

*An exclusive interview with*

## Ms. Joy Thomas

**President and CEO  
Certified Management  
Accountants (CMA) Canada**

### **Please tell us something about yourself.**

As President and CEO of CMA Canada I report directly to the National board of directors. I provide strategic leadership, direct and execute all activities of CMA Canada and manage the organization on behalf of the Board. I have worked within the CMA organization for several years initially as a provincial CEO in two provinces before taking on my current position in 2009. I hold an MBA and a Chartered Director Designation and was named a Fellow of the Society of Management Accountants of Canada in 2005. I am very active outside of CMA, and serve on several Boards, advisory committees and task forces. I am married with two grown children and one grandson.

### **In what ways is the Management Accountancy Profession different today from two decades ago?**

The field of management accounting has broadened considerably in response to the increasing complexities of the world we live in<sup>1</sup>. For example, there has been a heightened awareness of the need for more sophisticated management control frameworks, risk management and governance in light of accounting scandals and the collapse of the financial sector. As globally we have become more socially responsible, environmental sustainability and corporate responsibility have become embedded in our organizational planning and reporting structures. The rate of change and increasing uncertainty has prompted the need for more flexible budgeting and scenario planning. Organizational survival necessitates more and better internal performance measures and cost management coupled with more sophisticated performance management systems. In short, the field of management accounting has grown exponentially in the past twenty years and as a discipline will continue to contribute deeply to the health and wealth of organizations.

1. We can look back to the first shift in the management accounting profession with the Johnson and Kaplan's seminal book "Relevance Lost" in 1987. CMA Canada took the book's message to heart, which was that management accounting had become subservient to financial accounting by only providing information to support financial reporting such as the inventory valuation. As a result CMA Canada began to re-invent the profession first through the development of a new certification process that integrated accounting with strategy and general management. In the 1990's we began to expand the scope of our research agenda developing practical guidance for our members on the emerging topics at that time such as Activity Based Costing, Benchmarking, the Balanced Scorecard, and Target Costing.



### **Do you think that investors' interests can be served better by new-age costing-related disclosures in annual reports?**

Investors require information to assist them in understanding the organization's opportunities and risks. Meaningful disclosures in annual reports that provide increased transparency on the operational and financial performance of the organization should be encouraged. Management accountants are leaders in providing both financial and non-financial information including sustainability indicators. In this regard CMA Canada through its involvement in the Accounting Bodies Network (ABN) supports the work of International Integrated Reporting Committee (IIRC).

### **Some time ago the word "Accountant" had become a shady word. What were the reasons? Has image of Accountant improved?**

I do not support the notion that "Accountant" had become shady word. While it is true the accounting profession was broadly tarnished by various accounting scandals, like any profession there will always be members who do not conduct themselves in accordance with the stringent requirements of their code of ethics. And, as a profession we learn from those experiences and we work within the regulatory environment and through oversight structures to adopt new rules such as

those for independence and increased transparency. The mandate of the accounting profession remains clear and that is to protect the public through rigorous entry standards, on going professional development and a formal discipline regime. Throughout the last decade, in spite of the failures of some, accountants have continued to play a prominent role in the success of organizations throughout the world.

**In today's world, the profession of conventional accounting and auditing has taken a back seat and accountants increasingly contribute towards the management of scarce resources like funds, land and apply strategic decisions. This has opened up further scope and tremendous opportunities for management accountants? Do you endorse this viewpoint?**

For the past three decades CMA Canada has been a leader in ensuring that the voice of management accounting is heard and recognized as a key contributor to the diverse profession of accounting. At the same time conventional accounting, auditing and financial reporting remain vitally important. Financial reporting and auditing however can be categorized as more externally focused compared to management accounting which might be viewed as more internally and future focused. The internal focus is also changing and we see certain performance metrics becoming increasingly prevalent in annual reports and other regulatory disclosures. The field of management accounting has broadened considerably in response to the increased complexities of our environment. Certainly there are tremendous growth opportunities for management accountants to add value to their organizations and to society as a whole whether it is in the management of scarce resources or in the development of expansion strategies.

**Globalization, free market economy and new technological advances are influencing the accounting profession immensely? What should be the role of Management Accounting Professional Institutes in this scenario?**

In 2010, CMA Canada developed an emerging issue paper "2020 Vision: Forecasting the Future Role of the Management Accountant", which identified the many ways in which management accountants must continually adapt in a volatile and global marketplace. The organizations that certify management accountants have a critical role to play in

supporting their members from entry into the profession and throughout their careers as they navigate through such an uncertain landscape. This entails identifying and training on the right set of competencies and offering relevant products and services to members. Most importantly the organizations must fulfill their overarching mandate to protect the public interest by adopting rigorous standards for membership and disciplinary regimes where standards are not adhered to.

**The role of management accountants in business has changed and grown in recent years. What are the potential areas where you think the management accountants should step in to utilize their professional skills and competencies?**

In Canada, management accounting has broad appeal in its diversity while remaining solidly grounded in the CMA three pillars of strategy, management and accounting. Management accountants should always step in with their professional skills and competencies in areas such as setting the strategies that will lead to organizational success, addressing uncertainties through scenario planning, implementing risk management and governance structures, employing evidence-based management techniques that lead to effective decision making and creating performance management systems that support optimal business strategies.

**What steps CMA Canada has taken to promote the profession in your Country and globally?**

CMA Canada is a strong advocate for advancing the field of management accounting and this is supported by the ongoing work of its Research Foundation. CMA Canada also has a sponsorship program for doctoral candidates in management accounting and accredits leading university programs that meet certain criteria including coverage of the entry requirements to the CMA Program. In addition, CMA Canada is an active supporter of the Canadian Academic Accounting Association and sponsors excellence in the public sector through its annual Comptrollership Awards. Globally, CMA Canada maintains mutual recognition with management accounting bodies in the UK and Australia and is a member of the International Federation of Accountants (IFAC) and actively contributes to promoting the mandate of IFAC through staff participation in various committees, most notably the Professional Accountants in Business (PAIB) Committee.



**So where to for a Management from here?**

As mentioned earlier, CMA Canada developed and produced a publication entitled "2020 Vision: Forecasting the Future Role of the Management Accountant", which considers the profession out to the year 2020. In this paper we outline three drivers of change impacting the profession including: (i) economic, environmental and geographical volatility; (ii) technological advancements and breakthroughs; and (iii) demographic shifts. These drivers result in three organizational challenges with a need to: (i) more frequent and effective identification and response to threats, challenges and opportunities in an innovative and agile manner; (ii) harvest actionable information from a growing deluge of data, and delivering this information to decision makers; and (iii) improve the valuation, management and deployment of intangible assets. The three implications for the management accounting profession due to the challenges faced by organizations are a: (i) growing leadership role in ongoing enterprise risk management efforts; (ii) central role in developing more forward-looking, accurate and innovative financial and performance management capabilities; and (iii) growing role in bringing greater management accounting rigor to the management of human relations and structural capital.

Management accountants should continue to test the boundaries of their knowledge, embrace organizational and societal challenges and adapt accordingly.

**Do you see a need for a representative body of Management Accountancy Institutions of the world?**

There may be a need for a representative body as a global approach to issues in the context of our global environment is always preferred. The opportunity to learn together and to have a stronger united voice in dealing with the complexities of the day and in the future is compelling. In some regards, this is what the IFAC PAIB committee sets out to accomplish.

**Keeping in view the role CMA Canada played in inception of ICMA Pakistan, what role you expect both the Institute's to play in future for the benefit of their members and students?**

CMA Canada and ICMA Pakistan should continue to collaborate in advancing management accounting globally.

**How your Institute is coping with the challenge of other professional qualifications in Canada?**

The CMA designation remains a very strong brand on its own in Canada. However the three accounting bodies in Canada, which together represent over 170,000 professional

accountants agreed that a merged profession would meet several important objectives: to best serve the public interest; to enhance the value of our collective members designation; to contribute to the sustainability and prosperity of the Canadian accounting profession; and govern the profession in the most efficient and effective manner. In January 2012 CMA Canada, together with the CICA and CGA Canada laid out the case for change in the 'Unification Framework'. While CGA Canada has since decided not to continue with the discussions on merging the profession, CMA Canada and CICA are continuing the dialogue.

The underlying premise of unifying the profession in Canada would be to create a world-class designation, CPA (Chartered Professional Accountant), that would be recognized as the pre-eminent, internationally recognized Canadian accounting designation and business credential. The designation would support both management accounting and financial accounting and reporting.

CMA Canada continues to believe strongly that unification will benefit Canadians, businesses, capital markets and accounting professionals. Uniting the Canadian accounting organizations through the creation of the Canadian CPA will best protect the public by creating a common set of high ethical and practice standards and strengthen the profession's influence and value both at home and internationally.

**Anything you would like to share with our readers.**

The unification of the accounting profession in Canada could lead to similar ground breaking in other areas of the world. We encourage your readers to monitor our progress in this very significant undertaking. While there have been several attempts historically to unify the accounting profession in Canada, we have never come closer to where we are today. There is much to be gained by combining resources to create an organization that can promote all accounting disciplines equally. The new CPA education program maintains a strong focus in management accounting. Stay tuned.

**What message you would like to give to the accounting community in Pakistan?**

Domestically and globally, as professional accountants in business, we all have the individual and collective responsibility to uphold the highest standards of the profession and to share our knowledge where ever it is needed ■

*The interview ended with a vote of thanks to Ms. Joy Thomas, President and CEO; Certified Management Accountants (CMA) Canada, a distinguished professional who spared her valuable time and gave her candid views. – Editor*