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BADM 643-01, Seminar in Accounting Control, Spring 2008

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**Department of Economics and Business
Rhodes College**

**Course Outline
BUS 643 Seminar in Accounting Control
Spring 2008**

- Class Location:** Buckman Hall, 325
- Class Times:** Mondays and Wednesdays, 9.30 a.m. - 10.45 a.m.
- Instructor:** Dr. Russell Craig
- Contact:** Phone: 843-3121(office) or 831-9563 (cell)
E-mail: CraigR@rhodes.edu
- Office Hours:** Tuesdays & Wednesdays: 2:00 - 3:00 p.m.
Thursdays: 9:00 - 10:00 a.m. (unless advised otherwise)
Other times by appointment.
- Office:** Buckman Hall, 327
- Required Text:** Anthony & Govindarajan, *Management Control Systems*, 12th ed., 2007, McGraw-Hill/Irwin: New York.

**Course Description
& Objectives:**

This course explores conceptual and practical aspects of the use of accounting as part of a *management control* system. *Management control* is defined broadly as the policies, tools and procedures that are employed to increase the likelihood of an organization achieving its objectives. Under this definition, management control involves the motivation, evaluation and rewarding of individuals who constitute the organization, so that they behave in ways consistent with the organization's goals.

The course will draw upon knowledge of management and allied disciplines. However, the principal focus will be on how management accounting and financial accounting are used to effect management control. Topics will include measurement of organizational performance, control of responsibility centers and profit centers, control through budgets, and the exercise of control by CEOs. Students will analyze and present case studies; and, in a seminar format, critically analyze journal articles on current cost accounting and control issues.

- Prerequisites:** Completion of core courses.

**Conduct of
Classes:**

Classes will enhance and reinforce students' prior reading of the prescribed materials. Classes will comprise a mixture of segments involving lecture, interactive discussion, and case presentation activities. The format of classes will vary from week to week according to the demands of the subject matter and the learning needs of students. Monday classes are expected to mainly focus on discussion of prescribed reading material, with Wednesday classes more likely to be devoted principally to case discussion and presentations. All non-textbook readings are expected to be posted in the instructor's public folder.

Attendance:

Attendance at classes is required. A three point reduction in the final grade may be assessed for each unexplained absence in excess of two. Handouts and other materials, posted in the instructor's public folder, should be brought to class when scheduled. Extra copies will not be provided at the class. Some other learning materials are likely to be distributed at the start of classes.

Cases:

To reinforce and validate understanding of course material, cases will be assigned for student presentation throughout the semester. Students should read all prescribed cases and be prepared to discuss them in class.

Grading:

There will be a mid-semester exam and a final exam. These exams will consist of a mixture of question types, such as essay, short answer, case, practical exercise and multiple choice. Material from the entire course will be examinable in the final exam. Unless advised otherwise, the mid-semester exam and the final exam will be conducted on a 'closed book' basis.

Grades will be determined as follows:

	%
Case analyses and presentations	30
Class participation, homework, and in-class problems	10
Mid-term exam	30
Final exam	<u>30</u>
	<u>100</u>

A grading scale of A, A-, B+, B, B-, etc. will be used. Any grade reduction due to poor attendance will be assessed after the grade is determined according to the above procedure.

No make-up tests, or make-up final exam, or re-weighting of assessment components will be provided, except in the case of students who miss a test or the final exam due to illness or domestic tragedy. Such students should contact Professor Craig within 72 hours of the missed test or exam, and should submit a doctor's note or other substantiating

documentation to him as soon as is practicable.

Honor Code: The Rhodes Honor Code is expected to be followed in all aspects of the course. For groups of students, an honor code pledge will be assumed to indicate that each student has made significant contributions to the assignment.

Course Syllabus: The following course syllabus is designated “provisional” to indicate that it is likely to be emended as the semester proceeds. References to “A & G” are to the prescribed text (Anthony & Govindarajan, *Management Control Systems*, 12th ed.). Other readings and reference material will be prescribed as the course proceeds. Unless advised otherwise, articles prescribed for reading will be available in the instructor’s public folder.

Russell Craig
Distinguished Visiting Professor
January 1, 2008

BUS 643 Seminar in Control
Spring 2008
Provisional Syllabus*

(*This syllabus may be amended as the semester proceeds)
 [If required, a more comprehensive reading list will be provided well in advance of each class.]

Week	Date	Topic (or Activity)	Principal Reading(s)
1	Jan 9	Course Introduction Overview of Management Control Aspects of Case Pedagogy	Notes accessible from the instructor's public folder.
2	Jan 14 & 16	The Nature of Management Control Understanding Strategies	A & G, chs. 1 & 2 Case 1-1, Nucor Corporation (A) W. Nixon and J. Burns, (2005), 'Introduction: Management Control in the 21 st Century', <i>Management Accounting Research</i> , 16, pp. 260-268.
	Jan 21	Martin Luther King Day	
3	Jan 23	Behavior in Organizations	A & G, ch. 3 Case 3-2, Nucor Corporation (B) E. Flamholtz, (1996), 'Effective Organizational Control: A Framework, Applications, and Implications', <i>European Management Journal</i> , 14 (6), pp. 596-611
4	Jan 28 & 30	Responsibility Centers: Revenue & Expense Centers	A & G, ch. 4 Case 4-1, Vershire Company R. Cooper & W.B. Chew, (1996), 'Control Tomorrow's Costs Through Today's Designs', <i>Harvard Business Review</i> , Jan, 1996, pp.88-97.
5	Feb 4 & 6	Profit Centers	A & G, ch 5 Case 5-3, Analog Devices Inc R. S. Kaplan, (2006), 'The Demise of Cost and Profit Centers', unpublished working paper [handout]
6	Feb 11 & 13	Measuring and Controlling Assets Employed	A & G, ch 7 Case 7-5, Dell Computer Corporation
7	Feb 18 & 20	Budget Preparation	A & G, ch 9 Case 9-1, New York Times Jensen, M.C., (2003), 'Paying People to Lie: The Truth about the Budgeting Process', <i>European Financial Management</i> , 9(3), pp. 379-406.

8	Feb 25	Mid term Exam	
		Spring Break	
9	Mar 10 & 12	Performance Measurement	<p>A & G, ch 11 Cases 11-1, 11-2: Analog Devices Inc R.S. Kaplan and D.P Norton, (2001), 'Transforming the Balanced Scorecard from Performance Measurement to Strategic Management: Part I [and Part II]', <i>Accounting Horizons</i>", 15(2), pp. 147-160.] Nørreklit, H., (2003), 'The Balanced Scorecard: What is the Score? A Rhetorical Analysis of the Balanced Scorecard', <i>Accounting, Organizations and Society</i>, 28, pp. 591-619</p>
10	Mar 17 & 19	Management Compensation	<p>A & G, ch 12 Case 12-2, Crown Point Cabinetry Power, M., (2004), 'Counting, Control and Calculation: Reflections on Measuring and Management', <i>Human Relations</i>, 57(6), pp. 765-783 M.C. Jensen, (2001), 'Corporate Budgeting is Broken - Let's Fix It', <i>Harvard Business Review</i>, Nov., pp. 94-101.</p>
		Easter Recess	
11	Mar 24 & 26	Controls for Differentiated Strategies	<p>A & G, ch 13 Short Cases 13-1, 13-3 Herbold, R. J., (2002), 'Inside Microsoft: Balancing Creativity and Discipline', <i>Harvard Business Review</i>, Jan., pp. 72-79.</p>
12	Mar 31 & Apr 2	Service Organizations	<p>A & G, ch 14 McCoy, L., (1998), 'Producing "What the Deans Know": Cost Accounting and the Restructuring of Post-Secondary Education', <i>Human Studies</i>, 21, pp. 395-418</p>
13	Apr 7 & 9	CEOs and Management Control: The Interaction Between Management Control and the 'Tone at the Top'	<p>Case 15-2 Abetti, P.A. (2006), 'Case Study: Jack Welch's Creative Revolutionary Transformation of General Electric and the Thermidorean Reaction (1981-2004)', <i>Creativity and Innovation Management</i>, 15(1), pp. 1-11. Amernic, J., Craig, R. & D. Tourish, (2007), 'The Charismatic Leader as <i>Pedagogue, Physician, Architect, Commander, and Saint</i>: Five Root Metaphors in Jack</p>

			<p>Welch's Letters to Stockholders of General Electric', <i>Human Relations</i>, 60(12), 1839-1872.</p> <p>Craig, R., Tourish, D. & J. Amernic, 'Assessing "Tone at the Top" through CEO Letters to Shareholders'. [Unpublished working paper. Handout].</p>
14	Apr 14 & 16	Course Review	