

MGMTEX-493(06): CORPORATE DECISION-MAKING AND INCENTIVES

Spring 2024 - 4 Units (Hybrid)

Course Syllabus

Instructor Information

<i>Faculty of Record:</i>	Dr. Beatrice Michaeli
<i>Email:</i>	beatrice.michaeli@anderson.ucla.edu
<i>Office location:</i>	Office D.410 @ Anderson School of Management / via Skype / via Zoom
<i>Office hours:</i>	by appointment
<i>Teaching Assistant:</i>	Zitong Zeng
<i>Email:</i>	zitong.zeng.phd@anderson.ucla.edu
<i>Office location:</i>	via Zoom
<i>Office hours:</i>	by appointment

Course meeting times and location

<i>Course Day & Time:</i>	This class meets on three Sundays—April 7, May 5, June 2**—between 9:00 AM and 3:00 PM PST. **In case of conflict with other electives on June 2, asynchronous remote participation (i.e., watching a recording) is an option
<i>Course Location:</i>	TBA
<i>Course Site:</i>	Canvas

Pre-requisites/ Co-requisites

Financial Accounting class is recommended but not enforced.

Course Description

Managing the modern firm requires a significant amount of financial and non-financial information about the firm's products, processes, assets, customers, and the external environment. The objective of this course is to develop an understanding of the various ways in which information is used by management to (i) make certain critical strategic and managerial decisions (e.g., product pricing, product mix, product line extensions, transfer pricing, cost cutting); and, (ii) evaluate operating performance (e.g., awarding of bonuses and promotions, development of profit centers). No prior knowledge is required. By the end of the course, you should be able to articulate, implement, monitor, and refine an organization's strategy and develop a comprehensive framework to understand the broader implications of measurement systems for the organization. To develop such a framework, you will be exposed to the mechanics of several tools.



Testimonials

“Managerial Accounting was perhaps the best class. That’s because the biggest mistakes we make lie in not knowing which are variable and which are fixed costs... You can make all kinds of pricing mistakes...”

Satya Nadella, CEO Microsoft, Booth WMBA’97

“I think out of all the things I learned in MBA, [this] class has been the most practically useful thus far... It is clearer to me, now... that the concepts I learned... would be the basis of new innovative payment systems we are pursuing with our external partners. I imagine there are many more subjects and roles where cost accounting could unexpectedly be a driver in an innovative strategy...”

Student, UCLA FT MBA

“This class... is so important and very relevant to jobs that we are likely to get out of the MBA program...”

Student, UCLA FEMBA

“This was one of those classes where you could take what you were learning in class and directly apply it at work the next day...”

Student, UCLA FEMBA

Course Objectives

At the end of the course, students will be able to apply the following key concepts:

1. Cost information for decision-making: fixed vs. variable costs, cost-volume profit analysis
2. Measuring and managing product and customer performance: product profitability (traditional and activity-based costing, cost of capacity) and customer profitability
3. Measuring and managing firm performance: budgets, variance analysis, target setting and incentive schemes, transfer pricing
4. Linking measurement systems to strategy: strategy maps and balanced score cards
5. A broader view of control systems: the levers of control framework

Course Materials

Required:

- Class notes are uploaded to the course website on Canvas.
- Cases are available in the course reader. Link to the course reader will be provided in BruinLearn

Optional:

- Optional textbook (available on reserve at the library) is Horngren, Datar and Rajan (HDR) Cost Accounting, a Managerial Emphasis, Fifteenth Edition. You can use earlier editions.
- Additional optional reading is Richard Lambert, Financial Literacy for Managers. Finance and Accounting for Better Decision-Making, Second Edition.

Course Outline

Background reading: Interview with Satya Nadella (in Canvas)
 Glossary of Terms (in Canvas)
 Introduction to Managerial Accounting (IESE Case; in course packet)
 Accounting for Decision Making (IESE Case; in course packet)

1. **Module 1** Independent work: Cost basics
 Optional readings: HDR: Chapter 1, 2 and 4
 Watch Modules: 1a, 1b, 1c

2. **Module 2 (April 7)** **In-Person Class Meeting:** Activity-Based Costing (ABC)
 Optional readings: HDR: Chapter 5

3. **Module 3** Independent work: Activity-Based Costing (ABC), cont.
 Optional readings: Bankinter case text; Self-practice with CVP exercise
 Watch modules: 3a, 3b, 3c, 3d, 3e

4. **Module 4** Independent work: Flexible Budgets & Variance Analysis
 Optional readings: HDR: Chapter 7; Spruce Shelter case
 Watch modules: 4a, 4b, 4c

5. **Module 5 (May 5)** **In-Person Class Meeting:** Delegating Authority & Transfer Pricing
 + We will solve Dummy and Wilkerson cases
 Optional readings: HDR: Chapter 22, 23
 Required readings: Wilkerson case text

6. **Module 6** Independent work: Relevant Information for Decision-Making
 Optional readings: HDR: Chapter 11 (skip the appendix),
 Watch module: 6a

7. **Module 7** Independent work: COPVA, DEI and Ethics Topics (**NOT ON EXAM**)
 Readings: When Harry Fired Sally (article in Canvas, read first 2 pages)
 A Letter From Prison Case
 Watch module: 7a

8. **Module 8 (June 2)**** **In-Person Class Meeting:** Goal Congruence, Balance Score Cards, ESG
 + We will solve Sub-Micron, Vyaderm and Schneider Electric cases
 Optional readings: HDR: Chapter 12
 Required readings: Vyaderm case, Schneider Electric case and Sub-Micron cases texts
****In case of conflict on that date, watching video recording is an option**

9. **Module 9** Independent work: Investment Centers, cont. & Course Wrap
 Readings: none
 Watch modules: 9a, 9b

Evaluation and Grading

Required Assignments and Weighted Percentages

This course will be graded using the following weighted percentages:

Assignment	% of Grade
Discussion Participation	20%
Final Exam or Final Project (student's choice)	80%
Total	100%

I encourage active class participation and believe that there are no right or wrong answers. The participation grade reflects solely your involvement and effort.

If you choose to take a final exam, it will be taken individually at the comfort of your home. Examples are posted online. The exam will become available on June 3 (at 00:01 AM) online and will remain accessible until June 18 (at 11:59 PM). However, once you access/download/open the exam, you will have 24 hours to submit your solution. Please plan accordingly and do not attempt to open the exam if you are not ready to take it.

If you choose to prepare a final project in lieu of the exam, you will analyze a company from the perspective of one of the studied topics (e.g., variance analysis). The deadline is flexible.

Final Letter Grade

Your overall letter course grade will be determined by how your performance ranks in comparison with other students in the class according to the grade distribution model at Anderson.

Anderson Policies

Netiquette

The written language has many advantages: more opportunity for reasoned thought, more ability to go in-depth, and more time to think through an issue before posting a comment. However, written communication also has certain disadvantages, such as a lack of face-to-face signaling that occurs through body language, intonation, pausing, facial expressions, and gestures. As a result, please be aware of the possibility of miscommunication and compose your comments in a positive, supportive, and constructive manner.

UCLA Policies

Code of Conduct

All participants in the course are bound by the **UCLA Student Conduct Code**:
(<https://deanofstudents.ucla.edu/individual-student-code>)

Academic Integrity

UCLA is an institution of learning, research, and scholarship predicated on the existence of an environment of honesty and integrity. As members of the academic community, instructors, students, and administrative officials are all responsible for maintaining this environment. It is essential that all members of the academic community practice academic honesty and integrity and accept individual responsibility for their work. Academic misconduct is unacceptable and will not be tolerated in this course. Cheating, forgery, dishonest conduct, plagiarism, and collusion in academic misconduct erode the University's educational, research, and social roles.

Students who knowingly or intentionally conduct or help another student engage in acts that violate UCLA's expectations of academic integrity will be subject to disciplinary action and referred to the Dean of Students' Office.

Please familiarize yourself with **UCLA's Academic Integrity Policy**:
<https://www.deanofstudents.ucla.edu/Academic-Integrity>. Speak to your instructor if you have any questions about what is and is not allowed in this course.

Integrity in Research

Integrity in research includes not just the avoidance of wrongdoing, but also the rigor, carefulness, and accountability that are hallmarks of good scholarship. All persons engaged in research at the University are responsible for adhering to the highest standards of intellectual honesty and integrity in research.

Please familiarize yourself with the **University of California Policy on Integrity in Research**
(https://www.ucop.edu/academic-personnel-programs/_files/apm/apm-190-b.pdf)

Accessible Education & Inclusive Education

Disability Services

UCLA is committed to providing a barrier-free environment for persons with documented disabilities. If you are already registered with the Center for Accessible Education (CAE), please request your Letter of Accommodation in the Student Portal. If you are seeking registration with the CAE, please submit your request for accommodation via the CAE website. Students with disabilities requiring academic accommodations should submit their request for accommodations as soon as possible, as it may take up to

two weeks to review the request. For more information, please visit the CAE website (www.cae.ucla.edu), visit the CAE at A255 Murphy Hall, contact CAE by phone at (310)825-1501, or by telecommunication device for the deaf at (310) 206-6083.

Equity, Diversity, and Inclusion

Please familiarize yourself with UCLA Anderson's commitment to maintaining an equitable, diverse, and inclusive community:

(<https://www.anderson.ucla.edu/about/equity-diversity-and-inclusion>)