

# IMA's Managerial Costing Initiative

*IMA Managerial Costing Conceptual Framework  
Task Force*



The Association of  
Accountants and  
Financial Professionals  
in Business



# Purpose of the IMA Task Force

To introduce a framework  
that defines, at a conceptual level,  
the creation and use  
of cost and related decision-making  
information...

# Purpose of the IMA Task Force

*Unified principles*

*Standards*

# The Task Force

- Captain Larry White, RCA Institute
- Doug Clinton, Northern Illinois Univ.
- Gary Cokins, SAS Institute
- Jim Huntzinger, Lean Accounting Summit
- Ken Templin, Caterpillar (retired)
- Chuck Thomas, Southwest Airlines
- Anton van der Merwe, Alta Via Consulting

*The rules of accounting,  
even more than those of law,  
are the product of experience  
rather than logic.*



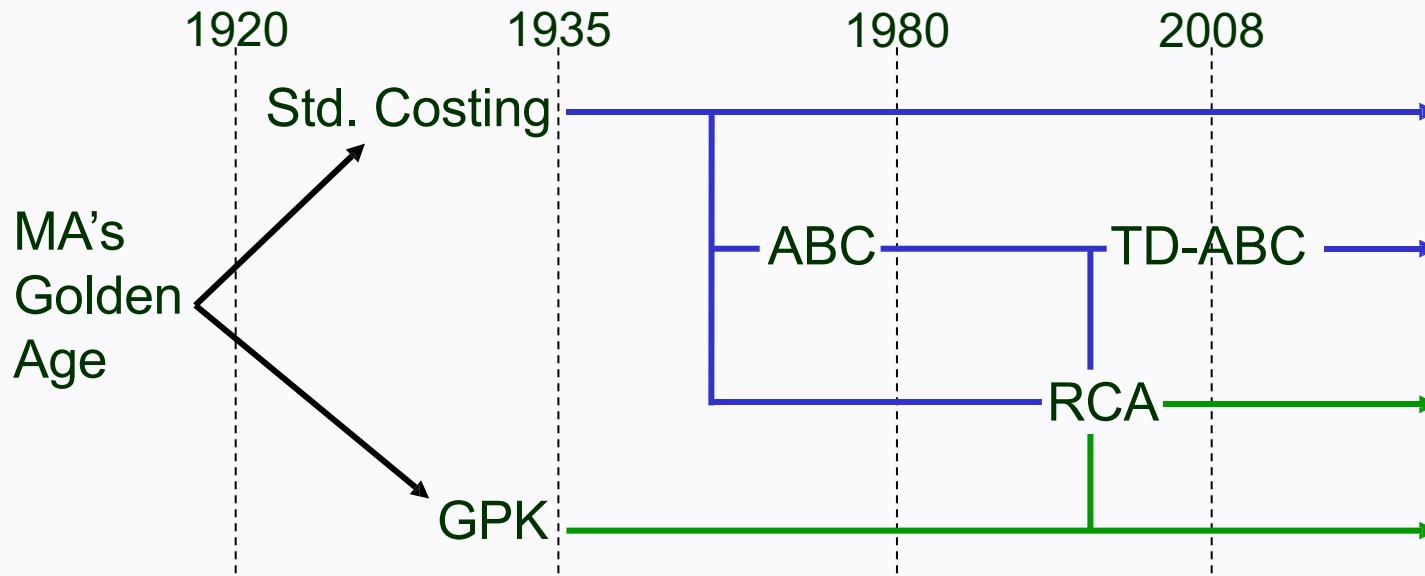
## *Managerial Costing:*

The monetary reflection  
of the utilization of business resources

*Also, related cause-and-effect insights*

# Methods

## Roots in Accounting Profession



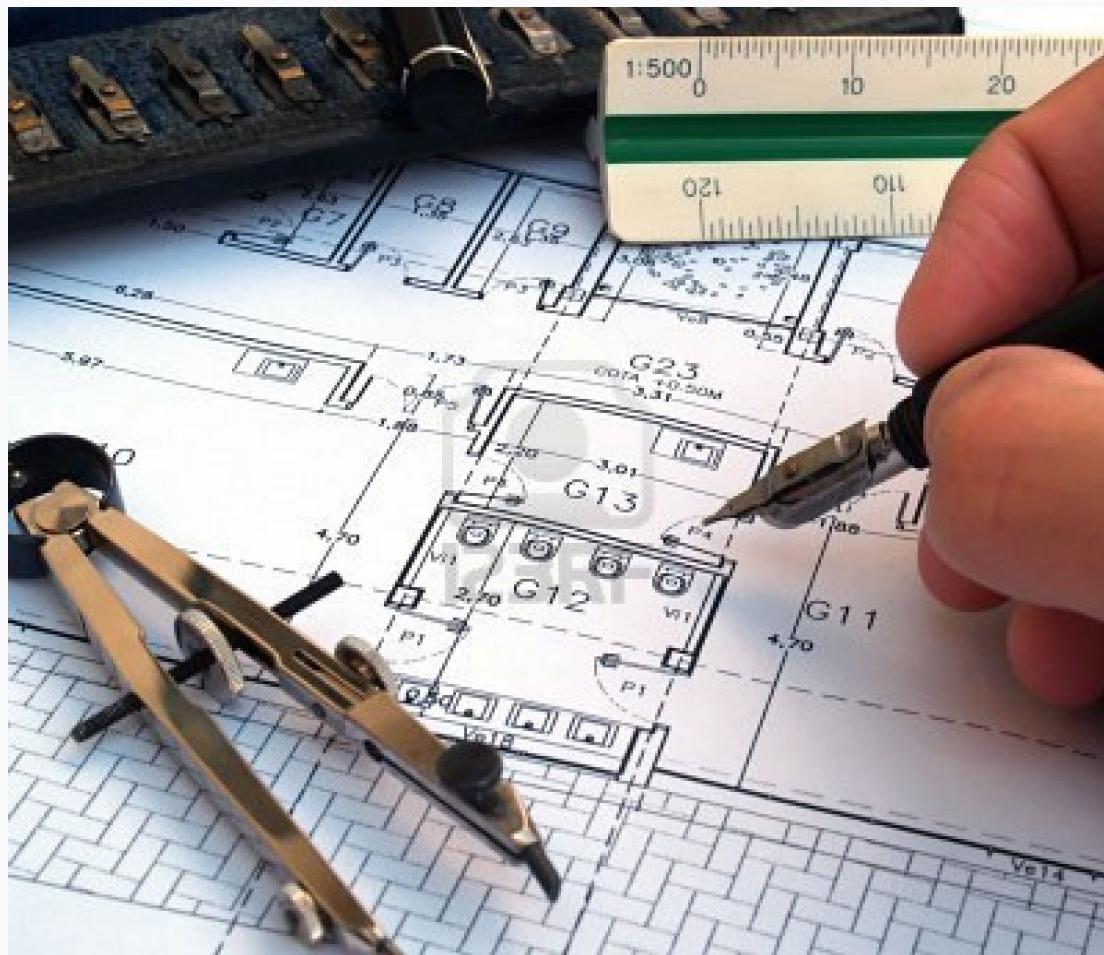
## Roots in Other Disciplines



- Production Method Centric
- Accounting Method Centric
- Principle-based

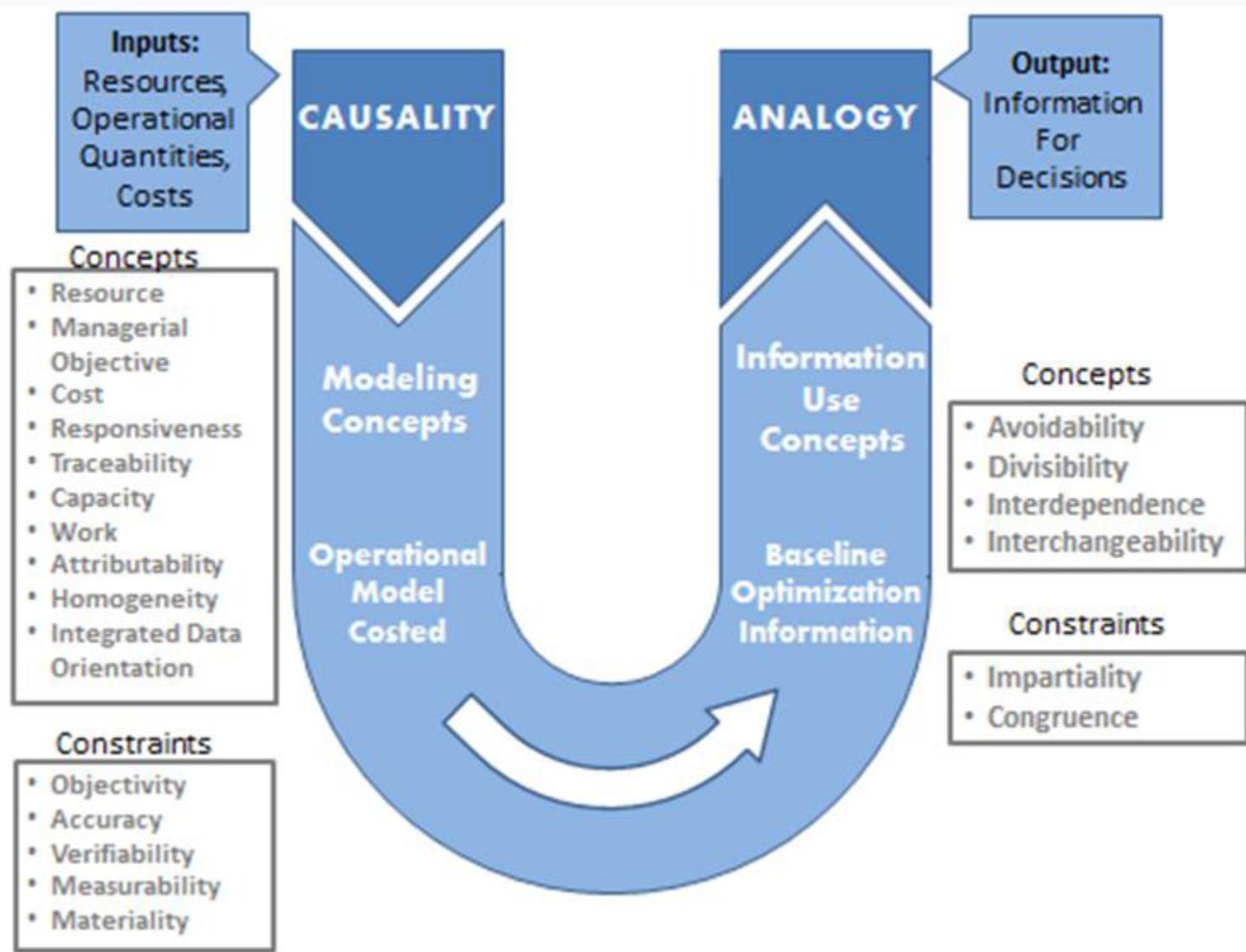
# Moving Beyond Methods

- **Objective**
- **Scope**
- **Qualitative Characteristics**
  - **Principles**
  - **Concepts**
  - **Constraints**
- Framework in Operation
- Call to Action
- Appendix: Truth in Managerial Costing



# Approach

- Draw from among all concepts
- Adopt two key principles around which to consider the concepts
- Adopt some essential constraints
- Use principles of causality and analogy along with constraints to filter possible concepts, adopting a small, supportable set of concepts



# What's in it for us?

- Unfinished Business
- Lemons

# The Market for Lemons



(the bad driving the good out of the marketplace)

- The objective of managerial costing is to:
  - Provide a monetary reflection of the utilization of business resources *and*
  - Provide cause and effect insights into past, present, or future enterprise economic activities.
- Managerial costing aids managers:
  - In their analysis and decision making *and*
  - Supports optimizing the achievement of an enterprise's strategic objectives.

# Principles

- **Causality**
  - *The relation between a managerial objective's quantitative output and the input quantities that must be, or must have been, consumed if the output is to be achieved.*
- **Analogy:**
  - *The use of causal insights to infer past or future outcomes.*

# Questions?

Thank you