

ACCOUNTING 3300
COST ACCOUNTING
FALL 2010
COURSE SYLLABUS

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Course Description

Course covers the analysis of costs in a business organization for both internal and external use by management. Topics include: product costing, standard variances analysis, profit performance analysis, pricing, cost-volume-profit analysis, and budgeting. 3 lecture hours per week.

Prerequisite: ACCT 2020 and advanced standing in the business baccalaureate program.

Required Course Materials

Text: Introduction to Management Accounting, 15th Edition, (version with Chapters 1-14), Horngren, Sundem, Stratton, Burgstahler, and Schatzberg, Pearson/Prentice Hall, 2011. ***Important note: because many students not taking the ACCT 2020 course with Dr. Stratton have not been introduced to the process map and how it is used to describe and analyze operating systems, this text will be an important source and should be purchased. If you have already purchased the 14th edition and find it a financial hardship to purchase the 15th edition, you may be able to get buy if you can get access to the problem/case material we will use to learn the process map approach as well as the software by Hyperion Solutions.***

Readings:

1. "Uncertain Times? Be Certain About What Is Profitable," (*Whitepaper*) **BusinessFinancemag.com** (On-Demand Best Practices Series), William O. Stratton, Raef Lawson, and Denis Desroches, sponsored by Oracle Corporation, 2009.
2. "Uncertain Times? Be Certain About What Is Profitable," (*Webcast Presentation*) **BusinessFinancemag.com** (On-Demand Best Practices Series), William O. Stratton, Raef Lawson, and Denis Desroches, sponsored by Oracle Corporation, 2009.
3. "Activity-Based Costing: Is It Still Relevant?" **Management Accounting Quarterly**, William Stratton, Denis Desroches, R Raef Lawson, and Toby Hatch (Spring, 2009), pp. 31-40.
4. "Time-Driven Activity-Based Costing," Robert S. Kaplan and Steven R. Anderson, **Harvard Business Review** (November, 2004).

Cases: Seven cases, including three Harvard Business School cases (the cost is approximately \$4.00 per case for the HBSP cases downloaded from the HBS site with code provided by instructor). The cases are:

1. Morabund Company - posted to Blackboard
2. Global Plastics Group - posted to Blackboard
3. Wilkerson Company (Harvard Business School)
4. Xyberspace Consulting, Inc. (Harvard Business School)
5. Distribution Solutions case – posted to Blackboard
6. LaRowe Brackets, Inc. – posted to Blackboard
7. Vyaderm Pharmaceuticals (Harvard Business School)

You can access Harvard Business School on-line to purchase and then download your copy of the required cases by using the link to be provided by the instructor.

Learning Objectives

The course focuses more on the use rather than the preparation of accounting information. However, learning how cost and profitability of individual and groups of similar products/services and customers as well as other critical business processes is critically important, especially in today's climate of razor-sharp profit margins, short product/service life cycles, and vigorous local and global competitiveness. Class time will be spent primarily on these issues in the context of case discussions.

What are the key success factors for this course? In my opinion, they are:

- Develop an effective working relationship with your team members,
- Be in class 100% of the time, ***be prepared***, and ***actively participate***,
- Understand all the concepts related to the problems and cases, and
- Hard work

General Working-Level Objectives

Ethical behavior as a key success factor

Cost-volume-profit analysis

Cost-allocation systems

Activity-based costing

Activity-based management

Flexible budgeting including activity-based flexible budgeting

Variance analysis including direct-cost variances and indirect-cost variances

Measuring cost behavior

Pricing decisions and cost management

Performance measurement including balanced scorecard systems

Measuring and managing customer profitability

Performance measurement systems including balanced scorecard and economic value added

Learning Activities

Learning activities for which student performance is measured and included as part of the course grade include:

- Case preparation and presentations (65% of course grade)
- Examinations (35% of course grade)

Case Preparation and Presentation

Case Preparation: Every student should come to class prepared to discuss each case. Thus, if you are called upon to discuss any aspect of any case and fail to do so, expect it to be noted.

Case Presentation: The first case that will be presented by all teams is case 2. Each team will make a brief (< 15 minutes) presentation of their model of operations and proposed scenario for profit improvement for Global Plastics. Cases 3-7 will be assigned to teams – one case per team. Your team will present only one of these cases and will have an entire class period to do so. You should plan on a formal presentation lasting about 20-25 minutes. Immediately after the formal presentation the rest of the teams will meet for 10 minutes max to prepare written questions/comments to your team based on your presentation. These questions will be given to the instructor who will choose those to be answered by the presenting team. The team will not know who formulated the question (unless it is obvious during the Q & A). Written questions/comments by non-presenting teams/individuals will be graded and counted as part of the participation grade. The presenting team will have the remaining class time to answer these these questions. It may be that the discussion is important enough to continue it at the beginning of the following class but this is not anticipated.

Analytic Rubric for Grading Presentations				
	Below Expectation	Satisfactory	Exemplary	Score
Organization	No apparent organization. Evidence is not used to support conclusions. (0-4)	The presentation has a focus and provides some evidence which supports conclusions. (5-6)	The presentation is carefully organized and provides convincing evidence to support conclusions. (7-8)	
Content	The content is inaccurate or overly general. Listeners are unlikely to learn anything or may be misled. (0-8)	The content is generally accurate, but incomplete. Listeners may learn some isolated facts, but they are unlikely to gain new insights about the topic. (9-11)	The content is accurate and complete. Listeners are likely to gain new insights about the topic. (12-13)	
Delivery	The speaker appears anxious and uncomfortable, and reads notes, rather than speaks. Listeners are largely ignored. (0-5)	The speaker is generally relaxed and comfortable, but too often relies on notes. Listeners are sometimes ignored or misunderstood. (6-7)	The speaker is relaxed and comfortable, speaks without undue reliance on notes, and interacts effectively with listeners. (8-9)	
Comments				
Total Score				

Active and Relevant Class Participation

“Participating” is a matter of active engagement, rather than passive observation, and is shown through working effectively in diverse groups and teams, as well as through cooperation and respect for others. Participation quality in this course will be evaluated using the features defining the four levels below. As you develop your team dynamics during the term, use this rubric as a guide in assessing both your team member’s quality of participation and yours. I will also use appropriate elements (*blue font*) of this rubric as a guide in my evaluation of your class participation.

The total weight given to presentation and participation is 65%. Your earned score is by nature a subjective evaluation by the instructor. You should consider each class, each team presentation, and each team presentation by other teams as an equal opportunity to exhibit the scope and depth of your understanding of the critical concepts related to cost accounting and cost management. Please note that simply presenting an assigned case as part of your team presentation is not adequate for a good or excellent grade on participation. ***It will be noted when individuals are making significant and relevant contributions on a regular basis.***

<p>Level 1 Participation (Beginner)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Little or no advance preparation <input type="checkbox"/> Lets others set and pursue the agenda <input type="checkbox"/> Observes passively and says little or nothing <input type="checkbox"/> Responds to questions <input type="checkbox"/> Gives the impression of wanting to be somewhere else <input type="checkbox"/> Attendance record is haphazard and inconsistent; may be absent or late without notice
<p>Level 2 Participation (Novice)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Moderately prepared in advance <input type="checkbox"/> Takes some part in setting group goals and agendas

<input type="checkbox"/> Participates in discussions, letting others provide the direction <input type="checkbox"/> Occasionally introduces information or asks questions <input type="checkbox"/> If likely to be absent or late, informs others ahead of time and arranges to cover own responsibilities
Level 3 Participation (Proficient) <input type="checkbox"/> Well prepared in advance <input type="checkbox"/> Takes a large part in setting group goals and agendas <input type="checkbox"/> Actively participates in discussion and asks questions <input type="checkbox"/> Listens actively and shows understanding by paraphrasing or by acknowledging and building on others' ideas <input type="checkbox"/> Volunteers willingly and carries own share of the group's responsibilities
Level 4 Participation (Advanced) <input type="checkbox"/> All of the markers of proficient participation, plus <input type="checkbox"/> Draws out ideas or concerns of others, especially those who have said little <input type="checkbox"/> Re-visits issues or ideas that need more attention <input type="checkbox"/> Helps the group stay on track <input type="checkbox"/> Summarizes group decisions and action assignments

SUMMARIZING; YOUR PRESENTATION GRADE (65% OF THE COURSE GRADE) CONSISTS OF

- ✓ **PARTICIPATION IN REGULAR CLASSES IN A RELEVANT AND CONSISTENT BASIS**
- ✓ **ACTIVE AND RELEVANT PARTICIPATION IN THE Q & A PORTION OF OTHER TEAM PRESENTATIONS – BOTH THE QUALITY OF THE WRITTEN QUESTIONS/COMMENTS SUBMITTED TO THE INSTRUCTOR AND THE CLASS DISCUSSION THAT FOLLOWS.**
- ✓ **ACTIVE AND RELEVANT PARTICIPATION IN TEAM MEETINGS AND PREPARATION WORK**
- ✓ **PARTICIPATION IN THE FORMAL PRESENTATION TO THE CLASS**
- ✓ **QUALITY OF RESPONSES TO WRITTEN QUESTIONS POSED BY PEERS AFTER THE FORMAL PRESENTATION**
- ✓ **INTANGIBLE EVALUATION BY INSTRUCTOR**

Term Examinations: There are two term exams, counting 15 and 20% of the course grade respectively. The key set of sources for examination materials are the readings, problems from the text, class handouts/discussions, and cases. These cases represent a challenge since there often will be no clear-cut “best” solution. While you may not have a complete or reasonable solution to a case prior to its due date, you should thoroughly understand the key concepts prior to the examinations.

Term exams are closed book and consist of objective-format questions. Make up for a term exam is permitted only for unusual circumstances and never because a student is “not prepared.” If a make up is permitted, it will not be the same exam taken by peers and will be of a different format (oral exams are a distinct possibility).

Weighting of learning activities:

Case Presentation & Class Participation	65%
Term Examinations	35%
	100%

The course grading score for all learning assessments is as follows:

94.5-100%	89.5 – 94.4%	87.5 – 89.4%	82.5 – 87.4%	79.5 – 82.4%	77.5 – 79.4%	72.5 – 77.4%	69.5 – 72.4%	66.5 – 69.4%	62.5 – 66.4%	59.5 – 62.4%	0 – 59.4%
A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F

Other Useful Information

Dmail: Important class and college information will be sent to your Dmail account. This information includes your DSC bill, financial aid/scholarship notices, notification of dropped classes, reminders of important dates and events, and other information critical to your success in this class and at DSC. All DSC students are automatically assigned a Dmail account. If you don't know your user name and password, go to www.dixie.edu and select "Dmail," for complete instructions. You will be held responsible for information sent to your Dmail email, so please check it often.

College resources: Several college resources are available to help you succeed. Check out the links for each one to get more information.

If you need help understanding the content of your courses, go to the Tutoring Center located in the Browning Learning Center, Room 105. There is a schedule of what courses have tutors at what times outside the door. You can also visit them online at <http://dsc.dixie.edu/tutoring/>

If you need to use a computer to do schoolwork on campus, go to the Computer Center in the Smith Computer Center or the Library basement.

If you are assigned to take a test in the Testing Center, go to the Browning Learning Center on the upper floor. You can get information on their website at <http://new.dixie.edu/testing/>

The Library has all kinds of information and resources. Visit the Val Browning Library or go to the library website at <http://library.dixie.edu/>

College approved absences: Dixie College Policy explains in detail what needs to happen if you anticipate being absent from class because of a college-sponsored activity (athletic events, club activities, field trips for other classes, etc). Please read this information and follow the instructions carefully! The policy can be found at: <http://www.dixie.edu/humanres/policy/sec5/523.html>

Any time you take credit for work you did not do, you are cheating. This includes getting the answers to study questions from someone else, copying information from a library or internet source and presenting it as if it were your own words (plagiarism), looking at someone else's answers on an exam, and asking someone who has already taken a test about what questions it contains.

I have tried to design assignments and exams to minimize the temptation to cheat, but it is not my job to prevent you from cheating. If you are successful, it doesn't mean that you "beat the system." It means you violated the student code of conduct and forfeited your integrity, whether or not you are caught. You will pay the price, sooner or later. (See DSC Policy 34.1.1-4).

Disability accommodations: If you are a student with a medical, psychological or a learning difference and requesting reasonable academic accommodations due to this disability, you must provide an official request of accommodation to your professor(s) from the Disability Resource Center within the first two weeks of the beginning of classes. Students are to contact the center on the main campus to follow through with, and receive assistance in the documentation process to determine the appropriate accommodations related to their disability. You may call (435) 652-7516 for an appointment and further information regarding the Americans with Disabilities Act (ADA) of 1990 per Section 504 of the Rehabilitation Act of 1973. Our office is located in the Student Services Center, Room #201 of the Edith Whitehead Building.

Attendance is a critical success factor in accounting. Over more than three decades of teaching accounting courses at schools including the University of Southern California, Boston University, the University of Michigan, Boise State University, the University of Washington, and Pepperdine University, I have observed a high correlation between attendance and performance – BE THERE!

Course Policies and Procedures

Attendance is a critical success factor in intermediate accounting. Over more than three decades of teaching accounting courses at schools including the University of Southern California, Boston University, the University of Michigan, Boise State University, the University of Washington, and Pepperdine University, I have observed a high correlation between attendance and performance – BE THERE!

Changes to Syllabus

Changes to this syllabus, other than grading scale, weighting of learning activities, and policies and procedures may be made with advance notice as deemed appropriate by the instructor. The most likely changes will be to the tentative class meeting and examination schedule. Students are responsible for awareness of such changes announced in class or via e-mail to the class.

It cannot be stressed enough to pay very close attention to the following tentative class meeting and examination schedule. It contains important information that will impact your work on a regular basis.

Tentative Class Meeting and Examination Schedule:

Date	Readings, Preparation	Assignment/Activity	Comment
8/23	<p><u>It is essential to bring your text to the first class.</u></p> <p>For those who prepare for the first class (typical of the A and B student), read Chapter 2 of the text and attempt problem 2-A1 as amended (see next column). You should also review the brief discussion beginning on page 35 to the middle of page 40. Finally, read the first reading, "Uncertain Times? Be Certain About What Is Profitable," (<i>Whitepaper</i>) <i>BusinessFinancemag.com</i>. <i>This reading is posted to the class e-room under the folder titled Readings.</i></p> <p><i>All the above material is very important material to master.</i></p>	<ul style="list-style-type: none"> <input type="checkbox"/> Introduction <input type="checkbox"/> Cost Behavior Basics from Chapter 2; Problem 2-A1 as amended will be the basis for our discussion. For those who cannot obtain the text prior to the first class, problem 2-A1 is given below. What follows is problem 2-A1, page 60 of the text. <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>2-A1 Fixed- and Variable-Cost Behavior</p> <p>Consider a particular Boeing plant. Maintaining a clean working environment is important to Boeing. Cleaning the plant is the responsibility of the maintenance department. Two of the resources needed to clean the plant are labor and cleaning supplies. The cost driver for both resources is square feet cleaned. Plant cleaning laborers are paid the same wages regardless of the number of times the plant is cleaned. Cleaning supplies is a variable cost. The 40,000 square foot plant is thoroughly cleaned from four to eight times a month depending on the level and stage of production. For the most recent month, March, the plant was cleaned four times. The March cost of labor was \$24,000 and cleaning supplies used cost \$9,600. The production schedule for the next quarter (April through June) indicates that the plant will need to be cleaned five, six, and eight times respectively.</p> <ol style="list-style-type: none"> 1. Prepare a table that shows how labor cost, cleaning supplies cost, total cost, and total cost per square feet cleaned changes in response to the square feet cleaned. What is the predicted total cost of plant cleaning for the next quarter? 2. Suppose Boeing can hire an outside cleaning company to clean the plant as needed. The charge rate for cleaning is \$5,900 per plant cleaning. If the outside cleaning company is hired, Boeing can lay off the workers who are now cleaning the plant and will spend nothing for cleaning supplies. Will Boeing save money with the outside cleaning company over the next quarter? Prepare a schedule that supports your answer. <p>Amend 2-A1 with the following additional requirements:</p> <ol style="list-style-type: none"> 3. Prepare a process map for the cleaning activity showing the activity, resources used, cost driver(s), and costs. 4. Assume the relevant range is between 160,000 – 332,100 square feet cleaned. What two cost amounts vary with changes in the cost driver within the relevant range? What two cost amounts do not vary with changes in the cost driver within the relevant range? 5. How does knowledge of the capacity of a fixed cost resource help managers control costs (see class notes related to A1 for answer?) 6. Prepare an analysis for a process improvement that shows the potential costs associated with the fixed costs of cleaning. The data for this improvement is given on the class handout titled "Boeing Plant Cleaning Analysis." </div> <ul style="list-style-type: none"> <input type="checkbox"/> Introduction to Excel-based case: Morabund Company. A handout of the problem from an Excel spreadsheet will be used and any time remaining used to introduce the case. 	<p>This assignment (problem 2-A1 amended) will not be turned in for grading but it will be very likely to be tested on term exam 1. A prudent student will study this material with serious intent.</p> <p><u>AFTER TODAY, CLASS MEETS IN THE COMPUTER LAB (ROOM 200).</u></p> <p><u>EACH STUDENT IS GIVEN A FREE COPY OF HYPERION'S BUSINESS MODELING SOFTWARE. IT REQUIRES WINDOWS AND ABOUT 15 MB OF MEMORY. YOU MAY LOAD THIS SOFTWARE ON YOUR OWN LAPTOP OR PC SO YOU CAN USE THE SOFTWARE AT HOME.</u></p>

8/25 &
8/27

- Study the second and third readings, “Uncertain Times? Be Certain About What Is Profitable,” (*Webcast Presentation*) *BusinessFinancemag.com* (On-Demand Best Practices Series); and “Activity-Based Costing: Is It Still Relevant?” *Management Accounting Quarterly*. These readings are similar – only the format differs (PowerPoint slide versus a traditional article). They are both posted to the class e-room as PDF presentations. You do not need to study the last part of the slide presentation starting with slide number 39.
- Study the Morabund case handout from class. Note the Excel spreadsheet is also posted to the class e-room so you do not need to enter all the data.
- Text chapter 2 discussion of variable- and fixed-cost behavior on pages 35-40
- As you are reviewing the cost behavior terms and concepts, keep asking, “If the level of business activity changes, which revenue and cost accounts from the income statement of an organization would change?”
- Read Appendix 3 from Chapter 3 (pages 97-101 of the text). This is a brief discussion of regression analysis. We will use this technique to determine the most reliable cost function for mixed (partly fixed and

Note that the activities listed below will be done over two class periods (8/25 and 8/27).

1. Any unfinished work with Problem 2-A1 amended will be done first.
2. Review the key points in the first reading (Oracle Whitepaper).
3. Review the key points in the second and third readings (Oracle Webcast and Management Accounting Quarterly). Answer the following:
 - a. What are the key benefits of a CPS?
 - b. What methods are used to allocate indirect costs?
 - c. What are the most common costing methods and how frequently are they used across the value chain?
 - d. Why do you think so many costs go unallocated?
 - e. On a total-dollar basis, standard costing is still the most popular costing method. Compare ABC to Standard Costing regarding decision support and product and customer profitability.
 - f. Summarize the main differences between best-practice CPS and all others. (**Answer: see slide 38 of Oracle webcast**)
4. Determine the cost structure for Morabund Company. That is, determine for each cost category, if the cost behavior is variable, fixed, or mixed. For mixed cost behavior, **use regression analysis on Excel** (or your calculator) to determine the fixed and variable components for each cost. Determine the plausibility and reliability of the cost driver.
5. We will begin class with a demonstration of how to perform the analysis needed to budget for Morabund for the remaining three quarters of 2009 and to model a scenario for profit improvement. All this will be done using Excel.
6. If time remains, we will begin to learn the HBM software that is loaded on the PC’s in the lab. We will work with some very simple models (for example, problem 2-A1 as amended) at first to become familiar with the software. Then we will model the Morabund case to see how it handles the same business scenarios as Excel. There are two methods to learn the HBM software: 1) take notes (rapidly) as we slowly develop models, or 2) use the inductive method – that is, simply do it over and over until it becomes easy. Ask questions as you need.

The readings are important because they firmly establish the importance of mastering activity-based costing as a technique to empower you as a strategic and operational player in any organization. Also note that questions such as those listed to the left (3-a to 3-f) are likely candidates to be tested on the exam.

<p>8/30</p>	<p>partly variable) costs. Read the following sections and pages in Chapter 4 of IMA: <input type="checkbox"/> Cost Management Systems, p. 136 <input type="checkbox"/> Cost Terms Used for Strategic Decision Making and Operational Control Purposes, pp. 139-145 <input type="checkbox"/> Traditional and Activity-Based Cost Accounting Systems, pp. 150-161. <input type="checkbox"/> Appendix 4, pp. 162-172.</p>	<p>Training on HBM in room 200. After completing the HBM model for Morabund, we will begin the first case for the course that will count as part of your grade – Global Plastics. The Global Plastics Group case will be handed out in class and also released to the class e-room. You should meet as a group to determine when you will meet and to assign responsibilities.</p>	<p>Recall that during the first three class meetings we emphasized the difficulty in designing a CPS that provides accurate cost and profit data. This case takes us about 25% down the road towards a real-world application. The only significant difference is the number of products, activities, and resources. In real-world applications, there would be about 4 times as many of each for a medium-sized company in manufacturing, service, or government organizations.</p>
<p>9/1 & 9/3</p>	<p><input type="checkbox"/> Read in Chapter 12 the section Allocation of Costs to Customer Cost Objects to Determine Customer Profitability on pp. 490-497. Read the Appendix in Chapter 12 on pp. 502-508.</p>	<p>Training on HBM. You will continue to analyze the Global Plastics case as your first group assignment. All groups must provide a solution to this case to be presented in class beginning on September 27. Note that on <i>next Wednesday</i>, September 8 there will be no formal class meeting but you should plan on meeting as a group in the computer lab or any other place that provides access to the HBM software to continue to analyze and model the operations of the company.</p>	
<p>9/6</p>	<p>No Class – Labor Day Holiday</p>		
<p>9/8</p>	<p><u>NO FORMAL CLASS MEETING TODAY!</u> Read the Global Plastics Group case through at least page 8. Although there is no formal class meeting today, you should plan on meeting as a team outside of class. Read the Webcast: “Uncertain Times? Be Certain About What Is Profitable,” <i>BusinessFinancemag.com</i> (On-Demand Best Practices Series), William O. Stratton, Raef Lawson, and Denis Desroches, sponsored by Oracle Corporation, 2009. A copy of this Webcase is</p>	<p>Teams are required to meet either in room 200 or elsewhere to continue to model the company’s operations. You can meet where ever you have access to a PC or laptop but you must meet. As a reminder, your grade on the case depends in part on our active and reliable participation in group meetings and assigned responsibilities. Grades on cases can vary based on the level of cooperation of individuals within the group. If you have questions that come up during your meeting, you can reach me via e-mail as I will arrange to be by my laptop during our regular class time from 8:00 a.m. until 9:00 a.m.</p>	<p>After you have a firm grasp on a company’s business and its key business issues, the next step is to perform activity analysis, construct a process map, gather financial and operational data, and then construct a business model using HBM. We will spend some time doing this in class and as a team assignment.</p>

<p>9/10</p>	<p>posted to the class e-room. Continue to analyze the Global Plastics case.</p>		<p>During each class, we will continue to train on the various aspects of the HBM software. We will also cover new material. In general, we will only use less than half of our class time for training and new material so that you can plan on having at least 25 minutes to work within your teams and/or consult with me regarding your progress. You should note, however, that it is expected that your team spend significant time outside of class developing the case. It is not necessary for your team to meet as a group all the time, you can coordinate the work that needs to be done so that individual work is possible.</p>
<p>9/13, 15, & 17</p>	<p>Continue to analyze the Global Plastics case. When you have a validated HBM model, you should begin thinking through some possible scenarios to improve profit. Refer to the case for ideas that are consistent with the company's strategy.</p>	<p>Continue to perform activity analysis and build a HBM model for Global Plastics Group.</p> <p>Your team should work as much as possible independent of my help. However, if you are having a problem that is holding up your progress, please see me. Also, be thinking of how you can incorporate the new ideas, ideas from the readings, ideas from the text, or from other sources to improve the company's profitability. You will be modeling these ideas once you have a valid model.</p>	<p>During each class, we will continue to train on the various aspects of the HBM software. We will also cover new material. In general, we will only use less than half of our class time for training and new material so that you can plan on having at least 25 minutes to work within your teams and/or consult with me regarding your progress.</p> <p>Most teams will have a valid model by the 17th – you should see me to be sure your model is valid. The sooner you have a valid operational model, the sooner you can begin applying your managerial skills to develop scenarios to improve profitability. Be sure to see me with your ideas before doing too much modeling work so that I can provide some guidance. During each class, we will continue to train on the various aspects of the HBM software. We will also cover new material. In general, we will only use less than half of our class time for training and new material so that you can plan on having at least 25 minutes to work within your teams and/or consult with me regarding your progress.</p>
<p>9/20</p>	<p>Continue to analyze the Global Plastics case. When you have a validated HBM model, you should begin thinking through some possible scenarios to improve profit. Refer to the case for ideas that are consistent with the company's strategy.</p>	<p>Continue to perform activity analysis and build a HBM model for Global Plastics Group. By this time, most teams will have a valid model that has been approved by me. Now you should begin to change your model, incorporating your new strategy for profit improvement. Be sure that your strategy is reasonably consistent with the strategy presented in the case as summarized on the strategy map. Your strategy should be proprietary – not to be disclosed to other teams, just as it is in the real world.</p>	<p>During each class, we will continue to train on the various aspects of the HBM software. We will also cover new material. In general, we will only use less than half of our class time for training and new material so that you can plan on having at least 25 minutes to work within your teams and/or consult with me regarding your progress.</p>
<p>9/22</p>	<p>Continue to analyze the Global</p>	<p>Continue the process of testing your actions to improve profitability. It is OK</p>	<p>During each class, we will continue to</p>

	<p>Plastics case. When you have a validated HBM model, you should begin thinking through some possible scenarios to improve profit. Refer to the case for ideas that are consistent with the company's strategy.</p>	<p>to consult with me regarding the reasonableness of your actions and with questions about how these changes would be modeled.</p>	<p>train on the various aspects of the HBM software. We will also cover new material. In general, we will only use less than half of our class time for training and new material so that you can plan on having at least 25 minutes to work within your teams and/or consult with me regarding your progress.</p>
9/24	<p>Continue to analyze the Global Plastics case. When you have a validated HBM model, you should begin thinking through some possible scenarios to improve profit. Refer to the case for ideas that are consistent with the company's strategy.</p>	<p>Continue the process of testing your actions to improve profitability. It is OK to consult with me regarding the reasonableness of your actions and with questions about how these changes would be modeled. By this time, your strategy should be pretty much set and you should be preparing to present it to the class next week. Note that during next week's classes, I will ask teams to explain how they modeled certain aspects of the operations and how they validated their models. So you need to be ready to show your model to the class.</p>	<p>During each class, we will continue to train on the various aspects of the HBM software. We will also cover new material. In general, we will only use less than half of our class time for training and new material so that you can plan on having at least 25 minutes to work within your teams and/or consult with me regarding your progress.</p>
9/27	<p>Be sure you are ready to present your model and the scenario for profit improvement. Any team may be called upon for a demonstration of its profit plan (scenario).</p> <p>Be prepared to challenge any scenario presented in terms of its compatibility with the overall strategy adopted by the company in the case (strategy map).</p>	<p>Teams will be presenting their process maps as well as business models for the Global Plastics case. Presentations should include a scenario for profit improvement. Provide a listing of all changes planned for the company, how you resolved any constraints, and how your scenario changes the cost structure of the company. You need to be ready to show your new model to prove the profit improvement figures you present in your scenario. It is not adequate to simply summarize on a PowerPoint slide the "actions" and then state the results. You need to prove them via a revised HBM model.</p> <p>Once your team has presented its solution to Global, you may want to get started on the Wilkerson Company case. In particular, the team that has been assigned this case as their term presentation will have the opportunity to present their Global solution early so they can spend some extra time on the Wilkerson case.</p>	<p><u>THE GRADE ON THIS ACTIVITY WILL BE THE GRADE EARNED ON THE CASE PRESENTATION OF GLOBAL PLASTICS. IT WILL HAVE TWO COMPONENTS: A TEAM GRADE AND A POSSIBLE MODIFICATION BASED ON INDIVIDUAL PERFORMANCE.</u></p>
9/29	<p>If your team did not present last class, it will do so today.</p> <p>If your team presented last period, you may want to get a start on the next case as well as being prepared to discuss the scenarios of presenting teams.</p>	<p>Remaining teams will be presenting their process maps as well as business models for the Global Plastics case.</p> <p>Once your team has presented its solution to Global, you may want to get started on the Wilkerson Company case. In particular, the team that has been assigned this case as their term presentation will have the opportunity to present their Global solution early so they can spend some extra time on the Wilkerson case.</p>	<p><u>THE GRADE ON THIS ACTIVITY WILL BE THE GRADE EARNED ON THE CASE PRESENTATION OF GLOBAL PLASTICS. IT WILL HAVE TWO COMPONENTS: A TEAM GRADE AND A POSSIBLE MODIFICATION BASED ON INDIVIDUAL PERFORMANCE.</u></p>
10/1	<p>Read the Wilkerson Company case prior to class.</p>	<p>The full case analysis is due on October 13th and will be presented by only one selected team. However, the first two questions listed below will be material covered on the first term exam on October 6 & 7. Answers to these questions are to be prepared by all teams on this date (October 1). These answers may be</p>	<p>ONLY ONE TEAM WILL BE PRESENTING THEIR SOLUTION TO THE WILKERSON COMPANY CASE (SEE THE ADDITIONAL QUESTIONS LISTED FOR OCTOBER 8) ON</p>

collected in class. Teams may choose to analyze the case (beyond the first two general questions listed below) using Excel or HBM . For purposes of this class and the first term exam, you should prepare answers to the following questions:

1. **What is the competitive situation faced by Wilkerson?**
2. **Given the apparent problems with Wilkerson’s cost system, should executives abandon all allocation of indirect costs and simply use manufacturing contribution margin (sales less directly-traced costs)? Explain.**

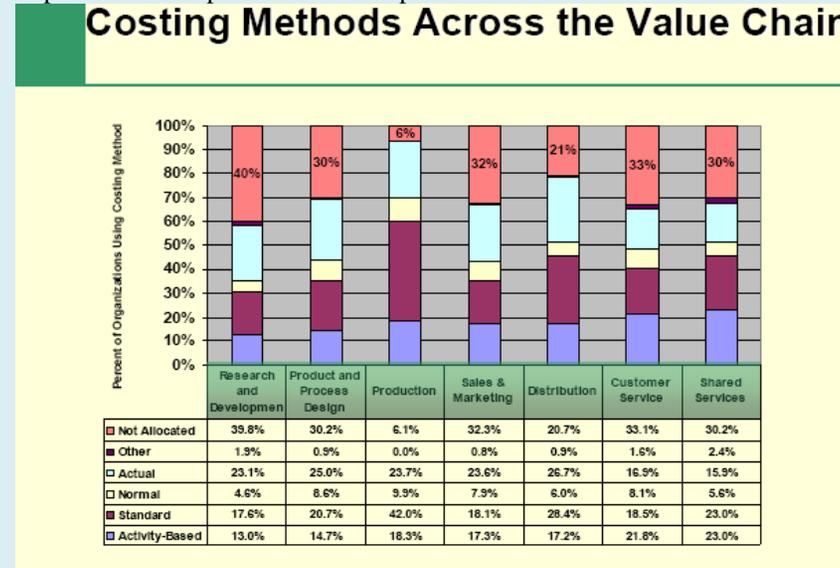
OCTOBER 13. ALL OTHER TEAMS MUST ANALYZE THE CASE AND BE PREPARED TO PRESENT TO THE INSTRUCTOR WRITTEN QUESTIONS AND WHERE APPROPRIATE, OFFER ALTERNATIVES TO THE SOLUTION OF THE PRESENTING GROUP (SEE THE “CASE PRESENTATION” OF THIS SYLLABUS).

<p>10/4 10/6&7 Wednes- day or Thursday</p>	<p>Review for Term Exam 1</p>	<p>Term Exam 1 (15% of term grade)</p> <p>Materials to be tested include cases, readings, handouts from class, and key concepts discussed during class. You will not be expected to use either Excel or HBM. The exam will be objective-format. The first three cases, including the Wilkerson case will be tested.</p>	<p>Exam in Testing Center; 15% of grade</p>
<p>10/8</p>	<p>Work on Wilkerson case.</p>	<p>Build your model for the Wilkerson Company using either Excel or HBM software. Be sure to incorporate key concepts discussed during previous classes. Prepare answers to the following additional questions:</p> <ol style="list-style-type: none"> 3. How does Wilkerson’s existing cost system operate? Develop a diagram (a process map can be used) to show how costs flow from factory expense accounts to products. 4. Develop a process map for an activity-based cost model using the information in the case. Compare the profitability of Wilkerson’s three product lines based on the existing system and your newly-designed ABC system. What causes any shifts in cost and profitability? 5. Based on your answer to Question 4, what actions might Wilkerson’s management team consider to improve the company’s profitability? 6. What concerns, if any, do you have with the cost estimates you prepared in the answer to Question 4? What other information or analysis would you want for better cost and profitability estimates? 	
<p>10/11</p>	<p>Work on Wilkerson case.</p>	<p>Completed models for the Wilkerson Company using either Excel or HBM software are used to answer questions 3 - 6. Be sure to incorporate key concepts discussed during previous classes.</p>	<p>The Wilkerson Company case will be used to apply the HBM software if desired or teams may choose to use Excel. All teams must perform an analysis of Wilkerson Company although it will not be turned in for grading (except the presenting team).</p>
<p>10/13</p>	<p>Presentation of Wilkerson case by previously selected team. Other teams be prepared to defend any differences in their solution via written questions/comments to the instructor after the formal presentation.</p>	<p>Wilkerson Company case due: Only one team will present a 20-25 minute analysis. A copy of the presentation will be made available to the instructor for evaluation at the time of the presentation.</p> <p>Non-presenting teams should be prepared as well (meaning having answers to all questions) so they can react quickly to develop their questions/comments (such as a different answer) for the presenting team</p>	

immediately after the presentation (recall these questions/comments will be written and given to the instructor for possible use during Q & A.

10/15 Semester Break
10/18 Text Chapter 12, pp. 472-489 (middle of page 489)
 Read the case Xyberspace Consulting by HBSP

Introduction to Xyberspace Consulting Case. Which part of the chart below emphasizes the importance of this topic?



This case is about allocating and managing shared services. See Exhibit 12-1, p. 474 (service departments) and also refer back to the readings “Uncertain Times? Be Certain About What Is Profitable,” (Webcast Presentation) BusinessFinancemag.com (On-Demand Best Practices Series); and “Activity-Based Costing: Is It Still Relevant?” Management Accounting Quarterly. These readings are similar – only the format differs (PowerPoint slide versus a traditional article).

10/20 Develop Xyberspace case
10/22 Develop Xyberspace case
10/25 Develop Xyberspace case
10/27 **Presentation of Xyberspace case by previously selected team. Other teams be prepared to defend any differences in their solution via written questions/comments to the instructor after the formal presentation.**

Class discussion of implications of different allocation strategies
 Teams develop solutions to Xyberspace Consulting case
 Teams develop solutions to Xyberspace Consulting case
Xyberspace Consulting case analyses will be presented by the designated team. Q & A to follow formal presentation.

See the instructions for the Wilkerson case as the procedure for the presentation, as well as Q & A by all teams.

10/29 Text Chapter 12, pp. 489-508.
 Read the DSI case in the text on pages 524-527.

Pay close attention to the Cedar City illustration beginning on page 491, especially Exhibits 12-18. Work problems 12-A2 or 12-B2. Then attempt case 12-55, Distribution Solutions, Inc. (DSI) on page 524-527. This is the next major case to be presented by a selected team on November 8.

The focus of this case is measuring and managing customer and product profitability. The analysis should be done using Excel because the full model is too large for the educational version of HBM.

11/1 DSI Case
11/3 DSI Case
11/5 “Time-Driven Activity-Based Costing,” *Harvard Business Review* (November, 2004).

The instructor will demonstrate how a full HBM model is used to analyze DSI.
 Continue work on the DSI case.
 Discussion of time-based ABC.
 Continue to work on DSI case.

Extra activity if time permits: refining Global Plastics-Electronics Division (no prep necessary, just expanding the depth

			of coverage of this case)
11/8	Presentation of DSI case by previously selected team. Other teams be prepared to defend any differences in their solution via written questions/comments to the instructor after the formal presentation.	DSI case analyses will be presented by the designated team.	See the instructions for the Wilkerson case as the procedure for the presentation, as well as Q & A by all teams.
11/10	<p>Review flexible budgets and variance analysis from Chapter 8 of the text, especially pages 308-309 (activity-based flexible budgets), 313-314 through the Business First box, and pages 316-324. Do not feel compelled to memorize the model shown in Exhibits 8-8 and 8-9 unless you are familiar with them since we will learn what I believe is a more general model in class.</p> <p>Review the PowerPoint presentation titled Smart Sockets, Inc. that is posted to the class e-room in the folder for the LaRowe Brackets case.</p>	<p>Revisit the graph shown for October 18th in this syllabus. Is it reasonable to expect that many companies use a combination of standard costs and activity-based costing?</p> <p>Smart Sockets, Inc. demonstration case for activity-based budgeting and variance analysis will cover the same cost-management technique that will be used to analyze the LaRowe Brackets case.</p>	<p>These Smart Sockets and LaRowe cases emphasize the value of activity-based budgeting and variance analysis to the cost-management process in any organization. It is highly likely that you will be exposed to these costing techniques regardless of your career path.</p> <p>Excel will be the best choice for analysis so you may want to attempt to set up an Excel spreadsheet in advance of class to follow the model demonstrated in the Smart Sockets case.</p>
11/12	Read the LaRowe Brackets case.		
11/15	Work on LaRowe Brackets case		
11/17	Work on LaRowe Brackets case		

<p>11/19</p>	<p>Presentation of LaRowe Brackets case by previously selected team. Other teams be prepared to defend any differences in their solution via written questions/comments to the instructor after the formal presentation.</p>	<p>LaRowe Brackets case analyses will be presented by the designated team.</p>	<p>See the instructions for the Wilkerson case as the procedure for the presentation, as well as Q & A by all teams.</p>
<p>11/22</p>	<p>Chapter 10, pp. 390-397</p> <p>Vyaderm case from HBSP. <i>It is important</i> for this first class on EVA to read Vyaderm case for <i>general content</i> – not in great detail.</p> <p>Review the two PowerPoint presentations titled “Application of EVA to Global Plastics,” and “ROI and EVA at Briggs & Stratton Plus Bonus Handout,” that are posted to the class e-room in the Vyaderm case folder.</p>	<p>Focus on understanding the EVA concept – an aggregate measure of profitability. Do a Google search to explore the concept. One good site is sternstewart.com. Prepare a short paragraph describing your search results. You may be asked to read your paragraph to the class.</p> <p>Also be able to compare and contrast ROI to EVA. A Google search on ROI may also be instructive. One of the key points to master if the EVA discussion focusing on the differences between accounting and economic profit as metrics of overall wealth creation.</p> <p>We will develop the technique to be used for analysis of the Vyaderm case using the assigned techniques demonstrated in these PowerPoint presentations.</p>	<p>For those of you who have the time and ambition, obtain the 2009 annual report of Briggs & Stratton. How has the company been doing regarding creation of wealth?</p>
<p>11/24</p>	<p>No Class - Thanksgiving</p>		
<p>11/26</p>	<p>No Class - Thanksgiving</p>		
<p>11/29</p>	<p>Work on Vyaderm case</p> <p>“The Real Key to Creating Wealth”, <i>Fortune</i> (September 20, 1993).</p>		
<p>12/1</p>	<p>Work on Vyaderm case</p>		

12/3	Work on Vyaderm case		
12/6	Presentation of Vyaderm case by previously selected team. Other teams be prepared to defend any differences in their solution via written questions/comments to the instructor after the formal presentation.	Vyaderm case analyses will be presented by the designated team.	See the instructions for the Wilkerson case as the procedure for the presentation, as well as Q & A by all teams.
12/8	Review for second term exam.		
12/10	Prepare for term exam 2	Term Exam 2 (20% of term grade) Materials to be tested include cases, readings, handouts from class, and key concepts discussed during class beginning with the material assigned on October 8. You will not be expected to use either Excel or HBM. The exam will be objective-format. The first three cases, including the Wilkerson case will be tested.	Exam in Testing Center; 20% of grade