

The Wharton School of the University of Pennsylvania

ACCOUNTING 102 – Strategic Cost Analysis Course Syllabus Spring, 2021

Instructor

Matthew Bloomfield

E-mail: mjbloom@wharton.upenn.edu

Office Hours

Monday 3:30pm to 4:30pm or by appointment

Additional office hours will be posted on Canvas in the lead up to each exam

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.

OPTIONAL SUPPLEMENTARY MATERIAL:

1. If you would like easy background reading and further insight as to how and why the problems we discuss arise:
Davila, Antonio and Daniel Oyon, *Malea Fashion District, How Successful Managers Use Financial Information to Grow Organizations*, 2nd or 3rd Edition
(the official webpage <http://www.maleafd.com/> effectively contains the whole book in short YouTube videos and small pages, otherwise a paperback is available)
2. If you would like more practice problems (with solutions) to practice the mechanics of many of the concepts we discuss in class:
Shim, Jae K. and Joel G. Siegel, *Shaum's Outlines, Managerial Accounting*, 2nd Edition,
McGraw Hill
(no ebook available, paperback approximately \$22)

3. If you would like a different simple introduction to the topics we discuss:
Alshar, Kalpesh, *Cost Accounting & Management Essentials You Always Wanted To Know*,
Vibrant Publishers
(e-book available for approximately \$10)
or
Holtzman, Mark P., *Managerial Accounting For Dummies*, For Dummies
(e-book available for approximately \$15)

COURSE OPERATION:

The course meets twice a week: Mondays and Wednesdays. There will typically be 30-40 minutes of pre-recorded material and 40-50 minutes of live class time for each class. Pre-recorded material will typically introduce new terms and concepts, while live classes will be used to discuss and apply these new concepts to problem-solving contexts. You are expected to watch the pre-recorded material BEFORE class.

Optional out-of-class review sessions (in addition to in-class review sessions) will be held periodically throughout the semester, and will be announced approximately one week in advance.

Live classes will take place via Zoom (and will be recorded and posted to Canvas). Students are expected to attend the live classes and are **required** to have their video ON (appropriate Zoom backgrounds are allowed). In extreme circumstances where it is not possible for a student to have their video on, they must email the instructor in advance of class seeking permission to have the video off.

CANVAS:

Canvas contains, among other items, the course syllabus, class schedule, and information on the TAs' office hours. I will make the lecture notes for each class available on Canvas not later than the day preceding the day of the class. The lecture notes made available on Canvas will not necessarily contain everything that is covered in class, so students are expected to take notes during class. Solutions to the cases covered in class will not be posted on Canvas.

Canvas announcements are my primary method of communicating important information about the course, so be sure to check for them frequently.

To read most of the materials posted, you will need a copy of the Adobe Acrobat reader. To obtain a copy, go to:

<http://www.adobe.com/products/acrobat/readstep2.html>

If you have problems with Canvas, please contact

support@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 3:30pm to 4:30pm during non-exam weeks. Additional office hours will be posted on Canvas in the lead up to each exam.

PIAZZA:

In addition to office hours, I will utilize Piazza during the semester for students' *content-related* questions. Canvas will contain a link to Piazza. Only questions pertaining to course content can be posted here. Any questions on logistics, grading, etc., should be directed to your instructor and any questions on such topics will be deleted from Piazza. In the interests of building community, **anonymous posts will not be permitted**, and answering questions that other students have posted is strongly encouraged. Piazza will be monitored primarily by the TAs.

PERFORMANCE EVALUATION SYSTEM:

The course grade is based on relative performance evaluation (i.e., a curve), but no forced grade distribution is used.

I offer four exams during the semester. The last exam (Exam 4) counts for all students. For the first three exams, the **two highest raw scores** will count towards the final grade for each student (that is, if you have raw scores of 60, 70, and 80, on the first three exams, I will count 70 and 80 for the final grade, and your score on the last exam). 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 exams are “cumulative” in the sense that all material covered in the course up until the exam is examinable, but the focus will be on material covered in the most recent unit. The schedule and weights of the grading components is as follows:

	Date	Time	Weight
Exam 1:	February 10 (Wednesday)	6:00 – 7:15 pm EST*	25% (if one of two best in the first three exams)
Exam 2:	March 3 (Wednesday)	6:00 – 7:15 pm EST*	25% (if one of two best in the first three exams)
Exam 3:	March 31 (Wednesday)	6:00 – 7:15 pm EST*	25% (if one of two best in the first three exams)
Exam 4:	TBD	TBD (90 minutes)	30%
Quizzes:	January 27 – April 19	Day of class	10%
Cases:	February 3, February 24, March 24, and April 11	Prior to the start of live class	10%

* An alternative exam window will be offered for students in certain time zones.

10% of the course grade is determined by completion of canvas quizzes (see the section titled “Day of Class Canvas Quizzes” for a detailed rubric) and another 10% by your case submissions for the four classes designated as case days with a submission required (see the section titled “Case Submissions” for an explanation). **Consistently discourteous behavior will negatively impact your overall grade** (see below for what I expect in terms of professionalism).

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 at the bottom of the distribution with a very poor weighted average score (e.g., a weighted average score of less than 45%) will likely receive a final grade of F.

DAY OF CLASS CANVAS “QUIZZES”:

Each class session (except for reviews) will have a corresponding Canvas Quiz. Each quiz will become available at 9am EST on the day of the class session, and is to be submitted by 11:59pm EST on the day of the class session. Each quiz will take a maximum of TEN MINUTES to complete.

These quizzes serve a variety of purposes. First and foremost, these quizzes provide an opportunity to practice course material, and receive early feedback on comprehension. Second, these quizzes provide useful information to me about students’ strengths and weaknesses on course content, which will help me plan for subsequent classes/review sessions. Third, these quizzes can be useful ‘jumping off’ points for discussion in subsequent sessions.

Students can gain a total of 10 points (that translate to 10% of the total grade) by answering the day of class questions on Canvas. The points can be achieved as follows:

Total Quizzes Completed	Score
<30%	0
30% – 39%	2
40% – 49%	4
50% – 59%	6
60% – 69%	8
70% – 79%	9
80% – 100%	10

In calculating quiz scores, correctness is NOT a factor. Getting a question right or wrong does not influence this score in any way. Canvas Quizzes are graded only for completion.

Canvas Quizzes must be submitted by **11:59 EST on the day of the scheduled class**. Students are welcome to work together on Canvas Quizzes but each student must submit their own quiz.

CASE SUBMISSIONS:

There will be a case with a required submission for each of the four units in this course. For each of these cases, there will be an assigned pre-reading as well as pre-class questions. Answers to these questions are to be submitted prior to your scheduled class time on the day of the case. Each case submission will be graded as follows:

Pre-Class Case Questions	Score
Not submitted (on time)	0
Submitted but unacceptable quality	1
Submitted and acceptable quality	2.5

“Acceptable” quality means a good faith effort which shows full workings in an organized and coherent fashion. Answers do NOT have to be correct to receive full marks. As with the canvas quizzes, correctness is not a factor in the grading process. *Correct answers without any work shown will be considered unacceptable quality.*

Working in groups is allowed, however each student must submit, individually. Students are required to list their collaborators in their submissions.

COURSE RULES:

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

- Class starts and ends on time (class start time may vary depending on the length of pre-recorded material; please check Canvas for the start time of each class). If a unique situation arises such that you must come in late or leave early, please inform your professor ahead of time.
- Students must leave their video on for the duration of live class time, unless the student has received an exception from the instructor. Momentarily switching it off (e.g. to take a bathroom break) is permitted.
- Students should remain in attendance for the duration of class, except in an emergency.
- I expect that you will treat this course as a professional engagement. Please do not carry on private conversations, messaging, etc. 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(s).

EXAMINATIONS:

All examinations are open-book and open-note. Students are permitted to use a calculator, excel, etc., and to view any material on the Canvas site. Students must complete the exam *individually* and are not to communicate with anyone while taking the exam, or with anyone about the exam until the main exam window and any alternative exam windows have closed. Before commencing each exam, students will be required to acknowledge that they have read and agree to abide by the university’s code of academic integrity. Any departures from the above protocol will be dealt with harshly. Giving help and/or receiving help will both be considered cheating, and will result in an overall course grade of F, no exceptions. Students are expected to notify me of any test-taking improprieties they are aware of.

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 your instructor (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 your instructor by e-mail as soon as possible.

In other cases, documented (written) evidence (i.e., from a doctor – a letter from Student Health is NOT sufficient) 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 your instructor as soon as possible (prior to the exam, if possible), and you must provide the required documentation. **Please note that a job interview or your attendance at a social event are not normally considered to be sufficient reasons to miss an exam.**

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

If a student misses an exam (with a valid excuse), 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. In particular, note that the university withdrawal deadline is Monday, March 29th, 2021. Therefore, if you wish to withdraw after March 29th, 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:

Occasionally, there will be a mistake in the grading of an exam, and I am eager to correct such mistakes subject to the following: If you believe that there was a *mistake* in the grading of your exam, you must submit a *written explanation* of the points of contention *within one calendar week following the release of the exam scores and solution*. If the re-grade request is made after one calendar week or without an accompanying explanation, no re-grade will be permitted. Because all exams will be online this semester, I will correct the grading for all exams when a mistake is found.

All re-grade decisions are *final*.

04	Mon. 2/1	Cost, Volume, Profit (CVP) & Financial Modeling I
	Slides:	Session 04
	Text Books:	
	Malea Fashion District	Chapter 1, pp.20-33 (2 nd) Chapter 1, pp.22-32 (3 rd)
	Shaum's Outline	Chapter 4 (excl. 4.9)
	Review Questions:	Chapter 4: All Summary Questions; Solved Problems 4.1 – 4.18, 4.20
05	Wed. 2/3	Case (Case submission required <u>before class</u>) <i>Please note that case solutions will not be posted on Canvas.</i>
	Slides:	Session 05
06	Mon. 2/8	Review
	Slides:	Session 06
Wed. 2/10 Exam 1 6:00pm-7:15pm EST		
Part 2: Information for Decision-Making		
07	Mon. 2/15	Introduction to Costing Systems
	Slides:	Session 07
	Text Books	
	Malea Fashion District	Chapter 3, pp.56-72 (2 nd) Chapter 3, pp.52-66 (3 rd) Chapter 4 (excl. process costing) Chapter 7 (excl. standard costs, excl. conversion costs)
	Shaum's Outline	Chapter 4, pp. 63-66
	Review Questions:	Chapter 4: Solved Problems 4.21, 4.22
08	Wed. 2/17	Cost Allocation is Paramount Case: Forrest Gump (No case submission required) <i>Please note that case solutions will not be posted on Canvas.</i>
	Slides:	Session 08

09	Mon. 2/22	Costing Systems in Practice	
		Slides:	Session 09
		Text Books	
		Malea Fashion District	Chapter 7 (incl. standard costs, excl. conversion costs)
		Shaum's Outline	Chapter 12, pp.309-313
		<i>Review Questions:</i>	<i>Chapter 12: Summary Questions 4, 5, 6; Solved Problems 12.1, 12.3, 12.4</i>
10	Wed. 2/24	Costing Systems for Decision-Making Case (Case submission required <u>before</u> class) Please note that case solutions will not be posted on Canvas.	
		Slides:	Session 10
		Text Books	
		Malea Fashion District	Chapter 10
		Shaum's Outline	Chapter 13, pp. 335-338
		<i>Review Questions:</i>	<i>Chapter 13: Summary Questions 1, 3, 4, 5; Solved Problems 13.1, 13.2, 13.3 Question 7 on page 354</i>
Mon. 3/1	Drop Period Ends		
11	Mon. 3/1	Review	
		Slides:	Session 11
Wed. 3/3	Exam 2	6:00pm-7:15pm EST	
Part 3: Long-term Decision Making			
12	Mon. 3/8	Budgeting I (including Cost Estimation)	
		Slides:	Session 12
		Text Books	
		Malea Fashion District	Chapter 8
		Shaum's Outline	Chapter 3, pp.31-39 Chapter 6
		<i>Review Questions:</i>	<i>Chapter 3: Solved Problems 3.5, 3.7 (1a) Chapter 6: Solved Problems 6.1 – 6.17</i>

March 10 – March 11 Spring Break		
13	Mon. 3/15	<p>Budgeting II</p> <p>Slides: Session 13 Text Books</p> <p style="padding-left: 40px;">Malea Fashion District Chapter 8 Shaum's Outline Chapter 6</p> <p><i>Review Questions: Same as Budgeting I, Chapter 6</i></p>
14	Wed. 3/17	<p>Capital Budgeting</p> <p>Slides: Session 14 Text Books</p> <p style="padding-left: 40px;">Malea Fashion District Chapter 12 Shaum's Outline Chapter 9, pp.212-222</p> <p><i>Review Questions: Chapter 9: Solved Problems 9.1 – 9.6, 9.9, 9.13, 9.14, 9.15, 9.20 (ignore IRR calcs)</i></p>
15	Mon. 3/22	<p>Multiperiod Investment Analysis & Real Options</p> <p>Slides: Session 15 Text Books</p> <p style="padding-left: 40px;">Malea Fashion District Chapter 12</p>
16	Wed. 3/24	<p>Case (Case submission required <u>before</u> class) <i>Please note that case solutions will not be posted on Canvas.</i></p> <p>Slides: Session 16</p>
Mon. 3/29 Withdrawal Period Ends		
17	Mon. 3/29	<p>Review</p> <p>Slides: Session 17</p>
Wed. 3/31 Exam 3 6:00pm-7:15pm EST		

Part 4: Delegated Decision-Making		
18	Mon. 4/5	<p>Decentralization, Moral Hazard and Incentives</p> <p>Slides: Session 18</p> <p>Text Books</p> <p style="padding-left: 40px;">Malea Fashion District Chapter 15, pp.308-316 (2nd) Chapter 15, pp.264-271 (3rd)</p> <p style="padding-left: 40px;">Shaum's Outline Chapter 7, pp.142-143 Chapter 8, pp.182</p> <p style="text-align: right;"><i>Review Questions: Chapter 7: Summary Questions 3, 5, 8, 14</i></p>
19	Wed. 4/7	<p>Variance Analysis I</p> <p>Slides: Session 19</p> <p>Text Books</p> <p style="padding-left: 40px;">Malea Fashion District Chapter 9, pp.184-196 (2nd) Chapter 9, pp.158-167 (3rd)</p>
20	Mon. 4/12	<p>Variance Analysis II</p> <p>Slides: Session 20</p> <p>Text Books</p> <p style="padding-left: 40px;">Malea Fashion District Chapter 9, pp.196-207 (2nd) Chapter 9, pp.168-177 (3rd)</p> <p style="padding-left: 40px;">Shaum's Outline Chapter 7, pp.143-152</p> <p style="text-align: right;"><i>Review Questions: Chapter 7: Solved Problems 7.3, 7.4, 7.5, 7.7, 7.9 – 7.18</i></p>
21	Wed. 4/14	<p>Accounting Performance Measures</p> <p>Slides: Session 21</p> <p>Text Books</p> <p style="padding-left: 40px;">Malea Fashion District Chapter 3, pp.73-75 (2nd) Chapter 3, pp.67-69 (3rd) Chapter 15, pp.308-310, 319-321 (2nd) Chapter 15, pp.264-266, 274-276 (3rd)</p> <p style="padding-left: 40px;">Shaum's Outline Chapter 8, p.183-186</p> <p style="text-align: right;"><i>Review Questions: Chapter 8: Summary Questions 1, 6, 7, 14; Solved Problems 8.1, 8.2, 8.5, 8.6, 8.7, 8.8</i></p>
22	Mon. 4/19	<p>Delegated Decision-Making</p> <p>Case (Case submission required <u>before</u> class)</p> <p>Please note that case solutions will not be posted on Canvas.</p> <p>Slides: Session 22</p>
	Wed. 4/21	NO CLASS

23	Mon. 4/26	Review (Part 4 Material)	
		Slides:	Session 23
24	Wed. 4/28	Review (Comprehensive Problems)	
		Slides:	Session 24
	TBD	Exam 4	TBD