

Beyond the Numbers...

Why Management Accounting has become so popular.

Once upon a time, Management Accounting was all about manufacturing costing and variances. Today, the term is much broader and covers a wide range of functions from budgets & forecasts to detailed analysis of business performance and business drivers.

"Over the past 5 years we have seen a definite increase in the demand for Management Accountants and Financial Analysts as businesses start to expect more proactive input from finance teams", explains Owen Firth CA, MD of accounting recruitment specialists, FinanceMark.

So, why has this type of broad role become so popular, particularly in the past 5 years? Well, here are some of the contributors:

1. **More sophisticated accounting systems** from MYOB to SAP have, to some extent, made financial accounting more efficient and thus reduced the resources required to produce the numbers. Increasingly, more is being expected from the accounting team to interpret the numbers and provide input to the business.
2. **More powerful analysis tools** such as TM1, Hyperion and ongoing improvements in Excel have made it easier to extract and manipulate financial and non-financial data outside of core systems. The accounting team can readily 'slice and dice' information from call center ratios to product margins by geography.
3. **The move to shared services**, where a central accounting team services diverse business units, has left many business units with little or no internal financial people. To address this, many organisations have created management accounting roles (sometimes called Business Analysts) to work for one or more units, providing analysis and financial support to the unit managers. This can include input to tenders, price setting, cost-benefit analysis, planning, interpretation of results and liaison with the central financial accounting team.
4. **Realising the benefits** of going beyond the numbers has, in turn, fuelled the demand for more people who can have a significant impact on the business. Success stories with business unit managers often raises the profile of the finance team and its perceived value to the company.

"These roles are able to really add value to the business, well beyond traditional compliance and reporting," says Firth.

"Some examples we have seen include:

- > detailed analysis of profitability by product leading to implementation of incentives for sales of higher margin items

and withdrawal of loss making products;

- > profitability analysis by branch, geography or activity which creates ownership and better profit focus;
- > tracking, reporting and analysis of non-financial indicators such as on-time delivery, production capacity, staff turnover, etc; and
- > measuring sales trends against marketing spend leading to a redirection of marketing funds toward higher impact areas."

About the Author

Owen Firth CA, Managing Director and Founder

A Chartered Accountant with almost 15 years experience in the Accounting Profession and in commercial management roles. Owen started his career with Price Waterhouse and went on to become Financial Controller in medium and large Information Technology hardware and services companies.

In addition to membership of the Institute of Chartered Accountants, Owen holds a Bachelor of Economics (BEC) in Accounting & Finance from Macquarie University and an MBA from the Australian Graduate School of Management.

Owen founded FinanceMark in 1999.

About FinanceMark

FinanceMark was established in 1999 by Owen Firth, a Chartered Accountant and former Financial Controller, who found that the depth of knowledge and understanding of the Accounting market within the recruitment industry was sadly lacking.

"As a both a client and a candidate in the Accounting market in Sydney over many years, I struggled to find a recruitment firm that truly understood the technical content of the roles and what it takes to build a high performing finance team", says Firth.

"I felt the accounting recruitment market needed the experience and professionalism of people who have actually been out there in accounting roles and can therefore fully appreciate the needs of organisations and job seekers. So we have built a team of consultants who are exactly that – all of our consultants are accountants, something offered by no other recruitment firm in Sydney".

FinanceMark sees itself as a professional consulting firm, not a sales business. "The recruitment industry should be no different to the Accounting or Legal professions," believes Firth. "We should be experts in our fields who consult to organisations and individuals to deliver people solutions. Instead, the industry has built a reputation for 'hard sales' and unethical practices. But I believe that organisations should be demanding a lot more for their money".