



# Strategic business accounting

18

## Chapter preview

Much of what has been written so far in this text has recognised that managers (should) devote most of their energies to the planning and allocation of resources, and to motivating and controlling people in order to utilise the allocated resources to best effect. Senior management also finds itself involved in shaping and developing the strategic direction of the organisation as a whole.

In this final chapter we consider the importance of accounting in helping with the formulation and implementation of corporate strategy. In doing so, we will draw on some issues previously discussed, but re-emphasise their importance to strategy formulation. We will also introduce a few new accounting focused issues and we will set our overall discussion against the ongoing need for management to assess the organisation's strategic capability in a way that seeks always to 'add value'.

There are four main sections to our discussion. First, we quickly summarise what some authors have termed the four generic approaches to strategy. Second, we consider the importance of accounting to helping shape the strategic direction of an organisation. We then discuss how management can assess the strategic direction of an organisation. This section is in many ways an *audit*, in the broadest sense of the term, which should assist managers in reconsidering the value of some of the discussion in earlier chapters. Finally, we review a number of recent developments in management accounting which, taken together are sometimes dignified with the title of 'strategic management accounting'.