

**The Wharton School of the University of Pennsylvania**  
**ACCOUNTING 102 – Strategic Cost Analysis Course Syllabus**  
**Summer, 2022**

**Instructor:** Joe Moran ([jdmoran@wharton.upenn.edu](mailto:jdmoran@wharton.upenn.edu))

**Teaching Assistant:** Minji Yoo ([minjiyoo@wharton.upenn.edu](mailto:minjiyoo@wharton.upenn.edu))

**Office Hours:** JM (SHDH 103) – Tuesday, 5pm to 6pm or by appointment  
MY (SHDH 103) – Friday, 11am to 12pm

**Classroom:** SHDH 213

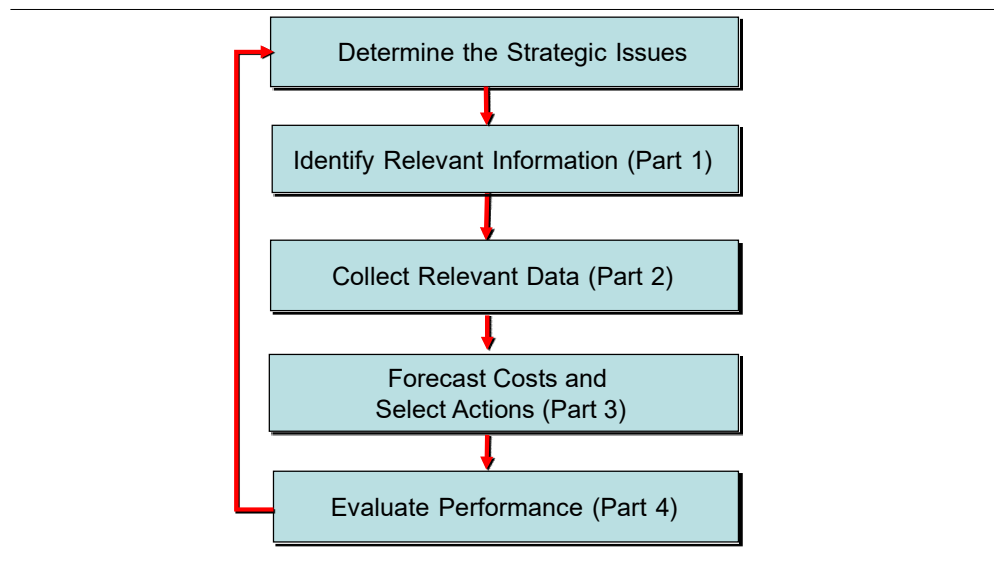
**COURSE OVERVIEW:**

Increasing business competition requires organizations to not only develop realistic and achievable strategies, but also to develop and analyze goals in financial terms and to 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 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 to organizational cost control, are used to illustrate the widespread applicability of these methods to internal management, consulting, and financial analyst positions.

### OPTIONAL SUPPLEMENTARY MATERIAL:

1. The recommended reading material for this class provides short reviews of the course material and additional 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*, 2<sup>nd</sup> Edition, McGraw Hill  
(no ebook available, paperback approximately \$22)

2. 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*, 2<sup>nd</sup> or 3<sup>rd</sup> 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)

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 four times a week: Monday, Tuesday, Wednesday, Thursday, from 1:45pm to 3:45pm.

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

Classes will be held **in-person only** in the room listed on the first page of the syllabus. Please inform the instructor if you have an excused absence.

**CANVAS:**

Canvas contains, among other items, the course syllabus, class schedule, and information on the TAs' office hours. I will make the lecture slides for each class available on Canvas no later than the day preceding the day of the class. The lecture slides 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](mailto:support@wharton.upenn.edu)

**OFFICE HOURS:**

Times and locations for office hours are listed on the first page of the syllabus. If office hours will be held virtually, Zoom links will be posted on the Canvas Zoom page.

**ED DISCUSSION:**

In addition to office hours, I will utilize Ed Discussion during the course for students' *content-related* questions. Ed Discussion is the successor to Piazza and has highly similar functionality 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 Ed Discussion. Answering to questions that other students have posted is strongly encouraged. Ed Discussion will be monitored primarily by the TA.

I highly encourage everyone to participate in discussions as much as possible. The more you participate, the more likely others are to participate. This enables everyone to get as much out of the class as possible and resolve any misunderstandings/difficulties early.

**PERFORMANCE EVALUATION SYSTEM:**

The course grade is based on relative performance evaluation (i.e., a curve), but no forced grade distribution is used (i.e., there is not a set percentage of students who must receive each grade). Your grade will be based on the weighted average of quizzes, midterm and final exam as follows:

	<u>Date</u>	<u>Weight</u>
Midterm:	July 12 (Tue.) In-class	40%
Final Exam:	August 4 (Thu.) In-class	40%
Homework:	June 30 – August 4 Schedule on Canvas	20%

Homework will be graded on a three-point scale based on effort and completion. If you have demonstrated reasonable effort at attempting ALL parts of a particular homework assignment, you will receive full credit for that homework assignment.

**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 (e.g., below 50%) 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 the day after 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.

Canvas Quizzes will NOT be graded and the answers will be discussed during class sessions. However, these quizzes are important comprehension checks for you and valuable for me to identify any opportunities to reinforce material. I strongly encourage you to complete them during the class session.

**COURSE RULES:**

Both as a courtesy to your fellow students and the instructor, 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. If a unique situation arises such that you must come in late or leave early, please inform your instructor ahead of time.
- 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).
- In the interest of maximizing learning outcomes for all students, I ask that phones be turned off for the duration of the class. Laptops and tablets are allowed for note-taking and Canvas quizzes only. **Please be sure to bring a device that allows you to complete the Canvas quizzes on the dates they are offered.**

### EXAMINATIONS:

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

### 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. 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 work-related responsibilities 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).

### 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*. We will only re-grade exams if they: (1) were originally written entirely 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 regrade 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 regrade will be permitted.

All re-grade decisions are *final*.

**COVID-19 POLICIES:**

Office hours appointments will be limited to two students at a time. Irrespective of whether you would like to see me during my regular office hours or at another day/time, please contact me in advance. I am happy to meet with students either in my office or on Zoom. Please do not drop by my office unannounced.

## Course Schedule

Session	Date	Topic and readings
<b>01</b>	<b>Thu. 6/30</b>	<b>Introduction &amp; Cost Concepts</b> Slides: Session 01 Recommended Reading: <b>Chapter 2</b> <b>Shaum's Outline</b> <i>Shaum's Review Questions:</i> Chapter 2: Summary Questions 1, 5, 6, 12, 13; Solved Problems 2.1, 2.2, 2.5, 2.6, 2.8
<b>02</b>	<b>Tue. 7/5</b>	<b>Short-Term Decision Making I</b> Slides: Session 02 Recommended Reading: <b>Chapter 5 (excl. 5.8)</b> <b>Shaum's Outline</b> <i>Shaum's Review Questions:</i> Chapter 5: Solved Problems 5.1 – 5.13
<b>03</b>	<b>Wed. 7/6</b>	<b>Short-Term Decision Making II</b> Slides: Session 03 Recommended Reading: <b>Chapter 5.8</b> <b>Shaum's Outline</b> <i>Shaum's Review Questions:</i> Chapter 5: Solved Problems 5.14 – 5.16
<b>04</b>	<b>Thu. 7/7</b>	<b>Cost, Volume, Profit (CVP) &amp; Financial Modeling</b> Slides: Session 04 Recommended Reading: <b>Chapter 4 (excl. 4.9)</b> <b>Shaum's Outline</b> <i>Shaum's Review Questions:</i> Chapter 4: All Summary Questions; Solved Problems 4.1 – 4.20
	<b>Fri. 7/8</b>	<b>Homework 1 Due (11:59pm EST)</b>
<b>05</b>	<b>Mon. 7/11</b>	<b>CVP Case (Midterm Review)</b> Slides: Session 05 Before class: Read CVP Case – Handout
	<b>Tue. 7/12</b>	<b>Midterm (in-class)</b>

<b>06</b>	<b>Wed. 7/13</b>	<b>Review of Financial Statements &amp; Product Costing I</b>	Slides: Session 06 Recommended Reading: <b>Shaum's Outline</b> Chapter 4, pp. 63-66 <i>Shaum's Review Questions:</i> Chapter 4: Solved Problems 4.21, 4.22
<b>07</b>	<b>Thu. 7/14</b>	<b>Review of Financial Statements &amp; Product Costing II</b>	Slides: Session 07 Recommended Reading: <b>Shaum's Outline</b> Same as Session 06 <i>Shaum's Review Questions:</i> Same as Session 06
<b>Fri. 7/15 Homework 2 Due (11:59pm EST)</b>			
<b>08</b>	<b>Mon. 7/18</b>	<b>Costing Methods</b>	Slides: Session 08 Recommended Reading: <b>Shaum's Outline</b> Chapter 12, pp. 309-313 <i>Shaum's Review Questions:</i> Chapter 12: Summary Questions 4, 5, 6; Solved Problems 12.1, 12.3, 12.4
<b>09</b>	<b>Tue. 7/19</b>	<b>Activity-Based Costing (ABC)</b>	Slides: Session 09 Recommended Reading: <b>Shaum's Outline</b> Chapter 13, pp. 335-338 <i>Shaum's Review Questions:</i> Chapter 13: Summary Questions 1, 3, 4, 5; Solved Problems 13.1, 13.2, 13.3 Question 7 on page 354
<b>10</b>	<b>Wed. 7/20</b>	<b>ABC Case</b>	Slides: Session 10
<b>11</b>	<b>Thu. 7/21</b>	<b>Budgeting I</b>	Slides: Session 11 Recommended Reading: <b>Shaum's Outline</b> Chapter 3, pp. 31-39 Chapter 6 <i>Shaum's Review Questions:</i> Chapter 3: Solved Problems 3.5, 3.7 (1a) Chapter 6: Solved Problems 6.1 – 6.17
<b>Fri. 7/22 Homework 3 Due (11:59pm EST)</b>			



<b>12</b>	<b>Mon. 7/25</b>	<b>Budgeting II</b>	Slides: Recommended Reading: <b>Shaum's Outline</b>	Session 12 <b>Chapter 6</b>
			<i>Shaum's Review Questions:</i>	<i>Chapter 6: Solved Problems 6.1 – 6.17</i>
<b>13</b>	<b>Tue. 7/26</b>	<b>Multiperiod Investment Analysis, Capital Budgeting &amp; Real Options</b>	Slides:	Session 13
<b>14</b>	<b>Wed. 7/27</b>	<b>Decentralization and Incentives</b>	Slides: Recommended Reading: <b>Shaum's Outline</b>	Session 14 <b>Chapter 7, pp.142-143</b> <b>Chapter 8, pp.182</b>
			<i>Shaum's Review Questions:</i>	<i>Chapter 7: Summary Questions 3, 5, 8, 14</i>
<b>15</b>	<b>Thu. 7/28</b>	<b>Accounting Performance Measures</b>	Slides: Recommended Reading: <b>Shaum's Outline</b>	Session 17 <b>Chapter 8, p.183-186</b>
			<i>Shaum's Review Questions:</i>	<i>Chapter 8: Summary Questions 1, 6, 7, 14; Solved Problems 8.1, 8.2, 8.5, 8.6, 8.7, 8.8</i>
	<b>Fri. 7/29</b>	<b>Homework 4 Due (11:59pm EST)</b>		
<b>16</b>	<b>Mon. 8/1</b>	<b>Variance Analysis I</b>	Slides: Recommended Reading: <b>Shaum's Outline</b>	Session 15 <b>Chapter 7, pp.143-152</b>
			<i>Shaum's Review Questions:</i>	<i>Chapter 7: Solved Problems 7.3, 7.4, 7.5, 7.7, 7.9 – 7.18</i>
<b>17</b>	<b>Tue. 8/2</b>	<b>Variance Analysis II</b>	Slides: Recommended Reading: <b>Shaum's Outline</b>	Session 16 <b>Same as Session 15</b>
			<i>Shaum's Review Questions:</i>	<i>Same as Session 15</i>
	<b>Wed. 8/3</b>	<b>Review</b>		
	<b>Thu. 8/4</b>	<b>Final Exam (in-class)</b>		