



APPLIES TO ACADEMIC YEAR 2012/2013

## **BØK 2215 Strategic Management Control - RE-SIT EXAMINATION**

### **Programme**

Re-sit examination

### **Responsible for the course**

Tor Tangenes

### **Department**

Department of Accounting - Auditing and Law

### **Term**

According to study plan

### **ECTS Credits**

6

### **Language of instruction**

Norwegian

### **Introduction**

The course starts with a presentation of the concept of Management Accounting and Control, and proceeds with an introduction to strategic cost analysis. Then, we go through methods of decision support, applicable in situations of process change, including a thorough presentation of multi-dimensional process analysis. The purpose of the process-oriented methods is to provide relevant information for decision support in order to maintain or increase the firm's competitive position by attacking problems of low productivity, ineffectiveness, process instability and undesired product functionality.

Part 2 of the course presents and critically discusses contemporary concepts of management control, such as The Balanced Scorecard, Beyond Budgeting, and Levers of Control. The choice of control systems in a firm specific context is highlighted.

The final part of the course scrutinizes traditional financial measures of effectiveness in a world where intellectual capital is a necessary condition for competitive advantage, and where firm strategies are driven by a continuous process of learning. By means of a nuanced concept of effectiveness and resourced-based financial reports, it is shown how financial accounting numbers can be adjusted in order to achieve improved measures of effectiveness, both in the short- and long-run.

### **Objective**

Learning objectives are:

- Understand major developments in the field of strategic management accounting.
- Understand the structure and elements of strategic cost analysis and how this analysis is performed in practice.
- Be familiar with various process-oriented management accounting methods aimed at improving the firm's competitive position.
- Be able to calculate single- and multi-periodic target cost.
- Be able to assess customer profitability by means of activity-based costing.
- Be familiar with the implied assumptions of traditional budgeting with respect to the linkage between strategy and management control.
- Be familiar with the assumptions of organizational functioning and value creation according to the philosophy of beyond budgeting.
- Be familiar with the main principles of management control, applied in beyond budgeting, and the management accounting methods which are prescribed as substitutes for traditional budgets.
- Understand that questions about organizational functioning and value creation not necessarily have universal answers and thus understand that there is no common solution as to management control.
- Be able to position competing methods of management control – traditional budgeting, the balanced scorecard, and beyond budgeting – in relation to each other with respect to assumptions of organizational functioning and value creation.
- Understand the assumptions and drivers of competitive advantage, strategy development, and strategy implementation on which the rhetoric of The Balanced Scorecard is based, and be able to discuss the validity of these assumptions.
- Be able to discuss the implications for The Balanced Scorecard of situations where the assumptions of competitive advantage, strategy development, and strategy implementation are invalid.
- Be able to measure effectiveness on a short- and long-term basis by means of traditional metrics.
- Understand the attributes and weaknesses of traditional metrics of effectiveness.
- Understand how residual income relates to corresponding cash flows a multi-periodic setting.
- Understand how numbers from the financial statement can be adjusted in order to improve

- effectiveness measurements.
- Understand the concept of intellectual capital and how intellectual capital relates to value creation and competitive advantage according to the resource-based view of the firm.
- Be able to make a resource-based income statement and balance sheet, and on this basis, measure the firm's short- and long-run effectiveness.
- Be able to assess the business unit's effectiveness and expected changes in effectiveness, based on benchmarking.

### **Prerequisites**

Managerial and Financial Accounting I and II (BØK 2601 and BØK 2602) and Managerial Accounting (BØK 2302) or equivalents.

### **Compulsory reading**

#### **Books:**

Sending, Aage, Tor Tangenes og Svein H. Gjønnnes. 2007. Driftsregnskap og budsjettering : økonomi- og virksomhetsstyring. 2. utg. Bergen : Fagbokforlaget. Kap. 5, 6, 7, 16 og 17  
 Sending, Aage, Tor Tangenes og Svein H. Gjønnnes. 2008. Arbeidshefte til Driftsregnskap og budsjettering: økonomi- og virksomhetsstyring. 5. utg. Bergen : Fagbokforlaget

#### **Articles:**

Barney, Jay. 1991. Firm Resources and Sustained Competitive Advantage. Journal of Management. 17 (1), s. 99-120. Tilgjengelig på Blackboard  
 Dekker, Henri C. 2003. Value Chain Analysis in Interfirm Relationships : a Field Study. Management Accounting Research. 14. p. 1-23. Tilgjengelig på Blackboard  
 Kaplan, R. S og D. P. Norton. 1992. The Balanced Scorecard - Measures that Drive Performance. Harvard Business Review, January-February, 71-79. Tilgjengelig på Blackboard  
 Kaplan, R. S. og D. P. Norton. 1996. Using the Balanced Scorecard as a Strategic Management System. Harvard Business Review, Januar-Februar, 75-85. Tilgjengelig på Blackboard  
 Kaplan, R. S. og D. P. Norton. 2000. Having Trouble with Your Strategy? Then Map It. Harvard Business Review, September-October, 167-176. Tilgjengelig på Blackboard  
 Mintzberg, Henry. 1987. Crafting Strategy. Harvard Business Review. July-August. 66-75. Tilgjengelig på Blackboard  
 Quinn, James B. 1977. Strategic Goals : Process and Politics. Sloan Management Review. Fall. 21-37. Tilgjengelig på Blackboard  
 Shank, J. K. 1992. Strategic Cost Analysis of Technological Investments. Sloan Management Review. Fall. 39-51. Tilgjengelig på Blackboard  
 Simmonds, Kenneth. 1986. The Accounting Assessment of Competitive Position. The European Journal of Marketing. 20 (1). 16-31. Tilgjengelig på Blackboard  
 Wilson, Richard M. S., ed. 1997. Strategic cost management. Aldershot: Ashgate. Introduksjonskapittel. Tilgjengelig på Blackboard

### **Recommended reading**

#### **Books:**

Porter, Michael E. 1998. Competitive advantage : creating and sustaining superior performance : with a new introduction. New York : Free Press

### **Course outline**

#### **Strategic Cost Analysis**

Introduction to Management Accounting and Control  
 Strategic Cost Analysis  
 Process Oriented Methods for Decision Support  
 Multi-dimensional process analysis

#### **Alternative Control Systems**

Beyond Budgeting - philosophy  
 Beyond Budgeting - case  
 Levers of Control  
 A critical view on The Balanced Scorecard

#### **Performance Measurement**

Resource-based View of the Firm, Intellectual Capital, and Competitive Advantage  
 Financial Metrics in relation to the Resource-based View of the Firm and Emergent Strategy

### **Computer-based tools**

No specified computer-based tools are required.

### **Course structure**

36 hours of lectures and case studies

**Examination**

Three hours written exam

**Examination code(s)**

BØK 22151 - Written exam, accounts for 100% of the final grade in the course BØK 2215 Strategic Management Accounting, 6 ECTS credits

**Examination support materials**

All aids are allowed + calculator TEXAS INSTRUMENTS BA II Plus™.

Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary.

<http://www.bi.edu/studenthandbook/examaids>

**Re-sit examination**

This course was lectured for the last time autumn 2010. Re-sit exam will be offered every term from autumn 2011 up to and including spring 2013.

**Additional information**