THE UNIVERSITY OF NEW SOUTH WALES

SCIENTIA

MANU ET MENTE

SCHOOL OF ACCOUNTING

ACCT5996
BUSINESS PROCESSES:
ANALYSIS & IMPROVEMENT

Course Outline

Session 2, 2002

THE UNIVERSITY OF NEW SOUTH WALES

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ACCT5996
BUSINESS PROCESSES: ANALYSIS & IMPROVEMENT

A. COURSE INFORMATION

INTRODUCTION

Management accounting encompasses systems and processes that are intended to provide financial and non-financial information about value generation and resource consumption to people within organisations to facilitate improved decision making and implementation and thereby achieve organisational control and effectiveness. This subject seeks to locate management accounting in the contemporary production and operating environments. ACCT5996 focuses on:

(a) the technical operation and design of management accounting systems;

(b) the evaluation of the role of such management accounting technologies in supporting contemporary production and operating strategies;

(b) the manner in which these systems affect and are affected by human (e.g.: social, political) processes within organisations.

Management accounting systems support planning, control and the efficient use of resources. In this subject, topics include:

- at a macro level, the functions of management accounting, the planning and control of projects, cost allocation and cost charging, budgeting, and the management of inventory and quality; and

- at a micro level, design and operation of cost systems, emphasising process analysis, activity-based cost systems, standard costing, flexible budgeting, and performance management.

We draw on textbook explanations which describe how management accounting techniques ought to function and on research-based insights, which indicate how they actually operate in practice.

OBJECTIVES

1. To develop skills (technical, analytical and appreciative) in using management accounting technologies relevant to typical planning and control contexts;

2. To explore issues associated with the design of cost management and product costing systems;

3. To develop critical and evaluative skills by reference to relevant literature;

4. To develop an understanding of (a) the ways in which management accounting practice is implicated in social and organisational functioning; and (b) the nature of management accounting theory and research.

COURSE STRUCTURE

This course consists of one three-hour seminar per week held in weeks 1 to 14. During this period, instructor-centred discussions, syndicate exercises, student presentations and quizzes may be held.

COURSE ASSESSMENT

Syndicate Case Study	25 %
Essay	10 %
Quizzes	10 %
Class Contribution	5%
Final Examination	50 %
Total	100 %

Syndicate Case Study (25%)

The case study will be undertaken by syndicate of five or six students within the same seminar group. Self and peer assessment will be used in the determination of the final mark of each syndicate's member (details are provided on page 12 and a syndicate peer evaluation form is provided on page 15). The case is due in Week 12. The composition of syndicate must be finalised by Week 4 and submitted to your seminar leader in writing (a form is provided on page 17). Details of the case study will be issued separately.

Essay (10%)

The essay will be an individual exercise on a nominated topic. It will be due in Week 11. Details of the essay will be issued separately.

Quizzes (10%)

Two quizzes will be conducted each worth 5%. Quiz 1 will be held in Week 7 (on any topic covered in Weeks 4 and 5) and Quiz 2 in Week 9 (on any topic covered in Weeks 6 and 7). It should be noted that there will be no supplementary quizzes given.

Class Contribution (5%)

Each student is expected to contribute to the seminar discussion. Expectations with respect to contribution are provided on page 14.

Final Examination (50%)

Students are required to sit for a final examination in this course. The general format and content of the final examination will be informed to students during Week 13.

B. COURSE RESOURCES

ACADEMIC STAFF

	E-mail	Office	Telephone	Consultation hours
Hadrian Djajadikerta (Lecturer in Charge)	g.h.djajadikerta@unsw.edu.au	Quad 3082	9385 5837	Thursday 9.30-11.30 am
Dr. Habib Mahama	h.mahama@unsw.edu.au	Quad 3104	9385 5843	Tuesday 3.00 – 5.00 pm
David Wright	dwright@qantas.com.au	Quad 3083	9385 5909	Immediately before the 18.00 class

TEXT BOOK

Briers M & J Macmullen (eds.), *Management Accounting for Change: Process Improvement and Innovation, 2nd ed.,* (School of Accounting, UNSW, 2002)

OTHER REFERENCE BOOKS

Atkinson, A.A., R.D. Banker, R.S. Kaplan & S.M. Young, *Management Accounting 2nd ed.*, (Prentice Hall, 1997)

Barfield, J.T., C.A. Raiborn & M.A. Dalton, *Cost Accounting: Traditions and Innovations* (West Publishing, 1991)

Bruns, W.J., *Accounting for Managers: Text and Cases* (South-Western, 1995)

Burch, J.G., *Cost and Management Accounting: A Modern Approach* (West, 1994)

Emmanuel, C., D. Otley & K. Merchant, *Accounting for Management Control 2nd ed.*, (Chapman & Hall, 1991)

Hilton, R.W., R.W. Maher & F.H. Selto, *Cost Management: Strategies for Business Decisions.,* (McGraw Hill, 2000)

Hirsch, M.L. Jr., *Advanced Management Accounting 2nd ed.*, (South-Western, 1994)

Langfield-Smith, K., H. Thorne, & R. W. Hilton, *Managerial Accounting: An Australian Perspective 2nd ed.,* (McGraw Hill, 1998)

Meredith, J.R. & S.J. Mantel Jr, *Project Management: A Managerial Approach 3rd ed.*, (Wiley, 1995)

Morrow, M (ed), Activity-Based Management (Woodhead-Faulkner, 1992)

Porter, M.E., *Competitive Advantage: Creating and Sustaining Superior Performance* (Free Press, 1985)

Reeve J.M. & C.S. Warren, *Managerial Accounting 3rd ed.*, (South-Western, 1995)

Tanaka, M., T Yoshikawa, J. Innes & F. Mitchell, *Contemporary Cost Management*, (Chapman & Hall 1993)

Usry, M.F. & H. Hammer, *Cost Accounting: Planning and Control 10th ed.*, (South-Western, 1991)

COURSE WEBSITE

A course website will be maintained within the WebCT environment. To access the website, you are required to have a Unipass and Unipin, and enrol in the course.

In addition, you are encouraged to explore some useful support resources, as follows:

The School of Accounting, UNSW	http://www.ace.unsw.edu.au/soa
The Educational Development Unit (EDU), FCE, UNSW	http://education.fce.unsw.edu.au
UNSW Student Gateway	http://www.student.unsw.edu.au
UNSW Library	http://www.library.unsw.edu.au
UNSW Learning Centre	http://www.lc.unsw.edu.au
UNSW Counselling Service	http://www.counselling.unsw.edu.au
UNSW Communications Unit	http://www.comms.unsw.edu.au

C. STUDENTS RESPONSIBILITIES

PREPARATION FOR SEMINARS

Students are required to attempt the assigned weekly readings and seminar questions prior to attending class. It is expected that students participate in the class discussion.

SATISFACTORY PERFORMANCE

In order to gain a passing grade in this course, students must (1) obtain an overall mark of at least 50%, and (2) perform at a satisfactory level in each component of the composite assessment (as described above). Failure to do so may result in the award of a failing grade.

ATTENDANCE REQUIREMENT

Students are required to attend your assigned class each week. 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, 10 complete seminars) you may be refused final assessment.

REGULAR CHECK OF THE WEBCT AND STUDENT EMAILS
Necessary announcements will be made to students from time to time via the WebCT and student e-mails. Students are required to check the WebCT and their student e-mails regularly.

SUBMISSION OF CONTINUOUS ASSESSMENT
Students are required to submit the continuous assessment by the due date. Failure to do so will attract a penalty that is to be applied 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 maximum possible mark. For example, an assignment achieving an initial mark of 7 out of 10 but two days late will have 2 marks deducted (20% of 10) for a final awarded mark of 5.

Extensions will only be granted in <u>exceptional</u> conditions and will only be made by the Lecturer in Charge. Written applications for an extension must be made in advance to Hadrian Djajadikerta, and must be supported by medical certificate, etc. It is the students' responsibilities to plan their workloads to meet the course deadlines.

SPECIAL CONSIDERATION
Students should consult the University Regulations for details of the relevant procedures when applying for special consideration.

It should be emphasised that Special Consideration is intended to address the problems of students who encounter <u>abnormal and significant difficulties</u> in completing subject requirements.

It is not an automatic compensation mechanism for students. In particular, students should note that illness or severe personal problems do not ensure the automatic granting of a supplementary examination.

In addition to the normal University application for consideration, a detailed written application and its supporting documents should be lodged to the Lecturer-In-Charge. This should give full details of the circumstances surrounding the case, which 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.

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.

COURSE TIMETABLE

WEEK	STARTING	TOPIC	READINGS
1	29th July	The Role of Management Accounting in Organisations	• BM Ch. 1
2	5th August	Workflow and Process Analysis	• BM Ch. 2
3	12th August	Quality as a Product/Process Attribute	• BM Ch. 3 • Hansen and Mowen, pp.908-910
4	19th August	Managing Constraining Resources	• BM Ch. 4 • Koziol, pp.44-49
5	26th August	Planning and Control of Projects	• BM Ch. 5 • Meredith and Mantel, pp. 398-403
6	2nd September	Resourcing of Processes	• BM Ch. 6
7	9th September	Cost Assignment	• BM Ch. 7 • Hansen & Mowen, pp. 308-328
8	16th September	Provision of Resources for Projects, and Ongoing Activities	• BM Ch. 8 • Emmanuel, Otley, & Merchant, pp.160-186
9	23rd September	How Choices are made in Organisations.	• BM Ch. 9
	30th September	**Mid-Session RECESS**	
10	7th October	No Class – Public Holiday	
11	14th October	Evaluating and Controlling Resource Consumption	• BM Ch. 10
12	21st October	Motivation, Performance and Control Systems	• BM Ch. 11 • Fisher, pp.31-38
13	28th October	Organisational Interdependencies	• BM Ch. 12
14	4th November	Review of Course	

DETAILED COURSE OUTLINE

THE ROLE OF MANAGEMENT ACCOUNTING IN ORGANISATIONS

Week 1
The objectives of organisations. Stakeholders, inputs and outputs. Control and organisational learning. The role of management accounting in process improvement and evaluation

WORKFLOW AND PROJECTS

Week 2
Workflow and process analysis. Processes within the business. Process analysis: objectives and tools- Process flow maps, Ishikawa diagrams, Pareto analysis. Focusing change.

Week 3
Quality as a product/process attribute. Quality as a cost object. Quality as a driver of costs. Managing quality. Cost of quality reporting. Direct measures of quality. Statistical process control.

Week 4
Managing constraining resources. Theory of constraints: the focusing process as a means of managing resources. Throughput accounting to support management of constraints. Elevating constraints.

Week 5
Planning and control of projects. Projects and ongoing operations (work flow). Estimating project costs and time. Gantt charts and PERT. Resource loading and leveling. Controlling projects.

UNDERSTANDING RESOURCE CONSUMPTION

Week 6
Resourcing of processes. Assigning resource costs to activities. Understanding cost behaviour. Spending on, and consumption of, resources. Cost input drivers and activity level drivers. Activity-based costing. Use of resource drivers. The costing view *versus* the activity management view.

Week 7
Cost assignment. The costing view *versus* the activity management view. Use of activity drivers. Target costing.

PLANNING RESOURCE PROVISION

Week 8
Provision of resources for projects, and ongoing activities. Budgeting for profit planning and control. Preparation of the master budget.

Week 9
How choices are made in organisations. Multiple uses of budgets. Managerial uses of budgetary information. Flexible budgets.

Week 10
No Class – Public Holiday

PERFORMANCE MANAGEMENT

Week 11
Evaluating and controlling resource consumption. Identifying efficient and inefficient activities. Standard costs for control. Variance analysis: direct materials and direct labour.

Week 12
Motivation, performance and control systems. Motivation and the design of performance measurement systems.

Week 13
Organisational interdependencies. Decentralisation and responsibility centres. Types of organisational relationships and charging mechanisms

Week 14
Review of course. Revision.

Syndicate Peer Evaluation Marking Scheme

In order to provide an opportunity for substantial individual contributions to team performance to be rewarded the following marking scheme is proposed.

STEP 1: The case will be marked and awarded a mark out of 20 (for illustrative purpose only).

STEP 2: Each student will provide their seminar leader with a **rating** of their own contribution and their assessment of the individual contribution of each of the other members of their syndicate. This will be a score out of 10 that reflects the amount and quality of the effort made by each of the syndicate members.

STEP 3: The ratings provided by each team member will be collated, averaged and converted to a percentage out of 100 to determine the proportionate contribution of each team member to the team result.

STEP 4: Half the total mark out of 20 will be credited to each student in the group.

STEP 5: The other half of the total mark will be multiplied by the number of members in the team and placed in a pool.

STEP 6: The pool will be allocated back to each team member based on the calculation of the proportionate contribution made by each team member.

STEP 7: The two marks determined in STEPS 4 and 6 will be added to give each student's grade for the Case. However, NO student's grade will exceed the mark assigned by your seminar leader. This will represent the UPPER CAP placed on the adjustment of your mark.

The following example will illustrate the calculation of marks.

STEP 1:
A five member group receives a mark of 14 out of 20 for the case.

(NOTE: For steps 2 to 6 all calculations will be rounded to 1 decimal place)

STEP 2:
The individual ratings (out of 10) from each member average as follows:

Simone	8
Tran	10
John	6
Zoe	10
Angelina	6
Total	**40**

STEP 3: RELATIVE CONTRIBUTION

Simone	8	= 20%
Tran	10	= 25%
John	6	= 15%
Zoe	10	= 25%
Angelina	6	= <u>15%</u>
		100%

STEP 4:

Simone	7
Tran	7
John	7
Zoe	7
Angelina	7

STEP 5: Pool of Marks

5 (group size) x 7 marks = 35 marks

STEP 6: RELATIVE POOL OF MARK CONTRIBUTION

Simone	8	= 20%	35	7
Tran	*10*	*= 25%*	*35*	*8.75*
John	6	= 15%	35	5.25
Zoe	10	= 25%	35	8.75
Angelina	6	= <u>15%</u>	35	5.25
		100%		**35**

STEP 7:	STEP 4 MARK	STEP 6 MARK	**TOTAL MARK**
Simone	7	7	**14**
Tran	7	9	**16**
John	7	5	**12**
Zoe	7	9	**16**
Angelina	7	5	**12**

Guidelines for Allocating Participation Marks

Each student will be assigned a participation mark ranging from 0 to 5. The following guide will be used when assigning participation marks. Participation marks will be finalised in Week 14.

MAXIMUM MARK	GUIDE
0	has failed to meet the 80% attendance requirement i.e., 10 complete seminars.
1	has satisfied the attendance requirement but has not participated in class activities.
2	has satisfied the attendance requirement and has participated in team activities within the class room.
3	has satisfied the attendance requirement, participated in team activities and contributed to class room discussions.
4	has satisfied the attendance requirement, participated in team activities, participated in general class room discussions in particularly relevant and constructive ways.
5	has satisfied all the above and has demonstrated excellence in their contribution to the dynamics of the course.

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SYNDICATE CASE STUDY

PEER EVALUATIONS

A copy of this form is to be submitted with your case submission in Week 12. It is to be placed inside an envelope and attached to the syndicate submission.

NAME: ______________________________

ID: ______________________________

SIGNATURE: ______________________________

Please provide a mark out of 10 for each member of your syndicate, including yourself, which reflects the relative contribution of each member.

Syndicate Member (Last name, First name)	Student ID	Mark out of 10
1. Insert **your** name here.		
2.		
3.		
4.		
5.		
6.		

Any other comments about syndicate performance that may be relevant to the marker:

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SYNDICATE CASE STUDY

COMPOSITION OF SYNDICATE

A copy of this form is to be submitted to your seminar leader by Week 4.

Class (Day, Time): __________________ , _______ - _______ .

Syndicate Member (Last name, First name)	**Student ID**
1.	
2.	
3.	
4.	
5.	
6.	