

**Advanced Management Accounting, Fall 2009**  
**(Thursday, 9:10AM – 12:00; Mgmt II 204)**

Professor Rong-Ruey Duh  
Room 1010, College of Management, 2<sup>nd</sup> Bldg  
Tel: 3366-3888  
[rrduh@ntu.edu.tw](mailto:rrduh@ntu.edu.tw)

Office hours: Thursday 4 pm – 5:30 pm or by appointment

**Required Textbooks and Course Materials**

Kaplan, R. S. and A. A. Atkinson, Advanced Management Accounting, 3rd Edition, Prentice Hall, 1998. [KA]

**Recommended**

Bruns, W.J., Jr., Accounting for Managers: Text and Case, 2<sup>nd</sup> Edition, South-Western College Publishing, 1999.

Cooper, R., When Lean Enterprises Collide, Harvard Business School Press, 1995.

Cooper, R., R. S. Kaplan, L. S. Maisel, E. Morrissey, and R. M. Oehm, Implementing Activity-Based Cost Management: Moving from Analysis to Action, Montvale, N.J.: Institute of Management Accountants, 1992.

Johnson, H. T., and R. S. Kaplan, Relevance Lost: The Rise and Fall of Management Accounting, Harvard Business School Press, 1987. (中譯本：轉捩點上的成本管理，遠流)

Kaplan, R.S., and D.P. Norton, The Strategy-Focused Organization, Boston, MA: Harvard Business School Press, 2001. [KN]

Stewart, G.B., III, The Quest for Value, Harper Business, 1999.

**Course Objectives**

Traditional management accounting has lost its relevance in the current competitive business environment. This course will provide the students with some insights on how to restore the relevance of management accounting in the overall success of organization. How management accounting can facilitate managerial decision-making and influence employees' behavior will be the focus of this course. We will also discuss the linkage of management accounting with the firm's strategy so that management accounting can be used to improve the firm's competitive advantages.

**Grading**

## Individual Performance

|                     |     |
|---------------------|-----|
| Class Participation | 10% |
| Exams               | 45% |

## Group Performance

|                                 |     |
|---------------------------------|-----|
| Class case discussions (@7 x 4) | 28% |
| Term Project                    | 17% |

## Topics and Schedule\*

### Session 1 9/17

- Overview of this course
- Firm as a set of contracts
  - Managers in the nexus of contracts
  - Accounting and control

### Session 2 9/24

- Management accounting: past, now and future
- KA-Introduction
  - Johnson and Kaplan, Ch. 1-8.
  - Elliot, "The third wave breaks on the shores of accounting," Accounting Horizons, June 1992, pp. 61-85.
  - Kaplan, "Yesterday's accounting undermines production," HBR, July-August 1984, pp.95-101.
  - Kaplan, "New roles for management accountants," Journal of Cost Management, Fall 1995, pp. 6-13.

### Session 3 10/1

- Cost management (I): Activity-based costing/management
- KA-Ch. 4 & 5
  - BCL, "Applying overhead: how to find the right bases and rates," pp. 104-108.
  - Foster and Gupta, "Manufacturing overhead cost driver analysis," IAE, 1990, pp. 309-337.
  - Kaplan and Anderson, "Time-driven activity-based accounting," HBR, November 2004, pp.131-138.
  - Cooper et al., Ch. 4 & 13

### Session 4 10/8

- Cost management (II)
- KA-Ch. 6
  - Cooper, Ch. 11

### Session 5 10/15

Guest speech (Accounting workshop)

### Session 6 10/22

- Case discussion: Ethics in accounting contexts
- Case 1: Progressive Applications Corporation. Hilton (2002), p. 31.
  - Case 2: The Enron/Procomp case
  - Bazerman, Loewenstein, and Moore, "Why good

accountants do bad audits?” HBR, November 2002, pp. 97-102.

- Gardner, “The ethical mind,” HBR, March 2007, pp.51-56.

**Session 7**  
**10/29**

Case discussion: ABC

- Case 3: Seligram, Inc.

**Session 8**  
**11/5**

Capital expenditure and risk management

- KA-Ch. 12
- Luehrman, “Investment opportunities as real options: getting started on numbers,” HBR, 1998.
- Luehrman, “Strategy as a portfolio of real options,” HBR, 1998.

**Session 9**  
**11/12**

Mid-term exam

**Session 10**  
**11/19**

Decentralization and financial performance measures

- KA-Ch. 7, 9, & 10
- Stewart, “EVA<sup>TM</sup>: fact and fantasy,” Journal of Applied Corporate Finance, Summer 1994, pp. 71-84.
- Rappaport, “Ten ways to create shareholder value,” HBR, September 2006, pp. 66-77.

**Session 11**  
**11/26**

Strategic performance measurement and compensation systems

- KA-Ch. 8, 11, & 13
- KN-Ch. 1-2.
- Ittner, Larcker and Meyer, “Subjectivity and the weighting of performance measures: Evidence from a balanced scorecard,” AR, 2003, pp. 725-758.
- Banker, Potter, and Srinivasan, “An empirical investigation of an incentive plan that includes nonfinancial performance measures,” AR, 2000, pp. 65-92.
- Banker, and Mashruwala, “The moderating role of competition in the relationship between nonfinancial measures and future financial performance,” CAR, 2007, pp. 763-93.
- Becker and Posner on executive compensation: Pay Czar, Becker and Posner Blog at the University of Chicago, July 2009.

**Session 12**  
**12/3**

Compensation systems (continued)

Case discussion: Capital budgeting

- Case 4: The Super project

**Session 13**  
**12/10**

Organizational and incentive issues in budgeting

- KA-Ch. 11& 14

- Chow, “The effects of job standard tightness and compensation schemes on performance,” AR, 1983, pp 667-685.
- Chow, Cooper and Hadad, “The effects of pay schemes and ratchets on budgetary slack and performance,” AOS, 1991, pp. 47-60.
- Merchant, “The effects of financial controls on data manipulation and management myopia,” AOS, 1990, 5 (4): 297-313.

**Session 14**  
**12/17**

Value chain analysis

- SG-Ch. 3
- Gadiesh and Gilbert, “Profit pools: a fresh look at strategy,” HBR, 1998.
- Gadiesh and Gilbert, “How to map your industry’s profit pool,” HBR, 1998.

**Session 15**  
**12/24**

Field project presentation ( I )

**Session 16**  
**12/31**

Field project presentation ( II )

**Session 17**  
**1/7**

Field project presentation ( III )

**Session 18**  
**1/14**

Final exam

\*subject to change