MANAGERIAL ACCOUNTING 2
ACCY 6202
FALL 2015
SYLLABUS

Instructor
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Class meeting
Wednesday, Duquès Hall 254
19:10 – 21:40
CRN 63450

Course description
This course continues the subject begun in Managerial Accounting 1. It prepares
managers to use appropriately internal financial information to (a) make resource
allocation decisions and (b) to exercise management control. We will learn some of
the details of preparation so that you will understand how information that you
rely on has been created. My primary goal of the course is to develop an
appreciation of the strategic importance of cost data collection and analysis in
successful management. A second goal is to develop an understanding of the cost
accumulation process so that you, as a manager, can communicate effectively with
the controller and other management accountants. The third goal is to master
specific techniques for using cost data in (1) product and customer analysis, (2)
decision making, and (3) planning, control and performance.

Grading
The final course grade will be a weighted average of the following.

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Final examination</td>
<td>60%</td>
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<tr>
<td>Quizzes</td>
<td>15%</td>
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<tr>
<td>Homework</td>
<td>5%</td>
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<td>Class participation</td>
<td>20%</td>
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21 October 2015
class cancellations, etc.: 202 994-5050
GWU police emergency: 202 994-6111
Final examination  It will be administered on 15 Dec. A sample exam is available on Blackboard to give you an idea of the format.

Quizzes  There will be 6 quizzes, administered at the beginning of classes as indicated on the homework assignment sheet. They will be 10-15 minutes long. The lowest grade will not be counted. Thorough preparation for the class will insure you’re prepared for the quiz.

• “thorough preparation” means (a) having absorbed the lessons of the previous class, (b) having read any reading assignment for the current class, and (c) having made a conscientious effort to answer the discussion questions for the case.

Homework  This will be graded for effort, not for correctness. Attempting to do the homework problems will help you to prepare for class by alerting you to things that you don’t fully understand.

Class participation  Case analysis and discussion succeed only when students are prepared to discuss and defend their analysis, question that of others, and share viewpoints and experiences. Your grade will depend more on the quality than the quantity of your contribution. You should be active in the discussions, but do not feel that you have to speak in every class.

Required material


- If you can find a used 3rd edition, you can use it. We’ll have to be sure that the problem numbers are adjusted so you’re solving the same problems as if you’re using the 4th edition.

The case material, and one reading, is available as a “coursepack” from Harvard Business Publishing. The link is

https://cb.hbsp.harvard.edu/cbmp/access/42458685

Note that even if you’ve used coursepacks before, you must “register” for this coursepack.

Problems, other cases, and other readings will be distributed in paper form for longer items, or on Blackboard for short assignments. I will also use Blackboard to distribute, after class, homework solutions, case summaries, or other relevant material.

Quality  I aim to meet the following quality standards in this course.

1. Quizzes will be returned on the class following.
2. I will answer e-mail and phone calls within one working day.
3. Homework solutions, class notes and case solutions will be available on Blackboard within one working day after class.

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**Attendance**  Cases will arise when students must miss a day of class. It is your responsibility to check with fellow students or me about announcements or new information. You should arrange to turn in your homework before the class. If you miss one quiz, that will be the one that’s dropped from grading; if you miss more than one, we’ll arrange a make-up.

**Integrity**  On March 10, 1995, The George Washington University adopted a Code of Academic Integrity. This code strictly governs the conduct of this course.

For *my part*, I have the obligation to provide a clear explanation of permissible conduct in preparing assignments. To that end:

The quizzes and final examination are individual projects. The specific directions will accompany the exams, but in no case will sharing of calculators or any other form of cooperation be permitted.

You are free to cooperate on the cases and homework problems before class; in fact, I encourage it. Do not simply copy each other's homework solutions, however.

For *your part*, be familiar with the Code. If you have any question about its applicability to any part of this course, please let’s discuss it.

### Homework

**Class 1:** Decision analysis (28 Oct)

*Textbook assignment:* Chapter 4  
*Case:* Baldwin Bicycles  
Discussion question: yes or no?

Please turn in a business memo (typed, of course) listing one non-financial aspect of this business proposal that the decision makers should consider.

**Class 2:** Production decisions (4 Nov)

*Textbook assignment:* Chapter 4  
*Homework problems:* 4.12, 4.15, 4.24, 4.35  
*Case:* Berkshire Threaded Fasteners  
Discussion questions are listed in the case.

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Please **turn in** an answer to the first discussion question.

**Quiz**

**Class 3:** Activity-based costing (11 Nov)

In the “management accounting 1” course, the topic was introduced via the Seligram case. As noted, that case built the basic concepts but was not a real ABC system. It was a “department allocation method” (p.318). This case takes ABC one step further, not just creating a better costing system but showing how a firm can achieve a strategic competitive advantage with it.

*Textbook assignment:* Chapter 9  
*Case:* Owens & Minor

Discussion questions
1. What are the services rendered by the distributor to manufacturers and hospitals?  
   1.1 How has the nature of distribution changed over time?  
   1.2 What is the value added by O&M?
2. Evaluate the effect cost-plus pricing has on distributors, customers and suppliers.  
3. What effect will ABP have on customer behavior?  
4. Explain exhibit 5. How does the pricing matrix work?  
   4.1 How do the costs in exhibit 5 correspond to the costs shown in the customer profitability statement in exhibit 4?  
   4.2 Why doesn’t the matrix comprise all the costs shown in exhibit 4?
5. What are the obstacles to successful implementation of ABP at Ideal?  
   5.1 How would you address these obstacles?
6. What type of customers will adopt ABP first?
7. How difficult or easy is it for O&M’s rivals to adopt ABP?
8. What are the risks associated with ABP for O&M?
9. Work through the numerical exercise (in “course material” in Bb).

Please **turn in** answers to question 1.2 and 3.

**Quiz**

**Class 4:** Balanced scorecard (13 Nov)

*Textbook assignment:* chapter 18, pages 682-686.  
*Reading:* “The Balanced Scorecard: Measures that Drive Performance”  
*Case:* Mobil USM&R (A1)

Discussion questions

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1. What objectives and measures should the two customer teams (consumer sub-team and dealer sub-team) select for their core customer outcomes? How can these teams measure what the dealer and Mobil must do well to achieve the desired customer outcomes?

   Please turn in two scores for each of the two sub-teams.

2. What should be the objectives and measures for the internal business processes at USM&R? Remember these objectives and measures must drive the desired performance in the financial and customer objectives.

3. Comment on the scorecard development process. Why did Bob McCool initiate yet another initiative, the Balanced Scorecard project? What elements seem critical to the success of a Balanced Scorecard project?

Quiz

Class 5: Balanced scorecard and data analysis (18 Nov)

Textbook assignment: Chapter 5, pp.165-168, and elsewhere as needed
Reading: “Having Trouble with Your Strategy? Then Map It”
Case: Store24
Discussion questions
1. Critique Store24’s balanced scorecard? If you want to use the scorecard to test the effectiveness of the Ban Boredom strategy, what other variables would you include in the analysis?
2. Is the Ban Boredom strategy related to future financial performance? (Bob Gordon is more swayed by data analysis than by qualitative opinions.)

   Please turn in a one-page memo describing your analysis of the second discussion question.

3. What would you recommend to Bob Gordon?

Quiz

Class 6: Management Control (2 Dec)

Textbook assignment: Chapter 12
Homework problems: 12.7, 12.8, 12.9
Case: AirTex Aviation
Discussion questions
1. Did AirTex need a new control system at the time of the takeover?
2. Evaluate the control system that Frank and Ted implemented. Should anything have been done differently?

Quiz

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Class 7: Risk management (9 Dec)

Reading: Managing Risks: A New Framework
Case: Jet Propulsion Laboratory

Discussion questions
1. Should Gentry Lee recommend launch or delay for the MBE mission? What are the most important factors to consider in this decision?
2. Identify the principal risk-management processes used in the MBE project. What role does each play, and what is critical for success?

Please turn in a one-page memo describing your analysis of the second discussion question.

3. Consider the role of JPL’s senior systems engineer, Gentry Lee. What challenges did he face when implementing the risk-management process at JPL? What characteristics seem critical for success?
4. Do the new risk-management processes match JPL’S strategy and culture?

Quiz

Final Exam is scheduled for 7:40 PM on Wednesday, 15 December, in Duquès 254.