

ACCT 743
Accounting and Management Control
Spring 2007
Tentative (1/16/2007)

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Class MW 2:30– 3:45
Office Hours MW 9:30 – 11:30 and 1:00 - 2:00
or by appointment

Course web page <http://dmsweb.moore.sc.edu/acct743>

Course Objective: This is primarily a case course where you will place yourself in the position of a manager and deal with management and control issues that face organizations today. These issues deal with designing control systems, transfer pricing between entities, developing plans and budgets to control an organizations activities, developing compensation and reward systems to motivate individuals to implement an organization’s strategy, developing a plan via a balanced scorecard for translating a strategy into actions and measuring progress toward accomplishing that strategy, determining cost drivers and using them to cost products and services through ABC/ABM, managing capacity effectively, strategic cost value chain management, the responsibilities of the controller of the organization in overseeing these activities.

Case preparation and expectations: The case discussion and analysis approach to learning is used in this course. Students are expected to adopt the viewpoint of a manager, consultant or controller in analyzing each case. If you don’t read and analyze the case you will not learn very much and you will not contribute very much to class discussion.

Teams (Groups) and Grades and Case Assignments

Class Discussion: Each student has a responsibility to advance the group’s learning by asking questions and sharing his or her understanding of the issues on the topic and the case. I recognize that you must miss class for personal or professional reasons, but class participation is important and you can’t participate if you are not there. If you miss more than two classes, see me and we will arrange additional assignments to compensate for those classes that were missed.

| Date | Reading Assignment | Chapters | Cases |
|-------------|---|-----------------|--------------------|
| January | | | |
| 17 | Introduction Management and Control | MV Ch 1 | |
| 22 | Results Controls <u>PP</u> (Power Point Notes) | MV Ch 2 | <u>Armco</u> |
| 24 | Action, Personnel and Cultural Controls <u>PP</u> (Power Point) | MV Ch 3&4 | <u>Alcon</u> |
| 29 | Designing and Evaluating Control Systems <u>PP</u> | MV Ch 5&6 | <u>Air Tex</u> |
| 31 | Responsibility Centers <u>PP</u> | MV Ch 7 | <u>Olympus HBS</u> |
| February | | | |
| 5 | Transfer Pricing <u>PP</u> | MV Ch 7 | <u>Zumwald</u> |

Transfer Pricing – Multinational Organizations

Curatola, Harden, and Biggart “ Advance Pricing Agreements:

A chance for Certainty Amidst Chaos, Part 1”, Strategic Finance, Sept 2004, 86 (4)
& Part 2 October 2004 86 (3) (E)

7 Planning and Budgeting Master Budget Template PP MV Ch 8&9 Budget Model
Bart “Budgeting Gamesmanship” Academy of Management Executive

(1988): 285-294. (Y 10.2) (E) & Review J Ch 10

12 Hope and Fraser 2000. “Beyond Budgeting” Strategic Finance October 30-35 (E)

HO Case Svenska Handelsbanken

14 Building a Profit Plan, Ch 5 Simons Performance Measurement

& Control Systems for Implementing Strategy Prentice Hall PP Amgen

Upper Saddle River, NJ 2000 (R)

19 Performance Dependent Rewards PP MV Ch 10 Loctite de Mexico

Pfeffer “Six dangerous myths about pay” Harvard Business Review

(May – June 1998):109-119. (Y 8.3) (E)

21 Performance Measures Continued Catalytic

Eaton, and Prucyk. No Longer an “Option” Journal of Accountancy, Apr2005,

Vol. 199 Issue 4, p63-68 (E) Summary of FASB Statement No. 123

26 Balanced Scorecard PP MV Ch 12

Kaplan & Norton The Balanced Scorecard: Measures That Drive Performance.

Harvard Business Review, Jul/Aug2005, Vol. 83 Issue 7/8, p172-180 (E)

Kaplan & Norton “Strategy Maps” Strategic Finance (March 2004): 27-35

(R) Regression Analysis Example

Store24 HBS

28 Kaplan & Norton “Transforming the BSC from performance measurement

to strategic management Parts I and II” Accounting Horizons (March 2001):

87-104 & Accounting Horizons (June 2001):147-160. (Y 9.2 & 9.3) (E) Apple

March

5 Cost Behavior HO Learning Curves & Cost Behavior

Examples of Learning Curve (1) (2)

HO Case - Auto Tool Kits

7 Midterm Exam Requirements

12-14 Spring Break

19 Financial Results Controls PP MV 13 Peterson

Flexible Budgets and Variances Example Notes from 717 S p 193-200

Cheatham & Cheatham “Redesigning Cost Systems: Is Standard Costing Obsolete?”

Accounting Horizons, Dec96, Vol. 10 Issue 4, p23-31 (E)

21 Financial Controls Continued Flexible Budget Example Boston

Govindarajan & Shank “Profit Variance Analysis: A Strategic Focus”. Issues in Accounting

Education, Fall89, Vol. 4 (2) p396-410 (E)

26 Relevant Costs & Contribution Analysis

Review J Ch 4 and 7

Review AWZ Ch 14 LP Illustration & Example

California Products

28 Activity Based Costing ABC Example PP & PP Tijuana

Kaplan Introduction to Activity-Based Costing HBR Notes 2001
 Ness & Cucuzza "Tapping the full potential of ABC" Harvard Business Review
 July – August 1995 130 – 138 (E)
 Review J Ch 6

April

- 2 ABC and Customer Profitability PP Morrissey (Bridgewater)
 Foster, Gupta & Sjoblom "Customer profitability analysis ..."
Journal of Cost Management (Spring 1996): 5-17. (Y 4.2) (R)
 Kaplan & Narayanan "Measuring and managing customer profitability"
Journal of Cost Management (September/October 2001): 5-15. (Y 4.3) (R)
- 4 TOC & Cost of Resource Capacity PP Exercise TOC Notes PP Lehigh Steel HBS
 Ruhl "An Introduction to the Theory of Constraints" Journal of Cost Management
 Summer 1996 p 43-48 (R)
 Ruhl "The Theory of Constraints Within a cost Management Framework"
Journal of Cost Management December 1997 p 16-24. (R)
 Corbett "Throughput Accounting and Activity Based Costing: the Driving
 Factors Behind Each Methodology" Journal of Cost Management Jan/Feb 14 (1)
 2000 p 37-45 (R)
- 9 Accounting Performance Measures and Effects PP MV Ch 11
 ROI, RI and EVA Vyadern HBS
 Understanding Economic Value Added – Desai & Ferri HBS Notes 2006
- 11 Target Costing and Kaizen Costing PP Nissan HBS
 Cooper and Chew "Control Tomorrow's Costs Through Today's Designs"
Harvard Business Review (January – February 1996):88-97. (Y 7.1) (E)
 Womack & Jones "Beyond Toyota: How to Root Out Waste and Pursue Perfection"
Harvard Business Review, Sep/Oct96, Vol. 74 Issue 5, p140-158. (E)
- 16 Value Chain and Strategic Cost Management (SCM) PP Montclair Colors
 Value Chain Analysis Shank p-93
 Shank & Govindarajan "Strategic Cost Management: The Value Chain Perspective".
Journal of Management Accounting Research, Fall92, Vol. 4, p179-197 (E)
- 18 VCM and SCM continued Chalice Wines
 Narayanan & Raman "Aligning Incentives in Supply Chains."
Harvard Business Review, Nov2004, Vol. 82 Issue 11, p94-102 (E)
- 23 Henry, Borrus, Lavelle, Brady, Arndt, Weber, "DEATH, TAXES &
 SARBANES-OXLEY?" Business Week, 1/17/2005 (E)
 Verschoor, "Sarbanes-Oxley Section 404 Implementation Needs
 Modification" Strategic Finance, March 2005 (E)
Sarbanes-Oxley Act (SOA) and PCAOB Summary Audit of Internal Control
 (PP SOX) (PP Controllers, Auditors and Boards MV) Desktop
- 25&30 Balanced Scorecard Project Presentations Instructions and Requirements

May

Final Exam --- Exam Link

Texts and Readings Key

MV Merchant and Van der Stede Management Control Systems: Performance Measurement, Evaluation and Incentives Pearson Education Limited : Prentice Hall Financial Times: Harlow, Essex, England 2003: ISBN 0-273-65596-5

Y Young Readings in Management Accounting 4th ed. Pearson: Prentice Hall Upper Saddle River NJ 2004: ISBN 0-13-142215-4 (Optional – Any articles from this will be on reserve or available electronically)

S Shank Cases in Cost Management: A Strategic Emphasis 3rd ed. Thomson Learning: South-Western 2006: ISBN 0-324-31116-8

R Readings on reserve in the library

E Available on through the library in electronic form using EBSCO. This is the 7th set of references under the electronic indices for the business school. Go to this web sight <http://www.sc.edu/library/busindex.html> (use the business search premier)

Select full text access. You must then find the article and copy it to a disk, e-mail it to yourself or print it out.

HBS Harvard Business School Cases - Procedure for obtaining these cases and readings.

Review of Chapters used earlier in program

J Jiambalvo - Managerial Accounting

AWZ Albright, Winston and Zappe - Data Analysis & Decision Making