

Information needs of managers and other users essay

[Business](#), [Accounting](#)



Information Needs of Managers and Other Users
Managerial accounting information is needed by a number of individuals. In particular, managers and empowered workers need comprehensive, up-to-date information for:(1) Planning,(2) Controlling, and;(3) Decision making.

Planning requires setting objectives and identifying methods to achieve those objectives. For example, a firm may set the objective of increasing its short-term and long-term profitability by improving the overall quality of its products. DaimlerChrysler drastically improved the quality and profitability of its Chrysler automobile division during the beginning of the 21st century to the point where its quality surpassed that of Mercedes-Benz (also owned by DaimlerChrysler). By improving product quality, firms like DaimlerChrysler should be able to reduce scrap and rework, decrease the number of customer complaints and warranty work, reduce the resources currently assigned to inspection, and so on, thus increasing profitability. To realize these benefits, management must develop some specific methods that, when implemented, will lead to the achievement of the desired objective. A plant manager, for example, may start a supplier evaluation program to identify and select suppliers who are willing and able to supply defect-free parts. Empowered workers may be able to identify production causes of defects and create new methods for producing a product that will reduce scrap and rework and the need for inspection. The new methods should be clearly specified and detailed.

Planning is only half the battle. Once a plan is created, it must be implemented and monitored by managers and workers to ensure that the

plan is being carried out as intended. The managerial activity of monitoring a plan's implementation and taking corrective action as needed is referred to as controlling. Control is usually achieved by comparing actual performance with expected performance. This information can be used to evaluate or correct the steps being taken to implement a plan. Based on the feedback, a manager (or worker) may decide to let the plan continue as is, take corrective action of some type to put the actions back in harmony with the original plan, or do some midstream re-planning. The process of choosing among competing alternatives is decision making.

Decision making is intertwined with planning and control in that a manager cannot successfully plan or control the organization's actions without making decisions regarding competing alternatives. For instance, BMW plans to offer a car that runs on gasoline and hydrogen. Decisions can be improved if information about the alternatives (e.

g., pertaining to gasoline vs. hydrogen vs. hybrid combinations of these two automobile fuel options) is gathered and made available to managers. One of the major roles of the managerial accounting information system is to supply information that facilitates decision making.