ACCT401
STRATEGIC MANAGEMENT
ACCOUNTING
G1 – G2
Course Outline Term 2 2014/15
(January 2015 – April 2015)

A. Instructors and Contact Information

<table>
<thead>
<tr>
<th>Group</th>
<th>Timing and Location</th>
<th>Instructor</th>
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<tr>
<td>1</td>
<td>Mon 15:30 – 18:45</td>
<td>CHENG Nam Sang</td>
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<tr>
<td></td>
<td>SOA/SOL Seminar Rm 1-3</td>
<td>Room 5042, School of Accountancy</td>
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<td>Singapore Management University</td>
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<td></td>
<td>Singapore 178900</td>
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<td>2</td>
<td>Tue 15:30 – 18:45</td>
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<tr>
<td></td>
<td>SIS Seminar Rm 2-4</td>
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Consultation times: Phone and email enquiries can be done anytime during the day. Formal consultations by appointment or, try your luck, walk-in.

Teaching Assistant: Not appointed yet

B. Course Prerequisites:
Management Accounting (ACCT 102/104/112)

C. Course Description

This course aims at providing students with an understanding of topical issues in Management accounting in an organizational setting. An important function of management is to motivate and empower employees while not losing track of the business. This course will examine the use of different management accounting techniques in both the manufacturing and service industries. While some of the topics might seem familiar individually to students, this course tries to link all the various topics together in the context of management decision making.

D. Course Objectives and Skill Developments

Students are expected to demonstrate the following technical accounting competencies upon successful completion of the course.

1. Be able to differentiate Strategic Management and Strategic Management Accounting
2. Be able to link strategies, culture, leadership and other topics learnt from business modules to strategic management accounting and its tools
3. Be able to understand and apply value creation processes and tools in Strategic Management Accounting, for example
   a. sustainability reporting and integrated reporting
   b. appropriate costing approaches: life cycle costing, kaizen costing, backflush costing (for JIT system) and target costing
   c. cost allocation and transfer pricing
   d. time-driven Activity-based costing as well as the traditional Activity-based costing and management
   e. cost of quality and quality management
4. Be able to apply advanced variance analysis to help control and evaluate performance
5. Be able to appreciate and apply responsibility accounting techniques to motivate divisional and individual performances that help improve corporate performance
However, learning outcomes should be beyond just technical accounting competencies. In particular, this course seeks to develop your versatility, individual competencies and awareness of ethics and responsibilities through the various class and assessment activities:

- **Analytical Skills**: Analytical skills will be developed through various problem solving, case discussions and analysis. The course will provide the tools for students to use and analyse accounting data and financial reports to make informed decisions.

- **Communication Skills**: Students will be required to actively participate in the class discussions and through written report and discussion of the company analysis project. The written report and presentation (in Sessions 12 & 13) will be assessed on clarity of communication appropriate for a business context.

- **Team work**: Team projects and presentation will be important elements of the course as decision making in the real-world can be team based. All students will be required to work in teams. They are expected to work as equal partners and share the workload. Team members will be required to do a peer-evaluation of their respective team members and the marks will be assigned accordingly for the project reports and presentation.

- **Active learning**: Students will be expected to venture beyond prescribed readings and text. The company analysis project will allow students to take an active role in their understanding of how the end products of an accounting system serve information need of users.

- **Professional ethics**: Ethical issues are discussed and cases will be reviewed. This introductory course provides the opportunity to emphasize the needs for the highest ethical behaviour for corporate executives and corporations.

**E. Textbook and Other Resources**

There is no assigned textbook. Various articles and cases will be assigned in different weeks.

In addition, due to the nature of the coverage on emerging issues, students will be expected to read widely from professional and business publications as well as newspapers.

**F. Lesson Plan**

Class sessions are of 3-hour duration and will include a review of study materials, class discussions and other learning activities. Course materials will be published in SMU eLearn (http://elearn.smu.edu.sg).

An outline of topics to be covered can be found in Appendix 1.

**G. Assessment**

To pass the course, a student is required to obtain a TOTAL mark of 50% or better. The assessment components are listed below: Class Learning Activities (20%), Individual Assignments (40%), and Group Project (40%).

1. **Class Learning Activities (20%)**
   Students are expected to actively participate in class discussion/group presentations. Students will be graded individually using the “Participation Matrix”. The matrix measures various aspects of students’ behavior in class. A large portion of the measure relates to student’s contribution to the class learning process. In this respect, students are expected to read the text and relevant materials before the commencement of each session so as to be able to contribute to the class proceedings.

2. **Individual Assessments/Assignments (40%)**
   Details will be given at a later stage.

3. **Group Project (40%)**
   See Appendix 2.
H. Academic Integrity

All acts of academic dishonesty (including, but not limited to, plagiarism, cheating, fabrication, facilitation of acts of academic dishonesty by others, unauthorized possession of exam questions, or tampering with the academic work of other students) are serious offences. All work (whether oral or written) submitted for purposes of assessment must be the student's own work. Penalties for violation of the policy range from zero marks for the component assessment to expulsion, depending on the nature of the offense. When in doubt, students should consult the instructors of the course. Details on the SMU Code of Academic Integrity may be accessed at http://www.smuscd.org/resources.html.

Prepared by: CHENG Nam Sang
8 Dec 2014

Vetted by: SEOW Poh Sun
23 Dec 2014
### Appendix 1  Tentative Schedule  (Topics may be covered in weeks different from below schedule)

<table>
<thead>
<tr>
<th>Week</th>
<th>SMA Topic</th>
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| 1    | Topic 1: **Overview of SMA**  
  ➢ Value Creation & its Processes: How and which strategic management accounting tools help achieve strategic goals and vision  
  • contemporary skills & techniques,  
  • differences from traditional management accounting,  
  • processes involved in creating and managing value,  
  • skill sets required (technical cognitive skills, Analytical skills and Interpersonal skills) for SMA, and  
  • basis for successful strategy  
  • popular business strategies and tools: e.g. Porter’s competitive strategies and Blue Ocean  
  • popular tools for strategic management accounting |
| 2    | Topic 2: **Planning: Value Creation and Strategic Management**  
  ➢ Examine strategic management, environmental scanning, culture, leadership implications on performance measures  
  • culture  
  • leadership  
  • industry and competitive analysis,  
  • industry value chain,  
  • performance evaluation system and indicators |
| 3    | Topic 3: **Planning and Value Creation: Corporate Governance, Ethics, Sustainability and Integrated Reporting** |
| 4    | Topic 4: **Value Creation Process & Tools:**  
  • value chain management (supplier management and customer profitability analysis)  
    o outsourcing and offshoring  
  • life cycle and kaizen costing  
  • backflush costing (for JIT)  
  • target costing and pricing |
| 5    | Topic 5: **Value Creation Process & Tools: Designing Asset and Cost Allocation System**  
  • evaluating assets and costs allocation of a company/group,  
  • overhead cost allocation,  
  • transfer pricing, and  
  • behavioural consequences of asset and cost allocation |
| 6    | Topic 6: **Value Creation Process & Tools: Activity-based Costing and Management**  
  • quick revision of basic ABC and ABM  
  • time-driven ABC |
| 7    | Topic 7: **Value Creation Tools and Control: TQM and cost of quality** |
| 8    | SCHOOL RECESS |
| 9    | Topic 8: **Control and Performance evaluation: Advanced variance analysis**  
  • building a profit plan  
  • strategic profitability analysis (e.g. competitive effectiveness: market share and size variances, product mix variance)  
  • variances for Activity-based costing results  
  • Interpretation and implications on variances |
| 10   | Topic 9: **Performance evaluation: Creating Strategic Performance Measurement System**  
  • effective strategic performance measures,  
  • responsibility accounting and measures  
  • ROI, residual income, and Economic Value Added  
  • Variable costing based segmental report  
  • executive incentives/compensation  
  • strategic alignment of multiple scorecards |
| 11   | Topic 10: **Academic or current issues in SMA**  
  • Contingency theory in SMA  
  • Impact of corporate restructuring exercises such as M&A, IPO and MBO on SMA |
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<th>Week</th>
<th>SMA Topic</th>
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<td>• Discussion and revisit of the course materials and cases</td>
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<tr>
<td>12</td>
<td>Project Presentation</td>
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<tr>
<td>13</td>
<td>Project Presentation</td>
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Appendix 2

ACCT401 Strategic Management Accounting
Term 2 2014/15
Group Project Requirements

Requirements
Students are required to identify a Singapore or Malaysia main board listed company (Company A) then suggest the potential reporting practice/format on sustainability for its coming financial year end (for example, GRI G3, GRI G4, Integrated Reporting or other formats). The actual sustainability report is not required.

All work prepared by students should be submitted to eLearn’s assignment dropbox for automatic plagiarism check. Provide date and “print screen” for any key references to the website disclosure.

The key assessment objectives are
- to determine whether you can identify the key messages and items to be disclosed by the target Company (Company A).
- to ensure that your evaluation and assessment of company’s practices are in accordance with the latest Code of Corporate Governance.
- to create value for the company.
- to demonstrate your understanding of key issues in relevant practices and considerations.

Possible approaches:

1. Each member of the group plays a different role:
   - CEO,
   - CFO,
   - non-executive independent director, and
   - non-executive director representing the major shareholder(s) of Company A and suggests the possible choice of format and items to be disclosed based on your role’s likely objectives, concerns and other possible factors.

2. Alternatively, you could have considered yourself as a new recruit of the target company (Company A). You were assigned by Company A to prepare the new sustainability report that should be in line with the appropriate guidelines and regulations.

Identify which materiality aspects have been covered in detail in the current practices (e.g. sustainability report or corporate social responsibility report) and which ones require more disclosure and/or being omitted.

Suggest possible approach to these areas and highlight possible difficulties in obtaining measures or data, if any, and suggest possible solutions to help the company to prepare for a forthcoming sustainability report.

Clearly justify your approach and choices of disclosures.

If appropriate, identify an appropriate benchmark (Company B and/or Company C) to help analyse and evaluate the practices of Company A.

Identify claimed and/or possible value propositions then evaluate possible reasons and implications for past practices and likely future approaches.

The suggested solution should ensure alignment of company’s strategies, vision, missions, performance measures, and stakeholders’ interests.

You should also consider how the various items can be disclosed (qualitatively AND quantitatively) and how these items will impact on the value (tangible and intangible) of the selected company.
Submission of Presentation Materials
Presentation will be done in week 12 and week 13 by balloting. Each group will have 20 minutes presentation, and 5 minutes Q&A.

In order to be fair to all groups, all presentation materials should be submitted to the group presentation material dropbox by

**Deadline:** 23:59 22 March 2015 (Sunday), the day before the starting of presentation in week 12.

Written Report and Due Date
Maximum words allowed: **4,000 words** (estimated 20 printed pages using Times New Roman Font Size 12). Executive summary, tables and charts, appendices and individual journal are not included in the word count. You must include an executive summary in your report. You are required to submit the soft copy of your report to the instructor. Hard copy of the report is required (to be deposited to my pigeon hole at the 5th floor lift lobby of SOA) **ONLY IF** your report file is NOT in a single e-file and/or manual insertions are required.

**Deadline:** 23:59 5 April 2015 (Sunday) eLearn Dropbox
*No extension will be given. Penalty for late submission will apply.*

Grading
Your project will account for 40% of your overall grade, and it is evaluated as indicated below:

**15%:** Group presentation
- 10% for group overall presentation
- 5% for individual group member’s presentation and understanding of the contents and subjects.

Each project group will be required to make a 25-minute presentation (inclusive of 5 minutes Q&A) either on the 12th or 13th week of the term.

**18%:** Final report
In grading your project, the instructor will be using the following criteria:
- Content of the project (30%)
- Analysis & Application of principles and concepts underlying your project (40%)
- Language and Presentation of the report (30%)

**7%:** Individual Journal (4 to 8 pages) on
- the experience and learning from the project, including technical and non-technical aspects
- your comments and evaluation on other groups’ presentations and contents, group by group and overall.

*Individual journal should be individually submitted through eLearn in unprotected word or PDF format for plagiarism check.*

**Deadline:** 23:59 5 April 2015 (Sunday) eLearn Dropbox, same as the Group Report.
*No extension will be given. Penalty for late submission will apply.*

**Total for the project:** 40%

Group Size and Disputes (if any)
Group size: To be determined, depending on class size but likely to be four members in a group.
Disputes: Evidence collection is essential as the instructor need evidence to act as a judge who needs to get the arguments from all parties. A peer evaluation form is available (Appendix 3) for you to highlight the problems and issues.
Other Administrative Points on the Group Project

Proposed target company (Company A)
No more than 2 groups in the same class can do the same company.
Please
- form your group by end of week 3 (25 January, Sunday);
- submit your names through eLearn “Groups” so that we can confirm and sort out anyone without a group in by week 4; and
- propose your company (Company A) by end of week 4 (1 February, Sunday) so that we can confirm and finalise the company in class (week 5, 2 or 3 February, Monday and Tuesday).

Potential source of companies:
- GRI Report List (filter by country: http://database.globalreporting.org/search) or
- GRI Sustainability Disclosure Database (Class note slide 31, http://database.globalreporting.org/pages/about)
- Company announcements on SGX and Bursa Malaysia websites

ELearn
Please note that for Group formation Group projects report and presentation submission, you need to visit

ACCT401-Strategic Management Accounting-G1 (Monday class, 15:30), and
ACCT401-Strategic Management Accounting-G2 (Tuesday class, 15:30), respectively.
# Group Project - Peer Evaluation Form

(Please complete this form **only if** you have dispute on free-riding or unfair workload/contribution with respect to the Group Project)

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<th>Session Date and Time:</th>
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<tr>
<td>Group Number:</td>
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<td>Your Name:</td>
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<table>
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<tr>
<th>Name of Your Group Members:</th>
<th>Contribution Score (0 – 10 max)</th>
<th>Comments</th>
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