ACCT 801: Management Control Systems and Information Technology  
Alfred Lerner College of Business & Economics  
Fall, 2012

Instructor: Dr. John H. Wragge (raw-gee’)  
Office Hrs: 4:00 - 5:45 M, R and By Appointment
Office: 214 Purnell Hall
Telephone: 831-1807 (office)
E-mail: wraggej@udel.edu
Sakai: There is a Sakai course site for ACCT801

Course objective and description:
To enhance the executive’s competency in using systems of management control and information technology (IT) for attaining competitive advantage. A management control system is an organization’s methods, policies, and procedures (for instance, accounting profit and cost measurements) that are used to monitor and direct the execution of operations in the attainment of strategic goals. A business, whether for-profit or not-for-profit, identifies a strategy for accomplishing its mission. The business must then rely on people (employees, suppliers, contractors) to implement that strategy. Since the management cannot always direct each employee’s effort and observe all outcomes, it will utilize a management control system (rules and information) to help guide employee actions towards proper implementation and refinement of the strategy. IT supports the management control system and extends management’s capabilities in attaining these strategic goals. The perspective of the course is usually that of general management, rather than that of the corporate controller, chief accountant, or technical IT professional. Prerequisites: ACCT 800: Fundamentals of Accounting (or equivalent) and FINC850: Financial Management (or equivalent); for MBA students, completion of most of the Tier 2 courses is expected prior to taking ACCT 801. Please see professor if there are questions.

Text & Materials:  
1. HBS Cases and Readings -- a digital course pack containing 16 HBS cases/readings which can be purchased and directly downloaded from HBS Publishers. Details will be provided in class; and
2. HBS Online Tutorials – a digital course pack containing several HBS online tutorials which deal with cost accounting and MCS topics. Access can be purchased directly from HBS Publishers. Details will be provided in class.

Requirements:

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<th>Number Required</th>
<th>% of Final Grade</th>
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<tr>
<td>Cases</td>
<td>1</td>
<td>10</td>
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<tr>
<td>Cost Acctg Problem Set</td>
<td>1</td>
<td>10</td>
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<tr>
<td>Mid-term Case Analysis</td>
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<td>10</td>
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<td>Final case</td>
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<td>Quizes/Exercises</td>
<td>8</td>
<td>40</td>
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<td>Discussion/participation</td>
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1 A note on the material: You may at times find that referring to a basic text in managerial or cost accounting may be helpful in understanding terminology, etc. If you have such a resource or don’t mind borrowing library holdings, please feel free to refer to said resources. I do not expect this, however. Throughout the semester, I will deliver on a “just-in-time” basis a short lecture, practice problem, or discussion to clarify relevant material that might be considered background in nature.
Case Analyses: Three page analysis (plus tables, computations, etc.) (double-spaced). Select one from Shurguard, ATH or IronPort. Questions to be discussed will be identified in class when the case is introduced as well as posted on Sakai. Only one of these case analyses can be submitted. Case is due no later than the beginning of the discussion of the case in class. The preferred method for submitting the case is via Sakai. As a hard copy in class or as an email attachment is also acceptable.

Problem Set: A 25 question multiple-choice exam covering the cost accounting HBS tutorials. Must be completed by 1 pm on Monday, Oct. 1st.

Required Mid-term Case Analysis: Three-five page analysis (plus tables, computations, etc.) (double-spaced). Questions to be discussed will be identified in class when the case is introduced as well as posted on Sakai. The case should be submitted via Sakai. The case is due by 6:00 PM on Monday, Nov. 12th.

Final Case Analysis: A more comprehensive case. The case is due by 6:00 PM on Monday, Dec. 10th.

Quizes/Exercises: There will be 8 short five-point quizzes/exercises. Six will be given in class and two will be online.

Discussion/Participation: Your contribution to class discussion is an important part of the course. Attendance is expected and each student is responsible for all material assigned. If you must miss class for business travel, work, etc., please let me know. If you must be absent when an assignment is due, please make arrangements with me. There is no way to do well in this class without participating in discussions. Please read the Evaluation of Contributions to Class Discussion section of this syllabus. Quizzes, in-class group discussions, etc. will be factored into the Discussion/participation points.

Grades: Final letter grades will be assigned using the following percentage break-points: 93 = A; 90 = A-; 87 = B+; 75 = B; 72 = C+; 68 = C; D = 60; Below 60 = F.

Course Objective and Description - This course is designed to help you think through how you would manage the strategy implementation dilemmas in which operating managers find themselves. In particular, the course is designed to allow you to gain knowledge, insights, and analytical skills related to how an organization's senior executives go about designing and implementing those ongoing formal systems used to plan and control the organization's performance (i.e., management control systems). The key ideas underlying this course are: (1) different organizations typically have different strategies, (2) different control systems are needed to effectively implement different strategies, and (3) technology can be used in different ways to support these systems.

The importance of the subject matter covered in this course is captured well in the widely accepted "truism" among management consultants that many (if not most) businesses (as well as nonprofit organizations) have potentially serious problems with the implementation of strategies -- either the strategies never come into being, or get distorted, or the implementation is much more costly and time consuming than anticipated. However laudable strategic intentions may be -- to change the product mix, to improve the quality of products, to become the lowest cost producer, to build market share, or to maximize short-term earnings and cash flow -- if they do not get converted into reality, they are usually not worth the paper they are written on.

Most of you will soon be in positions where you will be directly responsible for getting strategy implemented. As such, the materials covered in this course should be of high relevance in your immediate job situations.
Case studies will be used to:

1. Introduce and discuss the key issues for several of the most important control systems in use in businesses;
2. Illustrate and emphasize the need for a good "fit" between a particular control system and the strategy chosen by the organization; and
3. Emphasize the necessity for overall compatibility within the set of control systems in use.

The course is appropriate for any prospective general manager, as well as for those contemplating careers in management consultancy, and controllership. The perspective of the course usually is that of general management, rather than that of the corporate controller, chief accountant, or technical IT professional.

**Case Approach** - The course is built around the case method. The learning in the class focuses more on the thought process in analyzing business situations, not just on the solutions per se. In order to derive maximum benefit from the cases, 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 magazine. 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. Consider the frustration he or she feels with respect to data limitations. Consider the pressures he or she feels with respect to difficult tradeoffs, limited resources, political conflicts, or whatever. Once in class, share your ideas with others as we work jointly to resolve the issues. Because of the wide variety of academic and work-related backgrounds represented by the students in this class, everyone’s contribution to the discussions is important.

The cases included in this course represent broad organizational situations and encompass many facets of a company’s control (and IT) systems. In some instances, the case may represent a good system and you are expected to learn what makes the system work well. Other cases may present a system, which has failed, and the purpose here is to learn from the failures. Most cases seldom present examples of absolutely perfect or totally flawed systems. There are always some weaknesses in the best of control systems. However, the evaluation of these weaknesses is always relative to the resources -- monetary, manpower, etc. -- available to a company. Thus, it may be costly to remove flaws. Any recommendation for changes when analyzing cases should carefully consider the organization costs involved. In preparing the cases, the following simple rules may be helpful:

1. Do not automatically assume that a case represents a good or a bad system. Adopt a framework, which will provide you the criteria for evaluating each case on its merits;
2. Adopt a management posture in analyzing cases;
3. Consider the industry and competitive context, and the core strategic tasks that the firm should excel at. You’ll have to evaluate the control systems of the firm in the context of its strategy; and
4. Support your analysis with facts from the case. Most cases will not contain all the data that you might like to have. Nevertheless, you’ll be surprised at how easily you can make accurate inferences and useful assumptions if you simply give the current management the benefit of the doubt, i.e., if you assume (in the absence of contrary data) that they are running the business the way you would run it -- smartly! If there are contrary data, it’s wise to think again. Maybe, they’re right, and your task then is to understand why the company does what it does. On the other hand, it is always possible that they are making mistakes.
Case Process - Careful preparation of each case, whether for written submission or just for discussion in class is essential. If you do not do this, you will not be able to follow and understand the class discussion, be bored out of your mind, and therefore you will not learn anything. Cases that have a writing assignment will usually be introduced in the meeting prior to the due date of that case. On the due date of a writing assignment or a discussion-only case, we will discuss the case as thoroughly as time permits. This generally involves reviewing the relevant facts of the case, some possible solutions, and a discussion of the merits of those solutions. Typically, there is NO SINGLE BEST SOLUTION, only choices that are rational depending upon the decision makers' circumstances, perspective, risk aversion, and value system.

Evaluation of Contributions to Class Discussion
Nearly all interactions in an organization are oral. Course participants are from diverse backgrounds and we all learn from shared experiences. For these reasons, the development of your oral communication skills (speaking and listening) is important in graduate business education. Effective participation is characterized by:

* Relevant points rather than repetition of facts
* Interpretation and integration of points made previously
* Willingness to test new ideas
* Challenges/tests ideas presented by others
* Reflects thorough understanding of case facts

You must participate for the case analysis method to be effective. You do not need to contribute on every case, however. I am looking for involved participation which is different from attentive note-taking and passive listening. Your contribution is gauged and points (and consequently final grades) will be assigned based on the following categories:

Outstanding: Comments reflect thorough preparation. Ideas are substantive. Arguments are persuasive. Comments provide major insight and direction for the class. Requires active participation. (17-20)

Good: The student is thoroughly prepared and ideas mostly substantive. Participant provides good insight and sometimes direction for the class. Arguments are substantive and persuasive. Requires at least frequent participation. (14-16)

Adequate: Contributions reflect adequate preparation. Comments are sometimes substantive and provide useful insights but do not offer new directions for the class. Sometimes arguments are presented, and are fairly well articulated. Requires at least semi-frequent participation (9 -13)

Non-participant: The person has said little or nothing in class. There is no basis for evaluation. This person has no effect on the quality of class discussion. (0-8 depending on attendance)

Unsatisfactory: Contributions demonstrate inadequate preparation. Ideas are seldom substantive, and provide few if any insights. In Class comments are isolated, obvious, and often confusing. This person wastes class time. (0-5 depending on attendance)

Quizzes, in-class group discussions, etc. will be factored into the Discussion/participation points.

Dishonest Behavior
Dishonest and/or unethical behavior will not be tolerated. Such behavior includes (but is not limited to) cheating, copying homework, and plagiarism. Students are expected to maintain independence in fact and appearance. For further information and a statement of official University Policy, students should consult the "Official Student Handbook".
Limitations
The course plan presented in this course syllabus will be followed to the extent possible. However, it may be necessary to make changes in the form of additions, deletions, and/or modifications (e.g., changing due dates and/or changing cases that are assigned). Any changes will be announced in class with sufficient lead-time. It is each student's responsibility to be aware of all announcements made in class.