

**STRATEGIC COST MANAGEMENT I**  
**BusAdm 725**

Fall, 2007

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office hours: MW 10:00 - 11:00  
4:30 - 5:30  
and by appointment

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**Course Objectives:** We will study the role of accountants as financial managers and members of the firm's strategic management team. We will study how information for decision-support and performance evaluation is developed, presented, and controlled in companies.

**Prerequisites:** All students must have completed principles of financial accounting.

**Text and supplements:** *Cost Management*, 5ed., by Hansen and Mowen; *Student Study Guide* (optional).



**D2L course site:** Access the site for course materials, including the syllabus, chapter handouts with class problems, and homework answers. Weekly text-review quizzes will also be posted to the D2L course site. D2L can be accessed through the UWM home page or my web site at <http://www.uwm.edu/~lkren>.



**Grading:** Point distribution: 93% - A; 90% - A-; 87% - B+; 83% - B

course questionnaire	10
on-line text-review quizzes	100
on-line case quizzes	60
midterm exam	100
final exam (cumulative)	150
class preparation/attendance	30
total	<u>450</u>

- If your final exam score is higher than your midterm score, the weight on the midterm will be reduced to 50 and the weight on the final will be increased to 200.
- I encourage you to prepare for class, attend all class sessions, arrive on time, talk only when asking a question, and participate in the discussion. Failure to do so may lower the 'class preparation/attendance' score.

**Class preparation and weekly text-review quizzes:** In accounting you learn by doing, it's that simple: you don't do it, you don't get it. Students who attempt homework problems before class earn much better grades and develop a better

understanding of the material. Therefore, I encourage you to complete assigned readings, answer each of the homework questions, and seriously attempt all assigned homework problems before each class. Also review the chapter handouts and the class problems. After class, read the assignment again, thoroughly complete all homework problems, and review class problems. To encourage you to stay current with the text and lecture, weekly text-review quizzes will be posted to D2L.

- Text review quizzes are due weekly before class - no exceptions. The system occasionally becomes unavailable so leave enough time to ensure that you can complete quizzes before class. **TECHNOLOGY PROBLEMS WILL NOT BE AN EXCUSE FOR A MISSED ON-LINE QUIZ.**
- Quizzes contain 12 multiple-choice questions covering the topics from prior classes.
- Quizzes are random draws from larger question sets so they are all different.
- TWO attempts are allowed. Only the score from the LAST attempt will count toward your grade.
- Uncompleted quizzes will be arbitrarily closed after a few hours.
- Please see me to review specific quiz questions and answers.
- Your lowest quiz score will be dropped in your final quiz grade.
- It is unethical to share quiz answers or questions.

**Why cases?** Case classes provide a non-threatening setting to enhance the 'critical thinking' skills most valued in managers. These skills require the ability to deal with unstructured, ambiguous problems which have no clearly defined solution algorithm.

**Case groups:** Working together on cases will help you to develop a better understanding of cost management concepts.

- Case groups are required. Three class members per group. Group members will be assigned at the end of the first week of class. Let me know if you have preferences.
- Group assignments will be posted to D2L under 'classlist'.

**Case quizzes:** To encourage everyone to be prepared for case discussion and to develop a better understanding of important concepts, a case quiz will be posted to D2L and must be completed *before* the case is discussed in class.

- Quizzes will contain the same short-answer questions assigned for the case.
- Only the FIRST partner (alphabetically) takes each D2L case quiz.

### **Midterm and Final:**

- The midterm will contain problems and short-answer questions. The emphasis will be on the class problems and the chapter review questions in the PPT slides.
- The final exam will be cumulative and contain two parts. Part 1 (25.0%) will focus on the cases and will be open-book and open-notes. Part 2 (75.0%) will be similar to the midterm and will be closed book.
- Sample exam problems are available on D2L.

## SCM I - CLASS SCHEDULE

DATE	CHAP	IN CLASS	ASSIGNMENT
Sep 5	1 2	introduction cost management concepts	Q6,7,8,10,13; P8,12 Q4,5,6,7,8,9,10,14; P3,15,21
<b><i>DECISION SUPPORT SYSTEMS</i></b>			
Sep 12	3 8	activity cost behavior (to p. 95) flexible budgets (pp. 345-350)	Q1,2,3,4,5,10; P13,14,18 Q13,14; P14
Sep 19	17	cost-volume-profit analysis (to p. 759)	Q1,5,6,7,9,12,14; P7,12,18
Sep 26	18	tactical decision making	Q1,5,8,10,11;P1,4,5,16,18
<b><i>RESPONSIBILITY ACCOUNTING AND CONTROL SYSTEMS</i></b>			
Oct 3	7 part 1	two-stage resp acctg, part 1 (to p. 295)	Q5,8,9,10,11; P6,7,8,18
Oct 10	Case	Electronic Clearing House Inc. (ECHO)	prepare for class discussion
Oct 17		<b>Midterm Exam (2 hours)</b>	
Oct 24	10 part 1	perf evaluation and control (to p. 450)	Q1,3,4,7,8; P1,5,15
Oct 31	10 part 2	transfer pricing (from p. 450)	Q10,11; P6,18
Nov 7	Case	HyDrite Chemical Inc.	prepare for class discussion
<b><i>PRODUCT/SERVICE COST SYSTEMS</i></b>			
Nov 14	5	single stage cost systems – job-order	Q1,3,5,10,13; P2,6,9
Nov 21	7 part 2	two-stage resp acctg, part 2 (p. 295-296)	Q1,2; P9,20
Nov 28	4	activity-based costing	Q1,2,3,4,5,9,12;P4,6,16
Dec 5	9 12 13	Standard Cost Systems Activity-Based Management (to p. 554) Balanced Scorecard (p. 595-600)	Q7,8,9,10,11,12; P14 Q1,2.4; P7 Q2
Dec 12	Case	BackCountry Packs	prepare for class discussion
Dec 19		<b>Final Exam (2 hours)</b>	