Mention accounting and many people think of financial statements that companies prepare for external parties, such as shareholders and lenders. But there’s another, less familiar side of accounting -- managerial accounting – a field that Alex Woods finds endlessly fascinating.

“Most students enter my managerial accounting class assuming they are in ‘Accounting Part II’ to learn more about financial accounting, but that’s not the case,” says Woods, an assistant professor of accounting in the Mason School. “Managerial accounting takes us inside a company where managers use both financial and non-financial information to make good planning and control decisions.”

Indeed, managerial accountants ask the questions that require detailed answers in any well-run business. What’s your cost structure? How much overhead are your products consuming? What’s the break-even point? What measures do you use to evaluate company and personnel performance?

“It’s been said many times, but what gets measured is what gets done,” says Woods. “Measuring performance is a huge puzzle with hundreds of moving pieces.”

Woods began to work the puzzle when he spent 10 years with the Air Force assessing the effectiveness and efficiency of key managerial accounting issues and decisions. Fascinated by research, he went on to earn his Ph.D. in business administration from Michigan State University where he worked with some of the premier researchers in managerial accounting.

At the Mason School, Woods brings his expertise to teaching Accounting for Managerial Decision Making in the Full-time MBA program and Managerial Accounting in the Flex MBA program. His research interests include managerial accounting and control, performance measurement and evaluation, incentives and resource allocation.

Some of his recent research has investigated factors that cause supervisors to subjectively adjust managers’ objective performance measures. “I used proprietary and survey data from a large internal audit organization that introduced a pay-for-performance incentive plan,” Woods explains. “I discovered that while supervisors adjusted objective performance measures they perceived to be incomplete or non-verifiable, they also subjectively adjusted objective performance measures based on their own supervisors’ adjustment tendencies, suggesting incentive contracting costs.”

Woods’ findings mirror current debates in the field as practitioners weigh objective, financial measures against subjective, non-financial measures in performance evaluation. “There’s a lot of dissatisfaction with using accounting measures alone,” Woods says. “Subjectivity can be biased, but it also adds value that objective measures don’t capture, like teamwork or cooperation.”

In addition to his research, Woods regularly consults with firms on best practices. “They give me data that I can use in my research; I analyze the data and give them helpful feedback about things they never thought of,” he says. “It’s a win-win situation for both parties.”

His students, too, are delighted to discover the many ways managerial accounting manifests itself in their budding careers. Woods recently heard from a student who got a marketing position and was asked, “How well do you understand overhead allocation?”

“When my students go to work, they’re amazed by how much management accounting-related stuff they end up doing,” Woods says with a smile. “It’s a fun thing for me to hear stories like this from my students -- and it’s great for the companies that hire them because they are well-prepared to succeed.”