

## **Accounting for Strategic Decision Making**

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The class will explore the role of accounting in the strategic decision-making processes of management. The participants will get exposure to strategic uses of financial accounting and to the most important conceptual and practical aspects of managerial accounting. The class will start with an overview of financial accounting applications for strategic leadership and continue with applications of managerial accounting principles to decision making in economic entities.

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### **Module 1 - Monday**

#### **Overview of Financial Accounting, Comparison to Management Accounting Cost Terms, Concepts, and Classifications**

In this first module, we will compare financial accounting to managerial accounting with a case discussion (Great Lakes case). We will then look at cost terms and flow, examine the income statement of a manufacturing organization

#### **Income Statement Case Assignment**

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### **Module 2 - Tuesday**

#### **Activity Based Costing**

In this module, we will examine product costing. We will then compare simple approaches to activity based costing/management (ABC). We will look at circumstances where it might be more appropriate to use ABC.

#### **ABC Case Assignment**

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### **Module 3 - Wednesday**

#### **Cost-Volume-Profit Relationships and Sensitivity Analysis**

In this class we will be looking at cost behavior and cost Volume Profit Analysis. This session is important in daily decisions around the tradeoffs between volume, price, and cost. We will look at several concepts on how to evaluate different alternatives: Breakeven analysis, operating leverage, margin of safety, risk and reward. We will evaluate circumstances where target costing would be more appropriate than traditional approaches to pricing.

#### **CVP Case Assignment**

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## **Module 4 - Thursday**

### **Decision Making**

In this module we will examine a variety of decision making examples. We will give particular attention to: Capital Equipment Replacement; Outsourcing Decisions; Decisions related to Segment Evaluations and Expansion/Contraction; Constraint Management; Value Chain Analysis; Product Pricing;

### **Case Assignment on Decision Making**

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## **Module 5 - Friday**

### **Balanced Scorecard, Segment Reporting, and Decentralization**

In this module, we will examine goal setting, and control. We will examine how to evaluate the performance of different structures: cost center, revenue center, profit center, and investment center. We will evaluate different tools one could use in these structures: variance analysis, non-financial performance reports, operating margin analysis, return on investment, and residual income (EVA).

### **Final Assignments**

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