

Managerial Accounting Principles Help Decision Making

According to a global survey commissioned by the Chartered Institute of Management Accountants (CIMA) and the American Institute of Certified Public Accountants (AICPA), only thirty-six percent of the respondents said “they can easily ensure consistent, quality decisions at all organizational levels” and a staggering eighty-nine percent said “a stronger partnership with finance in decision-making would help them better manage their organizations in the future.” CIMA Chief Executive Officer Charles Tilley, CGMA reported “We work with a range of organizations across the world and can see that decision-making is becoming more and more difficult as complex information flows so much faster. Too often, impulse substitutes for insight...We need a dramatic improvement in the way decisions are made at all levels.”

Global Management Accounting Principles

Global Management Accounting Principles are a combination of clear standards, robust processes and well-managed performance metrics. They create effective management accounting functions that support strategic decision-making systems and yield efficient operations. Some of the critical questions underlying these successful principles are:

Does the process add value?

Is it necessary?

Can it be eliminated?

Should it be automated?

Who is using the output?

How often is the output used and for what purpose?

Are there routine “fire drills” created by a specific process? If so, how are they caused and how frequently do they occur?

What roles and responsibilities does the decision process require? Are they clearly defined?



Discovering Opportunities for Improvement

The key is to challenge every step, every piece of paper, every input and output for effectiveness. A very powerful way to discover opportunities for improvement are as follows:

Conduct Process Walk-Throughs: Meet with all the people involved in the process to gain an understanding of how their work gets done.

Use Best Practices: Implement industry accounting best practices to improve accuracy, response time, data quality, employee performance and compliance with Federal, state and local laws.

Create Process Metrics: Develop and analyze [“Key Performance Indicators \(KPI\)”](#) to measure your productivity, efficiency and effectiveness against industry standards.

Reward Success: Have milestones along the way to acknowledge people who have performed well especially if their contributions have improved the decision-making process. Although financial rewards are appreciated, recognition can sometimes be a more potent way of inspiring outstanding accomplishments.

Implementing Internal Controls

The most important practices that must be implemented right away are proper internal controls. In today's fast-moving, global economy, security is more important now than ever. The best way to test your internal controls is to have them reviewed by an outsourced accounting and financial professional.

How We Can Help You

[Pacific Crest Group](#) (PCG) provides professional services that keep your business focused on your critical objectives. We provide strategic Accounting and Human Resource (HR) services created specifically to help you meet your goals. Through exemplary customer service, clearly defined policies and procedures as well as a forward looking perspective, we provide the outsourced solutions your business needs to grow. A PCG professional is happy to meet with you to discuss solutions for your unique requirements designed to maximize all of your business opportunities.