

**THE UNIVERSITY OF
NEW SOUTH WALES**



SCHOOL OF ACCOUNTING

**VALUE-BASED MANAGEMENT IN A GLOBAL
ECONOMY
(ACCT 5955)**

SESSION 1 - 2005

COURSE OUTLINE

VALUE-BASED MANAGEMENT IN A GLOBAL ECONOMY
(ACCT 5955)

SESSION 1 - 2005

COURSE OUTLINE

1. COURSE INFORMATION

COURSE STATUS AND LOCATION

Devising strategies to maximise value-creation is seen as being critical to achieving a competitive advantage and generating superior returns, and is the focus of ACCT 5917, *Strategic Management: Systems and Processes*. But the successful implementation and management of strategies requires good information and careful analysis. In particular, understanding the resource usage implications of strategies and decisions is critical. Thus, in order to manage resources successfully, management accounting techniques have evolved and been adapted to emerging problems associated with implementing and managing strategies, and, in some cases, new techniques have been developed. *Value-Based Management in a Global Economy* is concerned with the design and use of contemporary management accounting technologies that have been developed to support value creation in organisations. In this course, value-based management refers to a framework and a set of cost management methods and technologies for understanding, evaluating and improving the profitability and performance of organisations. The aim of the course is to study these technologies in order to understand how they can assist in the management of organisations and to assess the extent to which they can support the creation of superior long-term value for stakeholders, both those who contribute resources (such as shareholders in private sector companies) and those who benefit from the organisation's outputs (its customers or clients).

For the purposes of this course, it is assumed that you have a sound understanding of basic management accounting concepts and techniques (for example, various costing methods such as standard costing, budgeting procedures, contribution margin concepts and cost-volume-profit analysis, and discounted cash flow analysis). Similarly, familiarity is assumed with areas such as total quality management, flexible manufacturing, strategies for creating a competitive advantage and value chain analysis.

OBJECTIVES OF THE COURSE

- To review and evaluate recent developments in the design of management accounting systems and other management technologies that aim to support more closely the creation of value in organisations through the effective management of resources.
- To develop skills in understanding and using these emergent technologies in management accounting practice and applying these technologies to various business problems.
- To develop a critical appreciation of the strengths and weaknesses of these technologies.
- To understand, appreciate and analyse the behavioural and social consequences of using these technologies in organisational settings.

LEARNING OUTCOMES

As a result of satisfactorily completing this course, you will be able to:

- Describe in detail the aims, elements and processes associated with alternative cost management methods and technologies;
- Understand the issues related to the design and implementation of various cost management systems, and critically evaluate the strengths and weaknesses of such systems;
- Analyse specific problems concerned with successful value-based management using the concepts and ideas addressed in the course, and apply your evaluative skills to assessing the appropriateness of suggested solutions;
- Develop and justify solutions and recommendations to specific business problems concerned with value-based management which are supported by sound analysis and reasoning.

COURSE STRUCTURE

Conduct of Weekly Seminars

The subject will be formally taught in a weekly 3-hour seminar. Relevant material (such as textbook chapters, journal articles and case studies) will be set for each weekly seminar and must be read prior to the seminar. In particular, the cases are central to the learning process and address the main objectives of the subject. Most seminars will require the careful reading and analysis of one or more cases, and you will be expected to prepare short summaries of the cases and attempt other exercises prior to class (see below, for more details with respect to assessment of pre-class work).

The cases fulfil a number of purposes including opportunities:

- to illustrate issues that can arise in practice and responses to them;

- to apply various concepts and ideas found in the readings, and;
- to provide a basis for formulating general principles, solutions and strategies related to management accounting methods and techniques.

The quality of your preparation is of particular importance for your learning experiences in a case-based course. What you get out of the course will depend largely on your input, and you are encouraged to plan your time accordingly.

You are expected to participate actively in the seminars, and to ensure that everyone has this opportunity, individual work and group work on exercises and problems and informal presentations will be an important feature of most seminars.

Workload Expectations

It is expected that you will spend at least ten hours per week studying this course. This time should be made up of reading, research, working on exercises and problems, performing computer tasks and attending classes. In periods where you need to complete assignments or prepare for examinations the workload may be greater.

Over commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

ASSESSMENT

Assessment Components

The composite mark for **ACCT5955** will be calculated as follows.

Class Participation and Weekly Class Work Submissions	10%
Mid-Session Exam	20%
Assignment	20%
Final Examination	50%
TOTAL	100%

A passing grade in this subject depends on satisfactory performance in all parts of the course. Refer to the discussion of “Satisfactory Performance” on p. 9 of this course outline.

Details of assessment components are as follows.

Class Participation and Weekly Class Work Submission (10%)

Each week, various cases and exercises will be used to help illustrate and analyse issues related to the topic area. To encourage your active participation in the weekly seminar, you will be required to submit formal responses to selected questions each week at the beginning of class (“weekly submission”). The weekly submission requirements will be set out in the seminar overview handed out in the prior week.

Specifically:

Seminar Week 2:

Submission for Week 2 will be marked and returned to you in the following seminar. This allows you to receive some feedback regarding the standard required for each weekly submission.

Seminar Week 3 to Week 13 (inclusive, but exclude Week 6 which is the mid-session week):

Weekly submissions will be collected at the beginning of each seminar. However, only three of your weekly submissions during these 10 weeks will be marked.

Thus in total, four weekly submissions (including week 2) will be marked.

Mark calculation:

Weekly submissions are marked out of 10. The average of your best three marks will form your weekly submission mark.

Please note that your weekly submissions should be no more than 2 A4 pages, 1.5 line spacing, font 12, using Times New Roman or equivalent type-font. No late submissions will be entertained. Given that your weekly submissions are collected at the beginning of each class, you are required to make a copy of your work for reference during the class.

Mid-session exam (20%)

A mid-session exam will be held during class time in Seminar Week 6 (April 12th). The mid-session exam will be of 1.5 hour duration (starting 6.30pm), comprising both written and calculative questions. It covers materials from seminar Week one to seminar Week five inclusive. You are required to bring a calculator (calculators will NOT be provided by the University).

Assignment (20%)

The major assignment is to be submitted in class in Week 11 (Tuesday, 17 May). Full details of assignment requirements can be found at the end of the course outline. The default major assignment is a group-based assignment, which is based on the analysis of case. An alternative major assignment is a work-related study and is offered to those who are working and have adequate access to a site for undertaking their study, and is an individual-based assignment.

Group-Based Assignment. Each student is required to join a group to work on the major assignment. Groups should be finalised no later than the fourth week of session (group size of either 3 or 4). Details of the group-based assignment and assessment procedures are attached at the end of this document.

Optional Alternative Assignment (Individual-based). This is an alternative to the group-based assignment for students who are currently working in an organisation and have adequate access to staff and documentation to undertake a work-based assignment. Should you choose this alternative, you will be working on your own, rather than as part of a group. Note, this alternative is **totally optional**, but some students may find it beneficial to apply ideas and concepts studied in ACCT 5955 to an issue in their organisation. Details of the optional alternative assignment and assessment procedures are attached at the end of this document. You should read the requirements carefully and by Week 4 ensure that you will be able to gain the necessary access to undertake this option.

Final Examination (50%)

The final examination will be a 3-hour exam. More information regarding the final exam will be given out during the session.

2. COURSE RESOURCES

TEACHING STAFF

Mandy Cheng - (Lecturer-in-charge)
Room QUAD 3125
Phone 9385 6343
email: m.cheng@unsw.edu.au

CONSULTATION HOURS

Wednesday 3pm to 6pm. Or by appointment.

TEXTBOOK

Kaplan R., and A. Atkinson, *Advanced Managerial Accounting*, 3rd. Edition, Prentice-Hall, 1998. (Available at the bookshop)

RECOMMENDED TEXTS

Horngren, C.T., G. Foste and S.M. Datar, *Cost Accounting: A Managerial Emphasis*, Prentice-Hall, Ninth Ed., 1997.

Kaplan, R.S., and R. Cooper, *Cost and Effect: Using Integrated Cost Systems to Drive Profitability and Performance*, Harvard Business School Press, 1998.

Langfield-Smith, K., H. Thorne and R.W. Hilton, *Management Accounting: An Australian Perspective*, McGraw-Hill Australia, Third Ed., 2003.

Langfield-Smith, K., and P. Luckett, *Target Costing for Effective Cost Management: Product Cost Planning at Toyota Australia*, International Federation of Accountants, 1999.

Macintosh, N.B., *Management Accounting and Control Systems: An Organizational and Behavioral Perspective*, Wiley, 1995.

Simons, R., *Levers of Control: How Managers Use Innovative Control Systems to Drive Strategic Renewal*, Harvard Business School Press, 1995.

COURSE WEBSITE

A course website will be maintained within the WebCT environment. You are required to have a Unipass and Unipin to access this website. In addition, you must be enrolled in the course to access the website. This website will be updated weekly with related material and links to articles and other information relevant to the weekly topics. The website will also be used to keep you informed about various aspects of the subject, such as due dates for assignments. **Furthermore, in some occasions course materials will be distributed via WebCT.** Other websites that provide useful

content with respect to the course will be indicated by a series of hyperlinks in the course website. You are encouraged to explore these sites and learn from them. You are advised to visit the site regularly. We cannot place any material on the website that involves the use of student IDs or that raises issues with respect to privacy. Details regarding access to this website will be provided in class.

The following websites will also provide useful support resources:

▪ www.student.unsw.edu.au	UNSW homepage for students
▪ www.library.unsw.edu.au	UNSW library (catalogues, info, etc.)
▪ www.lc.unsw.edu.au	UNSW Learning Centre (help with learning and language support, etc.)
▪ www.counselling.unsw.edu.au	UNSW Counselling Service (dealing with personal issues)
▪ www.comms.unsw.edu.au	UNSW Communications unit (net access, UDUS, email)

3. STUDENT RESPONSIBILITIES

PREPARATION FOR AND PERFORMANCE IN CLASS

It is a requirement of this course that all students attempt the assigned weekly reading and prepare formal submissions as specified, *prior* to attending class. Students are expected to participate in the class discussion.

ATTENDANCE REQUIREMENT

Students are expected to be regular and punctual in attendance to all classes. All applications for exemption from attendance at seminars of any kind must be made in writing to the Registrar. If you attend less than 80% (that is, 11 complete seminars, including the mid-session week) you may be refused final assessment. Furthermore, arrival more than 20 minutes late and/or leave more than 20 minutes early will not be considered adequate attendance.

Students are requested to turn their mobile phones off prior to entering the classroom.

SATISFACTORY PERFORMANCE

To be eligible for a passing grade in this course, students must

- (a) Achieve composite mark of at least 50% **AND**
- (b) Satisfactorily complete all assessment tasks (or submit appropriate documentation relating to your failure to complete a task to Mandy Cheng **AND**
- (c) Achieve a satisfactory level of performance in the final exam. This usually means a minimum mark of 50%. Any student having an overall mark of 50 more but less than 50% in the final examination will be given an UF grade (unsatisfactory fail) or be asked to sit a supplementary final exam, depending on the individual's circumstances.

SUBMISSION OF INDIVIDUAL REPORT AND GROUP ASSIGNMENT

The individual report and group assignment must be submitted by the due date. Failure to do so will attract a penalty which is to be calculated as follows: One day late - 10% of the maximum possible mark; Two days late - 20% of the maximum possible mark; Three days late - 40% of the maximum possible mark; Four days late - 60% of the maximum possible mark; Five or more days late - 100% of the total mark.

SPECIAL CONSIDERATION

It should be noted that special consideration is available only to students confronting *abnormal and significant* difficulties in completing this course. University regulations must be consulted before applying for formal consideration. It should be noted that illness or personal problems do not ensure that supplementary assessment will be granted automatically. In *addition* to the normal University application for consideration, students are required to lodge a detailed written application with the Course Facilitator (i.e. Mandy Cheng). Details of the consideration will be treated in confidence.

ACADEMIC MISCONDUCT

Students are reminded that the University regards academic misconduct as a very serious matter. Students found guilty of academic misconduct are excluded from the University for two years. However, because of the circumstances in individual cases, the period of expulsion can range from one session to permanent expulsion from the University. Further information can be found on the following UNSW website:

http://www.student.unsw.edu.au/academiclife/assessment/academic_misconduct.shtml

The following are some of the actions which have resulted in students being found guilty of academic misconduct in recent years: taking unauthorised materials into an examination; submitting work for assessment knowing it to be the work of another person; improperly obtaining prior knowledge of an examination and using that knowledge in the examination; and failing to acknowledge the source of material in an assignment.

In particular, plagiarism is a serious form of academic misconduct. Plagiarism entails taking and using as one's own, the thoughts or writings of another without acknowledgement including:

- (a) where paragraphs, sentences, a single sentence or significant part of a sentence which are copied directly, are not enclosed in quotation marks and appropriately footnoted;
- (b) where direct quotations are not used, but ideas or arguments are paraphrased or summarised, and the source of the material is not acknowledged either by footnoting or other reference within the text of the paper; and
- (c) where an idea, which appears elsewhere in print, film or electronic medium, is used or developed without reference being made to the author or the source of the idea.

SUPPORT INFRASTRUCTURE

The following services are recommended to students requiring additional and specialised support.

Education Development Unit

Additional learning support, tailored to the needs of FCE students, is available from the Education Development Unit (EDU) in the Faculty. The EDU offers a range of services for FCE students including:

- Academic skills workshops run throughout the session;
- Printed and on-line study skills resources e.g. referencing guide, report writing and exam preparation;
- A drop-in resource centre containing books and audio visual material that can be borrowed;
- A limited consultation service for students with individual or small group learning needs.

More information about the EDU services including on-line resources, workshop details and consultation request forms are available from the EDU website.

Contacts and location:

EDU Web: <http://education.fce.unsw.edu.au/>

EDU Location: Room 2039, Level 2 Quadrangle Building

EDU services are free and confidential and are available to students of the Faculty of Commerce and Economics.

Other UNSW support

In addition to the EDU services, the UNSW Learning Centre provides academic skills support services for students. The Learning Centre is located on Level 2 of the Library and can be contacted by Phone: 9385 3890 or through their website: <http://www.lc.unsw.edu.au/>. Students experiencing problems of an academic or personal nature are encouraged to contact the Counselling Service at UNSW. This service is free and confidential and run by professional counsellors. The Counselling Service is located on Level 2, Quadrangle East Wing, and can be contact on 9385 5418.

Learning Centre

The Learning Centre provides a free and confidential service offering learning and language support to UNSW students. Assistance is provided through workshops, discipline-based courses and individual consultations. The Learning Centre is located at Room 231, Level 2, Library Building. (Phone 9385 3890 for an appointment.)

Education Development Unit

Additional learning and language support or a 'discipline-specific' support class can be arranged with the Education Development Unit (EDU) in the Faculty. Students may consult the EDU for advice and assistance with assignment writing, academic reading and note-taking, oral presentation, study skills or other learning needs. The Unit is located in Room 3054, Level 3, Quadrangle Building. (Phone 9385 6163 or 9385 6087 for an appointment.)

Counselling Service

Counsellors offer assistance in planning, decision making, problem solving, and social and emotional development. The Counselling Service is located at Level 2, East Wing, Quadrangle Building. (Phone 9385 5418 for an appointment.)

Disabled Students

UNSW has a statutory responsibility to ensure that students with disabilities are able to participate in their courses on equal terms with other students.

The Equity Officer (Disability) can be contacted at the Equity & Diversity Unit, on 9385 4734 or by email L.Alsop@unsw.edu.au

The Equity & Diversity Unit website is at <http://www.equity.unsw.edu.au/>

Seminar Program Overview

Week	Date	Topic
1	Mar 1	Introduction and revision of cost concepts
2	Mar 8	Cost driver analysis
3	Mar 15	From cost management to value creation I: ABM and decision-making
4	Mar 22	From cost management to value creation I: Customer and supplier analysis
Mid-session Break		
5	Apr 5	Strategic cost analysis
6	Apr 12	Mid session exam (20%)
7	Apr 19	Implementation of cost system: additional consideration
8	Apr 26	Managing the costs of capacity and activity based budgeting
9	May 3	Managing intangible value 1: Human resource
10	May 10	Managing intangible value 2: Information technology and e-commerce
11	May 17	Special value management issue 1: Managing investments in future technology capabilities Assignment due (20%)
12	May 24	Special value management issue 2: The cost of managing the environment
13	May 31	Special value management issue 3: Managing resources in the health sector
14	June 6	Revision

*Remember weekly submissions are due every week from week 2 to week 13 (except for week 6).

SCHOOL OF ACCOUNTING

VALUE-BASED MANAGEMENT IN A GLOBAL ECONOMY (ACCT 5955)

SESSION 1 - 2005

Group-Based Assignment

The group-based case study assignment relates to the case title “Piedmont Express Forms: Process Analysis for Strategic Decision Making” which can be found in Kaplan and Atkinson, 3rd Edition, pages 246-253.

Required: [mark out of 100]

Assume that your group has been retained by Piedmont Express Forms (PEF) to analyse the current business, advise on the warehouse decision and advise on the appropriateness of an activity based costing system and how it should be designed. Read the case carefully and prepare a report addressing the following issues.

1. In terms of the warehouse decision, provide a strategic and financial assessment for Henry Johns, outlining the issues to be considered when making this decision. Ensure you explain why you consider it important and relevant to address these issues. As part of the assessment, include an analysis of the profitability of PEF, in total and the relative profitability of its various customers and/or markets, based on the information provided in Part A of the case. (Additional information: assume PEF has a total of 450 clients). **[25 marks]**
2. Prepare a report to PEF management outlining your responses and recommendations with respect to the following:
 - (i) Advise Henry Johns on the appropriateness of developing an activity-based costing (ABC) system in PEF. **[5 marks]**
 - (ii) Discuss how ABC can help PEF to make better decisions in relation to:
 - (a) How much emphasis PEF should place on the local markets, especially those that use warehouse space, and whether building a new warehouse facility is recommended. **[10 marks]**
 - (b) Managing customer profitability and relationships. **[15 marks]**
 - (c) Managing supplier relationships. **[15 marks]**
3. Outline what ABC system would entail, what types of data would be needed and describe how they might be obtained. Discuss also any additional issues PEF may need to consider when implementing an ABC system. **[20 marks]**
4. Without doing any calculations, explain how you would allocate the cost of PEF's personnel (refers to Exhibit 1) under your proposed ABC system. **[10 marks]**

Your final report should be presented as a professional report directed at PEF management.

Submission Details

The assignment is due in Week 11 (Tuesday, 17 May) and should be submitted at the beginning of class. The assignment must be typed and include a cover page (indicating group members' names and student numbers). The body of the report must be **no longer** than 12 single-sided A4 pages (size 12 font, use Times New Roman or equivalent; one and a half line spacing, with margins of 3cms). This page limit includes all tables, exhibits, graphs, calculations, footnotes and appendices; but excludes cover page, executive summary, introduction, conclusion and bibliography. Pages must be consecutively numbered. Staple in the left-hand corner and please do **not** use plastic binders or covers. Each member of the group must retain a copy of the report.

The following "page number guide" is recommended (but not compulsory):

Part 1	3½ pages
Part 2 (i)	½ page
Part 2 (ii)	5 pages
Part 3	2 pages
Part 4	1 page

The mark awarded to the report will be based on the clarity of explanations, the quality of the arguments and reasons given to support your claims and recommendations, and the overall presentation and readability of the report.

Your report should reflect a group effort with consistent formatting and style throughout. Avoid the use of "dot points" as a substitute for arguments and explanations. Make sure that the report is proof-read by all members prior to final submission. Creative and innovative work will be rewarded. The grade for each group member will be partially based on peer assessment. Each group member will complete a peer assessment form, which is attached.

SCHOOL OF ACCOUNTING

VALUE-BASED MANAGEMENT IN A GLOBAL ECONOMY (ACCT 5955)

SESSION 1 - 2005

Optional Alternative Assignment (Individual-based)

An alternative to the group-based case study assignment is being offered to students who are currently working in an organization and have adequate access to staff and documentation to undertake a work-based assignment. Note, this alternative is totally optional, but some students may find it beneficial to apply ideas and concepts studied in ACCT 5955 to an issue in their organization.

Assignment Topic

A number of advanced and innovative management accounting technologies are examined in this course. The purpose of this assignment is to identify an area in your organization where you believe a change or a substantial improvement to an existing management accounting technology or system (for example, a new product costing system to reflect changing resource consumption patterns, customer profitability analysis, need for strategic cost analysis, new approach to budgeting) will lead to improved performance. Your presentation is to take the form of a submission or proposal to your senior management team and should, at a minimum, include the following:

1. a description of the current management accounting technology or system, including its purposes and users;
2. a description of the problem context in which a change is seen as being needed, including an analysis of the reasons why the existing practice is no longer useful; and
3. an outline of the proposed innovation with a detailed argument explaining its advantages and identifying possible disadvantages.

Some of the factors that you may wish to consider in your analysis are the information users and the way the innovation might help them, potential costs of designing and implementing the new system, organisational issues related to development and implementation, and the possible economic and behavioural consequences and how these might be assessed.

This assignment will be marked out of 100. You should consider the three parts of the report to be of approximately equal value.

Submission Details

Should you wish to undertake this assignment alternative, you are required to submit a preliminary proposal (one or two pages) to me as soon as possible, but **no later than**

Tuesday, 22 March. The proposal should set out the nature of the problem you wish to address, a brief description of the organization involved, and the type of information you intend to use (for example discussion or interviews with relevant staff, organizational documents and reports). This proposal can be emailed to me – m.cheng@unsw.edu.au. I shall give you some feedback on the proposal with the aim of helping you to focus your analysis. The preliminary report will not form part of the assignment assessment.

The assignment is due in Week 11 (Tuesday, 17 May) and should be submitted at the beginning of class. The report must be **no longer** than 12 single-sided A4 pages (size 12 font, use Times New Roman or equivalent; one and a half line spacing, with margins of 3cms). This page limit includes all tables, calculations, exhibits, graphs, footnotes and appendices; but excludes cover page, executive summary, introduction, conclusion and bibliography. Pages must be consecutively numbered. Staple in the left-hand corner and please do **not** use plastic binders or covers.

All information in both the preliminary proposal and the final assignment report will be kept in the **strictest confidence** and only read by me solely for the purposes of assessment. If you are still concerned with confidentiality of certain information, you can request to use disguised numbers (e.g. multiple all numbers by an undisclosed integral; or use assumed business names).

The final assessment will be based on the clarity of explanations, the quality of the arguments and reasons given to support your claims and recommendations, and the overall presentation and readability of the report. Avoid the use of "dot points" as a substitute for arguments and explanations and make sure that you proof-read the final draft of the report prior to final submission. Creative and innovative work will be rewarded.