



For more information, contact: Tessa Lavender-Beck, 201-474-1513, [tlavenderbeck@imanet.org](mailto:tlavenderbeck@imanet.org)  
Allison Lunsford, 703-245-8087, [alunsford@cmgresults.com](mailto:alunsford@cmgresults.com)

## NEWS FOR IMMEDIATE RELEASE

### IMA Study Finds German Cost Accounting Can Help Improve Financial Performance

*IMA-funded research explores benefits of GPK and concludes methods make sense for U.S. firms*

**Montvale, N.J., April 12, 2005** – The Institute of Management Accountants (IMA) today announced the results of a research study funded by its Foundation for Applied Research (FAR) that was designed to examine the benefits of German cost accounting (Grenzplankostenrechnung or “GPK”) and determine how U.S. companies might use it effectively. The study found that GPK can help U.S. organizations in making decisions and controlling costs and that it could be a cure for what ails cost management at U.S. companies, where there is strong dissatisfaction with cost allocation methodologies and decision-support capabilities.

Based on the success of GPK-type costing systems in German-speaking countries and the general dissatisfaction with cost systems in the United States, the study recommends that U.S. companies consider using GPK. It stipulates, however, that U.S. firms must first place a higher emphasis on management accounting and the need to build quality from within. The study also states that long-term financial performance will likely be improved by GPK’s proven capabilities in make-vs.-buy analysis, capacity decisions, cost control, transparency for cost information, and sales and production planning.

IMA has focused significant attention on GPK following the release of the 2003 Survey of Management Accounting (co-sponsored by IMA and Ernst & Young), which reported that U.S. CFOs continue to be dissatisfied with their cost accounting efforts even though these efforts meet the needs of regulatory reporting. Committed to offering actionable models and practices to management accountants worldwide, IMA felt further exploration of GPK was essential.

Kip R. Krumwiede, assistant professor of accounting at Boise State University in Boise, Idaho, conducted the study in June 2004. Krumwiede’s complete findings have been published in the April issue of *Strategic Finance*. IMA is currently conducting an additional objective, research-based study on the use of GPK and Activity-Based Costing (ABC) that identifies the differences between the two methodologies and the perceived benefits of each. The results from this study, *Implementation of ABC and GPK in German-Speaking Countries: A Comparative Analysis*, are expected to be published in June 2005.

“IMA is committed to delivering relevant, actionable, and leading-edge research that will allow management accounting and finance professionals to be more effective in their careers,” said Paul Sharman, IMA’s president and CEO. “Our new IMA research team, working in conjunction with FAR, is committed to continually releasing intelligent research that brings value to our members and the profession. For example, in the coming months we will be releasing case studies, publications, and learning materials enabling practitioners in industry to implement new costing methodologies.”

IMA’s research efforts focus on developing best practices and tools for the decision-support, planning, and control functions of the management accounting and finance profession. Additional planned research includes projects on technologies and processes to improve information flow, business reporting, and decision making for internal and external needs (e.g., Sarbanes-Oxley). This research will enable management accountants and finance professionals to be more effective and successful business partners in a fast-paced, technologically advanced environment.

The full article on the study, *Rewards and Realities of German Cost Accounting*, is available online at [www.imanet.org/ima/docs/3000/2993.pdf](http://www.imanet.org/ima/docs/3000/2993.pdf).

**About the Institute of Management Accountants (IMA)**

With a worldwide network of 70,000 professionals, IMA is the world's leading organization dedicated to empowering managerial finance and accounting professionals to participate within their organizations to create economic value. Through certification, continuing education, thought leadership, networking, and advocacy of the highest ethical and professional practices, IMA equips financial management and management accounting professionals to create value and build quality financial practices into their organizations, helping to ultimately rebalance the accountancy profession. For more information about IMA, visit [www.imanet.org](http://www.imanet.org).

**About the IMA Foundation for Applied Research (FAR)**

The IMA Foundation for Applied Research (FAR) is dedicated to developing and disseminating timely management accounting and financial management research findings that can be applied to current and emerging business issues. FAR was formed in 1994 to ensure sufficient resources, both human and financial, to sustain and augment IMA's role as a valued center of research on the most important practice issues of the day while also identifying financial management trends to meet the challenges of the next millennium. Through excellence in research, IMA provides business decision makers with information of strategic importance. To date, more than 250 studies have been produced by more than 500 researchers.

###