

THE ULTIMATE STUDY GUIDE FOR THE CMA PART 1 & PART 2 EXAM

*The Race to Achieving  
Your CMA Credential  
Starts Here!*

*Ready....Get Set....GO!*

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# Foreword

*“Many of life’s failures are people who did not realize how close they were to success when they gave up.”*

*-Thomas Edison*

I like this quote by Thomas Edison. I’ve read it countless times when I was preparing to take the CMA exams. Whenever I felt like giving up, this quote encouraged me to continue studying and practicing mock exams. Why give up after all the effort? Why give up when success is within reach?

I want to commend you for your decision to become a Certified Management Accountant. It’s one of the best investments that you will make for your career and success.

The fact that you are reading this, it tells me that you are serious and committed to passing your exams on your first try. The purpose of this study guide is to provide you with a structured studying schedule. Hundreds of CMA candidates fail their exams because of poor preparation, and that derives from a lack of an effective studying schedule and guidance.

As your CMA coach, I’m committed to seeing you pass the exams on your first try. That’s the only reason why this guide was created. If you have any suggestions on how I can improve it for you, please don’t hesitate to write me an email. I’d love to hear from you. I can be reached at [nathan@cmacoach.com](mailto:nathan@cmacoach.com). Thank you and best wishes! Nathan Liao, CMA

## About the Author



I've been in the accounting and finance field for 11+ years. I'm a Certified Management Accountant, Corporate Controller, entrepreneur, and author of CMACoach.com.

When I decided to become a CMA, it seemed like such an impossible goal. With passing rates as low as 35%, I didn't feel very confident that I would pass, much less on my first try.

After developing a study plan and following it diligently, I sat for each exam and passed both on my first try. It took me a total of 6 months to prepare for both exams.

Being a CMA has opened so many doors as a Corporate Controller and entrepreneur. I haven't only acquired advanced skills in accounting and finance, but also in business and strategy.

I'm here to guide you through your exam preparations, and my wish for you is to pass both exams on your first try just like I did. To that end, I have developed this study guide incorporating all the techniques and methods that helped me.

I truly hope that this study guide will serve as your compass and provide you with clear direction and valuable information.

Here's to your successful exam preparation!

Thank you,

*Nathan Liao*



# Preface



Preparing for your CMA exam is like preparing for a race. You will need commitment, discipline, a coach, and a training schedule.

If you are reading this, you are committed not only to taking but to passing the exam, and I applaud you for it.

Let this guide serve as your training guide, and me as your coach. All that is left is discipline. I know that you have it in you.

Let's start training together. Before you know it, you will have won the race and achieved your CMA credential.

Ready....Get Set....GO!



# Exam Prep Overview

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In this chapter, we'll go over what you should expect during your exam preparation and on exam day. From how many hours to study a week, to tips and suggestions on how to make the entire process easier and efficient.

I will also share with you about the exam format, studying tips, and more....

Consider this chapter the warm-up and stretching phase of your training.



The Certified Management Accountant (CMA) credential is the gold standard in management accounting and financial management. It is a credential that is recognized globally and is seen as invaluable to accounting, finance, and business professionals who aspire to broaden their professional skills and advancement opportunities.

The fact that you have this study guide with you, it tells me that you are serious about achieving your CMA designation. I couldn't be happier for you! It's not an easy road, but it's well worth the effort that you'll put into it.

#### **Why CMA?**

The two-part CMA exam is designed to develop and measure your critical thinking and decision making skills. The Institute of Management Accountants (IMA) has developed the CMA program to meet the following objectives:

- 1) To establish management accounting and financial management as recognized professions by identifying the role of the professional, the underlying body of knowledge, and a course of study by which such knowledge is acquired.
- 2) To encourage higher educational standards in the management accounting and financial management fields.
- 3) To encourage continued professional development.
- 4) To establish an objective measure of an individual's knowledge and competence.

#### **Benefits of the CMA**

The benefits that you may realize by having this elite designation are:

- 1) To communicate your broad business competency and strategic financial mastery.
- 2) Obtain professional knowledge and develop skills and abilities that are valued by successful businesses.
- 3) Enhance your career development, salary qualifications, and professional promotion opportunities.
- 4) On average, CMAs earn \$115,763 and hold top management and executive positions. **This can be you!**

### **CMA Exam Content & Format**

There are two exams that are taken separately: Part 1-Financial Planning, Performance, and Control. Part 2-Financial Decision Making. You can take them in any order. I personally took Part 2 first because it is the easier part. When I passed it, it gave me the confidence to tackle Part 1.

Each exam is 4 hours long and includes one hundred multiple-choice questions and two essay questions. The first three hours are allocated to the multiple-choice questions, and the last hour to the two essay questions. After the first three hours, the exam will automatically jump to the essay portion. If you complete the multiple choice questions before the three hours, you can take

the remaining time to the essay portion, which can be very beneficial.

The content on the exam is tested at an advanced level. This means that the passing standard is set for mastery, and that test questions for all major topics will require that you synthesize information, evaluate a situation, and make recommendations. There will also be questions that will test subject comprehension and analysis. In essence, expect advanced level type of questions in most of the exam.

### **How Much Should I Study to Pass the First Time?**

I bet you are asking yourself this question. I can guarantee you that every candidate also is. Fortunately, the IMA has identified various levels of coverage to help us prepare for the exams, and the cognitive skills every candidate should have. These cognitive skills are:

- 1) **Knowledge:** Ability to remember previously learned material such as specific facts, criteria, techniques, principles, and procedures (i.e., identify, define, list).
- 2) **Comprehension:** Ability to grasp and interpret the meaning of material (i.e., classify, explain, distinguish between).



- 3) **Application:** Ability to use learned material in new and concrete situations (i.e., demonstrate, predict, solve, modify, relate).
- 4) **Analysis:** Ability to break down material into its component parts so that its organizational structure can be understood; ability to recognize causal relationships, discriminate between behaviors, and identify elements that are relevant to the validation of a judgment (i.e., differentiate, estimate, order).
- 5) **Synthesis:** Ability to put parts together to form a new whole or proposed set of operations; ability to relate ideas and formulate hypotheses (i.e. combine, formulate, revise).
- 6) **Evaluation:** Ability to judge the value of material for a given purpose on the basis of consistency, logical accuracy, and comparison to standards; ability to appraise judgments involved in the selection of a course of action (i.e., criticize, justify, conclude).

You need all six of these skills to pass the exams. Going through practice questions is the best way to know where your skill level is. I personally took a mock exam before studying so that I would know my weak areas. Once I knew the areas that I was lacking in,

it was much easier to focus on that, and not in the areas I had shown strength.