

ACCOUNTING 3300

Cost Accounting

Fall 2008

Course Syllabus

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Course Description

Course covers the analysis of costs in a business organization for both internal and external use by management. Topics include: product costing, standard variances analysis, profit performance analysis, pricing, cost-volume-profit analysis, and budgeting. 3 lecture hours per week.

Prerequisite: ACCT 2020 and advanced standing in the business baccalaureate program.

Required Course Materials

Text: Introduction to Management Accounting, 14th Edition, (version with Chapters 1-14), Horngren, Sundem, Stratton, Burgstahler, and Schatzberg, Pearson/Prentice Hall, 2008.

Readings:

“Time-Driven Activity-Based Costing,” *Harvard Business Review* (November, 2004).

“The Balanced Scorecard -- Measures that Drive Performance,” *Harvard Business Review* (January-February, 1992).

“Coming Up Short on Nonfinancial Performance Measurement,” *Harvard Business Review* (November 2003).

“The Real Key to Creating Wealth”, *Fortune* (September 20, 1993).

Cases: Eight cases, including six Harvard Business School cases (the cost is approximately \$4.00 per case for the HBSP cases downloaded from the HBS site with code provided by instructor). The cases are:

1. Wilson Outdoors, Inc. (posted to Blackboard)
2. Electro Products Corporation (posted to Blackboard)
3. Shun Electronics Company (Harvard Business School)
4. Wilkerson Company (Harvard Business School)
5. Xyberspace Consulting, Inc. (Harvard Business School)
6. Kanthal (Harvard Business School)
7. Vyaderm Pharmaceuticals (Harvard Business School)
8. Boston Lyric Opera (Harvard Business School)

You can access Harvard Business School on-line to purchase and then download your copy of the required cases by using the following link:

<http://harvardbusinessonline.hbsp.harvard.edu/relay.jhtml?name=cp&c=c24366>

Note that when you register as a student with Harvard, you will need the course reference code. This code is c24366 as shown in the above link.

Learning Objectives

The course focuses on the use rather than the preparation of accounting information. Class time will be spent primarily on case discussions.

What are the key success factors for this course? In my opinion, they are:

- Develop an effective working relationship with your team members,
- Be in class 100% of the time, ***be prepared***, and ***actively participate***,
- Understand all the concepts related to the problems and cases,

General Working-Level Objectives

Ethical behavior as a key success factor
Cost-volume-profit analysis
Cost-allocation systems
Activity-based costing
Activity-based management
Flexible budgeting including activity-based flexible budgeting
Variance analysis including direct-cost variances and indirect-cost variances
Measuring cost behavior
Pricing decisions and cost management
Performance measurement including balanced scorecard systems
Measuring and managing customer profitability
Performance measurement systems including balanced scorecard and economic value added

Learning Activities

Learning activities for which student performance is measured and included as part of the course grade include:

- Case preparation and presentations (40% of course grade)
- Active and ***relevant*** participation in all case and problem discussions (10% of course grade)
- Examinations (50% of course grade)

Case Preparation and Presentation

Case Preparation: Every student should come to class prepared to discuss each case. All teams prepare a short (about 1 or 2 page) summary of case 1 – Wilson Outdoors and case 4 – Wilkerson Company. In addition, odd numbered teams prepare written summaries for cases 2, 5, and 7. Even numbered teams prepare written summaries for cases 3, 6, and 8.

Team Member Assignments

<u>Name</u>	<u>Team Number</u>	<u>Name</u>	<u>Team Number</u>
Alyssa Norris-Payne	1	Chad Stocks	4
Eugene Wong	1	Melinda Orgill	4
Jacob Spilker	1	Robert Condie	4
Karli Blake	1	Sean Hilsmann	4
Kristina Dover	1	Tamara Humphries	4
Phillip Moore	1	Truston Humphries	4

Allison Kelsey	2	David Jennings	5
Cassidie Lund	2	Holly Tuttle	5
Holly Mortenson	2	James Dever	5
Josh Emmett	2	Justin Snowden	5
Joshua Hopkins	2	Robbie Knowlton	5
Lyndsey Fontaine	2	Tanya Clark	5
Adam Legg	3	Christopher Llewellyn	6
Amy Lister	3	Dani Eaton	6
Nicholas Orgill	3	Mikala Wilkes	6
Phillip Finley	3	Ryan Lakey	6
Sandi Gentry	3	Wade Miller	6
Terry Losee	3	Mari Ideue	6

Case Presentation

Analytic Rubric for Grading Presentations				
	Below Expectation	Satisfactory	Exemplary	Score
Organization	No apparent organization. Evidence is not used to support conclusions. (0-4)	The presentation has a focus and provides some evidence which supports conclusions. (5-6)	The presentation is carefully organized and provides convincing evidence to support conclusions. (7-8)	
Content	The content is inaccurate or overly general. Listeners are unlikely to learn anything or may be misled. (0-8)	The content is generally accurate, but incomplete. Listeners may learn some isolated facts, but they are unlikely to gain new insights about the topic. (9-11)	The content is accurate and complete. Listeners are likely to gain new insights about the topic. (12-13)	
Delivery	The speaker appears anxious and uncomfortable, and reads notes, rather than speaks. Listeners are largely ignored. (0-5)	The speaker is generally relaxed and comfortable, but too often relies on notes. Listeners are sometimes ignored or misunderstood. (6-7)	The speaker is relaxed and comfortable, speaks without undue reliance on notes, and interacts effectively with listeners. (8-9)	
Comments				
Total Score				

Active and Relevant Class Participation

“Participating” is a matter of active engagement, rather than passive observation, and is shown through working effectively in diverse groups and teams, as well as through cooperation and respect for others. Participation quality in this course will be evaluated using the features defining the four levels below. As you develop your team dynamics during the term, use this rubric as a guide in assessing both your team member’s quality of participation and yours. I will also use appropriate elements (*blue font*) of this rubric as a guide in my evaluation of your class participation (10% of your course grade).

<p>Level 1 Participation (Beginner)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Little or no advance preparation <input type="checkbox"/> Lets others set and pursue the agenda <input type="checkbox"/> Observes passively and says little or nothing <input type="checkbox"/> Responds to questions <input type="checkbox"/> Gives the impression of wanting to be somewhere else <input type="checkbox"/> Attendance record is haphazard and inconsistent; may be absent or late without notice
<p>Level 2 Participation (Novice)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Moderately prepared in advance <input type="checkbox"/> Takes some part in setting group goals and agendas <input type="checkbox"/> Participates in discussions, letting others provide the direction <input type="checkbox"/> Occasionally introduces information or asks questions <input type="checkbox"/> If likely to be absent or late, informs others ahead of time and arranges to cover own responsibilities
<p>Level 3 Participation (Proficient)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Well prepared in advance <input type="checkbox"/> Takes a large part in setting group goals and agendas <input type="checkbox"/> Actively participates in discussion and asks questions <input type="checkbox"/> Listens actively and shows understanding by paraphrasing or by acknowledging and building on others' ideas <input type="checkbox"/> Volunteers willingly and carries own share of the group's responsibilities
<p>Level 4 Participation (Advanced)</p> <ul style="list-style-type: none"> <input type="checkbox"/> All of the markers of proficient participation, plus <input type="checkbox"/> Draws out ideas or concerns of others, especially those who have said little <input type="checkbox"/> Re-visits issues or ideas that need more attention <input type="checkbox"/> Helps the group stay on track <input type="checkbox"/> Summarizes group decisions and action assignments

Term Examinations: There are two term exams, each counting 25% of the course grade. The key set of sources for examination material are the problems and cases. These cases represent a challenge since there often will be no clear-cut "best" solution. While you may not have a complete or reasonable solution to a case prior to its due date, you should thoroughly understand the key concepts prior to the examinations.

Term exams are closed book and consist of objective-format questions and problems. Make up for term exams is permitted only for unusual circumstances and never because a student is "not prepared." If a make up is permitted, it will not be the same exam taken by peers and will be of a different format (oral exams are a distinct possibility).

Weighting of learning activities:

Case Presentation	40%
Class Participation	10%
Term Examinations	<u>50%</u>
	<u>100%</u>

The course grading score for all learning assessments is as follows:

92.5- 100%	89.5 – 92.4%	86.5 – 89.4%	82.5 – 86.4%	79.5 – 82.4%	76.5 – 79.4%	72.5 – 76.4%	69.5 – 72.4%	66.5 – 69.4%	62.5 – 66.4%	59.5 – 62.4%	0 – 59.4%
A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F

Course Policies and Procedures

Attendance is a critical success factor in intermediate accounting. Over more than three decades of teaching accounting courses at schools including the University of Southern California, Boston University, the University of Michigan, Boise State University, the University of Washington, and Pepperdine University, I have observed a high correlation between attendance and performance – BE THERE!

Students with Disabilities

Students with a medical, psychological, or learning disability who need accommodations should contact the Disability Resource Center (652-7516) in the Student Services Center. The Disability Resource Center will determine eligibility of the student requesting special services and determine the appropriate accommodations related to the disability.

Academic Integrity

Scholastic dishonesty will not be tolerated and will be prosecuted to the fullest extent. Students are required to read and understand the current issue of the student handbook regarding student responsibilities and rights, and the intellectual property policy, for information and procedures about what constitutes acceptable on-campus behavior.

Changes to Syllabus

Changes to this syllabus, other than grading scale, weighting of learning activities, and policies and procedures may be made with advance notice as deemed appropriate by the instructor. The most likely changes will be to the tentative class meeting and examination schedule. Students are responsible for awareness of any such changes announced in class or via e-mail to the class.

Tentative Class Meeting and Examination Schedule:

<i>Date</i>	<i>Readings, Preparation</i>	<i>Assignment/Activity</i>	<i>Comment</i>
8/27		Introduction, team assignments	
8/29	<input type="checkbox"/> Text chapter 1 <input type="checkbox"/> Text chapter 2 discussion of variable- and fixed-cost behavior on pages 48-51 <input type="checkbox"/> As you are reviewing the cost behavior terms and concepts, keep asking, "If the level of business activity changes, which revenue and cost accounts from the income statement of an organization would change?" <input type="checkbox"/> Read Wilson Outdoors case	Review Hopkins Community Hospital case (case 8-54) on pages 378-379 of the text. Instead of the questions in the text, answer the following: <ol style="list-style-type: none"> 1. What is the problem? 2. What are the alternatives? 3. What are the quantitative factors? 4. What are the differential costs? 5. What are the subjective factors that should be considered? 6. What action should be taken? 	Use these same questions to perform your analysis of the Wilson Outdoors case. A solution to the Hopkins Community Hospital case will be posted to the class e-room to facilitate your review.
9/1	No Class – Labor Day		
9/3		Wilson Outdoors case due; BE PREPARED TO PRESENT! <ol style="list-style-type: none"> 1. What is the problem? 2. What are the alternatives? 3. What are the quantitative factors? 4. What are the differential costs? 5. What are the subjective factors that should be considered? 6. What action should be taken? 	All teams turn in a 1-2 page solution at the beginning of class. <u>Be sure to make a copy of your solution to use as a presentation if called upon.</u> Use the same questions as for the Hopkins case. Be prepared to present your team solution using Word or Excel (place your file on a flash drive and bring it to class).
9/5	<input type="checkbox"/> Text chapter 2 discussion of cost-volume-profit analysis on pages 53-66. <input type="checkbox"/> Chapter 4 discussion of cost terms on pp. 139-140 and pp. 142-145. Also, study the process map terminology on pp. 151-158.	Read Electro Products Corporation case	Write up not yet due but we will discuss the case (in part). Note that additional, specific scenarios for this case will be given in this class. You need to be in class to get these. At this point, we will not be discussing activity-based costing in detail but you should give careful attention to the terms direct versus indirect cost and cost allocation.
9/8		Electro Products Corporation case analysis will be presented by teams	Odd-numbered teams turn in a 1-2 page solution at the beginning of class. Prepare solutions in Excel and be prepared to show and explain your solution to the class. Even-numbered teams should be prepared to actively participate.
9/10	Text Chapter 12, pp. 522-527 Text Chapter 13, pp. 588-599 Essay titled "The New Role of the Management Accountant"	<ol style="list-style-type: none"> 1. Conclusion of Electro Products case presentations. 2. Attempt problem 13-51 on page 623. 3. Read the Shun Electronics Company case prior to class. 4. Assignment questions for the Shun case: 	The Shun case helps you understand the design of cost systems, in general, and the creation of cost allocation overhead rates, in particular.

		<p>a. Describe the radio's production flow – perhaps using a process map.</p> <p>b. Where did the figures in Exhibits 1, 2, & 3 come from and how were they computed?</p> <p>c. What two basic decisions must be made in designing any cost-allocation system? Do you think that the redesigned system is an improvement in terms of costing accuracy? Explain.</p> <p>d. To date, the shelf shower radio was thought to cost M\$61.00. Majit Singh says it's more accurately determined cost is M\$67.56. Why the difference?</p> <p>e. Read the essay titled "The New Role of the Management Accountant" handed out in class. Does Manjit Singh's proposal make him the "bearer of bad news" or a "team player concerned with the future" of the company? Explain.</p>	
9/12	Text Chapter 13	Discussion of cost allocation systems and the Shun case	
9/15		Shun Electronics Company case analyses will be presented by teams	Even-numbered teams turn in a 1-2 page solution at the beginning of class. Prepare solutions in Excel and be prepared to show and explain your solution to the class. Odd-numbered teams should be prepared to actively participate.
9/17		Conclusion of Shun case presentations and discussion	
9/19	Text Chapter 4, pp. 150-161 and Appendix 4 on pp. 162-172 Text Chapter 12, pp. 524-527	<input type="checkbox"/> Attempt problem 4-56 on page 191 <input type="checkbox"/> Read Modern Versus Oldway case prior to class <input type="checkbox"/> Training on HBM software in room 200	Classes will be held in room 200 for the next two weeks. The Modern Versus Oldway case will be used to apply the HBM software.
9/22		Training on HBM	
9/24		Training on HBM	
9/26		Training on HBM	
9/29	View the interactive video "The Pen Factory Tutorial" by visiting the web site: http://video.hbs.edu/playVideo.jhtml?clip=abcpen	Training on HBM Read the Wilkerson Company case prior to our lab session. Teams may choose to analyze the case using either Excel or HBM	The Wilkerson Company case will be used to apply the HBM software. All teams must turn in an analysis of Wilkerson Company.
10/1		Training on HBM Continue to build your model for the Wilkerson Company using either Excel or HBM software.	
10/3		Continue to build your model for the Wilkerson Company using either Excel or HBM software.	
10/6		Wilkerson Company case due:	All Teams turn in an analysis and be prepared to demonstrate your solution using either Excel or HBM
10/8		Wilkerson Company case – continue with team presentations and	

		class discussion.	
10/10	Chapter 12, Appendix 12 on pp. 555-562.	Attempt Exercise 12-38, page 570	
10/13	Chapter 12, Appendix 12 on pp. 555-562.	Attempt Exercise 12-54, pp. 578-579	
10/14&15	Prepare for term exam 1	Term Exam 1	Both term exams are given in the Testing Center
10/17	No Class – Semester Break		
10/20	Text Chapter 12, pp. 527-534	Read the case Xyberspace Consulting	
10/22		Class discussion of implications of different allocation strategies	
10/24		Xyberspace Consulting case analyses will be presented by teams	Odd-numbered teams turn in a 1-2 page solution at the beginning of class. Even-numbered teams should be prepared to actively participate.
10/27		Continued presentation of Xyberspace Consulting case	
10/29	“Time-Driven Activity-Based Costing,” <i>Harvard Business Review</i> (November, 2004).	Read the Kanthal case	
10/31		Discussion of time-based ABC	
11/3		Kanthal case analyses will be presented by teams	Even-numbered teams turn in a 1-2 page solution at the beginning of class. Odd-numbered teams should be prepared to actively participate.
11/5		Continued presentation of Kanthal case	
11/7	Text Chapter 12, pp. 539-547	Attempt case 12-55 (DSI) on page 579-582	This is a long case. You should at least read it carefully and develop a general idea of what key issues face the company.
11/10		Continued discussion of the DSI	
11/12	Chapter 9, pp. 401-402	Read the Boston Lyric Opera case	
11/14	Read the articles: “The Balanced Scorecard -- Measures that Drive Performance,” <i>Harvard Business Review</i> (January-February, 1992). “Coming Up Short on	Discussion of performance measurement	

	Nonfinancial Performance Measurement," <i>Harvard Business Review</i> (November 2003).		
11/17		Discussion of performance measurement	
11/19		Boston Lyric Opera case analyses will be presented by teams	Odd-numbered teams turn in a 1-2 page solution at the beginning of class. Even-numbered teams should be prepared to actively participate.
11/21		Continue presentations of Boston Lyric Opera case	
11/24&25	Prepare for term exam 2	Term Exam 2	
11/26	No Class - Thanksgiving		
11/28	No Class - Thanksgiving		
12/1	Chapter 10, pp. 435-441	Begin reading Vyaderm case from HBSP.	
12/3	"The Real Key to Creating Wealth", <i>Fortune</i> (September 20, 1993).	EVA discussion	
12/5		EVA discussion	
12/8		Vyaderm case analyses will be presented by teams	Even-numbered teams turn in a 1-2 page solution at the beginning of class. Odd-numbered teams should be prepared to actively participate.
12/10		Continue presentations of Vyaderm case	
12/12	TBA		