Preface

Accounting journals abound in a variety of three-letter acronyms, each describing the very latest innovative tool or technique which purports to be the solution to all our ills. The content and presentation of these terms often seem to be designed to intimidate the unwary user, both by their apparent complexity and by the suggestion that our current ways are outdated and must be mended. The proponents of such views suggest, often with vested interests, that the new developments are both original and must completely supplant our traditional ways of doing things. The adoption of such ideas is potentially disastrous, since most of the techniques are not suitable to all commercial circumstances. Far from being 'original', some of the developments are merely repackaged and remarketed versions of accepted concepts. They represent a revised approach or the integration of existing methods already in use in accounting, or stolen from other disciplines.

The examples of activity-based costing (ABC), the balanced scorecard and business process re-engineering (BPR) most readily spring to mind. Numerous examples of failed implementations of such schemes are to be found in the practitioner literature, often when the powers of persuasion of the consultant have overcome the evidence available from the information base. We are concerned here with the strategic advantage that might accrue to our businesses from the adoption of the latest management accounting tools and from the non-adoption of the latest fads.

By burrowing beneath the surface of the accounting jargon, this book identifies the underlying themes and integrates common messages. By seeing what is new and what is useful, we can achieve a fresh awareness of the way in which we currently operate and observe how innovations can complement existing methods by improving on current practice. Measurement practices, current and possible, pervade all of these issues, and we are closely concerned with improvements in performance measurement and all its implications. We accept that we cannot manage what we cannot measure, but also that managers and supervisors may only respond to what is being measured and reported. The onus is therefore on us to get the measurement framework right so that dysfunctional activity is discouraged.

This book analyses developments with respect to five key themes:

1 strategic goals:
   (a) strategic management accounting,
   (b) strength, weaknesses, opportunities and threats (SWOT) analysis,
   (c) resource-based view of the firm;

2 customer focus:
   (a) total quality management (TQM),
   (b) target costing,
   (c) customer profitability analysis;

3 employee creativity:
   (a) total employee involvement (TEI),
   (b) lateral thinking,
   (c) employee empowerment;

4 processes:
   (a) activity-based costing,
   (b) activity-based management (ABM),
   (c) value-added management (VAM),
   (d) just-in-time scheduling (JIT),
   (e) theory of constraints (TOC),
   (f) business process re-engineering,
   (g) supply-chain management;

5 information:
   (a) non-financial indicators (NFI),
   (b) balanced scorecard,
   (c) performance measurement,
   (d) risk measurement;
   (e) predictive modelling.

By increasing our awareness of new developments, we are forced to question the appropriateness of existing systems and measures, and to consider the relevance of management initiatives for doing things better. Throughout the text we recognize that we are working in a dynamic process; just as globalization has changed the nature of business, so too what was once acceptable in accounting research may no longer be so because of a more appropriate emphasis on research ethics. Many journals remain very conservative in the type of research they will publish, often on the grounds that it is difficult to demonstrate that 'new' methods constitute 'good' research in the same way as is possible with traditional methods. But thankfully this situation is changing gradually, and the wider opportunities for publishing case-based research in recent years provide evidence of this. Similarly, the timeliness and relevance of much of the content of the refereed literature does little more than suggest that it is written by academics for academics!

If dynamism has not impacted on all refereed journals, the same cannot be said of the professional journals: there were once two such journals called *Management Accounting*, but now there are none, the US version becoming *Strategic Finance* and the UK one *Financial Management*. These changes both reflect the need suggested, among others, by Otley (2001) for there to be more 'management' in 'management accounting' – so that a move towards strategic management and recognition of the wider financial implications is much appreciated. This dynamism parallels that between 'accounting system change' and 'performance measurement innovation'. While the incidence of management accounting system change is both low and slow, the same cannot be said of performance measurement frameworks, where initiatives are embraced more readily.

Thus it is appropriate that throughout we are concerned with measurable improvements in performance that address the interests of all stakeholders of the organization, especially where those benefits result from embracing accounting change.

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