



BUSI 4008 A ADVANCED MANAGEMENT ACCOUNTING AND CONTROL Fall 2014

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cuLearn: <https://www.carleton.ca/culearn/>

COURSE TIME/LOCATION **Lectures:** Thursdays, 8:35 – 11:25, Location TBA.

PREREQUISITES: BUSI 3008 with a grade of C- or higher. **The School of Business enforces all prerequisites.**

COURSE OVERVIEW:

This course focuses on managerial planning and control systems using the case method. It extends the concepts covered in the intermediate management accounting course and also integrates relevant contextual issues from other functional areas of organizations. The design of budgeting, cost management, performance measurement, performance evaluation, and reward systems, as well as governance and ethical issues, are examined. Emphasis is placed on the need for different control techniques and systems in different types of organizations and for balanced integrated systems, comprising both financial and nonfinancial controls and measures.

LEARNING OBJECTIVES:

1. Understand advanced management control concepts, techniques, and practices applicable to private, non-profit, and public organizations.
2. Identify management control problems related to cost management, budgeting, performance measurement, performance evaluation, and reward systems, as well as, governance and ethics, in private, non-profit, and public organizations.
3. Identify and apply appropriate management control techniques to remedy management control problems in private, non-profit, and public organizations.
4. Analyse and evaluate an organization's management control systems and practices, considering relevant organizational and environmental factors.
5. Based on analyses conducted, recommend appropriate managerial actions and improvements to management control systems.
6. Write well researched and justified professional reports individually and in groups.
7. Present the results and arguments in an effective manner and defend recommended courses of actions.

REQUIRED TEXTBOOK:

Kenneth A. Merchant and Wim A. Van der Stede, Management Control Systems: Performance Measurement, Evaluation and Incentives, 3rd Ed., Prentice-Hall, 2012.

Additional required readings, as listed on **cuLearn**.

TEACHING METHODOLOGY:

Teaching methodology for this course encompasses assigned readings, case analyses, case presentations and discussions in class, and a group project. Students are expected to read the assigned chapter(s), to discuss the assigned cases in groups before each class, and to prepare written analyses and presentations of selected cases. The cases are then discussed in class to highlight and clarify key concepts. Students, working in groups, also apply these concepts to an actual organization of their choice.

The primary role of the instructor in this course is to facilitate student learning by helping students understand and apply key concepts and by providing them with regular feedback on their progress. It should be emphasized that diligent independent preparation of cases before class and active participation in class discussions are crucial to the development of effective problem solving skills in this field and to perform well in the course.

EVALUATION METHODS:

Class Participation/Assignments – Individual	10%
Project Proposal – Group	5%
Class Case Outlines – Group (2 x 5%)	10%
Presentation Case – Group (individual dates, as assigned)	10%
Project Report/Presentation – Group (15% / 5%)	20%
Final Exam Case – Individual (formally scheduled time)	<u>45%</u>
Total	<u>100%</u>

Class Participation/Assignments. Participative activities or exercises are conducted periodically in class, some in small groups, and may require brief written answers to be handed in. Marks are not awarded for mere class attendance; active participation in these activities is expected. Activity outcomes are debriefed in class but handed-in work is not returned to students. Up to 6 points out of 10 can be earned by completing these assignments; 4 points by contributing to discussion of class and presentation cases at the professor’s discretion.

Class Case Outlines. For any TWO class cases (the first case for each class on the schedule), complete your case analysis as a group and hand in a completed Case Summary Framework at the BEGINNING OF THE CLASS in which the case is discussed. The analysis should be in brief point format and fit on one page. If applicable, however, you may attach the “assessment of alternatives” chart on a separate page. Each group member must also sign a **declaration of academic integrity** and attach a copy to each outline handed in.

Presentation Case. Case presentations should take 15 - 20 minutes. They should contain the highlights of the case analysis in an organized manner. All group members should participate in the presentations. You may organize your presentation using one of the following formats: 1) management consultants presenting to upper management; 2) upper management presenting to the Board of Directors; 3) key stakeholders engaged in a role play, e.g., at management or board

meeting; 4) debate between opposing individuals or groups on key issues. Another group will be assigned to critique each presentation, and presentations are also evaluated by all other groups.

Project Proposal/Report/Presentation. Project reports are comprehensive written reports of management control issues of a selected organization, completed in groups. The reports should be 12 - 15 pages in length, double-spaced, excluding major tables, exhibits, appendices, and preliminary matter, and be professional in style and format. Select an organization from any field, e.g., manufacturing, merchandising, service, nonprofit, or government, ideally with which at least one group member is familiar or for which relevant information is publicly available. In writing the final report, assume the role of independent management consultants. The reports are evaluated for both content and style. In brief presentations to the class (10 minutes each), each group provides an overview of their project. Additional guidelines will be posted on **cuLearn**.

First, prepare a one-page written project proposal for approval by the professor, indicating:

- 1) Name and approximate size of company (e.g., number of employees)
- 2) Any personal contacts group members may have with the company
- 3) Type of relevant information available (e.g., financial and/or nonfinancial data)
- 4) How you plan to access this information (e.g., public data and/or internal data).

Final Exam Case. The final exam case is a comprehensive case requiring a significant degree of application and integration of the material covered in the entire course, including class presentations. Three hours are allowed for the completion of the case. A **minimum mark of 45 percent** must be obtained on the final case exam in order to pass the course.

EVALUATION AND GRADING POLICY:

No make-up assignments are available for any term work (participation, assignments, presentations, and reports) missed for any reason. Providing that a student has demonstrated satisfactory in-term performance, as described below, the weight of a major component missed for documented medical reasons (but not class participation) may be transferred to the final case examination.

The criteria and standards for **satisfactory in-term performance** for this course are as follow:

- (a) Completion of at least 50% of all term work, and
- (b) Achievement of the minimum average grade of 50% on all term work.

Unsatisfactory in-term performance in this course, described above in (a) and (b), will lead to:

- (a) Failure in this course (regardless of performance on the final exam or project) Yes No
- (b) FND grade in this course (in case of missed final exam or project) Yes No

Each group member must complete and hand in a confidential **peer evaluation** (form available on **cuLearn**) for each member of his/her group, covering all group work. Unless specifically otherwise documented, the assumption is that each student has contributed equally to all group work in this course (including the case and project). In cases of significantly different evaluations for a group member, the professor may contact the group members for additional information or request a meeting with all group members in order to ensure a fair allocation of

group marks.

Each group member must also sign a **declaration of academic integrity** (form available on **cuLearn**) and attach a copy to each report handed in for grading.

TENTATIVE TOPICAL OUTLINE AND SCHEDULE:

<i>Date</i>	<i>Topic</i>	<i>Readings</i>	<i>Cases</i>
Sept. 4	Introduction to Management Control	• Ch. 1, Management and Control	N/A
Sept. 11	Control Environment	• Ch. 16, The Effects of Environmental Uncertainty, Organizational Strategy and Multinationality on Management Control Systems • Reading #1	• Private Fitness, Inc. (p. 20) • Teco Electric & Machinery Co. Ltd. (p. 725)
Sept. 18	Types of Controls	• Ch. 2, Result Controls • Ch. 3, Action, Personnel, and Cultural Controls	• Armco Inc. (p. 41) • Alcon Laboratories* (p. 112)
Sept. 25	Behavioural Considerations	• Ch. 4, Control Tightness (or Looseness) • Ch. 5, Control System Costs Project proposals due	• Controls at Bellagio Casino (p. 134) • Fit Food, Inc.* (p. 203)
Oct. 2	Design and Evaluation of Control Systems	• Ch. 6, Designing and Evaluating Management Control Systems • Ch. 7, Financial Responsibility Centers (Transfer Pricing)	• Game Shop, Inc. (p. 229) • Global Investors, Inc. (p. 295)
Oct. 9	Planning and Reward Systems	• Ch. 8, Planning and Budgeting • Ch. 9, Incentive Compensation Systems	• VisuSon, Inc. (p. 355) • Raven Capital, LLC. (p. 402)
Oct. 16	Financial Performance Measurement	• Ch.10, Financial Performance Measures and their Effects • Ch. 11, Combinations of Measures and Other Remedies to the Myopia Problem	• Las Ferreterias de Mexico (p. 432) • Statoil* (p. 487)
Oct. 23	Non-Financial Performance Measurement	• Ch. 12, Using Financial Results Controls in the Presence of Uncontrollable Factors • Reading #2	• Hoffman Discount Drugs (p. 529) • Bank of Desert (A) & (B)* (p. 543 and p. 546)
	Fall Break	No Classes (Oct. 27 -31)	
Nov. 6	Management Control in Non-Profit Organizations	• Ch. 17, Management Control in Not-for-Profit Organizations • Reading #3	• Boston Lyric Opera (p. 770) • City of Yorba Linda* (p. 750)
Nov. 13	Corporate Governance	• Ch. 13, Corporate Governance and Boards of Directors • Reading #4	• Financial Reporting Problems at Molex, Inc. (p. 605) • Entropic Communications, Inc.* (p. 590)
Nov. 20	Controllers, Auditors, and Ethics	• Ch. 14, Controllers and Auditors • Ch. 15, Management Control-Related Ethical Issues and Analyses	• Don Russell (p. 627) • Landale PLC* (p. 646)
Nov. 27	Project reports due	Project presentations	

Note: *Cases designated for group presentations. Other cases may be used as outline cases.

GENERAL INFORMATION:**Required calculator in BUSI course examinations**

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

Group work

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

Academic Accommodations for Students with Disabilities

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your *Letter of Accommodation* at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (*if applicable*). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website for the deadline to request accommodations for the formally-scheduled exam (*if applicable*).

Religious observance

Students requesting academic accommodation on the basis of religious observance should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student. Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton's Academic Accommodation policies, or may contact an Equity Services Advisor in the Equity Services Department for assistance.

Pregnancy

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

Academic Integrity

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at <http://www2.carleton.ca/sasc/advisingcentre/academic-integrity/>.