

Accounting in extraordinary times



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Andrew Miskin, FCMA, CGMA
President

There are several key years in the history of management accounting. The British economic downturn of 1772 led entrepreneur Josiah Wedgwood to seek ways to protect his cashflow, leading to the creation of cost accounting. In 1919 industrialist Lord Leverhulme founded a body to drive the evolving discipline forwards – the Institute of Cost and Works Accountants, which went on to become the Chartered Institute of Management Accountants (CIMA).

I believe that in the future, 2016 will also be seen as a pivotal year. This was the year when an overwhelming majority of voting CIMA members endorsed the organisation's proposal to join forces with the American Institute of Certified Public Accountants (AICPA), and create a new Association to represent management and public accounting, and the full breadth of the profession.

The Association of International Certified Professional Accountants (the Association) will supercharge management accounting. Here are three of the many reasons why:

Firstly, the Association gives CIMA – already the world's largest management accounting body – a larger and more influential organisation behind it, thus giving us a greater voice with which to represent members. Secondly, it allows us to increase our

promotion of management accounting around the world, and especially in the USA, the world's largest economy. Thirdly, combining resources and expertise gives us new strings to our bow, allowing us to equip our members more fully with the skills and knowledge they need.

This last point is crucial, because these are extraordinary times. The world is experiencing two major trends: geopolitical upheaval, and the impact of technology on traditional business models. To keep our members and students ahead of these developments, we need the most powerful and agile professional body possible.

The Association's beneficiaries will be members, students, the organisations in which they work and society at large. Members will get a more influential body that constantly ensures the relevance of their skills and the attractiveness of their designation to employers. Organisations will benefit from finance professionals equipped to meet the challenges of the 21st century. Society will benefit from better decisions for creating and preserving value.

I am proud to have been the President of CIMA during this historic year, and proud to be the first Chair of our new Association.

Member benefits

There was more to 2016 than the vote. Development continued on the CGMA Compass, a diagnostic tool based on the Global Management Accounting Principles. It is now ready for market and will help improve the finance function of our members' organisations worldwide.

We launched research and practical tools for our members, covering everything from cost leadership to a white paper rethinking the concept of the business model. In total, our research and tools were accessed online more than 700,000 times throughout the year.

We have worked to communicate better with our members. In 2016 the CIMA website was upgraded to make information more readily accessible for members. Our social media channels were improved – we exceeded our target for social media reach (the number of interactions we have via social channels such as LinkedIn and Twitter) by more than 200%. This adds up to a more communicative institute, making better use of today's communications tools.

It seems to be working – I'm proud to say that in 2016 our member satisfaction score increased by five percentage points compared with the previous year.

Relevance and employability

The management accounting skillset has been helping improve organisations for nearly 250 years. But we cannot be complacent. The world is changing, and we need to help our members and students have the necessary skills to drive tomorrow's organisations.

We will do this in a number of ways, not least refreshing our syllabus and continuous professional development (CPD) to help ensure our members and students have the skills employers need, now and in the future.

But the main change CIMA has made is to create the new Association. I spent a large amount of the year talking to our members, communicating plans and absorbing opinions. I also spent much of my time working to ensure that the Association would be mutually beneficial – that it would help push forwards management and public accounting equally. As my year as President draws to a close I am confident we have created an organisation with the influence and agility to fight for recognition of our members' and students' skillsets, and to help them communicate decision-relevant information to create and preserve value in these extraordinary times.

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Creating opportunity, trust and prosperity



Andrew Harding, FCMA, CGMA
Chief Executive – Management Accounting

2016 was a year of change for CIMA. Most obviously because our members endorsed our proposal to join forces with the AICPA and create the new Association of International Certified Professional Accountants. But the change was wider than that.

The preceding year we had made the bold move to a computer-based, on-demand system of exams which more closely reflects the world of work, and is more convenient for our students. This was the right thing to do – as evidenced by how other professional bodies are now beginning to follow us. Our innovations have changed our students' behaviour, which created challenges in 2015 and 2016.

However, I am pleased to say that 2016 has seen an improvement on almost all fronts. Our new members and member retention rates have both risen. Our student acquisition has risen – not as high as we had hoped, but 2016 was our second highest-ever year on this front. Our revenue, which had dipped in 2015, has started to rise again. We are not yet where we want to be – but we are heading in the right direction.

“CIMA’s business model remains consistent: we work to acquire students; deepen our relationship with them; retain them as qualified members; and fulfil, by providing so much value to our stakeholders that they go on to become advocates for us.”

Constant improvements

One of 2016’s priorities has been to constantly improve the products at the core of our business. Our industry-leading online exams platform is good – but as it remains an innovation we conducted a programme of communication with students to ensure they understood it, and that we were listening to their concerns.

Meanwhile, we refreshed a variety of student learning tools. We launched “CIMA aptitude 2”, a bank of practice questions and test simulations created in response to student feedback. We improved CIMAconnect to give students a more personalised and interactive learning experience.

New avenues

We have also introduced new products, and new sources of income, which will allow us to pay for future member and student benefits. In particular, we released the complete suite of qualifications that make up our Certified Global Business Services Professionals programme. A collaboration with industry leader The Hackett Group, the programme is now the first set of qualifications for the shared services industry.

We have also worked with our colleagues in the Chartered Institute of Public Finance and Accountancy (CIPFA) to create a pathway to

CGMA. CIPFA accountants with a management accounting track record can now join our institute after passing a gateway exam and then a strategic case study. As well as providing an opportunity for CIPFA members to demonstrate management accounting competency, it provides the public sector with skilled management accountants and allows CIMA to consolidate its position in the sector.

An outward focus

We have worked to strengthen our presence in new geographical markets. Our many successes this year included the founding of the CGMA 100, a think tank of North Asian finance leaders, which held its first meeting in June, in Beijing.

Meanwhile, we changed our exam fee structure, recognising different levels of affordability around the world. This should help student progression, particularly in Africa, where the relative weakness of the currencies against the Pound was hindering the building of much-needed management accounting skills.

Our commitment to the UK and other core territories remains. In November, Dominic Barton, global managing partner of McKinsey, featured at our President’s Conversation event in London.

Looking forwards

CIMA’s business model remains consistent: we work to acquire students; deepen our relationship with them; retain them as qualified members; and deliver the fulfilment which creates passionate advocates.

Likewise, the risks we face, while ever-changing, demonstrate consistency compared to previous years. Dangers include failure to lead the management accounting space; loss of relevance; and intensifying competition. We are also conscious of heightening political uncertainty and cyber threats.

But in 2016 one thing changed which should power up our business model and help mitigate our risks – we have taken the decision to form a new Association with our friends at the AICPA.

With our new Association, we have chosen the right strategy to ensure management accounting, and our members, continue to thrive.