



APPLIES TO ACADEMIC YEAR 2013/2014

## EXC 2122 Strategic Management Accounting

### Programme

Bachelor of Business Administration (2. year), Exchange Program

### Responsible for the course

Tor Olav Nordtømme

### Department

Department of Accounting - Auditing and Law

### Term

According to study plan

### ECTS Credits

7,5

### Language of instruction

English

### Introduction

Strategic management accounting focuses on defining and describing important causal relationships between factors that contribute to creating long-term values for the firm. By designing controlling systems that help us to evaluate the company's ability to implement its overall strategies and plans, management theory, strategic planning and accounting together form a holistic framework for long-term decision-making. The course focuses on theoretical models, various tools and techniques to support the decision-making process for management and with real-life cases and exercises. Strategic management accounting focuses on defining and describing important causal relationships between factors that contribute to creating long-term values for the firm. By designing controlling systems that help us to evaluate the company's ability to implement its overall strategies and plans, management theory, strategic planning and accounting together form a holistic framework for long-term decision-making. The course focuses on theoretical models, various tools and techniques to support the decision-making process for management and with real-life cases and exercises.

### Learning outcome

#### Acquired Knowledge

After completed course students shall have acquired knowledge about:

- The link between the various activities carried out by an organization and its consumption of costly resources
- How the design of a value chain model can be used as a tool to analyze the various activities' contribution to value creation as well as how multi-dimensional process analyses can be used to improve process efficiency.
- Allocation of costs to various cost objects by using traditional methods as well as activity based costing techniques.
- The need to establish long-term goals and to determine critical success factors and Key Performance Indicators, as well as designing strategy maps.
- How strategic decisions may tie up the organizational resources on a long term and the link between strategies, plans and budgets.
- How the organization can measure the implementation of its current strategy plan by the use of Balanced Scorecards.
- How traditional budgeting models can be improved to better facilitate different control purposes.
- How the lean-philosophy's continuous focus on reducing organizational waste can contribute to long-term value creation.
- Challenges of achieving success by efficiently implementing processes that require actual change in organizational behavior.

#### Acquired skills

After completed course students shall be able to:

- Identify relevant cost drivers in a given organization
- Design a value chain for a given organization
- Design models for allocation of direct and indirect costs to given cost objects

- Measure the efficiency of a given process
- Define critical success factors, suggest relevant KPIs, design a strategy map and a scorecard as a basis for implementing Balanced Scorecard.
- Measure the efficiency of various business processes
- Design models for measuring of value creation
- Design tools for budgeting and other financial planning
- Identify sources for organizational waste by the use of lean-philosophy methods

#### **Reflection**

The students shall reflect on management accounting in a strategic and long-term perspective, where the goal is to use resources optimally to create operational efficiency and value creation.

#### **Prerequisites**

EXC 3442 Managerial Accounting or equivalent

#### **Compulsory reading**

##### **Books:**

Atkinson, Anthony A ... [et al.]. 2011. Management accounting : information for decision-making and strategy execution. 6th ed. Prentice Hall/Pearson Education

##### **Articles:**

Kaplan, Robert & Norton, David. 1992. The Balanced Scorecard - Measures that drive performance. Harvard Business Review

Kaplan, Robert & Norton, David. 1996. Using the Balanced Scorecard as a Strategic Management System. Harvard Business Review

Kaplan, Robert & Norton, David. 2000. Having trouble with your strategy - then map it. Harvard Business Review

#### **Recommended reading**

#### **Course outline**

##### **Part one**

Part one discusses issues as various cost objects, particularly about activities and processes. With tools such as cost driver analysis as well value analysis we increase our knowledge about the relationship between what we do and what it costs us and introduce a model for Activity Based Costing.

##### **Part two**

The second part comprises the various steps necessary to launch a Balance Scorecard model, with emphasize on the definition of critical success factors and KPIs.

##### **Part three**

In the third part of the course there will be taught topics like financial planning tools, particularly cash-flow budgets and techniques for making the planning more flexible and dynamic.

##### **Part four**

The fourth and last part of the course focuses on the lean philosophy and how a continuous focus on reducing organizational waste can increase operational efficiency

#### **Computer-based tools**

Students are expected to use spreadsheets (e.g. Excel) when solving and submitting assignments. Students must use It's Learning to submit mini-exercises.

#### **Learning process and workload**

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case-oriented business problems from the private and public sector.

Recommended workload in hours:

Activities	Hours
Participation in theory-based lectures	20
Participation in assignment reviews by lecturer	14
Participation in case discussions and solutions	6
Preparations for case solutions, individually and team-based, organized by the students	48
Preparations for lectures (approx. 1.5 hours per hour of lectures or assignment reviews by lecturer)	63
Work on mandatory mini-exercises (approx. 1,5 hours per mini-exercise)	14
Preparation for exams	35
<b>Recommended total hours used</b>	<b>200</b>

#### Coursework requirements (mandatory mini-exercises)

There are seven mandatory exercises during the semester, of which the students must get five approved. The mini-exercises are short, limited exercises that the students should be able to answer in about two hours if they have followed the recommended work schedule. If the students are not prepared, more time must be allowed. The mini-exercises are to be submitted through It's learning.

A minimum level of performance is required for the exercises to be approved (e.g. a minimum number of questions must be correctly answered). Further information will be given in the lectures and through It's learning. The students will be allowed six attempts before the deadline of the test. Information about the time periods for the tests to be taken, will be given in the lectures and through It's learning.

In addition to the mandatory exercises will feedback to the students during the semester be given in the following ways:

During the lectures the students will be told which assignments are to be solved for the next lecture. The lecturer will review some of these assignments in class. The feedback will consist of the students comparing their solutions with the one that is explained by the lecturer.

Feedback on achieved score on the mini-exercises will be given automatically through It's learning. In addition a recommended solution will be made available.

### **Use of hours**

20 hours - Theory-based lectures

14 hours - Assignment reviews

6 hours - Case-based lectures

5 hours - Administration of learning activities

45 hours total

### **Coursework requirements**

In order to sit for final exam students must get five of the seven mini-exercises approved. See learning process and workload.

### **Examination**

A five-hour written exam concludes the course, which counts for 100 % of the grade.

### **Examination code(s)**

EXC 21221 - Written exam. Counts 100 % of the grade in the course EXC 2122.

### **Examination support materials**

Interest tables and a BI-defined exam calculator are allowed. TEXAS INSTRUMENTS BA II Plus™

One bilingual dictionary may also be used. Support materials permitted 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**

Students that have not got approved five of the mandatory seven mini-exercises must retake the exercises in connection with the next scheduled course and must pass five of the seven submitted mini-exercises. Students that have not passed the written exam or who wish to improve their grade must retake the exam in connection with the next scheduled course.

### **Additional information**