

WRIGHT STATE UNIVERSITY

MBA 710 - STRATEGIC COST MANAGEMENT

Instructor:	Dr. Dave Bukovinsky	Office:	254F Rike Hall
Quarter:	Spring 2009	Office phone:	775-3643
Class time:	T 6:05 - 9:25	E-mail:	david.bukovinsky@wright.edu
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COURSE MATERIALS:

Harvard Business Review on Measuring Corporate Performance. Harvard Business School Press, 1998.

Harvard Business School cases and articles: Available for online purchase from

<http://harvardbusinessonline.hbsp.harvard.edu/relay.jhtml?name=cp&c=c59423>

Order the entire list of cases. It is less expensive than ordering individual ones.

(Reading selection may change during the quarter. Instructor will give at least two weeks notice before any added or deleted readings are due to be used in class)

Note on the Confrontation Strategy

Sony Corporation: The Walkman Line

Chadwick, Inc.: The Balanced Scorecard

United Way of Southeastern New England (UWSENE)

Introduction to Activity Based Costing

Indianapolis: Activity-Based Costing of City Services (A)

Using ABC to Manage Customer Mix and Relationships

Procter and Gamble: Global Business Services

High Performance Budgeting

Budget Choice: Planning versus Control

Hewlett-Packard Company Deskjet Printer Supply Chain (A)

Mass Customization at Hewlett Packard – The Power of Postponement

Toyota Motor Corporation: Target Costing System

Various instructor-supplied materials available on the website or distributed in class, including lecture PowerPoint slides, assignments, etc. Check the website for updates posted throughout the quarter.

PROGRAM OBJECTIVES:

This course is designed to address the following MBA program objectives: global issues, financial analysis, financial markets, human behavior, written communication, oral communication, computer usage and integration of core and cross-functional concepts.

PREREQUISITES:

An introductory course in Managerial Cost Accounting

COURSE DESCRIPTION:

This course is designed to develop an understanding of cost management in the new manufacturing and service environments. Students must not only understand accounting and management concepts, but demonstrate their application and integration in the strategic management environment.

COURSE OBJECTIVES:

1. Understand the nature of costs, what causes them to be incurred, and how to control them.
2. Develop a strategic, as opposed to localized, management focus and understand how accounting information may either support or hinder an entity's efforts.
3. Integrate accounting information with management concepts covered in other core courses.
4. Understand the role of a balanced scorecard performance measurement system in the strategic management of an organization
5. Perform cost assignment and measurement using traditional and activity-based allocation methods.
6. Understand the implications of outsourcing as a cost management technique.
7. Prepare budgets based on expected activity levels.
8. Understand the cost implications of postponing inventory differentiation.
9. Understand the role of target costing in satisfying the strategic measures of quality, cost and time.
10. Understand and apply the theory of constraints to maximize short-term profitability.
11. Understand the use of the CAM-I model for the measurement of capacity utilization

COURSE FORMAT:

Topics will be introduced through a combination of lecture, class discussion and extensive case analysis. Assigned text and case/article readings will provide valuable background information for class discussions and case analysis. Demonstrations of computer software will be used to familiarize students with the linear programming capabilities of Excel. The instructor's primary focus will be on creating an interactive learning environment.

COURSE GRADE:

Final grades for the course will be based on the following items:

Out-of-class assignments	
Cost terms and confrontation strategy exercise	25
Balanced scorecard exercise	25
Activity-based costing exercise	25
Budgeting exercise	25
Theory of constraints exercise	25
Final exam case	<u>40</u> (may be done in small groups)
Total points	<u>165</u>

COST TERMS AND CONFRONTATION STRATEGY EXERCISE:

This exercise consists of questions related to cost terminology, return on management, general strategy and the confrontation strategy. Evaluation of this case will be based on thoroughness and depth of analysis, organization and clarity, and grammar and spelling. See the assignment on the course website for additional information.

BALANCED SCORECARD EXERCISE:

This exercise consists of questions related to the balanced scorecard. Grading will be based on the quality and thoroughness of answers to questions related to the development and use of balanced scorecards. See the assignment on the course website for additional information.

ACTIVITY-BASED COSTING EXERCISE:

The purpose of this computational case is to apply activity-based costing concepts in customer profitability analysis. Students will be given a scenario and must apply ABC concepts to determine the relative profitability of the company's customers. The grade for this exercise will be based on accuracy of the calculations and thoroughness of answers to related questions. See the assignment on the course website for additional information.

BUDGETING EXERCISE:

The purpose of the budgeting exercise is to apply activity-based costing concepts to the preparation of an operating budget. Students will be given information on expected operations and must apply budgeting concepts to determine resource needs for the budgetary period. The grade for this exercise will be based on accuracy of the calculations and thoroughness of answers to related questions. See the assignment on the course website for additional information.

THEORY OF CONSTRAINTS EXERCISE:

The purpose of the theory of constraints exercise is to demonstrate the use of linear programming techniques to maximize profit under conditions of scarce resources or limited product demand. Students will analyze a production scenario using Excel's Solver function or other linear programming software, and then implement changes to the production process in an attempt to improve company profits given the resource limitations faced by the company. No prior knowledge of linear programming or Solver is required. The grade for this exercise will be based on the student's ability to analyze and improve the situation, and on the quality of answers to related questions. See the assignment on the course website for additional information.

FINAL EXAM:

The final exam consists of questions about outsourcing, postponement of inventory differentiation, capacity management and target costing. It is due no later than the scheduled final exam time. You have the option of working alone, or in groups of no more than five individuals. You are encouraged to have at least one partner. A list of questions for the exam is posted on the course website.

CLASS ATTENDANCE AND PARTICIPATION:

Class participation begins with attendance. However, attendance is not mandatory. I understand that family and work obligations may, at times, take priority over class. I do expect you to attend class as frequently as possible. Participation also includes being prepared for each class. This means having completed all readings and written cases for the class and bringing required materials. You are expected to demonstrate a clear understanding of the issues and facts presented in all readings. This involves volunteering your input for the topics under discussion and being prepared to respond to questions and to work in small groups on various in-class activities.

A NOTE ON DUE DATES:

Due dates are provided for each assignment. I expect you to make every effort to turn in the assignment on the due date. However, I understand that due dates may, on occasion, conflict with job-related travel, illness, death of a family member, etc. If that should happen, you are expected to turn in the assignment prior to your departure, or as soon as possible after your return. I will gladly accept assignments e-mailed to me. I will not penalize you for late submissions due to the reasons described above, provided you submit the assignment before I have returned the assignment to the rest of the class (normally the class following the due date). No points will be given for assignments turned in after I have returned the papers to the rest of the class.

RETENTION OF STUDENT WORK FOR PORTFOLIOS:

The professor reserves the right to retain for pedagogical reasons either the original, or a copy, of any student's test, written assignment, paper, video, or similar work submitted by the student, either individually or as a group project, for this class. Student's names will be deleted from any retained items. It is highly recommended that you make a copy of all work which you turn in for this course.

SPECIAL NEEDS:

If you have special needs as addressed by the Americans with Disabilities Act and need any test or course materials provided in an alternative format, notify your instructor immediately. Reasonable efforts will be made to accommodate your special needs.

ACADEMIC INTEGRITY:

It is the policy of Wright State University to uphold and support standards of personal honesty and integrity for all students consistent with the goals of a community of scholars and students seeking knowledge and truth. Furthermore, it is the policy of the university to enforce these standards through fair and objective procedures governing instances of alleged dishonesty, cheating, and other academic misconduct including, but not limited to copying, sharing or obtaining information from any unauthorized source during projects, examinations, or quizzes; copying from or unauthorized sharing of homework assignments with another student; failing to properly cite sources; attempting to take credit for the intellectual creation of another person as one's own work; falsifying information; giving or receiving information about a test, quiz or assignment questions or solutions to students in other sections of the course, forgery, alteration, destruction, or misuse of university documents, records, identification cards, or papers. Academic dishonesty is a violation of Wright State University's Code of Student Conduct and will not be tolerated. All incidents of academic dishonesty will be dealt with in accordance with the University's policy on Academic Integrity. Furthermore, any individual who is found responsible for cheating will minimally receive a sanction of an "F" in the class regardless of the type of assignment, test or exam. This policy can be found at <http://www.wright.edu/students/judicial/stuintegrity.html>. All students are expected to be familiar with this policy.

MBA 710
COURSE SCHEDULE
SPRING 2009
TUESDAY 6:05 - 9:25 p.m.

Mar. 31	Topics:	Introduction to the Course The Nature of Costs
	Read:	The following from <u>On Measuring Corporate Performance</u> : How High is Your Return on Management?
Apr. 7	Topics:	Strategy and Cost Control
	Read:	Harvard case: Note on the Confrontation Strategy Harvard case: Sony Corporation: The Walkman Line
Apr. 14	Topic:	The Balanced Scorecard
	Read:	Harvard case: Chadwick, Inc.: The Balanced Scorecard United Way of Southeastern New England (UWSENE) The following from <u>On Measuring Corporate Performance</u> : The Balanced Scorecard – Measures that Drive Performance Putting the Balanced Scorecard to Work
	Assignment:	Cost terminology and confrontation strategy assignment is due
Apr. 21	Topic:	Activity-Based Costing
	Read:	Harvard case: Introduction to Activity-Based Costing The following from <u>On Measuring Corporate Performance</u> : Using the Balanced Scorecard as a Strategic Management System Tapping the Full Potential of ABC
Apr. 28	Topic:	Activity-Based Costing
	Read:	Harvard case: Using ABC to Manage Customer Mix and Relationships Harvard case: Indianapolis: Activity-Based Costing of City Services
	Assignment:	Balanced scorecard assignment is due

May 5	Topics:	Budgeting
	Read:	High Performance Budgeting Budget Choice: Planning versus Control
	Assignment:	Activity-based costing exercise – Tyler Industries, Inc. - is due
May 12	Topics:	Outsourcing Theory of Constraints
	Read:	Procter and Gamble: Global Business Services
	Assignment:	Budgeting exercise – Tyler Industries, Inc. - is due
May 19	Topics:	Theory of Constraints Linear programming using Excel – in-class tutorial
	Read:	Instructor-provided material
May 26	Topics:	Inventory Differentiation Postponement Capacity management
	Read:	Harvard case: Hewlett-Packard Company Deskjet Printer Supply Chain (A) Harvard case: Mass Customization at Hewlett Packard – The Power of Postponement
	Assignment:	Theory of constraints exercise is due
June 2	Topics:	Target costing
	Read:	Harvard case: Toyota Motor Corporation: Target Costing System
June 9		Final exam case is due