

# Certified by Caterpillar

Caterpillar builds accounting excellence through certification.

BY JEFFREY C. THOMSON, CMA, AND JANIE COPELAND, CPA



**Jeffrey C. Thomson, CMA**, is president and CEO of IMA, an association focused exclusively on advancing the management accounting profession. Earlier in his career, Thomson spent more than two decades at AT&T, where he served in various financial, strategic, and operational roles.

**Jananne A. (Janie) Copeland, CPA**, is corporate controller and chief accounting officer of Caterpillar. Prior to her appointment as an officer, Copeland was corporate financial reporting manager and was instrumental in Caterpillar's adoption of Sarbanes-Oxley requirements and increased reporting transparency. She has been employed by Caterpillar since 1987.

Caterpillar Inc., a leading manufacturer of construction and mining equipment, knows infrastructure: Caterpillar machinery and engines can be found all over the world. Just as Caterpillar equipment is used to make progress possible, the company also understands the importance of developing a diverse and well-trained accounting staff.

With the uncertainty of the global economy, the company's success increasingly depends on a workforce that's constantly learning, growing, and striving for excellence. This philosophy has helped Caterpillar navigate one of the most challenging economic downturns in history and still deliver shareholder value. One way Caterpillar has raised the capabilities of its accounting staff is by leveraging the value of certification programs throughout the accounting function.

## THE ACCOUNTING "SKILLS GAP"

For more than a quarter century, talent management in accounting has been a key challenge for CFOs and controllers around the world. The American Accounting Association's (AAA) Bedford Report, published 25 years ago, identified a "skills gap" between what colleges and universities teach undergraduate accounting students versus the changing skill set needed on the job. Studies continue to suggest that little has changed, and, in fact, the skills gap has widened as accountants are challenged to perform increasingly strategic roles. A recent survey released by ManpowerGroup cited "Accounting and Finance Staff" among its list of the top 10 hardest jobs to fill in the United States in 2011. Changing accounting regulations, increasing globalization of business, and advancements in technology all have contributed to the growing gap.

Now, more than ever, we must pay attention to the strong disconnect of up-and-coming

professionals as the demand for accounting talent is growing, as well. The U.S. Bureau of Labor Statistics predicts that the number of accounting and auditing jobs in the U.S. will grow at a faster-than-average pace for the decade (2008 to 2018) with the creation of nearly 280,000 new accounting jobs. The increasingly competitive market for qualified accountants has challenged companies to find ways to retain their top talent.

## T&D THROUGH CERTIFICATION

Along with its dealer network, Caterpillar has more than 500 facilities on six continents. As such, Caterpillar's accounting workforce is truly diverse. To continue its performance as a world-class company, Caterpillar sought to define a set of core competencies for accounting staff around the world and develop high-potential employees for long-term careers as strategic business partners.

In 2006, Caterpillar set an objective to build the competencies of its accounting staff by leveraging certification programs. The company believed that credentialed expertise—through certifications such as the CMA (Certified Management Accountant), the U.S. CPA license, and other locally recognized accounting certifications around the world—would provide a means to achieve its goals.

For accountants working in business,

## QUICK TIPS

- 1. Employee Goals:** Identify high-potential employees and include a relevant certification program as a part of their development plan. Lay out an actionable time line that accounts for the employee's regular job responsibilities, as well as exam preparation.
- 2. Support Resources:** Offer on-site exam preparation classes, study groups, mentoring, and study materials at no charge to employees.
- 3. Recognition and Rewards:** Offer recognition or a reward for a job well done. Congratulatory words from a supervisor or the opportunity for a promotion show the importance of certification.
- 4. Tone at the Top:** Encourage supervisors to obtain the same certification as their direct reports and junior-level staff. This demonstrates that certification is a respected professional and personal achievement.



Caterpillar identified IMA's (Institute of Management Accountants) CMA program as a relevant certification for its accounting staff. The CMA covers financial planning, analysis, control, and decision support—all critical skills needed to evolve accountants from transactional roles to strategic business advisors. As a global certification, the CMA assures Caterpillar that CMA-certified professionals around the world share the same mastery of skills.

Since many reputable certification programs, including the CMA, offer a defined curriculum, recommended study programs, and exams that assess knowledge and continuing education requirements, they can serve as turnkey systems for training and development. Widely recognized certifications are not only beneficial

to organizations but are attractive for professionals since they can use the designation regardless of where their careers take them.

### SUPPORTING THE INITIATIVE

Caterpillar launched its accounting certification initiative through local kick-off meetings with senior executives to educate and encourage accounting staff members to pursue certification and professional excellence. Mid-level managers and up were strongly encouraged to earn an accounting certification. Through Caterpillar's commitment, certification became part of accounting training and development goals and was leveraged as a means to identify, develop, and retain high-potential employees.

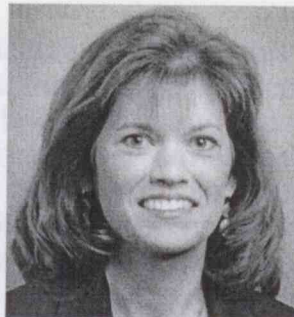
To support employees in their quest for accounting certification, the company began offering on-site exam preparation and related study materials for select certification programs and covered the fees for exam preparation and testing. Managers allowed flexible arrangements to help certification candidates balance work, life, and exam preparation.

As with any new company-wide initiative, it can be a challenge to get buy-in from employees and supervisors. Senior-level staff members, many with career maturity, also were encouraged to earn a certification and serve as role models to their direct reports and junior-level staff. Certification was never positioned as an ultimatum, but rather, over time, it was built into the company's culture of being a world-class organization.

As more and more accounting employees got on board with certification, Caterpillar made it a point to show recognition—through congratulatory words at staff meetings, a plaque to commemorate their accomplishment, and a congratulatory letter, signed personally by Chief Accounting Officer Janie Copeland. The company made visible the importance of certification and sent the message that Caterpillar cares about employee development. When employees saw their peers earning certifications and becoming positioned for upward mobility, they, too, wanted to become certified and share in the pride of accomplishment.

### CMA PROFILE: Julie A. Lagacy, Caterpillar Mining CFO

**Julie A. Lagacy** has spent her entire professional career at Caterpillar Inc. During her 23-year tenure, Lagacy has served in numerous professional roles, including pricing analyst, commercial manager, and Human Resources manager. She is currently the CFO of the company's Mining division.



In 2011 she became a CMA, and, in fact, earned the ICMA (Institute of Certified Management Accountants) Gold Medal for the highest exam score in her testing period.

Lagacy's decision to pursue the CMA at this point in her career made sense on several fronts. "I didn't really follow a traditional accounting path; I majored in management and economics in college, and although I eventually got my M.S. in business administration, it's only been in the last five years that I've worked exclusively in accounting and finance," she notes. "As a manager, I've encouraged many members of my staff to pursue their CMA or CPA certification. I decided it was time to lead by example and become a CMA myself."

Equipped with review materials and set on passing the CMA exam as a personal and professional goal, Lagacy followed a strenuous study schedule and set her testing dates six weeks out. "Having those dates helped me to stay on track and gave me specific goals to shoot for," she says.

Now that she's become CMA-certified, Lagacy has found that the skills tested on the exam have "tremendous relevance to the work I do as a CFO, particularly in the areas of planning, analysis, costing, internal controls, and corporate finance. Preparing for the exam gave me a crash course in all the important concepts I use in my daily work."

