

## University of Haifa – School of Business Administration

### International MBA – Orchid Class

### Managerial Accounting Aug-Sep 2020

### Course Number: 209.4961

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Office hours: by appointment

Course Website: Moodle

#### Overview

The purpose of the class is to introduce students to modern tools and techniques designed to generate performance measures used for decision-making, leadership, and control purposes. Accounting-based performance measures are used for a variety of managerial decisions such as make vs. buy, product pricing, and profitability analysis (e.g., activity-based costing for customer lifetime value)

In addition, to further illustrate how performance measures are integrated into incentive systems to align the objectives of (department/C-level) managers with those of the shareholders. Key building blocks of such incentive systems are cost allocations, transfer pricing and compensation schemes. At a time where performance measurement is one of the fastest-growing areas for consulting firms, this course illustrates the strengths and weaknesses of commonly used performance metrics, e.g., Economic Value Added (EVA) and Balanced Scorecard. It serves as an important background for a variety of electives in management and accounting as well as for consulting-related courses

## Objective

The objective of the class is to provide students with practical tools in order to make informed leadership decisions as part of global company these days on how to drive and shape the business, generate cost and capacity optimization, lead scenario planning and what if analysis to provide recommendations to decision makers. This is driven by building and maintaining a robust system of planning & control:

Planning: is including activity-based costing, budgeting, flexible budgeting, cost-volume-profit analysis, cost estimating, and the costs of outsourcing

Control: is including standard costing, variance analysis, responsibility accounting, and performance evaluation

## Class materials:

- **Principals of Accounting**, Larry Walther, PHD, CPA, CMA – available online at: <https://www.principlesofaccounting.com/>
- Additional materials will be on Moodle, including class outlines, homework problems, case materials and suggested problem solutions
- Other business/economic journals, web/written published material
- Published web site list will be provided

## How will you be graded?

Grades will be assigned based on the following:

Homework 10%

Case studies 10%

Attendance 10%

Final Exercise to be submitted 70% (E2E study case)

**Total 100%**

## Homework and Participation:

Homework has been assigned to each chapter. Homework completion is mandatory and will be collected & checked. You are expected to come prepared and participate in the class. Your participation will help you get a better understanding in class

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Feel free to ask questions or relate personal experience that adds to our understanding of the material. Attendance is mandatory, will be taken regularly and will count towards the participation grade.

### Case studies

Two case studies related to the topics covered in the class will be assigned to you. You are expected to prepare a brief write up of your analysis for submission and come to class prepared to discuss each case study.

### Key concepts

Product costing and pricing  
Activity based costing/management (ABC/ABM)  
Profitability and variance analysis  
Transfer pricing including tax considerations for international transactions  
Performance measurement and incentives  
ROI, EVA, and other performance metrics  
Non-financial performance measures ("Balanced Scorecard")

### Tentative class schedule

Date	Topic	Readings	Suggested class exercise
Session 1 Aug 6, 2020	Intro. to managerial accounting, what drives decision making & cost accounting fundamentals	Chapters 17-18	I-17-02, I-17-03 I-18-01, I-18-03, I-18-04
Session 2 Aug 13, 2020	Product costing, capacity modeling, actual/standard costing, ABC, Transfer pricing	Chapters 19-20	I-19-02, I-19-04 <b>Case study</b>
Session 3 Sep 3, 2020	Budgeting, BVA & Forecasting short/long term, Opex, Capex Study case	Chapter 21	I-21-01, I-21-02 <b>Case study</b> I-22-01, I-22-03, I-22-04
Session 4 Sep 10, 2020	Decision making, scenario planning, ROI, tools & KPI's financial / non	Chapters 22, 24	I-24-01