

Increasing the Relevance of Undergraduate Accounting Education

BY KREAG DANVERS, CMA, CFM, CPA

➤ Educators struggle to make accounting interesting and relevant to undergraduate accounting students. Having worked in manufacturing, service, professional services, and university settings, I understand firsthand the required skill sets for students entering the real world. In my current role as an accounting educator, I recognize that it's difficult for students to connect

textbook theory to business practice. While teaching undergraduate managerial and cost accounting courses over the past several years, I have identified the following five ways to increase the relevance of and stimulate student interest in accounting.

1 When I joined the faculty of Clarion University of Pennsylvania in August 2005, I was excited to learn that the Department of Accountancy had established a partnership with the local chapter (Northwest Keystone Chapter) of the Institute of Management Accountants (IMA®) to arrange periodic plant tours at businesses located in the vicinity of the university. I readily began to encourage students in introductory managerial accounting and upper-division cost accounting courses to participate in these tours.

Last fall we visited two privately held companies. The first was Matric Limited (Seneca, Pa.), a high-technology company that manufactures wireless control and other electronic products for a wide range of industrial applications. Matric operates from a state-of-the-art, largely automated manufacturing facility with an integrated enterprise resource planning (ERP) system. Our second tour took us to eden, Inc. (Knox, Pa.), a light manufacturer and distributor of doors, windows, moldings, and other construction products, primarily to modular housing manufacturers. The distribution focus at eden contrasted nicely with Matric's manufacturing and design operations and provided different insights to IMA members and students taking the tours.

The plant visits were conducted by the facility's controller, or another manager, who initially provided an overview of the company's history, products, etc. Our tour guide walked us through the plant, where we observed the production layout, major processes, inventory, and other parts of the operation. We also discussed these organizations' accounting and information systems along with their significant business challenges. Students took notes and submitted short write-ups that integrated classroom theory with business practice gleaned from the tours.

I recommend that an accounting instructor—most likely an IMA member—also take the tour to ask questions that help students link classroom theory to the business environment (students don't always know what to ask or are reluctant to speak up). I also suggest restricting tours occurring in the earlier part of the semester to upper-division students, since they begin with a greater accounting knowledge base, and deferring participation by introductory-level students until later in the semester. As indicated by student feedback, the tours appear to achieve desired objectives.

② Management accountants add value by helping managers model business problems for managerial decisions. Indeed, IMA members believe that some of the most important skills in business include strategic planning, financial and economic analysis, and computer skills (see the reference to the work by Gary Siegel and James Sorensen in the “further reading” section). Students can develop more relevant business skills by understanding how financial models support decision making within a realistic business scenario. To accomplish this, I require upper-division cost accounting students to complete an Excel-based Financial Planning and Decision Analysis Case, which is a second approach to increasing relevance. The team-oriented case develops students’ Excel, critical thinking, and general business skills while illustrating how financial planning models and sensitivity analyses can be used to support strategic-level decision making within a high-growth business environment.

First, I provide a financial model template for students to complete. Within this Excel template, students must link all elements together through references and formulas such that information will automatically flow across all schedules and projected financial statements (i.e., the projected financial statements articulate). In the second part of the case, I incorporate extensions that focus on decision making and analy-

sis, including cost-volume-profit, sensitivity, goal seeking, operating income and cash flow analyses, benchmarking, and other planning issues. This case could be modularized (i.e., by using only particular sections of the case) to achieve instructor-specific objectives. Variations of the case have been used successfully at the undergraduate and MBA levels in several public universities, but the case might also be integrated into professional executive education programs.

This project supports recommendations from the accounting profession for increasing relevancy through emphasizing dynamic cash flow analysis and integrating strategic issues (see the reference to Germain Böer). In addition, short-range planning, cost behavior, cost-volume-profit analysis, and building financial models for decision making are highly ranked skills for entry-level competence (see the reference to Zafar Khan, et al.). According to Keith Russell and Steven Berlin, prior studies also suggest that important knowledge, skills, and abilities (KSAs) include budgeting, computerized worksheets, understanding the relationship between financial statements, and financial and economic analysis.

Finally, Steve Albrecht and Robert Sack’s practitioner survey ranks financial analysis and planning first and second, respectively, as future services that will be demanded most of accounting graduates. Improving

skills across these areas, increasing relevance, and stimulating student interest in accounting are key objectives of the instructional Excel case. As with the plant tours, feedback indicates that students perceive the case to be interesting and beneficial. Indeed, over the past few years, several students have mentioned that financial managers say this case realistically reflects planning and decision models used within their organizations.

③ Spreadsheet skills are necessary for today’s accounting graduates, but they aren’t sufficient from a technology perspective. Practitioners increasingly expect students to have had more exposure to a range of accounting and database software packages, such as SAP, Sage, Microsoft, and Oracle. Accounting students will have a head start when they become practitioners if educators make efforts to train them on such software packages. At present, our department is planning to offer an elective course in comparative accounting systems for upper-division accounting and MBA students in the next academic year.

This proposed course will provide conceptual and practical exposure to a range of accounting software packages and consider functionality, selected features, controls, etc. More specifically, we plan to assess basic low-end software (e.g., Quickbooks, Peachtree, and/or Microsoft Small Business); mid-range software (e.g., Microsoft Great Plains); and high-end software (e.g., SAP). Naturally, time constraints of a one-semester course limit the depth of skills that students will be able to acquire, but some basic familiarity with this range of accounting software should be very useful to future practitioners. In addition, we anticipate collaborating with the controller’s office at

We welcome submissions for the Academic Corner. Articles should be approximately 1,000 words in length and should be submitted to Kathy Williams, *Strategic Finance* editor-in-chief, at kwilliams@imanet.org. Articles must be received before February 1 and August 1 of each year to be considered for publication in the subsequent six issues of *Strategic Finance*.

Clarion University to facilitate an examination of high-end ERP (SAP) software, which is used throughout our university. For a recent article about selected features and product improvements to popular low-end accounting software packages, see the reference to J. Carlton Collins in the further reading section.

④ A fourth approach that I use to increase the relevancy of accounting education is to require students to identify managerial accounting-related articles from *The Wall Street Journal* and other publications and compile a folder, or scrapbook, of these articles. Students then need to organize and synthesize their articles across each conceptual area, or theme, that they study during the semester and write a succinct summary about each theme. This type of project increases relevancy of coursework by requiring students to link theory to current business events. In addition, students further develop their writing skills, which is critical for any accounting professional. I also encourage students to discuss their articles in class during the semester.

⑤ Finally, get certified! Even though I had been a CPA (Certified Public Accountant) for many years before entering academe, I had not obtained the CMA® (Certified Management Accountant) or CFM® (Certified Financial Manager) credentials. But after teaching managerial and cost accounting for several years and advocating these IMA certifications to students, I began to feel disingenuous suggesting that they do something that I hadn't done. So, two years ago I decided to earn both certifications, which I did. This effort has dramatically increased the visibility of CMA and CFM certifications to my students and increased the relevance and credibility that I bring into the

classroom. Earning my CMA and CFM has positively impacted students' perceptions that I am a certified management accounting professional as well as an academician. ■

Kreag Danvers, CMA, CFM, CPA, Ph.D., is professor in the Department of Accountancy at Clarion University in Clarion, Pa. He has primary teaching interests in managerial and financial accounting with a secondary interest in accounting systems. His research has focused on issues pertaining to not-for-profit healthcare entities, credit ratings, and accounting education. You can reach Kreag at (814) 393-2617 or kdanvers@clarion.edu.

For further reading

- W. Steve Albrecht and Robert J. Sack, *Accounting Education: Charting the Course Through a Perilous Future*, Accounting Education Series, 2000.
- Germain B. Böer, "Management Accounting Education: Yesterday, Today, and Tomorrow," *Issues in Accounting Education*, 2000.
- J. Carlton Collins, "Small Business Software Grows Up," *Journal of Accountancy*, March 2006.
- Zafar U. Khan, S. Thomas Cianciolo, and Eileen Peacock, "A Plan for Reengineering Management Accounting Education—Based on the IMA's Practice Analysis," *Management Accounting Quarterly*, Winter 2000.
- Keith A. Russell and Steven Berlin, "A Position Statement for the New Millennium," *Management Accounting Quarterly*, Fall 1999.
- Gary Siegel and James E. Sorensen, *Counting More, Counting Less: Transformations in the Management Accounting Profession, The 1999 Practice Analysis of Management Accounting*, the Institute of Management Accountants, 1999.