

COURSE SYLLABUS  
SOUTHEAST MISSOURI STATE UNIVERSITY

Harrison College of Business  
Title of Course: Strategic Cost Analysis and Financial Application

Course No. BA 660  
Revised Fall 1998

I. Catalog Description and Credit Hours of Course:

Interpretation & analysis of financial information, internal & external reporting, planning & control for decision-making, and analysis of the current manufacturing environment. (3)

II. Prerequisites:

AC222 - Principles of Managerial Accounting and FI361 - Financial Management with a minimum grade of "C".

III. Purposes/Objectives of the Course: At the end of this course, students should be able to:

A. Achieve an understanding of financial analysis for management decision-makers in such areas as:

1. cost of capital,
2. capital budgeting,
3. working capital management, and
4. financial statement analysis.

B. Understudy and appreciate current manufacturing cost strategies and their impact on decision-making in the following areas:

1. strategic cost management,
2. activity-based-costing,
3. performance evaluation, and
4. internal strategic cost management.

IV. Expectation of Students:

- A. Application and demonstration of vigorous analytic reasoning, both oral and written.
- B. Interactive learning between students and instructor.
- C. Enhancement of group interaction skills through in-class and out-of-class assignments.
- D. Enhanced research and computer abilities.

V. Course Content or Outline: (Suggested Time in 50-minute periods)

A. The Changing Role of Accounting and Finance in Business Organizations and the impact on Cost Management (3)

1. World-class manufacturing
2. High quality achievement

B. Environmental Issues (3)

1. Impact of manufacturing technology on the environment.
2. Social accounting for environmental impact

C. International/Global Impact (1)

1. ISO 9000
2. Models of international finance and accounting
3. Foreign currencies, Hedging, and currency translation impact
4. Technological comparisons

- D. Ethics (3)
  - 1. IMA Standards of Ethical Conduct
  - 2. Ethical Expectations, National and International
  
- E. Framework for Strategic Cost Management (4)
  - 1. Product cost flows
  - 2. Elements of Manufacturing Costs
  
- F. Activity-based Costing (ABC) Systems (3)
  - 1. Benchmarking value-added activities
  - 2. Advantages/Disadvantages of ABC
  
- G. Strategic Planning: Operational and Financial (3)
  - 1. Budgets
  - 2. Long-term financial planning (pro-forma)
  - 3. Product life-cycle analysis
  
- H. Understanding Financial Reporting (3)
  - 1. Internal: Cost, profit, and investment centers
  
- I. Management Performance Evaluation (6)
  - 1. Behavioral/Quality Evaluations
  - 2. Segment Analysis
  - 3. Transfer pricing: benefits/pitfalls
  
- J. Cost of Capital (2)
  - 1. Risk and Return concepts
  - 2. Stock and Bond valuation
  - 3. Financial and operational leverage
  
- K. Capital Budgeting (6)
  - 1. Traditional methods
  - 2. Discounted cash flow methods
  - 3. Strengths/weaknesses of capital budgeting methods (risk)
  - 4. Cash flow projections
  
- L. Financial Statement Analysis (External) (3)
  - 1. Ratios
  - 2. Industry comparison
  
- M. Working Capital Management (2)
  - 1. Cash management
  - 2. Non-cash working capital management
  
- N. Exams (3)

Total hours: 45

## VI. Textbook(s) and/or Other Required Materials

- A. Rayburn, 6th edition, Cost Accounting: Using a Cost Management Approach (selected chapters)  
Irwin Publishing 1996.

Ross, Westerfield & Jaffe, 4th edition, Corporate Finance (selected chapters) Irwin Publishing 1996.

B. Current/topical events will also be discussed, leading to library research.

C. A current business professional periodical, i.e., Wall Street Journal, Barrons', Investor's Business Daily, will be helpful.

VII. Basis for Student Evaluation:

A. Class Discussion and Contribution: Students will summarize and be prepared to present the results of the case assigned each week. They will also summarize and present results from research paper assignment(s).

B. Performance level on assignments. Students will prepare a research paper(s) based on topics assigned by the instructor. They will work extensively on cases from the manufacturing arena. Also, students will be expected to locate, summarize and be prepared to present a current article related to text and/or in-class, current material.

C. Performance on micro-computer projects. Students will be expected to prepare spreadsheets based on problems and/or cases and to produce all written work through the computer.

D. Performance on examination(s). In addition to normal text material coverage on exams, graduate students will be held accountable on exams for case material, research papers, and article summaries.

E. Performance on Group Projects. Group projects and presentations will be used in the following approaches:

1. results of research papers,
2. case solutions, and/or
3. current topic research.