



# ACC312H Fundamentals of Managerial Accounting – Honors Course Syllabus Spring 2013

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| <b>Classes:</b>                     | 9:30a – 11:00a (Unique # 02525) GSB 5.153<br>11:00am – 12:30pm (Unique # 02530) GSB 5.153<br>12:30pm – 2:00pm (Unique # 02535) GSB 5.153 |
| <b>Professor</b>                    | <b>Will O'Hara</b>   |
| <b>Office &amp; Office Hours:</b>   | GSB 5.126F<br>Tuesday/Thursday: 2:30-4:00 <b>or</b> after 4:00 by appointment  |
| <b>Phone</b>                        | 512-471-2665   |
| <b>E-Mail</b>                       | <a href="mailto:william.ohara@mcombs.utexas.edu">william.ohara@mcombs.utexas.edu</a>   |
| <b>Course Web Page</b>              | via Blackboard (courses.utexas.edu)  |
| <b>Teaching Assistant</b>           | <b>Alden Lawrence</b> ( <a href="mailto:Alden.Lawrence@mba13.mcombs.utexas.edu">Alden.Lawrence@mba13.mcombs.utexas.edu</a> )             |
| <b>TA Office &amp; Office Hours</b> | GSB 5.126F<br>Monday, Tuesday, Wednesday & Thursday: 10:00am - 12:00pm   |

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## Course Objectives

Managerial accounting is concerned with the use of accounting information by managers to plan and control (evaluate) personnel and operations of the firm. This course is intended as an introduction for individuals who will make business decisions, evaluate business opportunities, and evaluate others (or be evaluated) through the use of accounting systems. Throughout the course, we will discuss two general topics: planning information systems and managerial control systems each described below.

Planning information systems provide information about the benefits and costs of the goods and services sold by the firm to help facilitate the decisions of managers. We will discuss and apply principles which will guide our evaluation and design of planning information systems. Next, we will observe that financial accounting systems require that information be accumulated in particular ways for external reporting which are often not helpful for managerial decision making. Thus, we will learn techniques to enhance the usefulness of financial accounting and other information for managerial decision making. Moreover, we will apply these techniques to facilitate short-term operational and long-term strategic decisions.

Managerial control systems assist in the motivation and coordination of individuals and organizational units by measuring and rewarding/punishing performance. When discussing managerial control systems, we will explicitly recognize that individuals respond to methods used for performance measurement and reward. We will also discuss systems that have widespread use, examine the motivation and theoretical underpinnings for that use, and identify how and when the misuse of these systems leads to dysfunctional outcomes for the firm.

In addition to enhancing understanding of managerial accounting systems, this course will help to develop other essential skills critical to achieving success in the business environment. In particular, we will work to enhance analytical skills (facilitated by statistical analysis and Excel modeling), written and oral communication skills, and the ability to work on a team.

## Materials

**Textbook:** *Managerial Accounting*, 2<sup>nd</sup> Edition, by Balakrishnan, Sivaramakrishnan, and Sprinkle, (John Wiley & Sons, Inc., 2012).

**Course Packet:** Contains all business cases required for the course and can be purchased in McCombs' UT Copy Center (GSB 3.126).

**Financial Calculator:** Your HP10bII+ Financial Calculator, that was issued to you last semester, is required.

## Performance Evaluation

|                      |                   |
|----------------------|-------------------|
| Midterm Exam         | 100 points        |
| Final Exam           | 100 points        |
| Homework Assignments | 60 points         |
| Case Project         | 70 points         |
| <b>Total</b>         | <b>330 points</b> |

Grades in this class have been about evenly split between A's (i.e., A & A-) and B's (i.e., B+ & B). Grades below B HAVE been earned. No opportunities exist in the course to earn "extra credit."

## Exams:

Exams will be individually-completed closed-book exams. The exams will emphasize fundamental managerial accounting techniques and concepts as covered in assigned chapters from the text, cases, and class discussions. They will consist of problems, essay questions, and short answer questions.

The two-hour midterm exam will be administered in the evening for all sections of ACC 312H. The date for our midterm exam is Wednesday, March 7<sup>th</sup> from 7 until 9 pm. Students with a regularly scheduled class during the exam time will be permitted to take the exam earlier on the exam day. Otherwise, no make-up exam will be given. Medical emergencies and family emergencies are the only valid reasons for missing the exam. In such instances, you must provide supporting documentation (e.g., signed note from your physician). If you miss the exam and you have a valid and documented reason for missing it, your final exam will replace the missing midterm exam grade.

The three-hour final exam will also be administered in the evening for all sections, but will NOT be given on the dates and times listed in the UT course schedule. The tentative date for our final exam is Friday, May 10<sup>th</sup> from 7 until 10 pm. **However, this exam time will not be finalized by the university until later in the semester.** The final exam will cover all topics in the course (i.e., it is cumulative). However, the exam will emphasize material covered after the midterm.

*The final exam grade, if better, will be averaged with the midterm exam grade and will replace the midterm exam grade.* This gives everyone a final opportunity to significantly improve their overall grade. Warning: I would not rely on this policy. Because the final exam is cumulative and because the material in the last part of the course is more difficult, it is not common for students' final exam to be appreciably higher than their midterm exam grade.

## Homework Assignments:

A homework assignment will be due before the start of most class sessions. The purpose of the homework assignments is to prepare you to learn the important lessons of the class session. Accounting is best learned by “doing” and keeping up on a daily basis is the best strategy for both learning and preparing for examinations. Overall, diligently preparing the homework assignments will allow you to get the most out of our class time together.

Homework assignments are described both in the course schedule at the end of this document and on Blackboard under the “Assignments” tab. **Before 9:30am of the assignment date**, an electronic copy of your assignment is due in the digital drop box located in the relevant class folder at the course website. **Please submit each assignment to the website drop box before 9:30am on the assignment date.** Throughout the semester, we will have a total of twenty-five homework assignments.

The homework assignments are challenging. You will be responsible for giving them your best effort and not necessarily for discovering the “correct” answer. Submissions judged to be completed with care will receive a grade of 3. Assignments completed with care will use a reasonable approach to problems and any discussion, when requested, will be thoughtful and well-written (i.e., written in complete, well-crafted sentences). Submissions that are incomplete or do not present a reasonable, well-written approach in the judgment of the TA or me will receive lesser grades. Late assignments will not be accepted and will receive a score of zero. Your lowest five scores will be dropped and the scores on the remaining twenty assignments will be added together (60 possible points).

Verbal collaboration (i.e., talking about the assignment) on homework is allowed. However, the prepared assignment should be your own work (do not borrow, copy, or transfer answers or files from anyone else).

## Case Project:

The Case Project will consist of two parts: an Individual Assignment and a Group Assignment. I will assign the Case Project on Tuesday, April 9.

**Part 1** of the project is an individual assignment due on Thursday, April 18 @9:30am. You are to complete this assignment alone with no collaboration with anyone. You may not seek any information about this case from any source outside this course. To do so will constitute a violation of the McCombs Policy on Scholastic Dishonesty. The work product for this portion of the case project will be a one-page Excel Worksheet summary.

**Part 2** of the project is a group assignment, in groups of four to five individuals which I will assign on Thursday, April 18, and which will be due on Tuesday, April 30 @9:30am. You are to complete this assignment as a group and may neither collaborate with anyone outside of your group nor seek any information about this case from any source outside this course. To do so will constitute a violation of the McCombs Policy on Scholastic Dishonesty. The work product for this portion of the case project will be a not more than five-page written consulting report.

In addition, a mandatory Peer Evaluation Form must be submitted by each team member not later than 5pm on Thursday, May 2. A drop-box will be provided in the Department of Accounting office (CBA 4M.202). The information contained in the Peer Evaluation will be reviewed and used only by me. The specific identity as the source of any comments or evaluations submitted by you, will not be disclosed to any other team member.

More detailed information about the Case Project will be distributed on April 9<sup>th</sup>.

## Grading Questions or Appeals:

DO NOT WAIT UNTIL THE END OF THE SEMESTER TO TAKE ACTION ON GRADING ISSUES. BY THAT TIME IT WILL BE TOO LATE! If you feel there exists a grading error on any of the above grade components, you will have one week from the date the grade is posted on Blackboard or the graded item is redistributed back to the class (whichever is later) to take such action and have the matter resolved. If for whatever reason you are not in class on the day the graded item is available for pickup, the one-week period will still begin on that day.

## McCombs Classroom Professionalism Policy

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Business Honors Program experience hinges on this. Faculty are expected to be professional and prepared to deliver value for each and every class session. Class participants are expected to be professional in all respects, and, after all, these are also habits of successful business executives. The BHP classroom experience is enhanced when you:

- **Arrive on time.** On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for class participants, and it enhances learning by reducing avoidable distractions.
- **Minimize unscheduled personal breaks.** The learning environment improves when disruptions are limited.
- **Prepare fully for each class.** Much of the learning in the BHP program takes place during classroom discussions. When participants are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well. Lecture notes will be based broadly on class discussions.
- **Respect the views and opinions of your colleagues.** Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- **Attend the class section to which you are registered.** Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience. When section hopping takes place some classes become too large and it becomes difficult to contribute. When they are too small, the breadth of experience and opinion suffers. If, on a particular day, you need to attend a section other than the one to which you are registered, please inform me prior to class.
- **Respect the views and opinions of your colleagues.** Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- **Close laptops.** When class participants are surfing the web, responding to e-mail, instant messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow class participants cannot benefit from the insights of the class members who are not engaged. There are often cases where learning is enhanced by the use of laptops in class.
- **Turn off phones and wireless devices.** We've all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform me prior to class.

## Blackboard Class Web Site and e-Mail

The use of e-mail and blackboard is required for this course. It is your obligation, during the first week of class, to ensure that you can access the class site on Blackboard.

I make use of Blackboard extensively and Blackboard announcements are my main means of communicating with you.

Copies of class notes and/or PowerPoint and any other study materials will also be posted on Blackboard. Students will find it extremely helpful to bring a copy to class for note taking. All class announcements and reminders will also be posted on Blackboard.

When sending class-wide e-mails, I will use the e-mail addresses that are supplied to me on Blackboard. However, any individual e-mails I send to you may be sent via Outlook and those e-mail addresses are all McCombs addresses.

Sometimes, depending on urgency, outside-of-class announcements (e.g., corrections or clarifications of items discussed in class, syllabus changes, assignment changes, etc.) may be sent to you via e-mail. It is possible that substantial content will be posted on Blackboard or sent via e-mail.

- **It is your responsibility to regularly check the Blackboard site and your e-mail (both your McCombs account and any other accounts that you might have set up for forwarding).**
- **It is also your responsibility to make sure that you have the correct dates, times, and rooms for all exams as they may be changed during the semester.**

E-mail is also a great way to ask me questions that you may have at times other than office hours.

## Class Web Site and Privacy Concerns

Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: <http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html>.

## Students with Disabilities

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters, and releases of information are available online at <http://deanofstudents.utexas.edu/ssd/index.php>. Please do not hesitate to contact SSD at (512) 471-6259, VP: (512) 232-2937 or via e-mail if you have any questions.

## Academic Dishonesty

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. **The Business Honors Program holds its students to the highest degree of ethical behavior.** The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the Policy Statement on Scholastic Dishonesty for the McCombs School of Business:

By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification. Policy on Scholastic Dishonesty: Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> or the General Information Catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

## Quantitative Reasoning Flag

This course carries the Quantitative Reasoning flag. Quantitative Reasoning courses are designed to equip you with skills that are necessary for understanding the types of quantitative arguments you will regularly encounter in your adult and professional life. You should therefore expect a substantial portion of your grade to come from your use of quantitative skills to analyze real-world problems.

## Campus Safety

*Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety/> :*

- *Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.*
- *Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.*
- *Students requiring assistance in evacuation should inform their instructor in writing during the first week of class.*
- *In the event of an evacuation, follow the instruction of faculty or class instructors.*
- *Do not re-enter a building unless given instructions by the following: Austin Fire Department, the University of Texas at Austin Police Department, or Fire Prevention Services office.*
- *Behavior Concerns Advice Line (BCAL): 512-232-5050*

*Further information regarding emergency evacuation routes and emergency procedures can be found at: [www.utexas.edu/emergency](http://www.utexas.edu/emergency).*

## Schedule

### Tue January 15 (Class Session 1) Accounting: Information for Decision Making

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|-----------------------------|---|
| <b>Learning Objective</b>   | We will discuss a framework for making business decisions and talk about the primary roles of managerial accounting within this framework. Specifically, we will discuss that managerial accounting provides information about the benefits and costs of the goods and services sold by the firm to help facilitate decisions as well as control/coordinate individuals and organizational units. |
| <b>Textbook Reading</b>     | Chapter 1   |
| <b><u>No Assignment</u></b> | N/A   |

### Thu January 17 (Class Session 2) Identifying and Estimating Costs and Benefits

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| <b>Learning Objective</b> | We will learn and apply principles that will help us identify the costs and benefits to include when measuring the value of our decision alternatives. |
| <b>Textbook Reading</b>   | Chapter 2  |
| <b>Assignment #01</b>     | Text: 2.47; 2.51   |

### Tue January 22 (Class Session 3) Identifying and Estimating Costs and Benefits

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| <b>Learning Objective</b> | We will apply the principles that help us identify the costs and benefits to include when measuring the value of our decision alternatives to a real-world business scenario. |
| <b>Case Reading</b>       | Course Packet: Precision Worldwide  |
| <b>Assignment #02</b>     | Write a brief (less than one page) memo describing what action you believe Hans Thorborg should take. Please provide support for your recommendation.                         |

### Thu January 24 (Class Session 4) Cost Flows and Cost Terminology

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| <b>Learning Objective</b> | We will examine how cost and benefit information flow through the financial accounting systems of service, merchandising, and manufacturing firms for financial reporting purposes. Applying principles from our first three class sessions, we will understand why information aggregated for financial accounting purposes may not be particularly helpful inputs for many operational and strategic decisions faced by managers inside these organizations. |
| <b>Textbook Reading</b>   | Chapter 3  |
| <b>Assignment #03</b>     | Text: 3.55; 3.57   |

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**Tue January 29 (Class Session 5) Techniques for Estimating Fixed and Variable Costs**

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| <b>Learning Objective</b> | We will observe that grouping costs by their behavior (e.g., variable, fixed) facilitates short-horizon decisions, and we will illustrate how regression analysis can be used to estimate fixed and variable costs. |
| <b>Textbook Reading</b>   | Chapter 4   |
| <b>Assignment #04</b>     | Text: 4.67  |

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**Thu January 31 (Class Session 6) Techniques for Estimating Fixed and Variable Costs**

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| <b>Learning Objective</b> | Examining a real-world business scenario, we will use regression analysis to estimate fixed and variable costs. We will then use these estimates to help facilitate important decisions. |
| <b>Assignment #05</b>     | Text: 4.68   |

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**Tue February 5 (Class Session 7) Cost-Volume-Profit Analysis**

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| <b>Learning Objective</b> | We will discuss the Cost-Volume-Profit relation and use it to help facilitate short-horizon decision making. |
| <b>Textbook Reading</b>   | Chapter 5  |
| <b>Assignment #06</b>     | Text: 5.66   |

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**Thu February 7 (Class Session 8) Decision Making in the Short Term**

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| <b>Learning Objective</b> | We will continue to discuss how accounting information can be used to help facilitate short-horizon decision making. |
| <b>Textbook Reading</b>   | Chapter 6  |
| <b>Assignment #07</b>     | Text: 6.41; 6.45; 6.70   |

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**Tue February 12 (Class Session 9) Operating Budgets: Bridging Planning and Control**

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| <b>Learning Objective</b> | We will discuss the roles budgets serve in organizations, how to construct operating budgets, and how operating budgets link together to form an organization-wide plan. |
| <b>Textbook Reading</b>   | Chapter 7  |
| <b>Assignment #08</b>     | Text: 7.41; 7.42 (a & b only); 7.63  |

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**Thu February 14 (Class Session 10) Cash Budgeting**

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- Learning Objective** Using a real-world scenario, we will illustrate the importance of cash budgeting/planning in general and for a rapidly growing (startup) company in particular.
- Case Reading** Course Packet: Hanson Ski Products
- Assignment #09** Prepare a cash budget for the quarter ending 6/30/86.

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**Tue February 16 (Class Session 11) The Budgeting Process**

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- Learning Objective** Using a real-world scenario, we will illustrate how an organization aggregates decisions of diverse divisions into budgets serving as the action plans for the organization as a whole.
- Case Reading** Course Packet: Codman & Shurtleff
- Assignment #10** In less than one page, please evaluate the planning and control system in use at Johnson & Johnson. What are its strengths and weaknesses?

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**Thu February 21 (Class Session 12) Budgetary Control and Variance Analysis**

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- Learning Objective** We will discuss the use of managerial accounting information to help align employee incentives with the short-run objectives of the organization.
- Textbook Reading** Chapter 8
- Assignment #11** Text: 8.31; 8.38; 8.53

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**Tue February 26 (Class Session 13) Performance-Evaluation and Reward System Design**

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- Learning Objective** Using a real-world scenario, we will discuss the inherent conflict of interests between employers and employees and the key functions that performance-evaluation and reward systems play in mitigating these conflicts. We will also discuss the strengths and weaknesses of individual and group-based plans in fulfilling these functions.
- Case Reading** Course Packet: John Deere
- Assignment #12** What roles do performance-evaluation and reward systems play in organizations to better align employee and employer objectives (e.g., one of these roles is motivating hard work)? Based on the roles you identify, evaluate both the Standard Hour Plan and Continuous Improvement Pay Plan of John Deere. Please provide less than one page of discussion.
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**Thu February 28 (Class Session 14) Performance-Evaluation and Reward System Design**

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| <b>Learning Objective</b> | We will continue our discussion of the potential benefits and pitfalls of linking pay to short-term variances.  |
| <b>Case Reading</b>       | Course Packet: Berkshire Toy Company  |
| <b>Assignment #13</b>     | Calculate the direct material and direct labor variances for Berkshire Toy Company. Attached to the assignment page is a template that will help you in answering the questions. During the day's class, the people sitting on my left (when I am facing the class) will be in the production department, the people in the center section will be in the marketing department, and the people sitting on my right (when I am facing the class) will be in the purchasing department. Based on where you intend to sit, please list three highlights (i.e., positive factors) of your department's performance. Also, please list three reasons the overall company performed poorly. |

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**Tue March 5 (Class Session 15) Review Session**

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| <b>Wed March 6</b> | <b>Midterm Exam 7:00 – 9:00pm</b><br><b>Coverage: Chapters 1 - 8</b><br><b>Location: TBD</b> |
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| <b>Thu March 7</b> | <b>No Class</b> |
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| <b>Tue/Thu March 12 &amp; 14</b> | <b>Spring Break-Have Fun—Be Safe!</b> |
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**Tue March 19 (Class Session 16) Cost Allocations: Theory and Applications**

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| <b>Learning Objective</b> | We will discuss the role of cost allocations in making long-horizon decisions and explain the general steps to performing cost allocations. |
| <b>Textbook Reading</b>   | Chapter 9   |
| <b>Assignment #14</b>     | Text: 9.35; 9.57; 9.72  |

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 Thu March 21 (Class Session 17) Cost Allocations: Theory and Applications
 

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- Learning Objective** We will discuss the importance of identifying controllable capacity costs when making long-horizon decisions.
- Case Reading** Course Packet: Bridgeton Industries
- Assignment #15** Consider two products in the same product line: **Product 1**: Expected selling price = \$62; Material Cost = \$16; Direct Labor cost = \$6 & **Product 2**: Expected selling price = \$54; Material Cost = \$27; Direct Labor cost = \$3. Calculate the expected gross margins as a percentage of selling price on each product based on the 1988 and 1990 model year budgets assuming selling price, material and labor costs do not change from standard. Considering the analysis above, please describe whether you believe the product costs reported by the cost system are appropriate for use in the strategic analysis being performed by Bridgeton Industries (a half page or less).

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 Tue March 26 (Class Session 18) Activity-Based Costing and Management
 

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- Learning Objective** We will discuss Activity-Based-Costing, a specific methodology for using cost allocation to understand how products, service offerings, and/or customers utilize capacity-related resources.
- Textbook Reading** Chapter 10
- Assignment #16** Text: 10.70; 10.72

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 Thu March 28 (Class Session 19) Activity-Based Costing
 

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- Learning Objective** Using a real-world scenario, we will gain a better understanding of the potential benefits of an Activity-Based-Costing system.
- Case Reading** Course Packet: Wilkerson
- Assignment #17** Develop an activity-based cost model using the information in the case. Provide your best estimates about the cost and profitability of Wilkerson's three product lines. What difference does your cost assignment have on reported product costs and profitability? What causes any shifts in cost and profitability? Please provide less than a half page discussion.

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 Tue April 2 (Class Session 20) Activity-Based Management
 

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- Learning Objective** We will discuss how activity-based pricing can help companies promote their value to customers.
- Case Reading** Course Packet: Owens and Minor
- Assignment #18** Evaluate the impact cost-plus pricing has on distributors, customers, and suppliers. What effect will activity-based pricing have on customer behavior? What type of customers will adopt activity-based pricing first? Please provide no more than one page of discussion.

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| Thu April 4 (Class Session 21)  | Managing Long-Lived Resources: Capital Budgeting  |
| <b>Learning Objective</b>       | We will discuss several techniques organizations use to evaluate the specific capacity resources they can use to carry out their long-horizon strategic direction.  |
| <b>Textbook Reading</b>         | Chapter 11  |
| <b>Assignment #19</b>           | Text: 11.55 a & c; 11.56 a & c; 11.62   |
| <hr/>                           |   |
| Tue April 9 (Class Session 22)  | Net Present Value Analysis  |
| <b>Learning Objective</b>       | We will discuss the uses and limitations of net-present-value analysis (a technique often used to evaluate potential capacity-related resources) in a real-world scenario.  |
| <b>Case Reading</b>             | Course Packet: Component Technologies   |
| <b>Assignment #20</b>           | Answer questions 1a and 1b from the case (use Excel).   |
| <b>Case Project:</b>            | Introduced and Assigned   |
| <hr/>                           |   |
| Thu April 11 (Class Session 23) | Performance Evaluation in Decentralized Organizations   |
| <b>Learning Objective</b>       | We will discuss issues surrounding the design of performance-evaluation and reward systems to help ensure employees make decisions in the long-run interest of the firm.  |
| <b>Textbook Reading</b>         | Chapter 12  |
| <b>Assignment #21</b>           | Text: 12.52; 12.68  |
| <hr/>                           |   |
| Tue April 16 (Class Session 24) | Transfer Pricing  |
| <b>Learning Objective</b>       | We will discuss common ways to price intrafirm transfers of goods and services and determine the effects of various transfer price mechanisms on division and firm-wide performance.  |
| <b>Case Reading</b>             | Course Packet: Birch Paper  |
| <b>Assignment #22</b>           | During the day's class, the people sitting on my left (when I am facing the class) will represent the interests of the Thomson Division and the people sitting on my right will represent the interests of the Northern Division. The Division Manager (your boss) has asked you to investigate the situation presented in the case and to identify the transfer price that is in the best interest of your division. Once you've done that, prepare a memo (1/2 to 1 page) to the Commercial Vice President (that would be me) making your argument for this transfer price. This one page memo should be convincing – remember, divisional profits (and, consequently, your bonus!) depend on the transfer price that the VP decides to use – that is, don't be altruistic. |

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**Thu April 18 (Class Session 25) Strategic Planning and Control**

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| <b>Learning Objective</b> | We will discuss the role management accounting plays in guiding firm strategy. In doing so, we will discuss the concept of the Balance Scorecard which helps focus employee attention on both current financial performance and leading indicators of future financial performance. |
| <b>Textbook Reading</b>   | Chapter 13  |
| <b>Assignment #23</b>     | Text: 13.61   |
| <b>Case Project:</b>      | Part 1: Individual Assignment due @9:30am<br>Groups Assigned  |

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**Tue April 23 (Class Session 26) Nonfinancial Performance Measures**

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| <b>Learning Objective</b> | We will discuss benefits and common pitfalls to avoid when linking pay to nonfinancial performance measures.   |
| <b>Case Reading</b>       | Course Packet: Citibank: Performance Evaluation  |
| <b>Assignment #24</b>     | Assume the role of Lisa Johnson. Prepare a brief (less than one page) memo to Frits Seegers that gives your recommendation regarding whether James McGaran should be given an overall rating of "below par", "par" or "above par." Be sure to support your recommendation. |

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**Thu April 25 (Class Session 27) Nonfinancial Performance Measures**

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| <b>Learning Objective</b> | We will discuss the benefits of tracking and analyzing nonfinancial performance metrics in order to measure the effectiveness of an organization's strategy.   |
| <b>Case Reading</b>       | Course Packet: Store24   |
| <b>Assignment #25</b>     | Prepare a memo to Bob Gordon regarding whether you believe Ban Boredom is a bad strategy for Store24, or a good strategy that was poorly implemented. In light of this position, recommend whether Store24 should: (a) drop Ban Boredom, (b) continue to implement ban boredom, or (c) continue to implement Ban Boredom in some stores but drop it in others. Use the data/information in the case to support your recommendation. To aid you in this assignment, I have attached an Excel file with the data from the case to the assignment page of our course website. |

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**Tue April 30 (Class Session 28) Case Project Discussion**

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| <b>Case Project:</b> | Part 2: Group Assignment due @9:30am |
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**Thu May 2 (Class Session 29) Review and Course Wrap-up**

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**Fri May 10**

**Tentative** Date for Final Exam (7 – 10 pm)  
**Coverage: Comprehensive (Weighted to Chapters 9 -13)**  
**Location: TBD**

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