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ISMA is dedicated to promoting best practices in area of cost & management accounting. ISMA represents open forum of professionals working in area of Cost & Management accounting who integrate accounting expertise with advanced management skills to achieve business success.

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FROM THE DESK OF EDITORIAL

New Year's Day marks more than just another turn of the calendar, and the symbolism of a new chapter in our lives. The start of 2017 promises to bring some real and substantial changes in CMA profession along with new professional avenues.

Rollout of the Goods and Services Tax has been deferred from its April 1, 2017 date, and may now be implemented on July 1, 2017. CMA with his academic knowledge and professional expertise can play a crucial role as a consultant and a catalyst for due compliances of law relating to goods and services tax to the general business community and spread tax-literacy and GST awareness.

ISMA wish all of you heartiest wishes for A Very Happy, Bright and Prosperous New Year 2017.

Invitation from Thought leaders

ISMA invites experts and thought leaders in management accounting to share their real life recognized contributions in area of cost & management accounting to publish in ISMA newsletter. The same are reviewed in a two-stage process by ISMA Advisory and governing council to determine if these are appropriate for consideration. Best contribution after evaluation will also be consider to cover in ISMA website under section of ISMA Management Accounting resource person to build up their own personnel brand and recognitions among corporate world. For more details please email us cmaindiaonline@gmail.com



**Time to move
Best
practices in
Management
Accounting**

Leaders in management accounting have been trying to understand why Management Accountants in industry have been so slow to adopt what are obviously more accurate, relevant and value-adding practices in their organizations. Most accountants will only initiate change when it is either required by an authoritative outside regulatory or guiding body or demanded by their management.

Current low level of adoption is due to lack of awareness fad and genuine technical problems in implementing modern management accounting techniques. Accountants are failing to adopt more accurate and relevant management accounting practices. Management is satisfied with the outdated, irrelevant and inaccurate information they are given to support their decisions. This leads to the questions, "Why are decision makers satisfied with low quality decision support information? Why don't they demand better decision support information from their accountants?"

The author feels that to survive and flourish in the new technological world, management accounting would need to begin using more sophisticated tools and move from the operational level into the strategic level. There is a lot of analysis and planning that goes into Management Accounting that aims to give critical information to decision makers so that informed decisions can be made to ensure business objectives are met... or in basic terms, you can identify a threat/opportunity and can take action needed to ensure you make a profit. Take, for example, Listed under are the best cost management practices:

-"Communication provides insight"

1. Cost targets are discussed and developed in conjunction with colleagues and business partnerships to gain buy-in.
2. Plans for execution of approaches are agreed with relevant employees and business partnerships.
3. Cost plans are broken down into components appropriate to the various stakeholders.
4. Reports are produced on how well cost management approaches are rolled out across the organization.
5. The drivers of costs are analyzed and discussed with relevant business partnerships so that those drivers can be effectively managed in the future.

- "Information is relevant"

1. Cost drivers are known and recorded.
2. Cost driver measurement results for every component of the end-to-end business model are compared over time.
3. Costs are compared with equivalent costs from relevant organizations.
4. Asset utilization is compared over time and with best-in-class benchmarks.
5. Costs from previous years at aggregate, departmental/functional and product levels are known and compared.



"Impact on value is analyzed"

1. Relevant data models are used and value-generation processes refined to estimate the impact of processes on outcomes.
2. The business model is challenged and assessed for cost effectiveness.
3. Performance measures for drivers of costs are developed or refined across the components of the business model. The impact of cost drivers on key results is calculated to understand value generation and preservation.
4. Through interpretation of the value drivers across the business model and value chain, approaches are designed to improve cost outcomes.
5. Rational but stretching cost targets are developed.
6. Value-chain efficiency is compared over time.
7. Cost transformation processes are regularly reviewed so that activities continue to be relevant to stakeholder needs.

"Stewardship builds trust"

1. Employee incentives are designed that drive alignment of behaviors with organizational objectives and projected future needs.
2. Compliance is always maintained with internal policies and procedures and, as required, other relevant legal and regulatory obligations.
3. Opportunity costs are calculated and recommended on the basis of net value to the organization.

As always, ISMA look forward to hearing from you who have view points on best practices on Management Accounting. Please feel free to email us cmaindiaonline@gmail.com

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