Tentative Course Syllabus

Strategic Cost Management [AIM 6342 – 501]

Course Information:
Spring Semester 2008
Thursday, 7:00 PM – 9:45 PM
Classroom: SOM 2.117

Professor Contact Information:
Professor: Constantine Konstans, Ph.D., CPA, CMA, CIA, CFE
           Professor of Accounting and Information Management
           Executive Director, Institute for Excellence in Corporate Governance
Office Phone: 972-883-6345
Fax: 972-883-5968
Email Address: konstans@utdallas.edu
Office Location: SOM 2.403
Office Hours: By appointment
Web site: http://www.utdallas.edu/~konstans

Course Pre-requisites, Co-requisites, and/or Other Restrictions
The course is designed for MBA/MS students who have completed AIM 6305 or AIM 6201 and AIM 6202 or the equivalent.

Course Description
This course extends the perspective of cost management/analysis from a primary focus on tactical short-run/micro concerns to an emphasis on strategic long-run/macro issues. The linkage between cost management/analysis and strategy is facilitated by utilizing three powerful strategic management tools: value chain analysis, strategic positioning analysis, and cost driver analysis. Supported by these as well as by other financial and non-financial tools, cost management/analysis evolves into Strategic Cost Management (SCM). SCM exists to support decision-makers as they develop, communicate, implement, evaluate and modify organizational strategy.

Student Learning Objectives/Outcomes
There are three course themes:
1. Developing new ways of looking at familiar problems and concepts – an SCM look at such familiar issues as product line profitability, make/buy or new product introduction.
2. Introducing some relatively new and/or interesting topics/tools in cost analysis that facilitate SCM, to include but not limited to:
   Activity Based Management/Budgeting           SCM for Line of Business Evaluation
   Economic Value to the Customer                SCM for Product/Channel Decisions
   Life Cycle Costing                             SCM for Sourcing Decisions
   Strategic Cost Drivers                         Technology Costing
   Lean Production                                Balanced Scorecard
3. Interacting with practitioners of SCM. This course is designed for students who plan to pursue careers as management consultants, as internal consultants or as business managers. Regardless of the career path selected, all students will benefit from exposure to the unique perspective of contemporary practitioners. Therefore, three professional consultants will be featured as guest lecturers on selected aspects of SCM.

**Required Textbooks (and their abbreviations) and Materials**


South-Western, 2006, by J. Shank.

**Grading Policy**

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Topic Presentation</td>
<td>100</td>
</tr>
<tr>
<td>Class Participation</td>
<td>100</td>
</tr>
<tr>
<td>Final Examination</td>
<td>100</td>
</tr>
<tr>
<td><strong>Possible Points</strong></td>
<td><strong>300</strong></td>
</tr>
</tbody>
</table>

Translation of the total point score into a letter grade will be based on the instructor’s judgment. The letter grade will reflect each student's performance relative to the course and standards expected of MBA students.

**Important, Time-Sensitive Requirement**

Note: Study teams will be formed immediately. To facilitate the process, please send me an e-mail, with the subject “AIM 6342”, containing the information shown below.

1. Last Name; First Name; UTD Degree Program and Expected Graduation Semester
2. Day-Time Telephone Number; Day and Evening e-Mail Addresses
3. Collegiate Degree(s) Earned; Year(s) Earned; Name(s) of the Granting Institution(s)
4. Number of Earned Collegiate Semester Hours of Accounting; Where Earned (Institution)
5. Name of Current Employer; Your Position or Title; Months with Employer
6. Short Summary of Prior Business Experience with Most Recent Experience First
7. A Short Statement of Your Career Objectives and How You Expect This Course to Help
<table>
<thead>
<tr>
<th>DATE</th>
<th>CASE (CCM)</th>
<th>TOPIC/ACTIVITY</th>
<th>READING (BCL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/10</td>
<td>Lecture #1 -- Cost Management: Strategic versus Conventional Approaches</td>
<td>Class Administration</td>
<td></td>
</tr>
<tr>
<td>1/17</td>
<td>Lecture #2 -- Baldwin Bicycles; Instructor Presents Case to Illustrate SCM</td>
<td></td>
<td>Chapters 1*, 2* &amp; 9*</td>
</tr>
<tr>
<td>1/24</td>
<td>Lecture #3 -- Mavis Machine Shop; Instructor Presents Case to Illustrate SCM</td>
<td></td>
<td>Chapter 15*</td>
</tr>
<tr>
<td>1/31</td>
<td>Case #1 – DairyPak</td>
<td>Topic #1 -- Value Chain Analysis</td>
<td>Chapters 2* &amp; 3*</td>
</tr>
<tr>
<td>2/7</td>
<td>Case #2 – Morrissey Forgings</td>
<td>Topic #2 -- Cost Drivers and SCM</td>
<td>Chapters 3* &amp; 5*</td>
</tr>
<tr>
<td>2/14</td>
<td>Case #3 -- American Investment Management Services (AIMS)</td>
<td>Topic #3 -- Strategic Positioning and SCM</td>
<td>Chapters 5*, 7 &amp; 9*</td>
</tr>
<tr>
<td>2/21</td>
<td>Case #4 – Tijuana Bronze Machining</td>
<td>Topic #4 -- Activity Based Budgeting/Management</td>
<td>Chapters 3*, 5* &amp; 12</td>
</tr>
<tr>
<td>2/28</td>
<td>Case #5 – Chalice Wines</td>
<td>Topic #5 -- Quality Cost Measurement/Management</td>
<td>Chapters 2*, 13 &amp; 16*</td>
</tr>
<tr>
<td>3/6</td>
<td>Case #6 -- Montclair Deep Colors</td>
<td>Topic #6 -- Target Costing</td>
<td>Chapters 6* &amp; 10*</td>
</tr>
<tr>
<td>3/20</td>
<td>Case #7 – DEC and Minicomputers</td>
<td>Topic #7 -- Life Cycle Costing</td>
<td>Chapters 10*</td>
</tr>
<tr>
<td>3/27</td>
<td>Case #8 – Jones Ironworks</td>
<td>Topic #8 -- Learning Curve Analysis</td>
<td>Chapters 6* &amp; 19*</td>
</tr>
<tr>
<td>4/3</td>
<td>Case #9 – Tashtego</td>
<td>Topic #9 -- Theory of Constraints and SCM</td>
<td>Chapters 9* &amp; 10*</td>
</tr>
<tr>
<td>4/10</td>
<td>Case #10 -- Kinkead Equipment</td>
<td>Topic #10 -- Supply Chain Management and SCM</td>
<td>Chapters 13*, 15* &amp; 17*</td>
</tr>
<tr>
<td>4/17</td>
<td>Lecture #4 – Balanced Scorecard: Instructor Presentation</td>
<td>Topic #11 -- Lean Production</td>
<td>Chapters 2* &amp; 17*</td>
</tr>
<tr>
<td>4/24</td>
<td>Lecture #5 – Course Review</td>
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Guidelines on Case Discussions

Everyone will come to class prepared to discuss thoroughly the case assigned for that session. This means that you have 1) studied the case thoroughly, 2) developed a defensible solution, and 3) are in a position to critique the solutions of others as well as your own. In addition, you should be prepared to answer inquiries from the instructor.

I suggest that study teams be formed so that you can discuss the cases together. This is very effective if everyone on the study team does their job.

Guidelines on Topic Presentations

Each team will present one topic. The guidelines for a topic presentation require:
- a written report that does not exceed six pages, double-spaced, exclusive of exhibits, using 12-point New Roman font.
- a PowerPoint presentation not to exceed 15 slides.
- a minimum of three references from the internet or a variety of publications such as, but not necessarily limited to, the Journal of Cost Management, the Journal of Management Accounting Research; Accounting, Organizations and Society; Harvard Business Review; and Sloan Management Review. I will be available to review your plans for these activities.

Topic presentations will be graded using the following criteria:

A. Organization and balance between too much and too little detail      20
B. Well researched with emphasis on the important aspects of a topic       20
C. Linking the topic to strategic issues covered in the course          20
D. “Cutting edge” developments are identified and introduced.        20
E. Presentation                                                    20
Total                                                    100

The presentation will be evaluated using the following criteria:

A. Quality of PowerPoint slides                                       5
B. Continuity and Logical Flow of Presentation Process               5
C. Effectiveness in Communicating Content                            5
D. Professional Demeanor in Conduct of Presentation                  5
Total                                                              20

COURSE PREPARATION AND PARTICIPATION

The course will rely heavily on student-intensive activities. Students will have the responsibility for analyzing cases and presenting/discussing topics as shown in the course schedule that follows. Each student must accept the responsibility for course preparation. Thus, for each session, every student must study the assigned readings. In addition, each student is expected to participate actively in classroom discussions.
The course uses cases extensively. In order to derive maximum benefit, it is essential that you mentally "get inside" the case situation. Do not approach a case as you would a chapter in a book or an article in a journal. You are not an observer but a participant. If a case centers on a decision that needs to be made, put yourself in the shoes of the decision-maker. Feel the frustration (s)he feels with respect to data limitations. Feel the pressure (s)he feels with respect to difficult tradeoffs, limited resources, potential conflicts, etc. Share your ideas with others as we work jointly to resolve the issues.

**Professional Linkages:** SCM represents a lucrative, important and growing area for consulting services both domestically and internationally. SCM consulting services are provided by management consulting firms as well as by the “Big Four” accounting firms.

**Student Conduct & Discipline**

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD publication, *A to Z Guide*, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the *Rules and Regulations, Board of Regents, The University of Texas System, Part 1, Chapter VI, Section 3*, and in Title V, Rules on Student Services and Activities of the university’s *Handbook of Operating Procedures*. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391).

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents’ Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

**Academic Integrity**

The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.

Scholastic dishonesty includes, but is not limited to, statements, acts or omissions related to applications for enrollment or the award of a degree, and/or the submission as one’s own work or material that is not one’s own. As a general rule, scholastic dishonesty involves one of the following acts: cheating, plagiarism, collusion and/or falsifying academic records. Students suspected of academic dishonesty are subject to disciplinary proceedings.

Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university’s policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.

**E-mail Use**

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student’s U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the
security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

### Withdrawal from Class

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

### Student Grievance Procedures

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's *Handbook of Operating Procedures*. In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent’s School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean’s decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the deal will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

### Incomplete Grade Policy

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester’s end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of *F*.

### Disability Services

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services is:

The University of Texas at Dallas, SU 22
PO Box 830688
Richardson, Texas 75083-0688
(972) 883-2098 (voice or TTY)

Essentially, the law requires that colleges and universities make those reasonable adjustments necessary to eliminate discrimination on the basis of disability. For example, it may be necessary to remove classroom prohibitions against tape recorders or animals (in the case of dog guides) for students who are blind. Occasionally an assignment requirement may be substituted (for example, a research paper versus an oral presentation for a student who is hearing impaired). Classes enrolled students with mobility impairments may have to be rescheduled in accessible facilities. The college or university may need to provide special services such as registration, note-taking, or mobility assistance.

It is the student’s responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

### Religious Holy Days

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The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.

**Off-Campus Instruction and Course Activities**

Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at the website address given below. Additional information is available from the office of the school dean. ([http://www.utdallas.edu/Business_Affairs/Travel_Risk_Activities.htm](http://www.utdallas.edu/Business_Affairs/Travel_Risk_Activities.htm))

*These descriptions and timelines are subject to change at the discretion of the Professor.*