MBAD 6213 – Cases in Management Accounting Course Syllabus
WEMBA

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Instructor Information

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Introduction

This document outlines the syllabus requirements for MBAD 6213, Cases in Management 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 213 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 run in an interactive format, consisting primarily of case discussions and interactive lectures/problem solving. Students will analyze actual business situations. Through these analyses, students will be introduced to real-world complexities and nuances which can not be learned via textbook assignments.

Required Materials


MBAD 6213 Course Packet – cases posted on Blackboard.

All other materials will be distributed via Blackboard or handed out in class.

Class Website

This course will use Blackboard. 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.

Classroom Logistics

MBAD 6213 will meet for four, four hours sessions during the semester. We will typically discuss two cases during each session, as well as current applications of the theories.
Attendance Policy

Because the class will be extremely interactive, consisting of interactive lectures and case studies, it is imperative for everyone to attend regularly. Without your input and views, class will not be the same, and you will not earn class participation credit for the day. Consequently, absence may result in a penalty in your final course grade.

Schedule Changes

This course outline is intended as a basic guide, but deviations from it are possible. Additional assignments may be given, and the order and emphasis of topics may be changed. Please ensure that you check the website regularly for updates.

Exam Policy

There will be an individual, take-home exam at the end of the course.

Class Preparation Guidelines

I tend to “cold-call” so it is important to come to class adequately prepared. I recommend that you prepare for each session by doing the background reading in the text, working through the assigned problems and preparing the case assignments both individually and with your study group. Since the class is run via case-based learning, it is necessary that you come to class ready (and willing) to share your comments and criticisms. After class, you should compare your case analysis to the classroom discussion and reflect on the lessons learned during our time together.

Over the course of a 7-week module, it is expected that students will spend 15 hours of in-class instruction and 38.75 hours outside of class-- preparing for class, doing assignments and taking the final exam.

Assessment Overview

Your grade in MBAD 6213 will be computed as follows:

4 Case Briefs at 5% each: choose between Indianapolis, Precision Worldwide, Inc., Seligram, Owens & Minor (A), Codman and Shurtleff, Musimundo, Accounting Fraud at Worldcom, and ATH (A) 20%

Final Exam 45%

Participation:

Instructor Assessment 23%
Peer Assessment 2%

Personal Best (exam or participation) 10%

TOTAL 100%

Case Briefs (20%)
The case brief must be typed and written in a professional style. A printed copy of your case brief is due at the beginning of each case class. I recommend that you make a copy for yourself for use during class. If you are not going to be in class the day the case is due, please email it to me prior to the class session.

The case brief assignments may be submitted as a group and are the primary means by which you will prepare for class sessions. These briefs count for a total of 20% of your final grade. For 4 cases, you will be required to prepare a case brief in advance of the class session, often without discussing the issues in class beforehand. Although you are only required to write a formal case brief for 4 cases, I recommend that you write a case brief for all cases to enhance your learning and to help you better prepare for the exam. If you turn in more case briefs than “required,” the best grades will count toward your final grade. Past experiences and feedback from previous students have clearly shown that the requirement to hand in prepared responses to each case significantly enhances the learning process. Please carefully check the course calendar for details regarding the dates the case briefs are due.

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. Each group will be responsible for a completed case brief write-up for 4 of the cases; one case can be turned in per group.1

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 individual case briefs will be graded primarily for thoughtfulness, completeness, and clarity of your response rather than accuracy of your content.

**Final Exam (45%)**

The final exam will be an individually-completed exam covering all topics in the course. The exam will be completed, at home, the week after the last class. Specific instructions will be given during the last class and via blackboard.

**Participation (25%)**

In order for us to learn the fullest amount, it is necessary for everyone to come ready to participate regularly. I will sometimes call on volunteers in class, but I do “cold call” frequently. I do this for two reasons. First, it is necessary for your future success that you are able to articulate your views and defend them when others in the organization request your opinion. Second, it increases the class level of preparation. When called upon, I don't expect that you necessarily have “the” answer – in fact, often there are many correct answers. I do expect you to indicate a familiarity with the issues being discussed and a willingness to share your opinion with your colleagues.

The participation grade is comprised of two components: and instructor assessment and a peer assessment of individual participation due on the last day of class.

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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.
I will also be posting questions to the course discussion board on Blackboard. You may earn participation points by actively participating in the discussion – both by responding to others and by posting your own thoughts. This means thoughtful participation in discussion boards, beyond a mere “I agree.”

I will assess participation based on the quality of your comments and questions class, as well as participation in the discussion boards. To pull your weight, you should be participating regularly, be prepared, and contribute substantively to the discussions in class and on the discussion boards.

Instructor Assessment (23%): I will assess participation after each class, based on quality of your comments and questions. To pull your weight, you should be in class, be prepared, and contribute to the classroom discussion. I encourage you to ask classmates to offer advice on how to improve your communication effectiveness. Note that misuse of laptops during class (e.g., email, Internet browsing) or other negative behaviors will lead to a reduction in your daily participation score. Additionally, I reserve the right to adjust your individual participation grade downward at the end of the semester to reflect absences.

Peer Assessment (2%): At the end of the course, you will be required to complete a survey in which you will assess each of the members of your study team (if you are not working in a study team, your participation grade will be solely instructor assessed). These assessments will remain anonymous and will be based on responses to, for example, the following two question:

- In discussions of cases (for case brief writing), this person …
  - Rank from 1 through 5 based on whether the person contributed more or less than his/her share
- Throughout the course, this person …
  - Rank from 1 through 5 based on whether the person greatly hindered or greatly facilitated your learning.

The peer assessment of your participation grade will be your mean score from all of your team members across both questions. Scores of ‘3’ will translate into the full 2% - anything above ‘3’ will be used at my discretion in making borderline decisions about final grades. In responding to the second question, you should consider individual class participation that impacted your learning in this course. A peer assessment score of 0% will be automatically assigned to any individual that fails to complete the peer assessment survey.

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 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: If you can’t make it to class, you can submit your assignment via email directly to me. These assignments must be submitted before the start of your class. The assignments allow you to
select the dates in which you will hand in assignments. Please use this flexibility to your advantage in working around your other commitments (e.g., family commitments, other classes, interviews, etc.).

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.

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 the case 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 (January 13): Introduction – Conceptual Framework, Cost Systems and Managerial Accounting
Book: Chapter 2 and Chapter 3, pp. 84-94
Optional Practice Problems: 2-18, 2-23, 2-41, 3-21, 3-22, 3-25, 3-26, 3-36

Case 1: Indianapolis: ABC of City Services (A) (Note – you do not have to perform numerical analyses for this case)

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.

Assignment Questions:
1. Should government perform a cost analysis before privatizing government services? Why not “just do it?”
2. Why does Indianapolis have to do a special cost study to learn what it costs to fill potholes? Doesn’t it already have extensive budget and financial information about its operations?
3. Comment on the cost model developed by the project team. What are its particular strengths or weaknesses?
4. Should the city have allowed the municipal employees to see the cost estimates and given them the opportunity to reduce their costs?
5. What problems will Mayor Goldsmith and his senior administrative team have to solve if they continue to outsource city services through competitive bidding? How would you advise them to deal with these issues?

Case 2: Precision Worldwide, Inc.

Session Focus: Discuss relevant cost analysis and contribution analysis. We will become more familiar with cost concepts and cost behavior.

Assignment Questions:
1. What action should Hans Thorborg take? Why? (be thorough in your analysis)

Class Session 2 (January 27): Cost Systems, Accounting for Indirect Costs and Activity Based Costing
Book: Chapter 6, Chapter 9, and pp. 378-395
Optional Practice Problems: 6-14, 6-15, 6-16, 6-29, 6-33, 6-39, 6-40, 6-41, 6-42, 6-43, 6-46, 6-47, 6-49, 9-9, 9-15, 9-21, 9-23, 9-27, 9-28, 9-30, 9-44, 9-45, 10-24, 10-34, 10-35, 10-39

Case 1: Seligram, Inc.: Electronic Testing Operations

Focus: Start looking at traditional cost systems.

Assignment Questions:
1. What caused the existing system at ETO to fail?
2. Calculate the reported costs of the five components described in Exhibit 6 under:
   a. The existing cost system
   b. The system proposed by the accounting manager
   c. The system proposed by the consultant
3. Which system do you prefer? Why?
4. Would you recommend any changes to the system you prefer? Why?
5. Should the new machine be included in the cost center of the main test room or should it
   be in a separate cost center?

Case 2: Owens & Minor, Inc. (A)

Background: Complete Classic Pen Factory case (not for submission)

Focus: Exploring different ways of determining product costs can reveal valuable insights in
competitive conditions, pricing, and greater profitability.

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 filling
    in the template provided.
10. Why is Owens & Minor adopting a cost-based pricing strategy rather than basing the
    price on the value provided to the customer?

Class Session 3 (February 10): Budgeting / Using Information for Performance
Measurement and Control

Case 1: Codman & Shurtleff, Inc.: Planning and Control System
Book: Chapters 13 and 16 (except for pp. 637-640), pp. 679-682
13-49, 16-8, 16-17, 16-18, 16-19, 16-28, 16-30, 16-47, 16-48, 17-30, 17-31, 17-34

Focus: In this session we will study and evaluate the planning system at Codman & Shurtleff.

Assignment Questions:
1. Evaluate the planning and control system in use at Johnson & Johnson. What is its role
   in developing and implementing strategy?
2. What does Johnson & Johnson’s planning system entail? Please complete the attached flowchart for all annual planning and control processes described in the case. Be as complete as possible and indicate the inputs and outputs of each step.

3. Over the last several years, Fortune magazine has polled the CEOs of the 250 largest U.S. companies to gather data on the management quality of major U.S. corporations. CEOs responding to the survey have repeatedly ranked Johnson & Johnson as one of the most innovating and well-managed firms in its industry. What role, if any, do you believe that J&J’s management planning and control systems play in achieving or hindering this innovation?

4. Do you like Johnson & Johnson’s system of using subjective rewards? Why or why not?

5. From information provided in the case, suggest how you would design a reward/incentive system for Roy Black and the Codman & Shurtleff Board to capture maximum benefit from planning and control procedures. How would you deal with relating pay to performance in rapidly changing environments?

Case 2: Musimundo

Additional: Variance Analysis tutorial

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

Assignment Questions:

1. Describe the strategic context in which Quintana should judge Musimundo’s performance. What are the characteristics of the environment that Musimundo competes in? What are Pegasus’s strategic objectives for Musimundo? How do these factors affect the budgeting process?

2. The components of Musimundo’s performance incentive plan are described in Exhibit 6. Using this information, can you tell what things managers are accountable for? Using the data in the case, please compare the list of things for which the manager is accountable with the list of things he has control over. Please prepare such a list for Nalda (CEO) and Gejundes (Branch Manager).

3. According to Exhibit 7a, from January to June 2004 Musimundo generated AR$449,000 more gross margin before variable costs than it had budgeted.
   a. How much of the change in gross margin was due to changes in sales? Changes in unit margins?
   b. How do you interpret this information? What questions should Quintana ask in the board of directors meeting? When you consider the results of this analysis and the other information in the managerial report, do you think Musimundo is in good shape?

4. According to Exhibit 7a, sales of CDs and cassettes for the January to June 2004 period were AR$565,000 under budget. How do you interpret the change in sales? Do you share Quintana’s worries about missed opportunities in the rising economy? Were the related costs also under budget? Why?

5. Should the board approve Nalda’s request to change the budget targets for the year? If so, how extensive should the changes be?

6. How would you change the reporting to simplify the board’s analysis? (Hint: use flexible budgeting principles). Could your reporting improvements be applied to the electronics and CDs segments?
Class Session 4 (February 24): Introduction to Performance Measurement and Control

Case 1: ATH Technologies, Inc. (A): Making the Numbers

Additional Reading: Control in an Age of Empowerment
Book: Chapter 12
Practice Problems: 12-22, 12-28, 12-29, 12-30, 12-31

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

Assignment Questions:
Please answer the questions in the case and be prepared to discuss your action plan in class.

Case 2: Accounting Fraud at Worldcom

Focus:
Explore how enterprises use multiple control mechanisms to deter and detect illegal behavior. We will discuss the role of various control mechanisms by studying how each one of them failed, allowing a major fraud to be launched and sustained.

Assignment Questions:
1. What are the pressures that lead executives and managers to “cook the books?”
2. What is the boundary between earnings smoothing or earnings management and fraudulent reporting?
3. Why were the actions taken by WorldCom managers not detected earlier? What processes or systems should be in place to prevent or detect quickly the types of actions that occurred in WorldCom?
4. Were the external auditors and board of directors blameworthy in this case? Why or why not?
5. Betty Vinson: victim or villain? Should criminal fraud charges have been brought against her? How should employees react when ordered by their employer to do something they do not believe in or feel uncomfortable doing?