The CMA® Program: The Essential Credential

Institute of Management Accountants (IMA®)
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Regional V/P and Global Board Member, IMA
AGENDA

• Perspective on Careers in Management Accounting

• The CMA Credential

• CMA Program Requirements

• How to Become a CMA
Did You Know:

✔ Well over 2/3’s of all professional accountants work in a Management Accounting capacity? (Some experts place the number at 93%!!)

✔ Accounting has become a “Pathway to the Top” in Corporate America!

✔ Roger B. Smith, former CEO & Chairman of the Board, GM
✔ Roger Knight, CEO and Founder of NIKE
✔ Randall Stephenson, CEO of AT&T
✔ Karen Thomas, CEO of Oxford Healthcare
✔ Kim Daigh, former CEO of St. John’s Health Systems
✔ Robert Plaster (deceased), Multi-millionaire
✔ David Glass, Former CEO of Wal-Mart

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What Is the CMA?

IMA’s certification for accountants and financial professionals in business.

The CMA validates your mastery of financial planning, analysis, control, and decision support – the critical skills needed to be a valuable strategic advisor for your organization.
CMA Exam Structure

• Part 1 – Financial Planning, Performance and Control

*4 hours, 100 multiple-choice questions and two 30-minute essay questions*

– Planning, budgeting, and forecasting (30%)
– Performance measurement (25%)
– Cost management (25%)
– Internal controls (15%)
– Professional ethics (5%)
CMA Exam Structure

• Part 2 – Financial Decision Making
  4 hours, 100 multiple-choice questions and two 30-minute essay questions
  – Financial statement analysis (25%)
  – Corporate finance (25%)
  – Decision analysis and risk management (25%)
  – Investment decisions (20%)
  – Professional ethics (5%)
Part 1 – Financial Planning, Performance and Control

- Annual profit plans; flexible budgeting; activity-based budgets; continuous budgets; pro-forma financial statements; forecasting, including regression and learning curves.
- Variance analysis; standard costs; responsibility accounting for revenue, cost, and profit centers; ROI and residual income; business segment and customer profitability; balanced scorecard.
Part 1 – Continued

• Job order costing, process costing, and activity-based costing; overhead cost allocation; operational efficiency such as JIT, MRP, theory of constraints, value chain analysis, and benchmarking

• Risk assessment; internal controls; internal auditing; assessing the adequacy of accounting information system controls.

• Ethical considerations for management accounting professionals.
Part 2 – Financial Decision Making

- Financial statement ratio analysis; IFRS vs. GAAP (revenue recognition, inventory valuation, long-lived assets, etc.); Financial Accounting topics include FV accounting, accounting for foreign operations, off-balance sheet financing, cash flow statements and analysis.
- Measures of risk; portfolio management; options; financial instruments; cost of capital; raising capital; working capital management; mergers and acquisitions; international finance.
Part 2 – Continued

- Relevant costs; break-even analysis; marginal analysis; make vs. buy decisions; pricing; Enterprise Risk Management.
- Capital budgeting; NPV and IRR; ranking investment projects; risk analysis; real options; valuation models.
- Ethical considerations for the organization.
Research with Employers and CFOs Confirmed

- CFOs need to raise the competency of their teams
- There exists a skills gap at all levels, including the business analytical level
- Planning and analysis capabilities are needed in organizations
- There is a challenge identifying “advanced” or high potential finance and accounting staff
Who Is the CMA For?

- *Professionals and students* who want to differentiate themselves from the competition
- *Accounting experts* who need more finance skills
- *Finance experts* who need more accounting skills
- *Employers* who realize they have a skills gap within their finance and accounting team
- *Employers* who embrace continuous professional development for their finance teams
- *Employers* who need a sorting device for making hiring decisions
Why the CMA?

• CMA certification can expand your career opportunities

• Organizations of all types and sizes seek professionals with critical accounting and financial management skills
  – Multinational Corporations
  – Private Firms
  – Academic Institutions
  – Not-for-Profit Organizations
  – Government Organizations

• More than 35,000 CMA certificates awarded to date worldwide

• Enjoy greater earning potential
Why the CMA?

On average, CMAs earn more than $22,000 more in annual compensation than their noncertified peers.

- Noncertified Accounting Professionals: $108,938
- CMA Accounting Professionals: $131,395

*IMA Annual Salary Survey, Strategic Finance, 2011
Praise for the CMA

• “At Microsoft, we look for a combination of solid accounting skills, the ability to think strategically, and strong business ethics. If someone is a CMA, we can be more comfortable that the person has mastered these aspects of the profession.”
  Bob Laux, CMA, CPA
  Microsoft Corporation

• “Financial analysis and decision support are central to management accounting practice, and we are happy that the CMA focuses on these areas.”
  David B. Burritt, CMA, CPA
  Caterpillar, Inc.
Praise for the CMA

• “The CMA has given me a tremendous amount of value. Not just on the financial end of things, but because I’ve gained broad-based accounting knowledge. I’ve been able to advance my career because that knowledge translates into benefits for the companies I work for.”
Tammy Drescher, CMA
Diamond Foods, Inc.

• “The CMA focuses on the technical skills and content we’re looking to incorporate in our overall learning and training program. These are the technical skills that individuals can best leverage to become successful finance professionals.”
Barry M. Gisser, CMA, CFM
ConAgra Foods, Inc.
Program Requirements

• Foundational knowledge of economics, basic statistics, and financial accounting

• Bachelors degree from an accredited college or university
  – Any major; no course distribution requirements
  – Most CMA candidates hold a degree in accounting or finance
  – May be earned within 7 years of passing CMA exam parts

• Two years of relevant work experience
  – May be fulfilled within 7 years of passing CMA exam parts

• Active membership in IMA

• Requirements to maintain CMA certification:
  – 30 hours CPE annually
  – CPE must include 2 hours of ethics training
  – Maintain active IMA membership
Exam Testing

• Exam administered at Prometric testing facilities worldwide

• Three exam testing windows offered each year
  – January and February
  – May and June
  – September and October

• Candidates schedule exams at their own pace
  – Part 1 and Part 2 can be taken in any order
  – Earn the CMA within one year or over a three-year period
  – You must register for an exam part within the first 12 months of entering the program
Study Options

• Various learning options to fit your style
  – Self-study (print and online)
  – Group study with colleagues
  – Live, instructor-led courses
    • Listed on IMA website
      www.imanet.org ➔ Learning Center ➔ Instructor-Led Courses
    • For more information, or if you would like to establish a live-instruction course at a local educational institution, please contact:
      – Lisa Beaudoin, Director of Educational Partnerships
        lbeaudoin@imanet.org or 1-800-638-4427 ext1706
Getting Started

• Hold membership in IMA
  – $215/year + $20 one-time processing fee for regular members
  – $145/year for Young Professional members (age 32 and younger)
  – $39/year for students

• Pay the CMA Exam Entrance Fee
  – $240 (one-time fee) for regular and Young Professional members
  – $120 for students and academics

• Exam Part Fees
  – $380 per exam part ($660 for both parts if taken in same testing window)
  – $190 per exam part for students and academics

• Plan your exam prep
• Fulfill education and experience requirements
• Comply with the IMA statement of ethical professional practice
• Contact IMA Customer Service with any questions
  – Telephone: (800) 638-4427
  – E-mail: ima@imanet.org
Why the CMA?

• The CMA is the certification specifically designed for accountants and financial professionals in business

• If you are looking for an advanced certification to build your skills, résumé, and earning potential – the CMA is the right choice