



B330A/B Accounting Information and Strategic Cost Management

Syllabus

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Content

This module deals with the strategic use of accounting information and cost management in firms. It shows how managers and management accountants develop and use financial and non-financial information to formulate and implement a firm's strategy, to plan and control operations, and to make better decisions. Students become acquainted with performance measures for responsibility centers, tools for strategy implementation such as the balanced scorecard, special techniques of cost allocation, transfer pricing, statistical cost estimation, and the budgeting process. Building on this, the module covers different metrics for short-term decisions and methods of capital budgeting. The concepts are illustrated with numerous case examples from real-world firms.

Learning target

In this module, students learn to evaluate how accounting information supports strategic and operational decisions in firms. Students develop the ability to calculate and critically assess financial performance measures (ROI, residual income, EVA) and to use non-financial measures and the balanced scorecard for strategy implementation. They are able to allocate joint costs, to set transfer prices that support goal congruence, to estimate cost functions (e.g., with regression analysis), and to prepare a master budget. Moreover, students learn to identify relevant costs for short-term decisions and to evaluate capital investments with discounted cash flow methods, taking strategic and qualitative considerations into account. Students taking B330B additionally apply these concepts in an empirical case study or in the analysis of academic papers and company reports.

Topics

1. Introduction
 - a. Management accounting as a strategic management function
 - b. Accounting information, the information value chain, and cost management vs. financial reporting
 - c. Cost management techniques, critical success factors, and the four-stage model of cost systems
2. Accounting information
 - a. Financial information: earnings and cash flow, responsibility centers, ROI, residual income, and EVA
 - b. Non-financial information: SWOT analysis, balanced scorecard, strategy maps
 - c. Cost allocation and product costing: service departments, joint products, and by-products
 - d. Transfer pricing: market-based, negotiated, and cost-based transfer prices; international issues
 - e. Cost estimation: cost behavior, high-low method, and regression analysis



- f. Budgeting: budgeting process, master budget, and budgeting under uncertainty
- 3. Strategic cost management
 - a. Decision-making: relevant costs and special decisions (product mix under capacity constraints, special orders, make or buy, etc.)
 - b. Capital investment and capital budgeting: relevant cash flows, cost of capital, and discounted cash flow models (NPV, IRR, profitability index)

Structure

Lectures

- Weekly lecture
- Dates and room are announced in alma
- Slides and assignments are provided on Ilias
- No registration required

Tutorials

- Two parallel weekly tutorials with identical content - please attend only one of them
- Dates and rooms are announced in alma
- Discussion of problem sets (mostly former exam assignments), which are provided on Ilias. It is important to prepare the problem sets prior to each tutorial!
- A mock exam is provided on Ilias

Colloquium (B330B only)

- Practical application of the concepts discussed in the lecture, typically in one of two variants:
 - Empirical case study on cost estimation: take-home group assignment analyzing data with MS Excel, R or Python
 - Papers and company reports: discussion of academic papers on the (causal) identification of management practices and own research based on company reports
- Start around the beginning of June (short introduction after one of the lectures); roughly 6-8 weeks to work on the assignments
- Group work; group size depends on the number of participants

Enrollment information

- Lecture and tutorials: no registration required.
- Colloquium (B330B): registration via Ilias (online registration form including the choice of variant, and upload of your transcript of records)
- All details will be announced in the first lecture
- Successful participation in the colloquium is stored: it does not need to be repeated and can be carried over to a later semester if the exam is failed or not taken in the current term.

Coursework

- Variant A (B330A): 6 ECTS-Credits (lecture + tutorial).
- Variant B (B330B): 9 ECTS-Credits (lecture + tutorial + colloquium).



- Written exam (60 minutes), identical for both variants; registration via alma/examinations office is required. All content from lectures and tutorials is relevant for the exam.
- B330B: the 9 ECTS-Credits are awarded once the exam has been passed successfully.

Teaching methods

Lectures with case examples, independent study, tutorials (problem sets), group work in the colloquium (B330B), oral participation

Course language

English

Prerequisites

Knowledge from the introductory course “Cost Accounting” is helpful. Basic knowledge of statistics is helpful for the cost estimation part.

Literature

Textbooks

- Blocher, E. J., Stout, D. E., Juras, P. E., & Cokins, G. (2016). *Cost Management: A Strategic Emphasis*. 7th Ed. McGraw-Hill.
- Hilton, R. W., & Platt, D. E. (2015). *Managerial Accounting: Creating Value in a Dynamic Business Environment*. 10th Ed. McGraw-Hill.

Further readings are cited on the slides.