

MBA
Managerial Accounting
Spring 2020

Instructor

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Dear MBA Students,

Given the evolving Coronavirus conditions, we're, as you know, moving to an online learning environment. I'll do my best to make this course a successful learning experience, and hope to accomplish all of the learning goals I would have set absent the crisis.

A class will proceed as follows. You will join a Zoom meeting at 8:45 for section A or 10:30 for section B. A link will be posted on Canvas. You should join with video on and audio mute. I'll go through a PowerPoint deck and ask frequent questions to randomly selected students related to the various topics and issues. Your participation with respect to these questions will affect your grade as indicated below. We'll also be "solving" a number of cases and problems. Again, I will call on you to participate.

You will also be able to use the Chat feature in Zoom to ask questions, or you can raise your hand under Participants and I'll call on you.

I'm looking forward to the start of the quarter, and getting to know you during my virtual office hours.

Meanwhile, stay healthy!

Jim

Jiambalvo Office Hours: 1 pm to 3 pm Wednesday via Zoom and by appointment.

Wertz Office Hours: John will provide his office hours and review session information at our first meeting.

Text: James Jiambalvo, *Managerial Accounting*, Seventh Edition (John Wiley 2020). This book is available at the UW Bookstore. I believe you can call and they will ship the book free in one or two days. Or, you can pick it up via drive through (call first). We all know that textbooks have become quite expensive. In an effort to reduce costs and price, the publisher is issuing the book in a three ring binder edition.

Course Objective: Managerial accounting is concerned with using information to effectively plan and control operations and make good business decisions. The overall objective of this course is to provide you with the concepts and tools needed in planning, control, and decision making. There are **two key ideas** that are stressed throughout the course:

1. There is no one "true" cost number that is applicable to all decisions. Only **incremental revenue** and **incremental costs** are relevant for decision making, and **incremental analysis** is fundamental to all significant business decisions.
2. Performance measures used in planning and control must be carefully assessed to ensure they are creating appropriate incentives. Remember—**you get what you measure!**

Grading:	Midterm	35%
	Final	35%
	Assignments	15%
	Class participation	<u>15%</u>
	Total	<u>100%</u>

Exams: The midterm and final exams are open book/open notes. However, time will be limited. I'll comment on this as we get closer to the midterm.

Preparation and Participation:

Preparation. Prior to class, you should complete the assigned readings and prepare "solutions" to the assigned problems and cases. Your solutions to all *Non-Harvard* cases and problems are to be submitted via Canvas. Non-Harvard cases and problems refer to everything that is not specifically a Harvard Business School (HBS) case (e.g., problems and cases from the textbook).

Grading: The assignment submissions are graded on a coarse scale (either full, half, or zero credit) that focuses on whether your submitted solutions show that you have made a good faith effort to prepare and address the substantive issues in the case or problem. Full credit does not require you to identify the “right” answers, but it does require you to formulate thoughtful answers (right or wrong) to the questions. Your submitted solutions will be graded for substance only, not form. Substance includes readability and organization but it does not include details of grammar or formatting - do not devote unnecessary time to polish the writing and formatting of your case solution notes.

Your solutions are an important part of preparation for class discussion, and will aid you in recalling facts and articulating your approach to the case. Solutions or key calculations will be provided after class for each problem or case. If there are additional details you would like to discuss, we can do so during office hours or review sessions. Working on the assignments with your classmates is likely to improve learning and is also more fun! Thus, working in groups (via Zoom) is encouraged.

Participation. A great deal of learning takes place when you articulate your views related to managerial accounting concepts, tools, and cases. Thus, class participation is very beneficial. There will be both “cold calling” and “warm calling” in class. If you are not prepared to participate in a particular session, please contact me before class via email.

Religious and Disability Accommodations: The UW’s policy related to religious accommodations is available at:

(<https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/>).

Accommodations should be requested within the first two weeks of the course using the Religious Accommodations Request form

(<https://registrar.washington.edu/students/religious-accommodations-request/>).”

Please contact Disability Resource for Students as early as possible in the quarter to request accommodation for either temporary or permanent physical, health, learning, sensory, or psychological disabilities.

(<http://depts.washington.edu/uwdrs/>)

Schedule

Monday, March 30

Topics: Introduction; Key Ideas in Managerial Accounting; Cost Terms and Concepts

Readings: Chapter 1
Excerpt from R. H. Coase, "Business Organization and the Accountant."

Case: Local 635 (Case 1.1, p. 1-31)

Wednesday, April 1

Topic: Cost of a job

Reading: Chapter 2

Problems: Problem 2.6 (p. 2-41)
Problem 2.7 (p. 2-41)

Case: DuPage Powder Coating (Case 2.3, p. 2-45)

Monday, April 6

Topic: Cost-Volume-Profit Analysis

Reading: Chapter 4

Problem: Problem 4.5, p. 162

Cases: Mayfield Software—Customer Training (Case 4.2, p. 4-44)
Krog's Metalfab (Case 4.3, p. 4-45). A spreadsheet with the data for Krog is on Canvas.

Wednesday, April 8

- Topic:** Variable Costing
- Reading:** Chapter 5
- Cases:** MicroImage Technology (Case 5.1, p. 5-28)
Rainruler Stains (Case 5.2, p. 5-29)

Monday, April 13

- Topic:** Cost Allocation and Activity Based Costing (ABC)
- Reading:** Chapter 6 including Appendix on Activity-Based Management
- Cases:** John Deere A (Questions and key calculations are posted on Canvas)
Quantum™ (Case 6-2, p. 6-44)
Logan's Department Store (Case is on Canvas.)

Wednesday, April 15

- Topic:** Decision Making; Dealing with Constraints
- Readings:** Chapter 7 including appendix on the Theory of Constraints
- Cases:** Bridgeton Industries: Automotive Component & Fabrication Plant
(See questions on Canvas)
- Five Star Tool (Case 7.2, p. 7-33)

Monday, April 20

- Topic:** Pricing Decisions, Customer Profitability Analysis, and Activity-Based Pricing
- Reading:** Chapter 8
- Cases:** Midwest Office Products (See questions on Canvas)
Turner Hospital Supply Company (Case 8.3, p. 8-28)

Wednesday, April 22

Topic: Planning and Control with Budgets

Reading: Chapter 10

Problem: Preston Manufacturing (Problem 10.1, p. 10-30)

Case: Columbus Park Waste Treatment Facility (Case 10.1, p. 10-40)
Cosmo Solutions (Case is posted on Canvas)

Monday, April 27 MIDTERM

Wednesday, April 29

Topic: Standard Costs and Variance Analysis

Reading: Chapter 11

Problem: Bowser Products (11-9, p. 11-28)

Case: Danshui Plant No. 2 (See questions on Canvas)

Monday, May 4

Topic: Links between Financial Performance Measures and Value Creation;
Using EVA as a Template for Value Creation Strategies

Reading: Chapter 12

Cases: Home Value Stores (Case 12.1, p. 12-36)

Wednesday, May 6

- Topic:** Linking EVA to Compensation
- Case:** Vyaderm Pharmaceuticals. You should read the case in advance but we will "solve" it together in class. Note that we will only make adjustments for one "accounting distortion," namely, expensing of research and development)

Monday, May 11

- Topics:** Linking Multiple Performance Measures to Compensation
- Reading:** Columbia Steel (Case is posted on Canvas. You should read this in advance, but we will "solve" it together in class.)

Wednesday, May 13

- Topics:** Balanced Scorecard
- Reading:** Chapter 12 (again, focusing on Balanced Scorecard content)
- Cases:** Hooked Mobile (Case and related questions are posted on Canvas.)
Volkswagen Do Brasil: Driving Strategy with the Balanced Scorecard (Questions are posted on Canvas.)

Monday, May 18

- Team Work:** Each of the ten teams will be given seven questions and should submit your answers by the end of Saturday, May 16th. I will randomly select teams to present their answers to the class.

Thursday, May 21

Wrap-Up and Response to Questions
Please complete course evaluations after class

Wednesday, May 27
Final Exam