MANAGING COSTS & EVALUATING PERFORMANCE  
MBA 612 – SECTION 2  
SYLLABUS – SPRING 2014

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Course website: Blackboard system at http://mymason.gmu.edu

CLASS MEETINGS: Tuesdays: 6:30pm - 10:05pm (University Hall #1200)  
COURSE TERM: April 22 – June 28  
OFFICE HOURS: After class or by appointment

COURSE DESCRIPTION  
Accounting in general serves a critical role in organizations by facilitating and disseminating financial data and cost information to managers, investors, and other parties about the economic activities of firms. Managerial accounting is a key source in generating such information and aids in value creation within firms. It focuses on internal reporting and serves various functions: it provides relevant information for decision-making purposes and for planning and controlling firms’ activities, costing products and services, and evaluates performance at organizations and their employees. All of these functions are carried out through the use of internal control, performance measurement, and costing systems.

In this course, you will learn how to become an informed user of accounting information (financial and non-financial) to make sound business decisions that will help in creating value in organizations. In particular, the course places emphasis in the preparation and use of accounting data to aid in decision-making, in planning and control activities inside firms, and in understanding the various approaches for costing goods and services. It is loosely divided into two areas: (1) cost management systems, (2) managerial control and performance measurement systems. It is important to know that managerial accounting as a field is vast and comprises lots of topics. Therefore, we focus on a handful of key managerial accounting themes, which I consider the most relevant in helping you advance your professional careers. The underlying topics are described in the course schedule.

LEARNING OBJECTIVES  
By the end of the semester you should have a good understanding of the following key themes:

- The strategic role served by management accounting inside firms and how it helps in the successful execution of firm strategy.
- Understand the nature of production costs and how they might behave given changes in production volume, customer demand, or business activities.
- Differentiate the various approaches for costing products and services, including traditional costing systems such as absorption costing (job-costing and process costing) and alternative
costing systems (variable costing, activity-based costing, target costing, etc.). The general purpose that each costing systems serve, their advantages and their limitations.

• Understand the mechanics of Cost-Volume-Profit analysis and the various uses as a decision-making and profit-planning tool. These include the concepts of breakeven analysis, target profit analysis, and operating leverage.
• The formulation of static and flexible budgets and the purpose of cost variance analysis for controlling and managing costs.
• Using regression analysis to examine cost behavior and to estimate costs.
• Alternative methods for evaluating and measuring overall firm performance and individual business units’ performance, including return on investment (ROI), residual income, economic value added (EVA), and the Balanced Scorecard.

COURSE INSTRUCTION AND PLAN OF STUDY

This course follows a very practical emphasis by focusing in the use of accounting information from the standpoint of a decision-maker as opposed to its formulation. The goal is not to train you to become a practicing accountant. Therefore, the subject content will have less emphasis on the mechanics of accounting—i.e., debits and credit, double-entry accounting, designing costing systems, etc. Instead, we focus on the general idea of each topic and the way in which is used in a “real-world” context to create value in organizations. Simply put, how is that a particular managerial accounting tool is applied in practice to improve business operations and in decision-making. Further, the course is intended to be conceptual and relies heavily on real-world examples to reinforce the aforementioned managerial accounting concepts. Your participation and preparation is critical to do well in the course.

COURSE MATERIALS


Supplemental course material: Powerpoint slides, assignments, and supplemental readings, can be downloaded at the course website on Blackboard: http://mymason.gmu.edu.

GRADING

The distribution of grades follows the recommendations of George Mason’s MBA program concerning mandatory courses. Your final grade will be determined in the following manner:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Grade</th>
</tr>
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<tbody>
<tr>
<td>94% – 100%</td>
<td>A</td>
</tr>
<tr>
<td>90% – 93.9%</td>
<td>A</td>
</tr>
<tr>
<td>88% – 89.9%</td>
<td>B+</td>
</tr>
<tr>
<td>84% – 87.9%</td>
<td>B</td>
</tr>
</tbody>
</table>

Your final grade will be calculated based on the total number of percentage points that you accumulate in the semester. I will strictly adhere to the following ‘standard’ grade distribution:
80% – 83.9%     B-
75% – 79.9%     C+
70% – 74.9%     C
60% – 69.9%     D
< 60%       F

Important issues regarding final grades

- Although I will adhere to the above grade distribution, under my own discretion and in the event that I see it as necessary (i.e., if the entire class performs poorly), I reserve the right to apply a ‘curve’ distribution on the exams, or adjust the distribution of final grades. Nonetheless, if and only if, I deem it as necessary.
- No ‘extra credit’ is granted under any circumstances. These include special assignments, or exam re-takes.
- Once submitted, all grades are final. Any questions or concerns regarding grades on either the assignments, exams, or your final grade must be addressed in writing. I will provide a prompt response to your inquiry either in writing or verbally. If necessary, I will schedule a private meeting to discuss your grade.

EXAMS

There are two exams in the course: a mid-term exam and final exam. Each exam covers half of the material covered in the semester. Both exams account for 80% of your final grade. The exams are scheduled for the following dates during our class period:

- **Mid-term exam:** Tuesday, May 19th (6:30pm-10:00pm)
- **Final Exam:** Tuesday, June 24th (6:30pm-10:00pm)

**You must take the exam on the schedule date. No make-ups are given.**

You must also note the following guidelines concerning the final exam:

- You will be provided with the format of the exam prior to its schedule date so you can plan accordingly. Also, I will provide you with a set of sample questions to help you prepare.
- The exam is closed-book. You are allowed to use either a financial or four-function calculator. No programmable calculators are permitted.
- I will keep the exam afterwards. You would be able to review your exam; however, it must be returned back to me after you review them.

ASSIGNMENTS

There will be two assignments and they account for 20 percent of your grade. The assignments should be completed in teams. The instructions on each assignment will be posted on Blackboard. Please know the following important guidelines regarding the assignments:

- The assignments should be completed in teams of three students per team. I expect everyone to share work equally. All members of your team will receive the same grade.
- You are required to submit a hard copy at the beginning of class at its due date. Please know that no late assignments are accepted under any circumstances.
- Each team should work independently from the rest of the teams. This means that you or anyone else within your team is allowed to share any information of your work with other students outside your group. Doing so is considered a violation of the University’s Honor Code.
PARTICIPATION
Student participation is an integral part of George Mason’s MBA program. Therefore, you must come to class fully prepared to discuss the assigned readings. I’m looking for thoughtful and insightful comments that will enrich our class discussion. Based on my teaching experience, students’ participation enriches the entire class learning (including myself). Therefore, I encourage all of you to become active class participants.

SUGGESTED TEXTBOOK PROBLEMS
Several suggested problems from the textbook have been assigned to help you assimilate the course material. I will not collect or grade these problems. However, it is strongly recommended that you do as many as possible to master the material. Their solutions are posted on the course website.

ATTENDANCE
Attending class on a regular basis is crucial for doing well in the course especially since this is a seven-week compressed module course. Therefore, you should attend class on a regular basis to keep up with the course material; otherwise you run the risk of failing this course. Therefore, you are expected to attend all class sessions and report to me any sessions that you miss. At the beginning of each lecture an attendance record is passed for you to sign.

CLASS ETIQUETTE, THE USE OF CELL PHONES AND LAPTOP COMPUTERS
Please arrive to class on time and show respect to others. Please turn off your cell phones. Speaking during class, phone texting, checking e-mail, surfing the Internet, or doing other things not related to the class is disruptive and should not be conducted during lectures. In particular, phone texting has become a major issue. So, if you need to ‘text’ during class, please do so outside of the classroom. The same applies for using your laptop computers for surfing the Internet, or checking e-mail during class.

DISABILITY BASED ACCOMMODATIONS
Any student with a documented disability seeking academic adjustments or accommodations is requested to speak with me during the first two weeks of class. All discussions will remain confidential. Students with disabilities should also contact George Mason’s University Disability Support Services Office for further assistance.

ACADEMIC INTEGRITY/HONOR CODE AT GEORGE MASON UNIVERSITY
I expect everyone to adhere to George Mason University’s Honor Code Principles Concerning Academic Integrity. See the University Catalog for a full description of it. The principles of academic integrity are taken very seriously and violations are treated gravely. What does academic integrity mean in this course? Essentially this: when you are responsible for a task, you will perform that task. When you rely on someone else’s work in an aspect of the performance of that task, you will give full credit in the proper, accepted form. Another aspect of academic integrity is the free play of ideas. Vigorous discussion and debate are encouraged in this course, with the firm expectation that all aspects of the class will be conducted with civility and respect for differing ideas, perspectives, and traditions. When in doubt, of any kind, please ask for guidance and clarification.

ASSURANCE OF LEARNING GOALS
Our graduates will develop the core skills for analysis and decision-making in complex environments (Analytical Decision Making).