



**ACC 251**  
**Managerial Accounting and Controls**  
**Winter 2022**

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**Professor:** Professor Shannon Anderson  
3414 Gallagher Hall  
Office phone: 530.752.3871 (voicemail will forward to email)  
e-mail (best way to reach me): I prefer you to **message me in Canvas** to keep class messages from becoming intermingled with my email; however, if needed my UCD email address is: [swanderson@ucdavis.edu](mailto:swanderson@ucdavis.edu)

**Professor's Office Hours:** by appointment on Zoom or in person – message to schedule

**Class Meeting Time**

Usually Mondays 12:10 – 4:00 pm. Makeup Class 9, Wednesday March 9<sup>th</sup>, 9am – 12pm  
All classes and exam in GH-1213 Gallagher Hall  
FINAL EXAM: Monday March 14<sup>th</sup>, 12:10 – 4:00 pm GH-1213

**Professor's Bio:** I've been a Professor of Management at the GSM since 2010 and before that was on faculty at Rice University and the University of Michigan. My doctorate and masters degrees (Harvard University) are in business economics (not accounting? That's right. And is a first indication of what this course is ... and is not) and my undergraduate degree (Princeton University) is in engineering. I worked in the auto industry before returning for my doctorate and since then, I've done research and consulting in a wide range of industries including: heavy and light manufacturing (e.g., automotive, textiles, office furniture, electronics, food products, and pharmaceuticals); consumer and BtoB retailing; transportation/distribution; and a variety of service industries such as: passenger airlines, healthcare, software, and financial services. I'm currently the Treasurer of a national not-for-profit organization ([summerscience.org](http://summerscience.org)) that provides advanced science education for high school students. In my free time I normally enjoy travel; however, with the challenges of the pandemic I've spent more time with my hobbies: quilting, knitting, gardening and cooking. My partner of 32 years recently retired from the UC Davis School of Veterinary Medicine where he was Director of IT. We have two sons, a dog and a feral cat. One son is a systems engineer for Blue Origin in Seattle and the other is a doctoral candidate in mechanical engineering at U. Pittsburgh. A year ago we got Sam, a chocolate labradoodle puppy. He's a bundle of energy who helps me get 10,000 steps each day and torments the resident cat.

**Teaching Assistant:** Gonzalo Basante Pereira. Gonzalo is a doctoral candidate in Economics at UC Davis and an experienced teaching assistant. He can be reached through the message function in Canvas or at [gebasantepereira@ucdavis.edu](mailto:gebasantepereira@ucdavis.edu)

**TA's Office Hours:** (see Canvas for Zoom link) Thursdays 10 am – 12 pm, or by appointment. Additional review sessions will be scheduled in conjunction with exams.

**TA Course Support**

Gonzalo is available in regular scheduled weekly Zoom office hours. He has been instructed not to work ahead or to answer questions related to upcoming classes and homeworks; however, he is very willing to review material from previous classes and to assist you with the textbook self-study problems if the supplied solutions are not clear.

## COURSE INTRODUCTION

ACC251 builds foundational product costing and cost analysis skills and introduces management controls that are used to monitor and evaluate performance of individuals and business units. The course is taught using the case method of instruction, with a focus on how managerial accounting supports business strategy.

Cost management systems provide information about costs; including, but not limited to costs of products and services. While financial accounting rules require that product cost information be accumulated in particular ways for external reporting, these approaches often provide inadequate information for managing the firm. In the first part of the course we study the design and use of cost systems to aid management decision-making. We begin the course with traditional product cost systems still in widespread use. Then we examine problems that can arise with these systems in today's business environment. Finally, we consider alternative systems that attempt to address these problems. Product costing is only one use of cost data. We will consider alternative objects of cost analysis for managerial decision-making, including the costs of customers. Cost of customers analysis is used to evaluate customer profitability, which is critical to marketing and sales strategies.

In the second part of the course we study the use of accounting data as a means of monitoring and evaluating performance --- what is known as 'management control.' We will study management control tools such as: budgeting, transfer pricing, variance analysis and performance measurement scorecard systems. Our primary focus will be on developing controls that link firm strategy and tactics to profit realizations; however, we will also consider the use of accounting measures in evaluating and rewarding individual performance.

Although the course includes technical material, my objective is to equip you to interpret data from cost accounting systems so that you can make sound business decisions and evaluate business unit and employee performance. This is in keeping with the new CPA exam format that emphasizes critical thinking, analysis, and applied problem solving.

ACC251 will support you in preparing for the Business Environment and Concepts (BEC) section of the CPA exam. The BEC section tests a broad set of skills, including:

1. Corporate Governance
2. Economic Concepts and Analysis
3. Financial management
4. Information technology
5. Operations Management

No single one-quarter course can cover the breadth of this test; however, ACC251 will touch on all components except IT systems. Case-based instruction and the homework assignments are excellent preparation for the task-based simulations (35%) and writing components (15%) of the BEC test. The practice problems from the textbook will help you prepare for the multiple-choice (50%) portion of the test.

If you are interested in obtaining additional certifications in management accounting, consider the Institute of Management Accountants' CMA certificate: <http://www.imanet.org/cma-certification/cma-certification-overview>, or the CGMA credential offered jointly by the AICPA and CIMA <http://www.aicpa.org/Membership/Pages/cgma-designation.aspx> and <http://www.cgma.org>. The IMA has a Sacramento Chapter and you may wish to consider student membership as a means of networking with local firms who hire management accountants. ACC251 is a good starting point for these certifications; however, consult the testing organization's website for additional guidance and exam preparation.

## REQUIRED MATERIALS

**Canvas Site:** Class materials and weekly handouts are found in Canvas Modules. We will also access materials on Canvas during class for groupwork, so it will be useful for you to have access to a laptop computer or tablet with internet connection.

**Coursepack (Harvard Business Publishing):** You must purchase the coursepack that contains required case studies and readings that are not available through the Shields Library. Two cases that I authored are available free of charge, one in the Harvard coursepack and one on Canvas in the Class 9 Module.

**Readings** All remaining readings are available through Shields Library and I have downloaded these and loaded them into the *Perusall* application that is accessible through Canvas. *Perusall* is strictly an online reader application where you may read and annotate articles and read/comment on annotations of other students. You may not download articles from *Perusall*. If you want to download a reading for personal use, you must access it through the library using the hotlinks in the Reading Schedule, below. To directly access and download the readings from home, you first need to connect to the [library VPN](#). If you are on campus and connected to the campus wireless network, the hotlinks will connect you directly to library resources.

### Textbook

There are several good textbooks covering the course material; however, most books cover significantly more material than we can cover in one quarter. Consequently, I use a mix of readings and cases that cover the essential elements of the course and selected chapters from the textbook that I co-author. You may use either the 4<sup>th</sup> or the 5<sup>th</sup> edition of the textbook:

Lanen, W.N., S.W. Anderson and M.W. Maher. (2014), *Fundamentals of Cost Accounting*, 4e. McGraw-Hill Irwin, ISBN: 978-0-07-802552-5.

Lanen, W.N., S.W. Anderson and M.W. Maher. (2017), *Fundamentals of Cost Accounting*, 5e. McGraw-Hill Irwin, ISBN: 978-1-25-956540-3.

You will be well-served by either edition of the textbook. I intentionally selected older editions so that you may purchase used books (typically available for less than \$15 on Amazon). The much more expensive 6<sup>th</sup> edition is fine for purposes of study, but will not match with the assigned self-study problems. The weekly reading schedule of chapters and practice problems for these editions is found in the file *Textbook Readings and Practice Problems* in the General Course Materials Module on Canvas. You will also find a file with *Solutions* for the practice problems in this module.

## COURSE ASSESSMENT

Learning and subject mastery will be assessed as follows:

Class Participation	15%
Weekly homework (Canvas “quiz”)	20%
In class Midterm	15%
In class Final Exam	50%

## Class Participation

The class is taught using the case method and class participation is graded for every class. Several modes of participation are eligible for credit, including:

- Answering a question when asked
- Asking a question that is pertinent to the conversation at hand
- Participating productively in small group breakout discussions
- Presenting results of your group breakout session to the class

Importantly, class participation grades are *not based on class attendance*. Attendance is a necessary but not a sufficient condition for earning in-class participation marks. You will earn one of three marks (2, 1, 0) each day for your class participation. Class participation points are awarded for a variety of positive classroom behaviors. Making a mistake does not reduce your class participation grade; exploring faulty reasoning can be a very powerful basis for learning. So please speak up even if you aren't completely confident of your answers!

Participation points will be deducted for behaviors that detract from discussion, including but not limited to using cellphones during class or misusing laptop computers during class.

I will drop the lowest daily class participation mark. Thus, if you must miss class for any reason, one absence will carry no participation penalty. You are still responsible for the material covered in class, so get notes from a classmate and review class handouts posted on Canvas.

### Classroom Etiquette

- **Please arrive on time and stay for the duration of class.** Late arrivals and early departures are disruptive and reduce the quality of instruction for all students. There will be at least two breaks in each class when you can slip in or out if you must miss a portion of class. If you must miss class, please obtain handouts from Canvas and obtain notes from another class member. You are not required to contact me in the event of an absence; however, if you are having a personal issue that is associated with your absence and I can be of assistance, then by all means, reach out to me.
- **Please turn off audible cell phones, pagers and watch alarms** for the duration of class.
- **Remove the temptation of peeking at your cellphone during class --- put it in your bag and leave it there until break.** Trust me --- when you look at your cellphone whether it is on the desk or in your lap, it is very visible from the front of the room. Research shows that even having it within reach disrupts your learning and concentration. I will deduct class participation points and will call out disruptive behavior. You will have time during breaks to review messages.

## Homework

Class preparation has two parts, only one of which is graded. The first, graded part of your class preparation entails answering questions about the case study that we will discuss in class. **Graded homeworks for weeks 2 - 9 are to be submitted before class using the Canvas Quiz function.** These problems require integrative thinking and clear communication and are excellent preparation for the written communications sections of the BEC section of the CPA exam.

The second, *ungraded* part of preparation is a set of self-study problems from the textbook. These are intended to isolate key technical features of the material in a simpler setting than the case study and to give you practice in skills that will be tested on the BEC test. I have supplied a solution key, but I urge

you to try to solve the problems yourself before consulting the solutions. If you're unable to obtain the solution, the course TA is prepared to work problems with you in office hours.

**Questions about the case that are to be answered in your homework are designated by an asterisk (\*) in the *Class Preparation Questions* document (on Canvas).** When you are ready to submit your homework, go to the Quiz section on Canvas and input your answers before the start of class. The Quiz will cover only the marked questions, exactly as worded in the *Class Preparation Questions* document. The Quiz will close at the start of class and **late assignments will not be accepted**. I will drop your lowest homework grade, so if you are unable to complete an assignment on time, this will serve as your dropped mark.

**What is allowed: homework is an Individual Assignment; however, team discussion beforehand is permitted.** Although I encourage you to work together on class preparation, *you must complete the weekly Canvas "Quiz" independently*. That is, it is an honor code violation to for students who study together to collaborate on the quiz itself or to copy and paste the same response for a question into the quiz. Submitting the work of another student or permitting another student to copy your work are violations that will be referred to Student Judicial Affairs. Work together to understand the issues, but then step back from the group discussion to write a response in your own words. This is a low stakes assessment, but it is an important tool for you to self-diagnose areas of confusion and for helping me to identify areas that need clarification. The questions are designed to prepare you to participate in class. If you do not give sufficient attention to them before class, you may find the pace of class challenging and have difficulty participating in the discussion.

Homework will be graded based on 50 points. I do not expect that you will answer every question perfectly. I expect that you will approach each question thoughtfully and that your answers will demonstrate consideration of the issue(s) and the case data. Homework will not be a significant determinant of the course grade unless it is significantly incomplete. Nonetheless, those who do not prepare for class to the level that the homework demands will have difficulty with more important course assessments.

## Examinations

### **Exam Reviews:**

The TA will run an optional review session before the midterm and final exams to address any outstanding questions.

### **Exams:**

The midterm and the final exams are written, closed note, closed book exams. The in-class, closed book midterm exam covering materials from Classes 1-5 will be given during the second half of Class 6. The final exam covers materials from the full course but will be more heavily weighted toward materials in classes 6-9. Laptop computers and cellphones will not be permitted in the midterm or the final exam. Bring writing utensils and a calculator (not a smartphone) to the exams.

### **Makeup Exams:**

In the event that substantiated personal emergencies require it, a makeup exam will be given at a single later date **after** the conclusion of the quarter and at the convenience of the instructor. **Makeup exams will not be offered before the date of the scheduled in-class exam.**

## ADVICE FOR CLASS PREPARATION

I use the case method of instruction; however, I often include vignettes or “side bar” discussions that are more typical of a lecture class so that we can focus on a simple example before tackling the more complex issues in the case.

The class preparation questions do not represent fully the material that we will cover in class. They are intended to guide you in your preparation. I recommend that you read the case first and then work with classmates to develop answers to the questions. If you prepare structured answers to these questions, you will be prepared to participate in class discussion. However, answers to these questions rarely constitute more than 50 percent of any class.

Students sometimes become concerned when they do not fully anticipate the class discussion. We will often consider questions that you will not prepare in advance and we will develop analytic frameworks from disparate case facts or from answers to the questions that you prepare. This is a key distinction between using the case method of instruction as the primary vehicle for teaching --- what is called the “Socratic Method” of teaching --- and using cases as “messy problem sets” to be solved after a lecture is delivered. The implication for you is that missing class, even after preparing the case questions, means that you miss content and process --- essential elements to learning this material.

The preparation questions are of a mixed nature. Some questions require numeric calculations; however, an equally important aspect of the question is your qualitative analysis of the problem. Most students realize that they should complete numerical calculations and bring them to class. Many students are much more casual in answering qualitative questions. I urge you to take the time to write a brief response to these questions even if they are not part of the graded homework. Collecting your thoughts beforehand greatly improves the quality of class participation and provides good practice in exam taking skills, particularly the written communication skills that are tested in the BEC test of the CPA exam.

## UNIVERSITY POLICY

### Statement on Accommodation

UC Davis is committed to educational equity in the academic setting, and in serving a diverse student body. All students who are interested in learning about how disabilities are accommodated can visit the [Student Disability Center](#) (SDC). If you are a student who requires academic accommodations, please contact the SDC directly at [sdc@ucdavis.edu](mailto:sdc@ucdavis.edu) or 530-752-3184. If you receive an SDC Letter of Accommodation, submit it to your instructor for each course as soon as possible, at least within the first two weeks of a course.

### Rights and Responsibilities

All participants in the course, instructor and students, are expected to follow the UC Davis [Principles of Community](#), which includes affirmation of the right of [freedom of expression](#), and rejection of discrimination. The right to express points-of-view without fear of retaliation or censorship is a cornerstone of academic freedom. A diversity of opinions with respectful disagreement and informed debate enriches learning. However, in this course, any expression or disagreement should adhere to the obligations we have toward each other to build and maintain a climate of mutual respect and caring.

You are expected to take UC Davis’s [Code of Academic Conduct](#) as seriously as we do. You were given this code of conduct with explicit explanations of violations (e.g. plagiarism, cheating,

unauthorized collaboration, etc.) and your responsibilities in regard to them during orientation, and you signed a statement affirming that you understand it. Academic conduct violations will not be tolerated, and your instructor will not hesitate to turn violators over to Student Judicial Affairs. If you are uncertain about what constitutes an academic conduct violation, please refer to the code linked above, contact your instructor, or refer to the [Office of Student Judicial Affairs](#).

All material in the course that is not otherwise subject to copyright is the copyright of the course instructor and should be considered the instructor's intellectual property.

### **Safety and Emergency Preparedness**

UC Davis has many resources to help in case of emergency or crisis. While reviewing campus [Emergency Information](#), you may want to register for UC Davis Warn Me and Aggie Alert, which will give you timely information and instructions about emergencies and situations on campus that affect your safety. If there is an emergency in the classroom or in non-Davis locations, follow the instructions of your instructor.

### **Disclaimer**

Unexpected events might require elements of this syllabus to change. Your instructor will keep you informed of any changes.

## COURSE READING SCHEDULE

Class	Date	Topics	Required Reading from Textbook and Coursepack	Case
1	Jan 3	<p>Course Logistics</p> <p>Introduction to Management Accounting</p> <ul style="list-style-type: none"> <li>Product Costing &amp; Cost analysis</li> <li>Planning &amp; Forecasting</li> <li>Performance Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Review the course syllabus before class</li> <li>Chapter 1</li> <li>Chapter 3 – learning objectives 1-2</li> <li><i>BBusinessweek</i> “<a href="#">Despite the Turmoil, Pakistan Wants Soap.</a>” Oct 17-23, 2011</li> <li><i>WSJ</i> “<a href="#">By foot, by bike, by taxi, Nestle expands in Africa.</a>” Dec 1, 2011</li> <li><i>WSJ</i> “<a href="#">Soap Opera: Amazon moves in with P&amp;G</a>” Oct 14, 2013.</li> <li><i>WSJ</i> “<a href="#">Rolls-Royce to Revamp Finance Team</a>” Aug 2, 2017</li> </ul>	<b>P&amp;G Polska</b> (self-authored, found in Harvard coursepack)
2	Jan 10	<p>Introduction to cost systems and their use and misuse</p> <p>Standard costing systems</p> <ul style="list-style-type: none"> <li>Characteristics</li> <li>Side effects</li> </ul> <p>Cost structure, product costing and cost analysis</p> <p>Managing capacity costs in businesses with cyclical or seasonal demand</p> <p><b>NOTE: no class next Monday in observance of Martin Luther King Day</b></p>	<ul style="list-style-type: none"> <li>Chapter 2 – learning objectives 1-6</li> <li>Chapter 4 – learning objectives 1-4</li> <li><b>Comments on Standard Times and the Division of Labor (9-600-013)</b></li> <li><i>The Economist</i> “<a href="#">Free exchange: Land of the corporate giants</a>” Nov 3, 2012. p.76</li> <li><i>WSJ</i> “<a href="#">As Economy Zooms, India’s Postmen Struggle to Adapt</a>” Oct 3, 2006</li> <li><i>WSJ</i> “<a href="#">The high cost of raising prices</a>” July 30, 2017</li> <li><i>Burgett, Gannon.</i> Jul 24, 2020 <a href="https://m.dpreview.com/news/1054243005/nikkei-report-says-japanese-camera-manufacturers-are-in-for-a-shake-up-following-olympus-sale">https://m.dpreview.com/news/1054243005/nikkei-report-says-japanese-camera-manufacturers-are-in-for-a-shake-up-following-olympus-sale</a></li> </ul> <p><b>Following readings will be used for an in-class exercise. Bring a laptop for access to Perusall or the Shields Library during class:</b></p> <ul style="list-style-type: none"> <li><i>WSJ</i> “<a href="#">U.S. Postal Service tries hand as a fishmonger, grocer</a>” Aug 17, 2015</li> <li><i>WSJ</i> “<a href="#">Why the post office gives Amazon Special Delivery</a>” July 13, 2017</li> <li><i>WSJ</i> “<a href="#">Packages weigh on U.S. Postal Service as losses grow</a>” May 11, 2018</li> <li><i>NPR</i> <a href="#">The Postal Service is slowing the mail to save money. Critics say it’s a death spiral.</a> Oct 8, 2021</li> <li><i>WSJ</i> “<a href="#">GM’s conundrum: Too many factories making slow-selling cars</a>” Oct 9, 2017</li> <li><i>FT</i> “<a href="#">Volkswagen warns of rising costs as car market faces deep recession</a>” May 5, 2020</li> <li><i>WSJ</i> “<a href="#">BMW has flexible production but inflexible costs</a>” Aug 5, 2020</li> <li><i>WSJ</i> “<a href="#">Companies unplug from the Electric Grid, delivering jolt to utilities</a>” Sept 17, 2013</li> <li><i>WSJ</i> “<a href="#">Utilities’ profit recipe: Spend More</a>” Apr 20, 2015</li> <li><i>WSJ</i> “<a href="#">As conservation cuts Electricity use, Utilities turn to fees</a>” Oct 20, 2015</li> <li><i>WSJ</i> “<a href="#">As oil slips below \$50, Canada digs in for a long haul</a>” Jan 12, 2015</li> <li><i>WSJ</i> “<a href="#">Good times run out for sand producers</a>” Jan 1, 2015</li> <li><i>WSJ</i> “<a href="#">Effort to crush shale producers only made them stronger</a>” June 9, 2017</li> </ul>	<b>Bridgeton Industries</b> (9-190-085)

3	Jan 24	<p>Using cost system design to remedy some common problems</p> <ul style="list-style-type: none"> <li>• Two Stage Cost Systems</li> <li>• Marginal costing</li> </ul> <p>Managing capacity costs in growth and investment periods</p>	<ul style="list-style-type: none"> <li>• Chapter 6</li> <li>• <b>Cost System Analysis (HBS 9-195-181)</b></li> <li>• <i>WSJ</i> “<a href="#">Factories grapple with how fast to ramp up</a>” June 20, 2010.</li> <li>• <i>WSJ</i> “<a href="#">Man vs. Machine, a jobless recovery</a>” Jan 17, 2012.</li> <li>• <i>Strategic Finance</i> “<a href="#">Reading between the numbers</a>” Dec 2004. 41-45.</li> <li>• <i>WSJ</i> “<a href="#">Finance chiefs centralize to cut costs, make smarter decisions</a>” Oct 3, 2017</li> </ul> <p><i>Unique issues in costing depreciation:</i></p> <ul style="list-style-type: none"> <li>• <i>WSJ</i> “<a href="#">Boeing’s Unique Accounting Method Helps Improve Profit Picture</a>” Oct 4, 2016</li> <li>• <i>WSJ</i> “<a href="#">Once a Problem Child, the Dreamliner Keeps Boeing Afloat</a>” Nov 4, 2019</li> </ul> <p><i>Optional podcast: related to the in-class exercise:</i></p> <ul style="list-style-type: none"> <li>• <i>Audio content: June 25, 2014</i> <a href="http://www.npr.org/blogs/money/2014/06/25/325497878/the-real-price-of-college">http://www.npr.org/blogs/money/2014/06/25/325497878/the-real-price-of-college</a></li> </ul> <p><b>Following readings will be used for an in-class exercise. Bring a laptop for access to Perusall or the Shields Library during class:</b></p> <ul style="list-style-type: none"> <li>• <i>WSJ</i> “<a href="#">More students subsidize classmates’ tuition</a>” Jan 13, 2014.</li> <li>• <i>WSJ</i> “<a href="#">Putting a Price on Professors</a>” Oct 23-4, 2010. C1-2.</li> <li>• <i>WSJ</i> “<a href="#">Community Colleges try to revamp image to keep students</a>” Sept 19, 2013.</li> <li>• <i>WSJ</i> “<a href="#">Bigger Loans for STEM Students</a>” Aug 14, 2016</li> </ul>	<p><b>Seligram</b> (9-189-084)</p>
4	Jan 31	<p>Use of cost system design to remedy some common problems</p> <ul style="list-style-type: none"> <li>• Mechanics of activity-based costing</li> <li>• Capacity considerations in cyclic industries</li> </ul> <p>Activity-based management</p> <ul style="list-style-type: none"> <li>• Productivity: meaning, measurement and management</li> <li>• Restructuring for efficiency</li> <li>• Reducing costly activities</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 9 –learning objectives 1-5</li> <li>• Chapter 10 – learning objectives 1, 2, 5, 6</li> <li>• Chapter 18 – <i>Productivity</i> section in Nonfinancial Performance Measures</li> <li>• <a href="#">No-nonsense Guide to Measuring Productivity</a> HBR OnPoint product #3596)</li> <li>• <i>WSJ</i> “<a href="#">How Higher Wages can Increase Profits</a>” Jan 21, 2021</li> <li>• <i>WSJ</i> “<a href="#">America’s Productivity Problem</a>” Nov. 6, 2019</li> <li>• <i>WSJ</i> “<a href="#">Farewell Offshoring, Outsourcing, Pandemic Rewrites CEO Playbook</a>” Nov 1, 2021</li> <li>• <i>WSJ</i> “<a href="#">Mattel puts a lid on excess colors</a>” Jan 2, 2020</li> </ul> <p><b>Following readings will be used for an in-class exercise. Bring a laptop for access to Perusall or the Shields Library during class:</b></p> <ul style="list-style-type: none"> <li>• <i>NYT</i> “<a href="#">A Big Star May not a Profitable Movie Make</a>” Aug 28, 2006</li> <li>• <i>WSJ</i> “<a href="#">New Recipe for Cost Savings: Replace Expensive Workers</a>” June 11, 2003</li> <li>• <i>WSJ</i> “<a href="#">Costco’s dilemma: Be kind to its workers, or Wall Street?</a>” Mar 26, 2004.</li> <li>• <i>Businessweek</i> “<a href="#">Unintended consequence of Wal-mart’s raise: Unhappy workers</a>” Aug 5, 2015</li> <li>• <i>WSJ</i> “<a href="#">Employees say time-tracking systems chip away at their paychecks</a>” May 20, 2018.</li> <li>• <i>WSJ</i> “<a href="#">An Ohio Factory’s Test: Will Higher Wages Help more than they Hurt?</a>” Aug 6, 2021</li> </ul>	<p><b>Wilkerson Co.</b> (9-101-092)</p> <p><b>Co-operative Bank</b> (9-195-196)</p>

5	Feb 7	<p>Structural Cost Management: developing processes for cost effective production and delivery</p> <ul style="list-style-type: none"> <li>• Matching process costs to business strategy</li> <li>• New business models</li> </ul> <p>Executorial Cost Management: Assessing and managing costs of ongoing operations:</p> <ul style="list-style-type: none"> <li>• Process improvement</li> </ul>	<ul style="list-style-type: none"> <li>• No assigned textbook reading</li> <li>• HBR "<a href="#">Control Tomorrow's Costs Through Today's Designs</a>" Reprint 96104</li> </ul> <p><i>Consequences of poor business model or process design:</i></p> <ul style="list-style-type: none"> <li>• LATimes "<a href="#">For novice restaurateurs, risk of failure is high</a>" July 25, 2015</li> <li>• WSJ "<a href="#">Starbucks earnings rise 16%; wait time curbs sales growth.</a>" Aug 3, 2006.</li> <li>• NYT "<a href="#">Alcohol isn't worth the trouble for some chain restaurants</a>" Sept 26, 2011</li> <li>• WSJ "<a href="#">Lunchtime anxiety when you have 55 options for one sandwich</a>" May 10, 2018</li> </ul> <p><b>Following readings will be used for an in-class exercise. Bring a laptop for access to Perusall or the Shields Library during class:</b></p> <p><i>Process Design for order-taking and production</i></p> <ul style="list-style-type: none"> <li>• BBusinessweek "<a href="#">Fast and Furious</a>" May 9-15, 2011, 64-69</li> <li>• WSJ "<a href="#">Enjoy your meal – quickly. Restaurants introduce time limits</a>" Oct 5, 2020</li> </ul> <p><i>Customer Interaction Processes</i></p> <ul style="list-style-type: none"> <li>• WSJ "<a href="#">How Panera solved its Mosh Pit problem</a>" June 2, 2017</li> <li>• NYT "<a href="#">The long-distance journey of a fast-food order</a>" Apr 11, 2006</li> <li>• WSJ "<a href="#">How restaurants are using big data as a competitive tool</a>" Oct 2, 2018</li> <li>• WSJ "<a href="#">Consumers love food delivery. Restaurants and Grocers Hate It</a>" Mar 9, 2019</li> </ul> <p><i>Restaurant format and design:</i></p> <ul style="list-style-type: none"> <li>• WSJ "<a href="#">Restaurant franchises try truckin' as a way to grow</a>" Oct 28, 2010</li> <li>• New Yorker "<a href="#">Quinoa is the new big mac</a>" Dec 17, 2016</li> <li>• WSJ "<a href="#">What happens when cafes pull the plug on wi-fi</a>" Jan 19, 2017</li> </ul> <p><i>Optional reading and video material: The future of restaurants?</i></p> <ul style="list-style-type: none"> <li>• WSJ "<a href="#">Food Delivery Startups Cook up new model that's all about the Kitchen</a>" Jan 28, 2019</li> <li>• WSJ "<a href="#">Robot restaurants: The good versus the gimmicks</a>" Oct 3, 2018</li> <li>• <a href="#">An attempt at 'zero human interaction' in a fully-automated sushi restaurant</a>   CNBC Reports</li> <li>• <a href="#">New 'Robotic Restaurant' from Freshippo</a> (Hema)</li> <li>• <a href="#">Eatsa Automated Restaurant</a></li> </ul>	<p><b>Benihana of Tokyo</b> (9-673-057)</p>
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6	Feb 14	<p>Costing at the Boundaries of the Firm</p> <ul style="list-style-type: none"> <li>• service costs of customers</li> <li>• relation between costs and prices</li> </ul> <p><b>MIDTERM Bring writing implements and calculator (no computers or smartphones)</b></p> <p><b>NOTE: no class next Monday in observance of President's Day Holiday</b></p>	<ul style="list-style-type: none"> <li>• Chapter 9 – learning objective 8</li> <li>• Chapter 10 – learning objectives 3-4</li> <li>• <b>Using ABC to Manage Customer Mix and Relationships (HBS 9-197-094)</b></li> <li>• <i>WSJ</i> “<a href="#">Everyone hates customer service. This is why</a>” Aug 3, 2019</li> <li>• <i>WSJ</i> “<a href="#">UPS Boss Preaches the Power of No</a>” Feb 26, 2021</li> <li>• <i>WSJ</i> “<a href="#">Deutsche Bank to cut off around 3,400 clients</a>” Dec 3, 2016</li> </ul> <p><b>Following readings will be used for an in-class exercise. Bring a laptop for access to Perusall or the Shields Library during class:</b></p> <ul style="list-style-type: none"> <li>• <i>WSJ</i> “<a href="#">Trucker Rewards Customers for Good Behavior</a>” Sept 9, 2003</li> <li>• <i>WSJ</i> “<a href="#">Insurers struggle to keep Truckin</a>” June 4, 2017</li> <li>• <i>WSJ</i> “<a href="#">U.S. Postal Service Proposes Holiday Surcharges for Business and Individuals</a>” Aug 10, 2021</li> <li>• <i>NYT</i> “<a href="#">Sending potatoes to Idaho? How the free market can fight poverty</a>” Oct 7, 2016</li> <li>• <i>WSJ</i> “<a href="#">Public Schools Charge Kids for Basics, Frills</a>” May 25, 2011.</li> <li>• <i>WSJ</i> “<a href="#">TXU Energy uses credit information to assess its rates</a>” Sept 9, 2004</li> <li>• <i>BBusinessweek</i>. “<a href="#">Every Passenger an Arbitrageur</a>” Oct 8-14, 2012. Pp 24-25</li> </ul>	<p><b>Co-operative Bank</b> (repeat from Class 4)</p>
7	Feb 28	<ul style="list-style-type: none"> <li>• Budgeting as a part of strategic planning</li> <li>• Budget components: benchmarks, goals</li> <li>• Evaluation: Performance to budget and variances</li> <li>• Creating better budgets: forecasting and predictive models of cost behavior</li> <li>• Communicating with budgets</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 13</li> <li>• Chapter 16 – learning objectives 1-6</li> <li>• <a href="#">Corporate budgeting is broken – Let's fix it</a> (HBR reprint R0110F) [search for AN 18217070]</li> <li>• <b>The real budget crisis: Stop rewarding forecasting and negotiating instead of real performance (HBR reprint 2553BC from ISBN-13:978-1-4221-2553-3)</b></li> <li>• <i>WSJ</i> “<a href="#">Thinking about Tomorrow</a>” Jul 7, 2008</li> <li>• <i>McKinsey&amp;Co</i> “<a href="#">How benchmarking can improve cost competitiveness in steel</a>” Aug 2017</li> <li>• <i>WSJ</i> “<a href="#">Philip Morris moves to zero-based budgeting amid product shift</a>” Oct 1, 2018</li> <li>• <i>WSJ</i> “<a href="#">The culture ate our corporate reputation</a>” Oct 2, 2016</li> <li>• <i>WSJ</i> “<a href="#">MTA Budget Hammered by Overtime</a>” Sept 16, 2013</li> </ul>	<p><b>Codman &amp; Shurtleff</b> (9-187-081)</p> <p><b>Mile High Cycles</b> (9-191-056)</p>
8	Mar 7	<ul style="list-style-type: none"> <li>• Decentralization and the Principal-Agent problem</li> <li>• Structuring pay contracts for individuals and teams</li> <li>• Cost allocation vs transfer pricing</li> <li>• Economics and incentive effects of transfer pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 12 – learning objectives 1-5</li> <li>• Chapter 15 – learning objectives 1-3</li> <li>• <i>HBR</i> <a href="#">Control with fairness in transfer pricing</a> (reprint #83606)</li> <li>• <i>HBR</i> “<a href="#">Bringing the Market Inside</a>” April 2004 107-114.</li> <li>• <i>WSJ</i> “<a href="#">From corporate pay to private pensions – lessons from the Nobelists</a>” Oct 11, 2016</li> <li>• <i>McKinsey&amp;Co</i> “<a href="#">Who should pay for support functions?</a>” January 2017</li> <li>• <i>BBusinessweek</i> “<a href="#">Heads or Tails, Some CEOs win the pay game</a>” Oct 8-14, 2012. pp 23-4.</li> <li>• <i>McKinsey Qtrly</i> “<a href="#">The fairness factor in performance management</a>” Apr 2018</li> <li>• <i>WSJ</i> “<a href="#">Companies rethink sales rewards</a>” Nov 8 2016</li> <li>• <i>WSJ</i> “<a href="#">Merrill Brokers get ultimatum: refer new customers or face a pay cut</a>” Dec 7, 2016</li> <li>• <i>WSJ</i> “<a href="#">Home sellers get creative with commissions</a>” June 14, 2017</li> <li>• <i>MarketWatch</i> “<a href="#">Why you should avoid small caps for the rest of the year</a>” Sept 11, 2018</li> </ul>	<p><b>Chemical Bank</b> (9-184-047)</p>

9	<b>Mar 9 Weds. 9am – 12pm</b>	<p>Cost Management and organizational culture</p> <ul style="list-style-type: none"> <li>• Cost management as corporate turnaround strategy</li> <li>• Performance measures linked to business strategy</li> </ul> <p>Cost management in crisis</p> <ul style="list-style-type: none"> <li>• FINAL EXAM preparation instructions</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 18</li> <li>• <i>HBR</i> “<a href="#">The employee-customer-profit chain at Sears</a>” Jan-Feb 1998</li> <li>• <i>WSJ</i> “<a href="#">My Plan to Fix the World’s biggest Problems: Measure them!</a>” Jan 26-7, 2013. P C1</li> <li>• <i>Newsweek</i> “<a href="#">Lay off the Layoffs</a>” Feb 5, 2010</li> <li>• <i>WSJ</i> “<a href="#">Companies choose furloughs over layoffs to manage coronavirus slowdown</a>” Jul 6, 2020</li> <li>• <i>BBusinessweek</i> “<a href="#">Highly Paid Union Workers give UPS a Surprise Win in Delivery Wars</a>” Nov 4, 2021</li> </ul>	<p><b>The Town Kitchen</b> (self-authored, found in Canvas Class 9 Module)</p> <p><b>The Town Kitchen Case B</b> – distributed on Canvas during class</p> <p><i>The Town Kitchen Case B Postscript – available on Canvas after class</i></p>
<b>FINAL EXAM</b>	<b>Mar 14</b>	<b>12:10 – 4:00</b>	<b>Bring only writing implements and calculator (no computers or smartphones)</b>	