

The Wharton School of the University of Pennsylvania**ACCOUNTING 102 – Strategic Cost Analysis****PRELIMINARY****Course Syllabus
Spring, 2020**

Instructor: Professor Christopher Ittner (1326 Steinberg Hall-Dietrich Hall),
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Office Hours: Monday and Wednesday 12:15 to 1:30 or by appointment

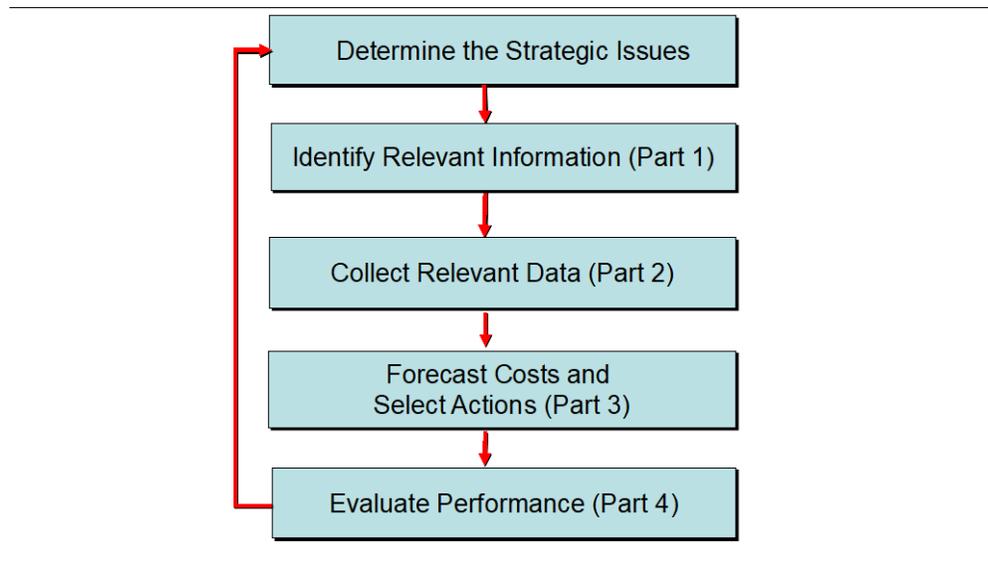
COURSE OVERVIEW:

Increasing business competition requires organizations to not only develop realistic and achievable strategies, but also to develop and analyze goals in financial terms and evaluate performance. Organizational efficiency requires all spending to be viewed as an investment, with spending decisions based on strategic vision and the capabilities needed to deliver value from that investment. Managers must analyze decisions from a financial perspective, gain a deeper understanding of how resources are deployed throughout an organization, and understand how to leverage cost analysis to position the organization for strategic success.

Strategic Cost Analysis is the process of analyzing and managing costs in order to improve the strategic position of the business. This goal can be accomplished by having a thorough understanding of which activities and costs support an organization's strategic position and which activities and costs either weaken it or have no impact. Subsequent cost management efforts can then focus on reducing or limiting expenditures on activities that add little or no strategic value, while increasing expenditures on activities that support the strategic position of the organization. Performance can then be evaluated to ensure that the chosen actions are taken, and that these actions are yielding improved strategic performance.

Throughout the class, the following strategic cost analysis and management framework will be applied across the various functions of an organization to highlight the cost analysis and performance evaluation methods available to improve strategic performance.

The Strategic Cost Management Decision-Making Process



Examples from a variety of settings, ranging from product design to customer profitability analysis, and the development of pro forma financial statements and earnings forecasts, are used to illustrate the widespread applicability of these methods to internal management, consulting, and financial analyst positions.

OPTIONAL MATERIAL:

Davila, Antonio and Daniel Oyon, *Malea Fashion District, How Successful Managers Use Financial Information to Grow Organizations*, 2nd or 3rd Edition

Shim, Jae K. and Joel G. Siegel, *Shaum's Outlines, Managerial Accounting*, 2nd Edition, McGraw Hill

COURSE OPERATION:

The course meets twice a week: lectures on Monday and Wednesday. Optional out-of-class review sessions will be held periodically throughout the semester, and will be announced approximately one week in advance.

CANVAS:

Canvas contains, among other items, the course syllabus, class schedule, and information on the TAs' office hours and office locations. I will make the lecture notes for each class available on Canvas not later than the day preceding the day of the class.

If you have problems with Canvas, contact

iwane@wharton.upenn.edu

OFFICE HOURS:

The TAs office hours will be posted on Canvas.

These office hours are in addition to my regular weekly office hours, which are Monday 12:15 pm to 1:15 pm.

PERFORMANCE EVALUATION SYSTEM:

The course grade is based on relative performance evaluation (i.e., a curve), but no forced grade distribution is used. Your grade will be based exclusively on the weighted average of three exams and class participation. I offer 4 exams during the semester and for each student will count the **three highest raw scores** for the final grade (that is, if you have raw scores of 60, 70, 80, and 90 on the four exams, I will count 70, 80, and 90 for the final grade). Individual exam scores will not be normalized (e.g., I will not mean adjust the exam scores and I will not use z-scores). The schedule and weights of exams and class participation/professionalism are as follows:

	<u>Date</u>	<u>Weight</u>
Exam I:	February 10 (Monday)	31.67% (if one of 3 best)
Exam II:	March 18 (Wed.)	31.67% (if one of 3 best)
Exam III:	April 13 (Monday)	31.67% (if one of 3 best)
Exam IV:	To be determined	31.67% (if one of 3 best)
Class participation:		5%

Class participation grades are based on what you add to the learning experience of the entire class. Students who consistently make contributions that facilitate discussions will receive 5 points. No contribution or contributions that are obvious, confusing or peripheral will result in zero points. Contributions between the endpoints will receive between 1 and 4 points, accordingly.

Please note that the above weighting scheme will be strictly adhered to. There is no possibility of earning extra credit or of changing the above weights.

Students with very poor weighted average scores will likely receive a final grade of F.

COURSE RULES

Both as a courtesy to your fellow students and me, and to ensure that everyone has the greatest opportunity to learn, please adhere to the following principles of professionalism:

- Please display **name tents** to make it easier for me to keep track of participation.
- Class starts and ends on time. If a unique situation arises such that you must come in late or leave early, please inform me ahead of time and sit in an open aisle seat close to the door.
- Students should remain in attendance for the duration of class, except in an emergency.
- All phones and other electronic devices should be turned off, with the exception of computers/tablets that are strictly used for the purpose of this class.
- I expect that you will treat this course as a professional engagement. Please do not carry on private conversations during class.
- Follow the Code of Academic Integrity. On behalf of the majority of the students who make an honest effort in this class, I will take action against anyone suspected of breaching this Code. Students caught cheating will receive a grade of “F” for the course and will be remanded to the appropriate school disciplinary board.

EXAMINATIONS

All examinations are closed-book and closed notes, with one exception. Students will be permitted to use **one page (8 ½" x 11", double-sided) of notes during the examination.**

EXAM ACCOMMODATIONS AND CONFLICTS:

If you need additional time to complete an exam because of a university-recognized disability, please inform your instructor (by e-mail) and the Office of Student Disabilities Services (SDS) **within two weeks of the start of classes.** You will be provided with the accommodations that are approved by that Office.

If you have a class or an exam for another course which is to be given at the same time as a scheduled exam, you must notify me (not your TA) by e-mail within two weeks of the start of classes. Your e-mail must include your COMPLETE CLASS AND EXAM SCHEDULE FOR THE DAY OF THE CONFLICT. In those cases of an acceptable exam conflict, arrangements will be made for you to take the exam at an alternate time. Note that if such an arrangement has been made and you fail to attend the exam at the arranged time, you will receive a grade of zero for the exam. If your schedule changes such that you no longer have a “conflict” with the regularly scheduled exam, you should notify me by e-mail as soon as possible.

In other cases, documented (written) evidence (i.e., from a doctor) that you were **seriously ill, or unavailable for some other reason**, at the scheduled time of an exam is the only valid excuse for missing an exam. In order to be excused from an exam, you must email me as soon as possible (prior to the exam, if possible), and you must provide the original copy of the required documentation. **Please note that a job interview or your attendance at a social event are not sufficient reasons to miss an exam.**

Students who fail to attend an exam without making arrangements with me in accordance with the preceding requirements will receive a grade of 0 for the exam.

If a student misses an exam (without my approval), he/she will be required to take the make-up exam. Make-up exams will be given *only* on the make-up exam date, which is scheduled by the University (typically during the first week of classes for the **following** semester).

WITHDRAWAL FROM THE COURSE:

I rarely refuse a student's request to withdraw from the course. However, while I am allowed to approve withdrawals up to the day before the final, **the undergraduate division has the final authority**, and, in most previous cases, it has refused all withdrawal requests submitted after the university deadline (**see below**). However, I urge students who are thinking of withdrawing in order to avoid a grade of C to think carefully about the costs of losing credit for the course and receiving a W versus the benefit of potentially getting a higher grade in the future.

Be aware that, in order to withdraw from the course, you must meet the university deadline and requirements regarding withdrawals. If you wish to withdraw after the university withdrawal deadline, you will be required to submit a petition to the Wharton Undergraduate Division to obtain its approval. Please obtain the School's approval before you ask for mine.

RE-GRADES:

I and the TAs follow a grading scheme that is designed to award partial credit. Occasionally, we will make mistakes, and we are eager to correct them subject to the following limits. If you believe that there was a *mistake* in the grading of your exam, you must submit the original exam (with no adjustments), and a *written explanation* of the points of contention *within one calendar week following the return of the exam*. **We will only re-grade exams if they: (1) were originally written in non-erasable pen, (2) used no correction tape, white-out, etc., and (3) have not been edited or marked up in any way following their return and prior to the submission of the re-grade request.** *Please note, any exam submitted for re-grade is subject to a complete review*, which may result in an increase or decrease in the total exam score. If the re-grade request is made after one calendar week or without an accompanying explanation, no re-grade will be permitted.

All re-grade decisions are *final*.

05	Mon. 2/3	CVP: Case Slides: Case:	Session 05 <i>Can Management Accounting Help Aid Associations Make Tough Choices in Haiti?</i>
06	Wed. 2/5	Review Slides:	Session 06
Mon. 2/10 Exam 1			
Part 2: Collecting Relevant Data			
07	Wed. 2/12	Overview of Cost Accounting Slides: Text Books Malea Fashion District Shaum's Outline <i>Review Questions:</i>	Session 07 Chapter 3, pp.52-66 Chapter 4 (excl. process costing) Chapter 7 (excl. conversion costs) Chapter 12, pp.309-313 <i>Chapter 12: Summary Questions 4, 5, 6; Solved Problems 12.1, 12.3, 12.4</i>
08	Mon. 2/17	Forrest Gump Case (Read <u>before class</u>) Slides:	Session 08

9	Wed. 2/19	Product Costing Methods	Slides: Text Books Malea Fashion District Shaum's Outline <i>Review Questions:</i>	Session 9 Chapter 7, pp.136-137 (3 rd) Chapter 11, pp.196-206 (3 rd) Chapter 4, pp. 63-66 <i>Chapter 4: Solved Problems 4.21, 4.22</i>
10	Mon. 2/24	Activity Based Costing	Slides: Text Books Malea Fashion District Shaum's Outline <i>Review Questions:</i>	Session 10 Chapter 10 Chapter 13, pp. 335-338 <i>Chapter 13: Summary Questions 1, 3, 4, 5; Solved Problems 13.1, 13.2, 13.3 Question 7 on page 354</i>
11	Wed. 2/26	Activity Based Management	Slides: Text Books Malea Fashion District	Session 11 Chapter 14
12	Mon. 3/2	In-Class Case	Slides:	Session 12
13	Wed. 3/4	Competitive Cost Analysis	Slides:	Session 13
14	Mon. 3/16	Review	Slides:	Session 14
	Wed. 3/18	Exam 2		

Part 3: Forecasting Costs and Selecting Actions		
15	Mon. 3/23	Cost Estimation Slides: Session 15
16	Wed. 3/25	Budgeting I Slides: Sessions 16-17 Text Books Malea Fashion District Chapter 8 Shaum's Outline Chapter 6 <i>Review Questions:</i> Chapter 3: Solved Problems 3.5, 3.7 (1a) Chapter 6: Solved Problems 6.1 – 6.17
17	Mon. 3/30	Budgeting II Slides: Session 16-17 In-class case: Cash is King <i>Same as Budgeting I</i> <i>Review Questions:</i>
18	Wed. 4/1	Capital Budgeting Slides: Session 18 Text Books Malea Fashion District Chapter 12 Shaum's Outline Chapter 9, pp.212-222 <i>Review Questions:</i> Chapter 9: Solved Problems 9.1 – 9.6, 9.9, 9.13, 9.14, 9.15, 9.20 (ignore IRR calculations)
19	Mon. 4/6	Multiperiod Investment Analysis & Real Options Slides: Session 18 Text Books Malea Fashion District Chapter 12
20	Wed. 4/8	Review Slides: Session 20
Mon. 4/13	Exam 3	
Part 4: Evaluating Performance		

