

DEPARTMENT OF BUSINESS ADMINISTRATION
Spring 2014

Strategic Cost Management

A. Course Objectives

The course is specially designed for the English Tough Program students with a presumption that each of you has a capability to read, write and communicate with English.

The course is an introduction to management accounting with focus on business strategic cost management, an area of business which develops the financial and non-financial information necessary to effectively manage the firm or organization.

Management accounting is in transition, moving from a procedural focus on financial accounting reports to a strategic focus on the use of accounting to facilitate the business success of the enterprise. The concepts of management accounting are used in both manufacturing and service firms, and are increasingly applied to government and not-for-profit organizations, to help them succeed in their service missions, to be responsible to the citizens and funding agencies.

A principal motivation for the change in management accounting is the changes in business processes and organizations in response to increased competition, both global and domestic. These changes include a renewed focus on the customer, aggressive cost reduction, outsourcing, downsizing and reengineering, total quality management, advanced manufacturing technologies, and increased use of information technologies, among others. The management accountant is no longer a reporter and analyzer of financial facts only, but a business partner -- developing the financial and non-financial information the organization needs to be successful. As such, the management accountant plays a strategic role in the business, developing and presenting the information that is critical for the firm's success.

B. Course Goals:

The course goals are to develop an understanding of the application of strategic cost management principles for business and not-for-profit organizations, and to provide an opportunity to develop skills in applying these principles through problems and cases. The management accountant's role is to provide timely and accurate information to assist management in achieving the firm's goals. This is an integrative role, which requires the management accountant to understand the firm's strategy, and to understand how both financial and non-financial information is developed across all the management functions -- finance, marketing, operations,

information technology, and human resources.

There are three overall goals for the course, each of which is covered in sequence the course:

1. Understand the **fundamentals of management accounting**, including the strategic focus and the accountant's ethical responsibility
2. Use costs and other critical success factors in **management planning and decision making**
3. Use costs and other critical success factors in **management control**

Assignments:

The cases and problems assigned for each class will ordinarily be a part of class discussion each meeting, and therefore must be prepared for that meeting. Some of the assignments are cases, for which you should develop a critical analysis, as required in the discussion questions for the case. You should develop written notes for each case, and bring them to class, ready to discuss the case. In addition to the cases, some assignments are problems involving calculations for which you should develop the solution and be prepared to give your answer and explain how you got it. Your in-class participation in the discussion of the problems is part of the class participation grade.

C. Course Requirements and Grading:

1. Exams (45%). There are one mid-term exam and one final exam (20% and 25%, respectively). The mid-term exams will be given during the class period (Week 11 5/1). The exams will include multiple choice questions, problems, and cases that will be similar to the homework assignments. The best preparation for the exams will be your careful work on the homework assignments, in addition to class participation and the readings. The problems will be graded for understanding and accuracy, while the cases will be graded for understanding, clarity, and organization.

2. Case Analysis (30%). A couple of cases analysis project will be assigned to teams of 6 members each, and will be due on the date of requirement. The case assignment will require an integrative study of a company, to identify and illustrate the role of cost management in that company.

3. Homework (15%). There are couple of homework will assign to you and you should finish by yourself and turn in the due date. I will explain the homework during the due date, so no late homework will be allowed.

3. Class Participation (10%) Class participation includes attendance and participation, either by offering a solution to an exercise or case, or asking questions on the class material, and by turning in assignment solutions. If you expect to miss class or to be late for class, let me know that in advance. Having someone turn in an

assignment for you will not cover your class participation requirement. A pattern of being late, coming and going during class, or more than a few unexplained absences will mean the loss of most or all class participation points. I will not take attendance, but I will be using a seating chart so I will notice absences and lateness. You may check with me at any point in the semester to see how you are doing on class participation.

4. Honor Code. The honor code will be applicable for all exams and for assignment turn-ins. All exams are to be taken without assistance of books, notes, cell phones, other electronic devices (except for calculator) or assistance of any kind.

G. Important Notes and Policies

Students are expected to attend each class and to read the assigned materials before the class meet.

D. Class Schedule

Week		Subjects and Assignments	Reading	Case
Week 1	2/21	Course Introduction and Placement Test		
Week 2	2/28	No meeting		
Week 3	3/6	Course Introduction Cost Management and Strategy	Ch 1	Homework:How should I Do?
Week 4	3/13	Cost term	Ch 2	
Week 5	3/20	Cost behavior analysis and use	Ch 5	
Week 6	3/27	Job order costing and process	Ch 3, 4	Homework
Week 7	4/3	Activity-Based Costing	Ch 8	
Week 8	4/10	Cost-Volume-Profit relationships	Ch 6	
Week 9	4/17	Cost-Volume-Profit relationships	Ch 6	Case 1
Week 10	4/24	Variable costing	Ch 7	
Week 11	5/1	Midterm Exam	Ch 1- Ch 8	
Week 12	5/8	Standard Costing (1)	Ch 10	
Week 13	5/15	Standard Costing (2)	Ch 11	Case 2 What is the best price
Week 14	5/22	Relevant Costing	Ch 13	
Week 15	5/29	Capital budgeting	Ch 14	
Week 16	6/5	Case of Group Presentation		Final Case
Week 17	6/12	Final Exam	Ch 10 -Ch 14	