

The Wharton School of the University of Pennsylvania

ACCOUNTING 1020 – Strategic Cost Analysis Course Syllabus Spring, 2024

Instructor

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Office Hours

Mondays from 12:30pm to 1:30pm or by appointment

SH DH 1325

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 (three midterms and one final). We plan to hold exams in person, using pen/paper.

OFFICE HOURS:

The TA's office hours will be posted on Canvas. These office hours are in addition to my regular weekly office hours, which are Monday 12:30pm to 1:30pm in SHDH 1325 during non-exam weeks.

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.**

PRACTICE PROBLEMS:

Practice problems and solutions for each topic will be posted on Canvas.

SUPPLEMENTARY MATERIAL (OPTIONAL):

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)

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.
- Bring your name tent to class every day.
- 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 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).

COVID PROTOCOLS:

The masking requirement will be based on the latest guidance from the CDC, the city of Philadelphia and/or the University of Pennsylvania. As of now masks are not required, but this may change at some point during the semester. Please respect other students' decisions to wear, or not wear, masks.

If at any point during the semester I become ill, I may hold Zoom classes instead of regular classes. If you believe you are ill, do not come to class.

PERFORMANCE EVALUATION SYSTEM:

I offer three midterms during the semester. The **two highest raw scores** will count towards the final grade for each student (that is, if you have raw scores of 70, 80, and 90, I will count 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 midterms are “cumulative” in the sense that the material builds on itself, 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 final exam counts for everyone and *will be comprehensive*, though it will focus largely on the most recently covered material. The schedule and weights of the grading components is as follows:

	Date	Time	Weight
Midterm 1:	Feb 07 (Wednesday)	7:00 – 8:15 pm EST	25% (if one of two best midterm scores)
Midterm 2:	Mar 13 (Wednesday)	7:00 – 8:15 pm EST	25% (if one of two best midterm scores)
Midterm 3:	Apr 08 (Monday)	7:00 – 8:15 pm EST	25% (if one of two best midterm scores)
Final Exam:	TBD	TBD (90 minutes)	35%
Quizzes:	Throughout Semester	After Most Classes	15%

The midterms are 75 minutes, and we expect them to run from 7:00pm until 8:15pm. However, please be plan to be available until 8:30pm in the event that the exam cannot start right at 7:00pm.

15% of the course grade is determined by completion of canvas quizzes (see the section titled “Canvas Quizzes” for a detailed rubric). 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. **Consistently discourteous behavior will negatively impact your overall grade.**

The course grade is based on a curve, but no forced grade distribution is used. Students at the bottom of the distribution with a very poor average score (e.g., less than 45%) will likely receive a final grade of F.

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.

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.

DAY OF CLASS CANVAS “QUIZZES”:

Each class session (except for review days) will have a corresponding Canvas Quiz. Each quiz will become available during or after the class session and must be submitted by **11:59pm EST** on the day after the class session. Each quiz is 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 me with useful information 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 15 points (that translate to 15% of the total grade) by answering the day of class questions on Canvas. The points can be achieved as follows:

Total Quizzes Completed	Score
<25%	0
25% – 49%	4
50% – 59%	8
60% – 69%	10
70% – 79%	12
80% – 89%	14
90% – 100%	15

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.

GENERATIVE AI:

You are not allowed to use generative AI (e.g., tools like ChatGPT) for your work in this class. Using such tools in this course will be considered a violation of Penn’s Code of Academic Integrity and I will report suspected use to the Center for Community Standards and Accountability. Please contact me if you have questions about this policy.

EXAM ACCOMMODATIONS AND CONFLICTS:

If you need additional time to complete an exam because of a university-recognized disability, please inform me (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 me (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 excusable 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 me by e-mail as soon as possible.

In other cases, documented (written) 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. To be excused from an exam, you must email me 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.

In accordance with University policy, 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 administered on the make-up exam date, which is scheduled by the University (typically around the first week of classes in 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**). 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, to withdraw from the course, you must meet the university deadline and requirements regarding withdrawals. In particular, note that the university withdrawal deadline is Tuesday, April 2nd, 2024. Therefore, if you wish to withdraw after April 2nd, 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 the original exam (with no adjustments), and a *written explanation* of the points of contention 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
Part 1: Fundamentals of Decision-Making		
01	Mon. 1/22	Introduction & Cost Concepts <i>Supplemental Shaum's Material: Chapter 2 (excl. 2.8)</i> <i>Summary Questions 1, 5, 6, 12, 13; Solved Problems 2.1, 2.2, 2.5, 2.6, 2.8</i>
02	Wed. 1/24	Short-term Decision Making I <i>Supplemental Shaum's Material: Chapter 5 (excl. 5.6 & 5.8)</i> <i>Solved Problems 5.1 – 5.13 (excl. 5.9 & 5.10)</i>
03	Mon. 1/29	Short-term Decision Making II <i>Supplemental Shaum's Material: Chapter 5, pp.95-96 (5.8)</i> <i>Solved Problems 5.14, 5.15, 5.16</i>
04	Wed. 1/31	Cost, Volume, Profit (CVP) & Financial Modeling <i>Supplemental Shaum's Material: Chapter 4 (excl. 4.9)</i> <i>All Summary Questions; Solved Problems 4.1 – 4.18, 4.20</i>
05	Mon. 2/05	Review for Midterm 1
	Wed. 2/07	Midterm 1 7:00pm-8:30pm EST

Session	Date	Topic
Part 2: Multi-Period Decision-Making		
06	Mon. 2/12	Capital Budgeting I <i>Supplemental Shaum's Material: Chapter 9, pp.212-222</i> <i>Solved Problems 9.1 – 9.6, 9.9, 9.13, 9.14, 9.15, 9.20 (ignore IRR calcs)</i>
07	Wed. 2/14	Capital Budgeting II <i>Supplemental Shaum's Material: Same as Capital Budgeting I</i>
08	Mon. 2/19	Operating Budgets I <i>Supplemental Shaum's Material: Chapter 6</i> <i>Solved Problems 6.1 – 6.17</i>
09	Wed. 2/21	Operating Budgets II <i>Supplemental Shaum's Material: Same as Operating Budgets I</i>
10	Mon. 2/26	Cash Budgeting I <i>Supplemental Shaum's Material: Same as Operating Budgets I</i> DAY BEFORE DROP PERIOD DEADLINE
11	Wed. 2/28	Cash Budgeting II <i>Supplemental Shaum's Material: Same as Operating Budgets I</i>
SPRING BREAK		
12	Mon. 3/11	Review for Midterm 2
	Wed. 3/13	Midterm 2 7:00pm-8:30pm EST

Session	Date	Topic
Part 3: Delegation and Performance Measurement		
13	Mon. 3/18	Delegation/Decentralization and Moral Hazard I <i>Supplemental Shaum's Material: Chapter 7, pp.142-143; Chapter 8, p.182</i> <i>Chapter 7: Summary Questions 3, 5, 8, 14</i>
14	Wed. 3/20	Delegation/Decentralization and Moral Hazard II <i>Supplemental Shaum's Material: Same as Delegation/Decentralization I</i>
15	Mon. 3/25	Measuring Profits I: Absorption vs Variable Costing <i>Supplemental Shaum's Material: Chapter 4, pp. 63-66</i> <i>Solved Problems 4.21, 4.22</i>
16	Wed. 3/27	Measuring Profits II: Actual/Normal/Standard Costing <i>Supplemental Shaum's Material: Chapter 12, pp.309-313</i> <i>Summary Questions 4, 5, 6; Solved Problems 12.1, 12.3, 12.4</i>
17	Mon. 4/01	Activity Based Costing <i>Supplemental Shaum's Material: Chapter 13, pp. 335-338</i> <i>Summary Questions 1, 3, 4, 5; Solved Problems 13.1, 13.2, 13.3</i> DAY BEFORE WITHDRAW PERIOD DEADLINE
18	Wed. 4/03	Review for Midterm 3
	Mon. 4/08	Midterm 3 7:00pm-8:30pm EST

Session	Date	Topic
Part 4: Advanced Topics in Performance Measurement		
19	Wed. 4/10	Adjusted Profit Measures <i>Supplemental Shaum's Material: Chapter 8, p.183-186</i> <i>Summary Questions 1, 6, 7, 14; Solved Problems 8.1, 8.2, 8.5, 8.6, 8.7, 8.8</i>
20	Mon. 4/15	Variance Analysis I <i>Supplemental Shaum's Material: Chapter 7, pp.143-152</i> <i>Solved Problems 7.3, 7.4, 7.5, 7.7, 7.9 – 7.18</i>
21	Wed. 4/17	Variance Analysis II <i>Supplemental Shaum's Material: Same as Variance Analysis I</i>
22	Mon. 4/22	Transfer Pricing <i>Supplemental Shaum's Material: Chapter 8, pp. 186-189</i> <i>Summary Questions 8 – 11, 13, 15 – 17; Solved Problems 8.11 – 8.16, 8.18</i>
23	Wed. 4/24	Berkshire Toys
24	Mon. 4/29	Review for Final
25	Wed. 5/01	Comprehensive Review for Final
TBD	TBD	Final Exam