

ACCOUNTING 3300

COST ACCOUNTING

SPRING 2011

COURSE SYLLABUS

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Office Hours:	MWF 9:00 a.m. – 10:00 a.m. and by appointment

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 and activity-based variance 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 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 must be purchased. In addition, the basic concepts introduced in the text will be revisited frequently.*

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: The course centers around applications of cost and managerial accounting concepts applied to "near" real-world scenarios. The vehicles used are cases and financial planning software (Excel and Hyperion Business Modeling). The sources for the numerous cases include 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), instructor-developed cases, and cases from the required course text.

The following list gives the cases and their location. From this list a selection will be made. These cases are not listed in any particular order and most likely not all of them will be covered in the limited time provided for the course. *The case assignments will be announced in class as the course progresses so it is the student's responsibility to be aware of the case assigned for a particular class or classes, the specific assignment, and the due date.*

1. Modern and Oldway Companies (Modern)- posted to Blackboard
2. Shun Electric Company – Harvard Business School
3. Xyberspace Consulting, Inc. - Harvard Business School
4. Global Plastics Group - posted to Blackboard

5. Wilkerson Company - Harvard Business School
6. Distribution Solutions case – posted to Blackboard
7. LaRowe Brackets, Inc. – posted to Blackboard
8. Vyaderm Pharmaceuticals - Harvard Business School
9. AT&T – posted to Blackboard
10. Brunswick-posted to Blackboard
11. First Starr Bank-posted to Blackboard
12. L.A. Darling-posted to Blackboard
13. Boston Lyric Opera-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 on the use as well as the preparation of accounting information. 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*, note that good or excellent attendance is necessary but not sufficient for success,
- Understand all the concepts related to the problems and cases, and
- Hard work

<i>General Working-Level Objectives</i>	<i>Topics of Special Emphasis (partial listing)</i>
<i>Ethical behavior as a key success factor</i>	A system for performing a consulting job
<i>Cost-volume-profit analysis</i>	Using professional financial planning software
<i>Cost-allocation systems</i>	Job order costing
<i>Activity-based costing</i>	Process costing
<i>Activity-based management</i>	Variance analysis
<i>Flexible budgeting including activity-based flexible budgeting</i>	Activity-based budgeting
<i>Variance analysis including direct-cost variances and indirect-cost variances</i>	Determining homogeneous cost pools
<i>Measuring cost behavior</i>	Performing activity analysis-an illustration
<i>Pricing decisions and cost management</i>	Capacity costing
<i>Performance measurement including balanced scorecard systems</i>	Cost assignment paths
<i>Measuring and managing customer profitability</i>	How to set prices
<i>Performance measurement systems including balanced scorecard and economic value added</i>	Layout as a strategic driver – an illustration
	ABC and strategy maps at Nestle and HP

Case Preparation and Presentation/Class Participation

Case Preparation: Every student should come to class prepared to discuss each assigned case. Thus, if you are called upon to discuss any aspect of any case and fail to do so, expect it to be noted. You may be called upon without notice during class or you may be asked in advance to prepare a brief presentation. You may even be allowed to present in a small group.

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. Again, simply being in class is not sufficient. At times, students have made the comment, “I may not have said anything in class and did poorly on the exams but I was there 100% of the time so I deserve a better grade.” This course is designed to help prepare the student for professional careers in accounting. In the real world, rarely is this type of statement acceptable as justification for advancement or even survival. Participation quality in this course will be evaluated using the features defining the four levels below. I will also use appropriate elements (*blue font*) of this rubric as a guide in my evaluation of your class participation.

Your earned score is by nature a subjective evaluation by the instructor. You should consider each class, each presentation as an equal opportunity to exhibit the scope and depth of your understanding of the critical concepts related to cost accounting and cost management. *It will be noted when individuals are making significant and relevant contributions on a regular basis.*

Level 1 Participation (Beginner)

- Little or no advance preparation
- Observes passively and says little or nothing
- 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
Level 2 Participation (Novice) <input type="checkbox"/> Moderately prepared in advance <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"/> 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"/> Summarizes group decisions and action assignments

Term Examinations: There are four term exams, counting 60% 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.

Term exams are closed book and consist of objective-format questions. Makeup term exams are permitted only for unusual circumstances and never because a student is "not prepared." If a makeup 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	20%
Term Examinations	80%
	<u>100%</u>

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

Important Dates and Information

A summary of the most important dates follows:

- Jan 10 Class work starts
- Jan 12 Last day to add without a signature
- Jan 18 Drop fee begins (\$10 per class)
- Jan 25 \$50 Late registration/payment fee
- Feb 1 Last day for refund
- Feb 1 Last day to drop without a "W" grade
- Feb 4 Last day to add classes
- Mar 4 Last day to drop or audit classes
- Mar 14-18 Semester break
- Apr 1 Last day for complete withdrawal
- Apr 28 Last day of classes

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, 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 and participation is a critical success factor in any upper division accounting course (not too different from the real world). 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 BE PREPARED, PARTICIPATE IN A RELEVANT MANNER!**

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, and to modify assignments. Students are responsible for awareness of such changes announced in class or via e-mail to the class.

Tentative Exam Schedule:

<i>Dates (Tentative)</i>	<i>Term Exam Number and Weight Range</i>
January 26 & 27	1 – 15% to 20%
February 23 & 24	2 – 15% to 20%
March 30 & 31	3 – 20% to 25%
April 27 & 28	4 – 20% to 25%

Tentative Class Meetings for the First Quarter

Date	Readings, Preparation	Assignment/Activity	Comment
1/10	<p>It is essential to bring your text to the first class.</p> <p>Read the first reading, "Uncertain Times? Be Certain About What Is Profitable," (<i>Whitepaper</i>) BusinessFinancemag.com. This reading is posted to the class e-room under the folder titled <i>Readings</i>.</p>	<p><input type="checkbox"/> Introduction</p> <p><input type="checkbox"/> Introduction to the case: Modern Company</p> <p><input type="checkbox"/> Modern Case Problem Set Number One to be handed out in class and posted to the class e-room.</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 MODELLING 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> <p>The readings are important because they firmly establish the importance of cost allocation systems and mastering activity-based costing as a technique to empower you as a strategic and operational player in any organization.</p>
1/12 & 1/14	<p><input type="checkbox"/> Study the posted slide presentation "Job-order and process costing systems." The text reference is pp. 487-490.</p> <p><input type="checkbox"/> Study the Modern Company case that is posted to the class e-room.</p> <p><input type="checkbox"/> By hand (Excel also), complete Modern Case Problem Set Number Two before class.</p> <p><input type="checkbox"/> Study the second and third readings, "Uncertain Times?"</p>	<p><input type="checkbox"/> Note that the activities listed below will be done over two class periods (1/12 and 1/14).</p> <p>1. Review the key points in the first reading (Oracle Whitepaper).</p> <p>2. Review the key points in the second and third readings (Oracle Webcast and Management Accounting Quarterly). Answer the following:</p> <ol style="list-style-type: none"> What are the key benefits of a CPS? What methods are used to allocate indirect costs? What are the most common costing methods and how frequently are they used across the value chain? Why do you think so many costs go unallocated? On a total-dollar basis, standard costing is still the most popular costing method. Compare ABC to Standard Costing 	

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.

- 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 partly variable) costs.

1/17

No Class

Read the following sections and pages in Chapter 4 of IMA:

- Cost Management Systems, p. 136

- Cost Terms Used for Strategic Decision Making

1/19

MLK Holiday

Training on HBM in room 200. Continued application/learning applied to the Modern case.

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)
3. We will begin to learn the HBM software that is loaded on the PC's in the lab. We will model the Modern case. 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.

4. We will use Modern Case Problem Sets Two to Five to learn the software. It is vital that you be very familiar with the material prior to coming to class for all of these meetings up until the first term exam.

- Page 9 of 9
and Operational Control
Purposes, pp. 139-145
- Traditional and Activity-Based Cost Accounting Systems, pp. 150-161.
 - Appendix 4, pp. 162-172.
 - Read Appendix 12 from Chapter 12 on MSABC systems.
 - Study the handout "Activity Analysis1" posted to the class e-room.
 - Modern Case Problem Set Number Four
- 1/21 Study the handout "Determining Homogeneous objectives and cost pools" posted to the class e-room.
Modern Case Problem Set Number Five
- 1/24 Term Exam 1
- 1/26 & 27

Training on HBM.

Exam is given in the TESTING CENTER and is on-line.