

The Wharton School of the University of Pennsylvania

ACCOUNTING 102 – Strategic Cost Analysis Course Syllabus Spring, 2022

Instructor

Professor Carolyn Deller

E-mail: cdeller@wharton.upenn.edu

Web: <https://accounting.wharton.upenn.edu/profile/cdeller/>

My Office Hours

Mondays and Wednesdays 3:45pm to 4:45pm OR by appointment

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

** Due to the COVID-19 pandemic, you must schedule an appointment with me in advance even if you want to meet during my regular office hours. Please do not drop by my office without an appointment, thank you. I am happy to meet with you either in my office or on Zoom (max 2 students at a time).*

TA Office Hours

Will be posted on Canvas.

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.

COURSE OPERATION:

The course meets twice a week: Mondays and Wednesdays. 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.

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 necessarily be posted on Canvas.

Canvas announcements are a 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

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 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)

PERFORMANCE EVALUATION SYSTEM:

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

Students can choose between two options for the calculation of their grade:

OPTION 1: Grade based on exams, case submissions, and participation. [This option is **highly recommended for all students.**]

OPTION 2: Grade based exclusively on exams.

Students will indicate their preference through Canvas no later than **January 31** (Monday). **Students who fail to indicate their preference on Canvas will automatically be assigned to Option 1. No changes to the chosen option will be permitted after the deadline of January 31 has passed.**

I offer four exams during the semester. The last exam (Exam 4) is comprehensive and 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 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	Time	Weight
Exam 1:	February 7 (Monday)	7:00 – 8:30 pm EST*	25% (if one of two best in the first three exams)
Exam 2:	March 16 (Wednesday)	7:00 – 8:30 pm EST*	25% (if one of two best in the first three exams)
Exam 3:	April 4 (Monday)	7:00 – 8:30 pm EST*	25% (if one of two best in the first three exams)
Exam 4:	TBD	TBD	30%
In-class participation:	January 24 – April 18	During class	10%
Case submissions:	January 31, March 2, March 28, and April 20	Submit hardcopy at the beginning of class	10%

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

For students who select Option 1, 10% of the course grade is determined by your class participation, which will be evaluated based on in-class quizzes (see the next section for a detailed rubric), and 10% of the course grade is determined 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). **For students who select Option 2, your best two exams of the first three exams will receive a weight of 30% each and the last exam will receive a weight of 40%.** Regardless of which option you select, **consistently discourteous behavior will negatively impact your overall grade** (see “Course Rules” 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.

IN-CLASS CANVAS “QUIZZES”

Starting in class session 3, on January 24, each class session (except for reviews and cases) will have a corresponding Canvas Quiz. Each quiz should take no longer than ten minutes to complete and time will be provided during class. To answer the questions students will need to bring either a smart phone, a tablet, or a laptop to class. The access code for the quiz will be provided during class.

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. Lastly, for those students who select grading Option 1, I will use quiz completion rates to assess participation. Students can gain a total of 10 points (that translate to 10% of the total grade) by answering in-class questions via 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 evaluating class participation scores, correctness is NOT a factor. Getting a question right or wrong does not influence this score in any way. Canvas Quizzes must be completed in the classroom during class time (taking an in-class Canvas quiz outside of class or facilitating another student doing so by sharing an access code is not permitted).

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 *at the beginning* of the relevant class (hardcopy handed to your professor). Each case submission will be graded as follows:

Pre-Class Case Questions	Score
Not submitted	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 workings will be considered unacceptable quality.* Late submissions will incur a late penalty.

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

- 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 and other electronic devices be turned off for the duration of the class. There are two exceptions: 1) Use of an electronic device is permitted if it is used only to take *hand-written notes* (e.g. with an Apple pencil) and 2) Use of electronic devices will be permitted when answering in-class questions or when working through in-class problems. Research highlights the negative outcomes associated with the use of electronics during class. See for example:

<https://www.scientificamerican.com/article/students-are-better-off-without-a-laptop-in-the-classroom/>

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 (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 28th, 2022. Therefore, if you wish to withdraw after March 28th, 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 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*.

COVID-19 POLICIES:

As per the current University policy, students are required to wear a well-fitting mask (covering their nose and mouth) at all times during class (as well as during office hours and exams). Students will be permitted to drink during class using a straw under their mask only; no eating is permitted. In the interests keeping everyone safe, I will be **strictly enforcing** the mask requirement.

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

Please note that the review questions listed (these come from Shaum's Outline) will not be discussed in class, but are intended as a learning tool to help you solidify your understanding and application of the various topics covered. Any questions on the review questions should be discussed in office hours with the instructor or TAs or posted on Piazza. Practice problems and solutions for each topic will also be posted on Canvas.

Session	Date	Topic and readings
Part 1: Fundamentals of Financial Decision-Making		
01	Wed. 1/12	<p>Introduction & Cost Concepts</p> <p>Slides: Session 01 Course Syllabus</p> <p>Text Books:</p> <p style="padding-left: 40px;">Malea Fashion District Chapter 1, pp.14-27 (2nd) Chapter 1, pp.16-28 (3rd) Chapter 2, pp.36-39 (2nd) Chapter 2, pp.34-36 (3rd)</p> <p style="padding-left: 40px;">Shaum's Outline Chapter 2 (excl. 2.8)</p> <p><i>Review Questions:</i> Chapter 2: Summary Questions 1, 5, 6, 12, 13; Solved Problems 2.1, 2.2, 2.5, 2.6, 2.8</p>
	Mon. 1/17	MLK Day – No Class
02	Wed. 1/19	<p>Short-Term Decision-Making I</p> <p>Slides: Session 02</p> <p>Text Books:</p> <p style="padding-left: 40px;">Malea Fashion District Chapter 6 Shaum's Outline Chapter 5 (excl. 5.8)</p> <p><i>Review Questions:</i> Chapter 5: Solved Problems 5.1 – 5.13</p>
03	Mon. 1/24	<p>Short-Term Decision-Making II</p> <p>Slides: Session 03</p> <p>Text Books:</p> <p style="padding-left: 40px;">Malea Fashion District Chapter 11, pp.230-238 (2nd) Chapter 11, pp.196-203 (3rd)</p> <p style="padding-left: 40px;">Shaum's Outline Chapter 5, pp.95-96 (5.8)</p> <p><i>Review Questions:</i> Chapter 5: Solved Problems 5.14, 5.15, 5.16</p>

04	Wed. 1/26	Cost, Volume, Profit (CVP) & Financial Modeling	
		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)
		<i>Review Questions:</i>	<i>Chapter 4: All Summary Questions; Solved Problems 4.1 – 4.18, 4.20</i>
05	Mon. 1/31	Case 1 (hand in case submission <u>at the beginning of class</u>)	
		Slides:	Session 05
06	Wed. 2/2	Review	
		Slides:	Session 06
Mon. 2/7 Exam 1 7:00pm-8:30pm EST			
Part 2: Financial Planning			
07	Wed. 2/9	Review of Financial Statements & Product Costing I	
		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
		<i>Review Questions:</i>	<i>Chapter 4: Solved Problems 4.21, 4.22</i>
08	Mon. 2/14	Review of Financial Statements & Product Costing II	
		Slides:	Session 08
		Text Books	
		Malea Fashion District	Same as Session 07
		Shaum's Outline	Same as Session 07
		<i>Review Questions:</i>	<i>Same as Session 07</i>

09	Wed. 2/16	Budgeting I (including Cost Estimation)	
		Slides:	Session 09
		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)</i> <i>Chapter 6: Solved Problems 6.1 – 6.17</i>
10	Mon. 2/21	Budgeting II	
		Slides:	Session 10
		Text Books	
		Malea Fashion District	Chapter 8
		Shaum's Outline	Chapter 6
		<i>Review Questions:</i>	<i>Same as Budgeting I, Chapter 6</i>
	Mon. 2/21	Drop Period Ends	
11	Wed. 2/23	Budgeting Problems	
		Slides:	Session 11
12	Mon. 2/28	Multiperiod Investment Analysis, Capital Budgeting & Real Options	
		Slides:	Session 12
		Text Books	
		Malea Fashion District	Chapter 12
13	Wed. 3/2	Case 2 (hand in case submission at the beginning of class)	
		Slides:	Session 13
March 5 – March 13 Spring Break			
14	Mon. 3/14	Review	
		Slides:	Session 14
	Wed. 3/16	Exam 2	7:00pm-8:30pm EST

<p align="center">Part 3: Product Cost Information for Decision-Making (Review Material from Sessions 07 and 08 for This Module)</p>			
15	Mon. 3/21	Costing Systems I	
		Slides:	Session 15
		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>
16	Wed. 3/23	Costing Systems II	
		Slides:	Session 16
		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>
17	Mon. 3/28	Case 3 (hand in case submission <u>at the beginning of class</u>)	
		Slides:	Session 17
	Mon. 3/28	Withdrawal Period Ends	
18	Wed. 3/30	Review	
		Slides:	Session 18
	Mon. 4/4	Exam 3	7:00pm-8:30pm EST

Part 4: Delegated Decision-Making		
19	Wed. 4/6	<p>Decentralization, Moral Hazard and Incentives</p> <p>Slides: Session 19</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>
20	Mon. 4/11	<p>Variance Analysis I</p> <p>Slides: Session 20</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>
21	Wed. 4/13	<p>Variance Analysis II</p> <p>Slides: Session 21</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>
22	Mon. 4/18	<p>Accounting Performance Measures</p> <p>Slides: Session 22</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>
23	Wed. 4/20	<p>Case 4 (hand in case submission at the beginning of class)</p> <p>Slides: Session 23</p>
24	Mon. 4/25	<p>Review (Part 4 Material)</p> <p>Slides: Session 24</p>

25	Wed. 4/27	Review (Comprehensive Problems)
	Slides:	Session 25
Exam 4 (date and time TBD)		