

# The Wharton School of the University of Pennsylvania

## ACCOUNTING 102 – Strategic Cost Analysis Course Syllabus Fall, 2022

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Office Hours: Mondays and Wednesdays 9:00 am to 10:00 am OR by appointment

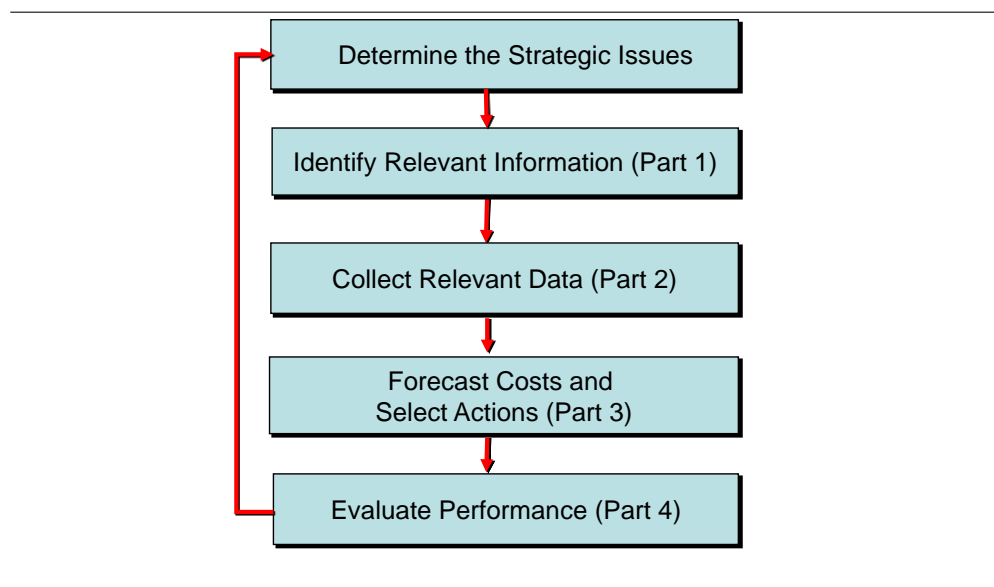
### COURSE OVERVIEW:

Increasing business competition requires organizations to not only develop realistic and achievable strategies, but also to develop and analyze goals in financial terms and 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 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.

### 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, answering questions that other students have posted is strongly encouraged. Piazza will be monitored primarily by the TAs.

### SUPPLEMENTARY MATERIAL (OPTIONAL):

1. 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*, 2<sup>nd</sup> Edition, McGraw Hill (no ebook available, paperback approximately \$25)
2. 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)  
or  
Holtzman, Mark P., *Managerial Accounting For Dummies*, For Dummies (e-book available)

**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) is comprehensive and counts towards the final grade 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 towards 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 first three 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	Weight
Exam 1:	October 3 (Monday evening)	30% (if one of two best in the first three exams)
Exam 2:	October 26 (Wednesday evening)	30% (if one of two best in the first three exams)
Exam 3:	November 21 (Monday evening)	30% (if one of two best in the first three exams)
Exam 4:	TBD	35%

\* An alternative exam window will be offered for students who have a time conflict with another course.

**In addition to the exam scores, 5% of the grade will be based on attendance and class participation. Class participation is assessed based on what you add to the learning experience of the entire class, and not simply on the basis of the number of times you speak in class.**

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.

**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:

- Students should sit in the same seat each class session and display their name tent (provided).
- Class starts and ends on time. If a unique situation arises such that you must come in late or leave early, please inform your professor ahead of time.
- Students should remain in attendance for the duration of class (unless there is a valid reason to leave).
- 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).

**Electronics policy:** In the interests 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 only.

### **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 your instructor (not a 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 may 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 evidence 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 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), they 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, to withdraw from the course, you must meet the university deadline and requirements regarding withdrawals.** Please obtain the school's approval before you ask for mine.

### **RE-GRADES:**

Occasionally, there may be a mistake in the grading of an exam, and the TAs and I are eager to correct such mistakes 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 directly to your professor within one calendar week following the return of the exam. **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 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*.

## Course Schedule

Session	Date	Topic and readings
<b>01</b>	<b>Wed. 8/31</b>	<b>Introduction</b> Slides: Session 01 Course Syllabus
<b>Part 1: Identifying Relevant Decision-Making Information</b>		
<b>02</b>	<b>Wed. 9/7</b>	<b>Cost Concepts</b> Slides: Sessions 02 and 03 Textbooks: <b>Chapter 2</b> <i>Shaum's Outline</i>  <i>Review Questions:</i> <i>Chapter 2: Summary Questions 1, 5, 6, 12, 13; Solved Problems 2.1, 2.2, 2.5, 2.6, 2.8</i>
<b>03</b>	<b>Mon. 9/12</b>	<b>Relevant Costs</b> Slides: Sessions 02 and 03  Textbooks: <b>Chapter 5 (excl. 5.6)</b> <i>Shaum's Outline</i> <i>Chapter 5: All Solved Problems (excl. 5.9 &amp; 5.10)</i>  <i>Review Questions:</i>
<b>04</b>	<b>Wed. 9/14</b>	<b>Cost, Volume, Profit (CVP) &amp; Financial Modeling I</b> Slides: Session 04 Textbooks: <b>Chapter 4 (excl. 4.9)</b> <i>Shaum's Outline</i>  <i>Review Questions:</i> <i>Chapter 4: All Summary Questions; Solved Problems 4.1 – 4.20</i>

<b>05</b>	<b>Mon. 9/19</b>	<b>Cost, Volume, Profit (CVP) &amp; Financial Modeling II</b>	Slides: Session 05
<b>06</b>	<b>Wed. 9/21</b>	<b>Comprehensive Relevant Cost Analysis</b>	Slides: Session 06
<b>07</b>	<b>Mon. 9/26</b>	<b>Forrest Gump case</b>	
<b>08</b>	<b>Wed. 9/28</b>	<b>Review</b>	
	<b>Mon. 10/3</b>	<b>Exam 1</b>	

<b>Part 2: Collecting Relevant Data</b>		
<b>09</b>	<b>Wed. 10/5</b>	<p><b>Overview of Cost Accounting</b></p> <p>Slides: Session 09</p> <p>Textbooks: <b>Shaum's Outline</b> Chapter 12, pp.309-313</p> <p><i>Review Questions:</i> Chapter 12: Summary Questions 4, 5, 6; Solved Problems 12.1, 12.3, 12.4</p>
<b>10</b>	<b>Mon. 10/10</b>	<p><b>Product Costing Methods I</b></p> <p>Slides: Session 10</p>
<b>11</b>	<b>Wed. 10/12</b>	<p><b>Product Costing Methods II</b></p> <p>Slides: Session 11</p> <p>Textbooks: <b>Shaum's Outline</b> Chapter 4, pp. 63-66</p> <p><i>Review Questions:</i> Chapter 4: Solved Problems 4.21, 4.22</p>
<b>12</b>	<b>Mon. 10/17</b>	<p><b>Activity Based Costing I</b></p> <p>Slides: Session 12</p> <p>Textbooks: <b>Shaum's Outline</b> Chapter 13, pp. 335-338</p> <p><i>Review Questions:</i> Chapter 13: Summary Questions 1, 3, 4, 5; Solved Problems 13.1, 13.2, 13.3 Question 7 on page 354</p>
<b>13</b>	<b>Wed. 10/19</b>	<p><b>Activity Based Costing II</b></p> <p>Slides: Session 13</p>
<b>14</b>	<b>Mon. 10/24</b>	<p><b>Review</b></p> <p>Slides: Session 14</p>
	<b>Wed. 10/26</b>	<b>Exam 2</b>



<b>Part 3: Forecasting Costs and Selecting Actions</b>			
<b>15</b>	<b>Mon. 10/31</b>	<b>Cost Estimation</b>	
		Slides:	Session 15
<b>16</b>	<b>Wed. 11/2</b>	<b>Budgeting I</b>	
		Slides:	Sessions 16-17
		Textbooks	
		<b>Shaum's Outline</b>	<b>Chapter 6</b>
		<i>Review Questions:</i>	<i>Chapter 3: Solved Problems 3.5, 3.7 (1a)</i> <i>Chapter 6: Solved Problems 6.1 – 6.17</i>
<b>17</b>	<b>Mon. 11/7</b>	<b>Budgeting II</b>	
		Slides:	Session 16-17
		<i>Review Questions:</i>	<i>Same as Budgeting I</i>
<b>18</b>	<b>Wed. 11/9</b>	<b>Capital Budgeting I</b>	
		Slides:	Session 18
		Textbooks	
		<b>Shaum's Outline</b>	<b>Chapter 9, pp.212-222</b>
		<i>Review Questions:</i>	<i>Chapter 9: Solved Problems 9.1 – 9.6, 9.9, 9.13, 9.14, 9.15, 9.20 (ignore IRR calculations)</i>
<b>19</b>	<b>Mon. 11/14</b>	<b>Capital Budgeting II</b>	
		Slides:	Session 19
<b>20</b>	<b>Wed. 11/16</b>	<b>Review</b>	
		Slides:	Session 20
<b>Mon. 11/21</b>	<b>Exam 3</b>		

<b>Part 4: Evaluating Performance</b>			
<b>21</b>	<b>Mon. 11/28</b>	<p><b>Responsibility Accounting</b></p> <p>Slides: Shaum's Outline</p> <p><i>Review Questions:</i></p>	<p>Session 21 Chapters 7, 8</p> <p><i>Chapter 7: Summary Questions 3, 5, 8, 14</i> <i>Chapter 8: Summary Questions 1, 2, 6, 7, 12, 14; Solved Problems 8.1, 8.2, 8.5, 8.6, 8.7, 8.8</i></p>
<b>22</b>	<b>Wed. 11/30</b>	<p><b>Variance Analysis I</b></p> <p>Slides: Textbooks Shaum's Outline</p> <p><i>Review Questions:</i></p>	<p>Session 22</p> <p>Chapter 8, pp.186-187</p> <p><i>Chapter 8: Summary Questions 8, 9, 10, 11, 13, 15, 16, 17; Solved Problems 8.11 – 8.16, 8.18</i></p>
<b>23</b>	<b>Mon. 12/5</b>	<p><b>Variance Analysis II</b></p> <p>Slides: Textbooks Shaum's Outline</p> <p><i>Review Questions:</i></p>	<p>Session 23</p> <p>Chapter 7, pp.143-152</p> <p><i>Chapter 7: Solved Problems 7.3, 7.4, 7.5, 7.7, 7.9 – 7.18</i></p>
<b>24</b>	<b>Wed. 12/7</b>	<p><b>Review I (session 4 material)</b></p> <p>Slides:</p>	<p>Session 24</p>
<b>25</b>	<b>Mon. 12/12</b>	<p><b>Review II (comprehensive material)</b></p> <p>Slides:</p>	<p>Session 25</p>
<b>Final Exam TBD</b>			