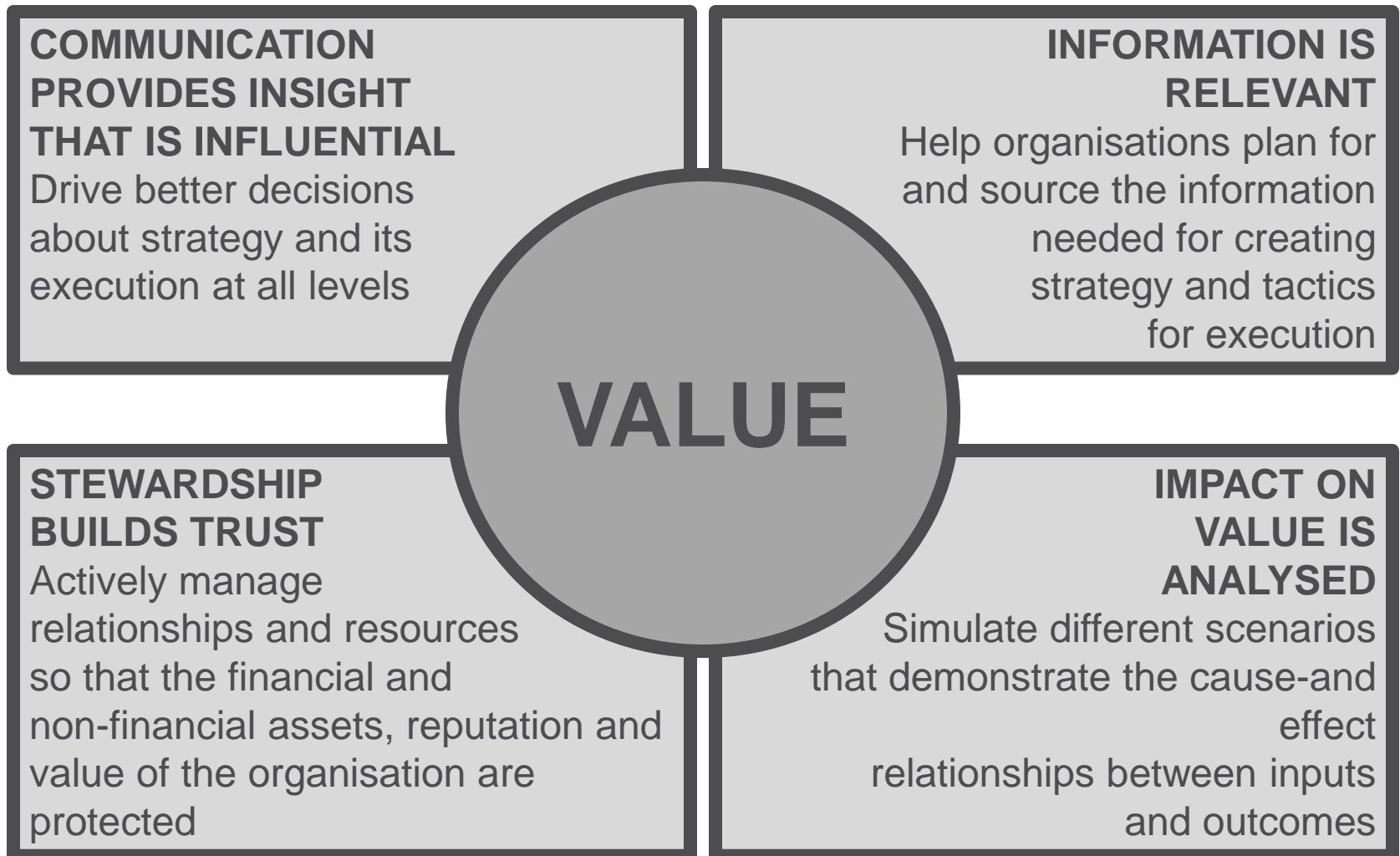
BUSINESS MODEL

Inputs, Activities, Outputs, Outcomes

THE MODERN BUSINESS MODEL



GLOBAL MANAGEMENT ACCOUNTING PRINCIPLES



COMMUNICATION PROVIDES INSIGHT THAT IS INFLUENTIAL

- Strategy development and execution is a conversation
 - Communication is tailored
 - Communication facilitates better decisions
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INFORMATION IS RELEVANT

- Information is the best available
 - Information is reliable and accessible
 - Information is contextual
 1. Time related
 2. Boundary related
 3. Data related
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IMPACT ON VALUE IS ANALYSED – THROUGH SCENARIO ANALYSIS AND MODELS

- Simulations provide insight into options
 - Actions are prioritised by their impact on outcomes
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STEWARDSHIP BUILDS TRUST

- Accountability and credibility
 - Sustainability
 - Integrity and ethics
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RELATIONSHIPS, RESOURCES AND RISK



RELATIONSHIPS include the interactions the organisation has with suppliers, customers, investors, employees and the community. These relationships provide access to resources and to markets and should be seen as value-creating partnerships. The organisation incurs costs in maintaining relationships but also derives significant value from them.

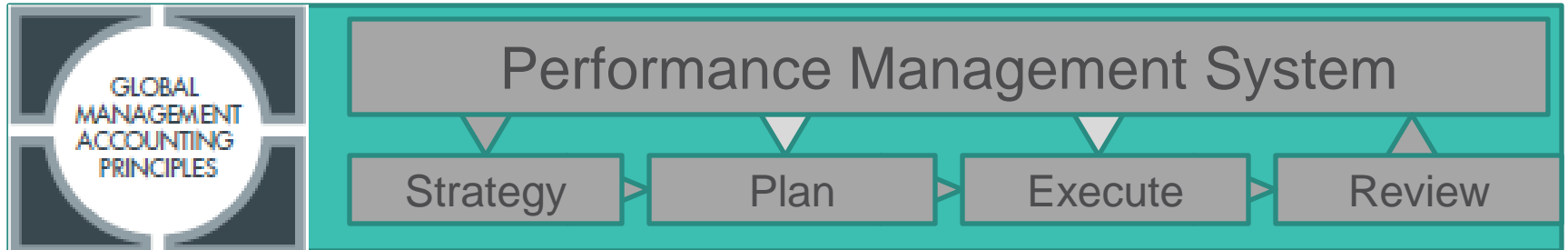


RESOURCES are the inputs that organisations use to create value. These include people, raw materials, technology, financial and other resources. Security of supply, quality and cost are essential.



RISK refers to the possibility that objectives cannot be achieved and that the business is unable to operate as planned. Risk can apply to all the activities in which the organisation is involved. Risks may arise from the interaction of relationships and resources, as well as from changes in the external business environment.

APPLICATION OF GMAPS



Communication Provides insight that is influential

Is it clear how the strategic objectives represent the organisation's purpose ?

Is there a line of sight between what people and teams do and strategic objectives?

Are results communicated in terms of their impact on strategic objectives?

Does management information include post-implementation reviews?

Questions

The CIMA logo consists of the letters 'CIMA' in a white, italicized, sans-serif font, set against a solid red rectangular background.

CIMA

Chartered Institute of
Management Accountants

THANK YOU

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