

# The Wharton School of the University of Pennsylvania

## ACCOUNTING 1020 – Strategic Cost Analysis Course Syllabus Fall, 2023

### **Instructor**

Mirko Heinle

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### **Office Hours**

Mondays, 3-4 pm or by appointment, SH DH 1330

TA office hours will be posted on Canvas and may vary over time

### **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.

There are four exams for this course, each one equally-weighted, with the lowest raw score being dropped. Exams will be held in person, but will require access to a laptop. If access to a laptop will pose a problem for you, please let me know within the first two weeks of class so that I can help make arrangements for you.

**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 night preceding the day of the class. The lecture notes made available on Canvas will not necessarily contain everything that is covered in class (e.g. problems worked through on the whiteboard), so students are expected to take notes during class. Canvas announcements are my primary method of communicating important information about the course, so **be sure to check for them frequently**.

**OFFICE HOURS:**

The TAs office hours will be posted on Canvas.

My regular weekly office hours, are Monday 3-4pm in SHDH 1330 during non-exam weeks.

**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.

**PRACTICE PROBLEMS**

Practice problems and solutions for each topic will be posted on Canvas. Any questions on the review questions should be discussed in office hours with the instructor or TAs or posted on Piazza.

**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. If a unique situation arises such that you must come in late or leave early, please inform me via email 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. The class is predominantly lecture-based, but I expect active engagement/participation (e.g., working through problems, asking/answering questions).
- Electronic devices (e.g., laptops, iPads, etc.) are permitted in class so long as they are used solely for course-relevant engagement, and do not cause distraction. I reserve the right to restrict access to electronics at any time for any reason.
- 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).

**PERFORMANCE EVALUATION SYSTEM:**

The course grade is based on relative performance evaluation (i.e., a curve), the average grade will approximately be a B+, which implies that about 85% of students will receive a grade of B- or higher. 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.

I offer four exams during the semester. The **three highest raw scores** will count towards the final grade for each student (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 exams are “cumulative” in the sense that the material builds on its, and 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:	September 27 (Wednesday)	7:00 – 8:30 pm EST	30% (if one of three best exam scores)
Exam 2:	October 23 (Monday)	7:00 – 8:30 pm EST	30% (if one of three best exam scores)
Exam 3:	November 15 (Wednesday)	7:00 – 8:30 pm EST	30% (if one of three best exam scores)
Exam 4:	TBD	TBD (90 minutes)	30% (if one of three best exam scores)
Quizzes:	Throughout Term	After Most Classes	10%

10% of the course grade is determined by completion of canvas quizzes (see the section titled “Canvas Quizzes” for a detailed rubric). **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 weights.

**EXAMINATIONS:**

All examinations are closed-book and closed-note, but students are allowed to bring a “cheat sheet” on double-sided 8.5x11 inch paper. Students are permitted to use a calculator. 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 to notify me of any test-taking improprieties they are aware of.

**CANVAS QUIZZES:**

Each class session (except for reviews) will have a corresponding Canvas Quiz, intended to take a maximum of fifteen 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:

<b>Total Quizzes Completed</b>	<b>Score</b>
<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. Canvas Quizzes are graded only for completion. However, if it appears that quizzes are submitted without any real effort, **I reserve the right to consider zero-effort submissions as skipped quizzes**.

Canvas Quizzes must be submitted by **11:59pm EST of the day after the scheduled class**. (Monday classes by Tuesday at 11:59pm EST; Wednesday classes by Thursday at 11:59pm EST). Students are welcome to work together on Canvas Quizzes but each student must submit their own quiz.

**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 at least two weeks before the exam. 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 that you were unavailable due to an emergency, 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 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 disappointing grade 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, November 6<sup>th</sup>, 2023. Therefore, if you wish to withdraw after November 6<sup>th</sup>, 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 contain an online component this semester, I will correct the grading for all exams when a mistake is found.

All re-grade decisions are final.

**COURSE SCHEDULE:**

<b>Session</b>	<b>Date</b>	<b>Topic</b>
<b>Part 1: Fundamentals of Decision-Making</b>		
<b>01</b>	<b>Wed. 8/30</b>	<b>Introduction &amp; Cost Concepts</b>
<b>02</b>	<b>Wed. 9/06</b>	<b>Short-term Decision Making I</b>
<b>03</b>	<b>Mon. 9/11</b>	<b>Short-term Decision Making II</b>
<b>04</b>	<b>Wed. 9/13</b>	<b>Cost, Volume, Profit (CVP) &amp; Financial Modeling</b>
<b>05</b>	<b>Mon. 9/18</b>	<b>In-Class Case - CVP</b> <i>Please note that case solutions will not be posted on Canvas.</i>
<b>06</b>	<b>Wed. 9/20</b>	<b>Review for Part 1</b>
<b>07</b>	<b>Mon. 9/25</b>	<b>TA review session</b>
<b>08</b>	<b>Wed. 9/27</b>	<b>Exam 1</b>

<b>Session</b>	<b>Date</b>	<b>Topic</b>
<b>Part 2: Multi-Period Decision-Making</b>		
<b>09</b>	<b>Mon. 10/02</b>	<b>Multiperiod CVP/Capital Budgeting</b>
<b>10</b>	<b>Wed. 10/04</b>	<b>Capital Budgeting (continued) and Operating Budgets/Profit Plans</b>
<b>11</b>	<b>Mon. 10/09</b>	<b>Operating Budgets/Profit Plans (continued)</b>
<b>12</b>	<b>Wed. 10/11</b>	<b>Cash Budgeting</b>
<b>13</b>	<b>Mon. 10/16</b>	<b>In-Class Case – Forrest Gump</b> <i>Please note that case solutions will not be posted on Canvas.</i>
<b>14</b>	<b>Wed. 10/18</b>	<b>Review for Part 2</b>
<b>15</b>	<b>Mon. 10/23</b>	<b>Exam 2</b>

<b>Session</b>	<b>Date</b>	<b>Topic</b>
<b>Part 3: Delegation and Performance Measurement</b>		
<b>16</b>	<b>Wed. 10/25</b>	<b>Delegation/Decentralization and Moral Hazard I</b>
<b>17</b>	<b>Mon. 10/30</b>	<b>Delegation/Decentralization and Moral Hazard II</b>
<b>18</b>	<b>Wed. 11/01</b>	<b>Measuring/Rewarding Profits: Absorption vs Variable Costing</b>
<b>19</b>	<b>Mon. 11/06</b>	<b>Measuring/Rewarding Profits: Actual/Normal/Standard Costing</b>
<b>20</b>	<b>Wed. 11/08</b>	<b>Adjusted Accounting Performance Metrics</b>
<b>21</b>	<b>Mon. 11/13</b>	<b>Review for Part 3</b>
<b>22</b>	<b>Wed. 11/15</b>	<b>Exam 3</b>



<b>Session</b>	<b>Date</b>	<b>Topic</b>
<b>Part 4: Advanced Topics in Performance Measurement</b>		
<b>23</b>	<b>Mon. 11/20</b>	<b>Activity Based Costing</b>
<b>24</b>	<b>Mon. 11/27</b>	<b>Variance Analysis I</b>
<b>25</b>	<b>Wed. 11/29</b>	<b>Variance Analysis II</b>
<b>26</b>	<b>Mon. 12/04</b>	<b>Transfer Pricing</b>
<b>27</b>	<b>Wed. 12/06</b>	<b>Sustainability Accounting</b>
<b>28</b>	<b>Mon. 12/11</b>	<b>Review for Part 4</b>
<b>TBD</b>	<b>TBD</b>	<b>Exam 4</b>