MBAD 6213 ON – Managerial Accounting Course Syllabus

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Instructor Information
Dr. Susan L. Kulp
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Office Hours: By appointment (encouraged)

Please Note: Each session will open at 8am on Saturday at the beginning of the week. The instructor will read and respond to e-mail and discussion forums at least once per day during the work week (Monday through Friday). You may see the instructor online occasionally on the weekends, but please don’t count on it! If you have a question regarding a writing assignment due at 11:55 any evening, the instructor must receive your questions via Blackboard e-mail no later than noon Eastern Time on that day. Queries sent after noon EST on the date an assignment is due may not be responded to, so please don’t procrastinate.

Introduction
This document outlines the syllabus requirements for MBAD 6213, Managerial Accounting.

Managerial accounting is concerned with the internal generation, communication and interpretation of information for both operational and strategic decision-making purposes. Note that this definition and this course both focus on information internal to the firm. We will not be directly concerned here with published or external financial statements or the impact of accounting information in the broader market place. Note also that information is relevant for two types of internal decision-making: operational decision-making, which can include all aspects of planning and controlling an organization’s day-to-day operations; and strategic decision-making, which relates information to the planning and control of an organization’s strategy. The scope of MBAD 6213 embraces the planning and control information used for both internal operational and strategic decision-making.
**Course Objectives**

The objective of MBAD 6213 is to develop your ability to create and use accounting information and tools to facilitate and influence decision-making. This course differs from traditional introductory courses in managerial accounting in several ways. First, the subject content is more contemporary than traditional introductory managerial accounting courses. This means there will be less emphasis on traditional accounting techniques and double-entry bookkeeping and more emphasis on modern cost management and performance measurement techniques. Second, some of the subject content is less procedural and more conceptually advanced than in traditional introductory managerial accounting courses. Third, the course will explore, at an introductory level, theories that underpin the discipline of managerial accounting. Finally, this course will integrate issues in managerial accounting practice directly into class discussions. All sessions will include problems and cases that are based on real world managerial accounting contexts.

By the end of the course you should be able to:

- Identify, understand and discuss the nature, purpose and importance of different types of decision-useful managerial accounting information.
- Identify, understand and apply fundamental quantitative tools and techniques used to generate decision-useful managerial accounting information.
- Make informed strategic and operational business decisions based on your development/evaluation of supporting managerial accounting information.

**Instruction Method**

Classes will be online, with synchronous case discussions to supplement the online material. The synchronous sessions will be run in an interactive format, consisting primarily of case discussions and interactive lectures/problem solving. I will also hold online office hours by appointment.

**What We Expect of You**

On average, most students spend eight to ten hours per week working on course assignments. Your workload may be more or less depending on your study habits.

I have worked hard to make this the most effective and convenient educational experience possible. The Internet may still be a novel learning environment for you, but in one sense it is no difference than a traditional graduate class: how much and how well you learn is ultimately up to you. You will succeed if you are diligent about keeping up with the class schedule, and if you take advantage of opportunities to communicate with us as well as with your fellow students through office hours, on-line discussion boards and synchronous sessions.

**Required Materials**

Lanen, W.N., S.W. Anderson, and M.W. Maher. 2011. *Fundamentals of Cost Accounting*. Edition 4. McGraw-Hill Irwin. We will be covering the material in the textbook in the order needed for the organization of this course; therefore, you can expect to move back and forth in the text as we go forward. (3rd edition is also acceptable.)

MBAD 6213 Course Packet: [http://cb.hbsp.harvard.edu/cbmp/access/51506180](http://cb.hbsp.harvard.edu/cbmp/access/51506180)
Also ensure that you have access to the tutorials offered through HBSP. All other materials will be distributed via Blackboard.

**Class Website**

This course will use Blackboard, GWU’s class management system. Go to [http://blackboard.gwu.edu](http://blackboard.gwu.edu) and log in. Please ensure that you check the website regularly for updates and announcements.

**Session Preparation Guidelines**

A quick note as we get started: This course is organized by episodes within each week’s session. I would like you to begin each Session by watching the first overview videos (episode). From there, you should view the InDepth materials and read the related text assignment (as needed). Finally, you should explore the optional, additional links and try some practice exercises (ungraded) to ensure that you understand all concepts. Accounting is a topic that takes practice; if you have never been exposed to managerial accounting, I strongly recommend that you attempt the practice problems. We will use the Practice Discussion Forum to talk about any issues you have with the concepts in the practice assignments. Please check this forum frequently – both to post any questions that you have and to help your classmates answer their questions.

For the synchronous session, we will typically use cases. Case-based learning means it is important be adequately prepared. I recommend that you prepare for these sessions by ensuring that you are keeping up with the course, doing the background reading in the text, working through the practice problems and preparing the case. To get the most out of the cases, it is necessary that you come to these sessions ready (and willing) to share your comments and criticisms.

**Assessment Overview**

Your grade in MBAD 6213 will be computed as follows:

- **Case Briefs**
  - Life is Like a Box of Chocolates: 5%
  - Owens & Minor (A): 5%
  - Compagnie du Froid: 5%
  - ATH case – throughout session 6: 5%
  - **Total: 20%**

- **Final Exam**: 45%
- **Participation**: 25%
- **Personal Best (exam or participation)**: 10%
  - **TOTAL**: 100%

**Grading Distribution**

I plan on following the grading distribution recommended for all core classes. This aims for a class average between 3.2 and 3.4 with no more than 20% of the students receiving A’s.
Case Briefs
The case brief must be typed and written in a professional style. A printed copy of your individual case brief is due by 11:55pm on Sunday night of the week that it is assigned.

For each case, I have highlighted the focus of the case and provided assignment questions in this syllabus. Be sure to consult this before preparing your case brief. Your case brief should fully answer each of these questions and support your answers quantitatively and using case facts, when appropriate.

You may choose to work in groups and hand in one copy per group. Alternatively, you may choose to work the cases individually. You can change groups for each case, if desired. Discussion of a case with external parties (i.e., tutors, 2rd year students, your CPA) is not allowed. Discussion of a case across groups (or individuals handling in the case separately) is not allowed. If you hand in the assignment as an individual, you should have worked the case by yourself. If you discuss the case with other students, you have effectively created a group and should submit one assignment. Always keep in mind that collaboration is permitted, but any and all collaboration must be reported on the assignment.

The primary purpose of the case brief submissions is to show evidence of your case preparation, which may not necessarily correspond with perfect answers. As such, the case briefs will be graded primarily for thoughtfulness, completeness, and clarity of your response rather than accuracy of your content.

Final Exam
The final exam will be an individually-completed exam covering all topics in the course. The exam time will be announced during the semester.

Participation
In order for us to learn the fullest amount, it is necessary for everyone to come ready to participate regularly. This means thoughtful participation in discussion boards, beyond a mere “I agree.” I will assess participation after each Session, based on quality of your comments and questions in the case-based synchronous sessions, review session, as well as participation in the discussion boards (note that participation is not given for discussions during office hours). To pull your weight, you should be participating regularly, be prepared, and contribute substantively to the discussions in the discussion boards and the synchronous sessions.

I will sometimes call on volunteers in synchronous classes, but I also might “cold call.” When called upon, I don’t expect that you necessarily have “the” answer. I do expect you to indicate a familiarity with the issues being discussed and a willingness to share your opinion with your colleagues. I encourage you to ask classmates to offer advice on how to improve your communication effectiveness. Additionally, I reserve the right to adjust your individual participation grade downward at the end of the semester to reflect absences in our online course space.

Academic Integrity Code Application
The course will abide by the Code on Academic Integrity. A copy of this policy is available online at http://gwired.gwu.edu/dos/GuidetoStudentRightsandResponsibilities200708/. Please take time to become thoroughly familiar with this policy. In the highly unlikely event of academic

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1 You are free to select your own teams for this class or work alone – either is fine with me as long as you note the participants on your case submission.
dishonesty, it is my policy to pursue the most severe sanctions available under the policy. Generally, the sanction is an F grade in the course. For this course, all exams, homework assignments, and case analyses are to be completed according to the description above.

**Frequently Asked Questions**

Q: What if I miss an individual problem and case assignments?
A: These assignments must be submitted by 11:55 est on Sunday of the week they are assigned. I assess a penalty if the case is submitted after this time, and the case will not be accepted after we discuss it in the synchronous session (Note that the first synchronous session of the week is Monday).

Q: Can I prepare for case assignments working with classmates?
A: I have no objection, and, in fact, encourage you to work in groups to discuss and analyze any or all of the individual assignments. See the policy for academic integrity for more details.

Q: What should I do if I don’t know how to do a case assignment?
A: I recommend several courses of action. First, read through the textbook chapter and prepare and evaluate your responses to the practice problems. This should give you adequate preparation to work through the case assignment. Additionally, you can consult with classmates. Finally, please do not hesitate to contact me for help. Remember that the primary purpose for individual assignments is to show evidence that you have adequately prepared for class.

Q: What should I do if I have a dispute over the grading of my work?
A: Please don’t hesitate to send/give me a written description of your claim and I will happily re-grade the work. Please note that once you submit a request for a re-grade, the ENTIRE assignment will be re-graded; your overall grade could change up or down.

Q: What should I do if I am experiencing difficulty in the class – either with the technical work or with participation?
A: If you are consistently having difficulty doing homework, understanding class discussions, or getting into the conversation, let me know as soon as possible so we can develop an appropriate plan of action. It is best if we can work on addressing any issues as soon as possible.

**Additional Resources**

CASE ASSIGNMENT QUESTIONS

Class Session 1 (August 27 – September 4): Introduction – The Basics

Case: Accounting is Like a Box of Chocolates: A Lesson in Cost Behavior

Session Focus: Even with extensive financial information, managers may not have adequate information on the cost of producing their products and services. We will discuss why this information might not be adequate, what information we would like to see, and how we would use the new information in decision-making. We will also review and discuss the various cost concepts and the relationship between cost, volume and profit.

<table>
<thead>
<tr>
<th>To Read:</th>
<th>Chapters 2 and Chapter 3, pp 84-94</th>
<th>Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Do:</td>
<td>Work through all episodes and in-depth sessions</td>
<td>“Accounting is Like a Box of Chocolates: A Lesson in Cost Behavior” due at 11:55 pm est on Sunday, September 4.</td>
</tr>
<tr>
<td></td>
<td>Case: “Accounting is Like a Box of Chocolates: A Lesson in Cost Behavior”</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Practice Problems: 2-18, 2-23 (fixed and variable only), 2-41, 3-22, 3-23, 3-25, 3-26, 3-38</td>
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</tr>
</tbody>
</table>

Episode and In-Depths:

- Why managerial accounting?
- Why can’t we just “reinterpret” financial accounting reports?
- How do costs behave? How do I allocate costs to products?
- Cost-Volume-Profit Analysis
- Relevant costs

Assignment Questions:

1. Was Forrest Gump an ‘accounting’ hit in terms of net income, as computed by Paramount?

2. In their original contracts, actor Tom Hanks and director Robert Zemeckis were to receive $7 million and $5 million, respectively, for their work on Forrest Gump. However, after the studio asked the producers for budget cuts, both Hanks and Zemeckis agreed to forego their standard fee for a percentage of the film’s gross box office receipts. Sources estimate that the new agreement guaranteed each of the two 8% of the studio’s share of gross box office receipts from the film. Using the information available about the costs of making the film, did Forrest Gump have a positive contribution margin? Assume that all costs not specifically identified as variable are fixed.

3. If Hanks and Zemeckis had demanded their original fees up front instead of taking a percentage of gross box office receipts, would Forrest Gump have made money in 1994?

4. Other individuals associated with the film signed contracts based on a percentage of ‘net profits’ rather than gross box office receipts, net profits being the film’s profit after recouping of all the studio’s expenses. For example, Winston Groom, who wrote the novel on which the movie was based, received $350,000 plus 3% of the film’s net profits. Eric Roth, the screenwriter, signed a similar contract with a fixed fee plus 5% of the film’s
net profits. Based on your calculations above, how much did these two individuals receive from their share of the film’s net profits?

5. How much in gross box office receipts will the studio have to receive from theaters before Groom and Roth receive any money under their net profit participation contract? (Again, assume that all costs not specifically identified as variable are fixed.)

6. Based on what you now know about contracts in the movie industry, which type of contract would a studio prefer actors, directors and others associated with a film to have? Why? Which type of contract would the actors, directors, and others prefer to have? Why?

**Class Session 2 (September 3 - 11): The Cost Accounting System**

*Session Focus:* In this session, we are going to start developing a traditional cost system. We will discuss the method of allocating costs as well as key decisions that you will need to make along the way. We will also discuss the tradeoff between system complexity and usability/transparency.

<table>
<thead>
<tr>
<th>To Read:</th>
<th>Chapter 6</th>
<th>Submission</th>
</tr>
</thead>
</table>
| **To Do:** | • Work through all episodes and in-depth sessions  
• Practice Problems: 6-14, 6-15, 6-16, 6-26, 6-34, 6-35, 6-36, 6-37, 6-41, 6-42, 6-45, 6-47, 6-49 | • None |
| **Episode and In-Depths:** | • What is the cost of your product, parts I and II?  
• Cost System Assumptions  
• Diversity in Overhead  
• Add another “bucket”? |
### Class Session 3 (September 10 - 18): Cost Accounting Applications

**Case:** Owens & Minor, Inc. (A)

**Tutorial:** Complete ABC Pen Factory Tutorial on-line

**Session Focus:** Exploring different ways of determining product costs can reveal valuable insights in competitive conditions, pricing, and greater profitability. We will also discuss how excess capacity and how to reflect excess capacity in the most relevant manner.

<table>
<thead>
<tr>
<th>To Read:</th>
<th>Chapter 9 and pp. 381-387 (Other parts of Chapter 10 are optional) ABC Pen Factory Tutorial</th>
<th>Submission</th>
</tr>
</thead>
</table>
| To Do: | • Work through all episodes and in-depth sessions  

| Episode and In-Depths: | • Introduction to Activity Based Costing  
• Interpretation of ABC Information  
• Cost System Application – Customers  
• Capacity Utilization and Cost Analyses  
• Analysis in light of excess capacity | |

**Assignment Questions:**

1. What are the services rendered by the distributor to manufacturers and hospitals?  
   a. How has the nature of distribution changed over time?  
   b. What is the value-added by O&M?
2. Evaluate the impact 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?  
   a. How do the costs in **Exhibit 5** correspond to the costs shown in the customer profitability statement in **Exhibit 4**?  
   b. 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? How would you address these obstacles?
6. What type of customer 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 Owens & Minor?
9. Work through the Owens and Minor numerical example posted on Blackboard by silling in the template provided.
10. Why is Owens & Minor adopting a cost-based pricing strategy rather than a value-based pricing strategy?
Class Session 4 (September 17 - 25): Budgeting

Session Focus: We will discuss how to build a profit plan, the various assumptions that support the profit plan, and, once completed, how to use a profit plan for strategic planning.

<table>
<thead>
<tr>
<th>To Read:</th>
<th>Chapter 13</th>
<th>Submission</th>
</tr>
</thead>
</table>
| To Do:   | • Work through all episodes and in-depth sessions  

Episode and In-Depths:
• Why budget?  
• Budgeting: where do we start?  
• Budgeting production  
• Budgets – are they every right?  
• Views on budgeting

Class Session 5 (September 24 – October 2): Variance Analysis (and Flexible Budgeting)

Case: Compagnie du Froid  
Complete online Variance tutorial.

Session Focus: Use quantitative variance analysis to analyze a firm’s performance and make business decisions.

<table>
<thead>
<tr>
<th>To Read:</th>
<th>Chapter 16 (Except Fixed Cost Variances on pp. 617-620 and appendix), pp. 650-654 (for challenge question), pp. 657-660 Variance Analysis Tutorial</th>
</tr>
</thead>
</table>
| To Do:   | • Work through all episodes and in-depth sessions  
          • Practice Problems: 16-8, 16-17, 16-18, 16-19, 16-28, 16-30, 16-47, 16-48, 16-49, 17-25, 17-26, 17-27, 17-29, |
|          | • Compagnie du Froid due at 11:55 pm est on October 2.  
          • None |

Episode and In-Depths:
• Introduction to Variance Analysis  
• Flexible Budgeting  
• Sales Level Variances  
• Variable Cost Variances  
• Variances: Take a step back

Assignment Questions:
1. What is your evaluation of each of the three businesses? What is your evaluation of the managers who run them?
2. Try to break out the strategic profitability variances for (at least) one of the businesses. The Italian division is probably the most straight-forward of the three. Please do a full variance analysis for this division.

Class Session 6 (October 1 - 9): Performance Measurement and Incentives

Case: ATH Technologies: Making the Numbers
Additional Reading: Control in an Age of Empowerment

Session Focus: We study the problems encountered by managers of a rapidly growing, high-technology business as they attempt to drive profit and growth.

<table>
<thead>
<tr>
<th>To Read:</th>
<th>Chapter 12 Control in the Age of Empowerment</th>
<th>Submission</th>
</tr>
</thead>
</table>
| To Do:   | • Work through all episodes and in-depth sessions  
          • Practice Problems: 12-22, 12-28, 12-34 | • ATH case as you work through it in episodes and in-depth sessions. Must be completed by 11:55 est on October 9 |

Episode and In-Depths:
• The Deal’s Structure (i)  
• Revenue Soaring (ii)  
• FDA letter (iii)  
• Refocus on Process  
• The final chapter

Assignment Questions:
This is a self-contained exercise. Please answer the questions part I of the case before viewing Episode 1. After Episode 1, you will be walked through the case.

Class Session 7 (October 8 - 16): Internal Controls and Wrap-up

Session Focus: We will discuss the components of a working internal control system.

<table>
<thead>
<tr>
<th>To Read:</th>
<th>pp. 471-472</th>
<th>Submission</th>
</tr>
</thead>
</table>
| To Do:   | • Work through all episodes and in-depth sessions  
          • Practice Problems: 12-30, 12-31 | • None |

Episode and In-Depths:
• What are Internal Controls?  
• Creating an Internal Control System  
• Protecting Assets ... where do we start?  
• Control Examples  
• Conclusion of Course

Final Exam: October 15 - 23