



PREPARING INNOVATIVE LEADERS FOR GLOBAL IMPACT

**MGx 271**  
**Strategic Cost Management**  
**Spring 2022**

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e-mail: I prefer you to **message me in Canvas** to keep class messages from becoming intermingled with email; however, if needed my UCD email address is:  
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**Brief Bio:**

I've been a Professor of Management at the GSM since 2010 and before that was on faculty at Rice University and the University of Michigan. My doctorate and masters degrees (Harvard University) are in business economics (not accounting? That's right. And is a first indication of what this course is ... and is not) and my undergraduate degree is in engineering (Princeton University). I worked in the auto industry before returning for my doctorate and since then, I've done research and consulting in a wide range of industries including: heavy manufacturing, textiles, office furniture, electronics, and pharmaceuticals; retailing; transportation/distribution; and a variety of service (or product-as-service) industries such as: passenger airlines, healthcare, software, and financial services. I'm currently the Treasurer of a national not-for-profit organization that provides advanced science education for high school students during the summer. In my free time I normally enjoy travel; however, with the challenges of recent years I've spent more time with my hobbies: quilting, knitting, gardening, and cooking. My partner of 32 years recently retired from the UC Davis School of Veterinary Medicine where he was Director of IT. We live in Winters and have two adult sons. A year ago we got Sam, a chocolate labradoodle. He's a bundle of energy who loves to run the hills of our hobby farm and to torment the resident feral cat. She isn't the least bit interested.

**Office Hours** by appointment – message me in Canvas to schedule a Zoom chat or in-person meeting

**Class Meeting Time and Final Exam Schedule**

**MGB 271 Ed Bldg Room 1502:** Odd weekend, Sat 9:30-12:30 & 1:30-4:30pm: 3/26, 4/9, 4/23, 5/7, 5/21; Zoom exam 6/5 1 pm -4 pm  
**MGP 271 MC Room 2205:** Even weekend, Sat 9:30-12:30 & 1:30-4:30pm: 4/2, 4/16, 4/30, 5/14, 5/28; Zoom exam 6/5 1 pm -4 pm  
**MGT 271 GH 1302:** Monday 12:10 – 3pm; 3/28, 4/4, 4/11, 4/18, 4/25, 5/2, 5/9, 5/16, 5/23, makeup class for Memorial Day holiday: Friday 5/27 9 - 11:50 am; Final exam 6/6 12:10 – 3pm

**Zoom:** If we are forced into online instruction by circumstances, class will be held at the appointed time on Zoom (see Canvas Announcements for link to class meeting) and I will record the session and post the recording for anyone who is unable to attend class.

## COURSE INTRODUCTION

This class examines how firms use product, process, and organizational design to establish a sustainable cost structure that is a strong foundation for superior profit performance. We will see that “structural” cost management is a critical differentiator for successful firms. It is most effective when used in combination with the more traditional “executional” cost management practices that you may have encountered in prior courses on management accounting or production and service operations.

Competitive cost structures are increasingly obtained, not through technical efficiencies of a single firm, but through innovative collaboration among firms ---- the “extended value chain.” More than half of the course examines cost management at the boundaries of the firm --- where the firm interacts with suppliers, strategic alliance partners, customers, and society.

A value chain framework is used to explore how firms design and structure business processes for strategic advantage. We start the course inside the firm, with an overview of how modern product costing systems work and their limitations as a basis for strategic cost management. Then we will turn to how firms manage costs during product design and development, and production and/or service delivery. Finally, we consider the firm within the extended value chain and examine how the firm structures relations with suppliers, customers and society to create a competitive cost structure and strategic advantage.

Students pursuing careers in consulting or business strategy and others who need to evaluate and improve existing business processes will find this course useful. Entrepreneurs will find the focus on designing organizations and value chains for sustainable profit to be relevant. Although cost accounting systems and production economics are the point of departure for the course, we will focus less on quantitative methods (e.g., budgeting, product costing, and variance analysis) and costs that are reported in accounting systems, and more on qualitative analysis and economic concepts of cost than a typical cost accounting course. We will use frameworks from operations, business strategy, economics, and marketing to understand how to use cost analysis to support business strategy.

## REQUIRED MATERIALS

**Canvas Site:** Class materials and weekly handouts are found in Canvas Modules. Periodically, we will access materials on Canvas during class for groupwork, so it will be useful for you to have access to a laptop computer or tablet with internet connection.

**Coursepack (Harvard Business Publishing):** You must purchase the coursepack that contains required case studies and readings that are not available through the Shields Library. A case that I authored that we will use in Class 10 is available free of charge on Canvas.

**Readings** All remaining readings are available through Shields Library and I have downloaded these and loaded them into the *Perusall* application that is accessible through Canvas. *Perusall* is strictly an online reader application where you may read and annotate articles and read/comment on annotations of other students. You may not download articles from *Perusall*. If you want to download a reading for personal use, you must access it through the library using the hotlinks in the Reading Schedule. To directly access the library from home, you first need to connect to the [library VPN](#).

**Textbook** There is no textbook that is well-aligned to this course; however, I have identified an open access textbook (Principals of Accounting: Volume 2 Managerial Accounting) that has several chapters that are useful for the first three class sessions. The relevant chapters are available on Canvas in a Module labeled Textbook Chapter [#].

## COURSE ASSESSMENT

Learning and subject mastery will be assessed as follows:

<i>Class participation</i>	15%
<i>Homework Assignments</i>	15%
<i>Team project</i>	15%
<i>Final exam</i>	55%

### *Class Participation*

The class is taught using the case method and class participation is graded in every class. Several modes of participation are eligible for participation credit, including:

- Answering a question when asked
- Asking a question that is pertinent to the conversation at hand
- Contributing relevant experience from your work that builds on or elaborates on class discussion
- Presenting results of your groupwork to the class
- Presenting part of your team project

Importantly, class participation grades are *not based on class attendance*. Attendance is a necessary but not a sufficient condition for earning in-class participation marks.

I will drop the lowest daily class participation mark. Thus, if you must miss class for any reason, one absence will carry no participation penalty. You are still responsible for the material covered in class, so get notes from a classmate and review class handouts posted on Canvas. If you must miss class, I would appreciate a short Canvas message to alert me to your absence. This is not required but helps me to be aware of your needs. You are welcome to attend another section of the course if you must miss a meeting of your section; however, this may not be adequate for the classes that involve preparation for and presentation of the team project. If you miss class, please obtain notes from a class member and check Canvas for class materials that are “distributed” during and after class.

### *Homework Assignments*

There are five (5) homework assignments that correspond to classes 2, 3, 6, 8 and 9.

**Questions about the case and readings that are to be answered in your homework are designated by an asterisk (\*)** in the *Class Preparation Questions* document (on Canvas). When you are ready to submit your homework, go to the Quiz section of Canvas and input your answers before the start of class. The Quiz will cover only the marked questions, exactly as worded in the *Class Preparation Questions*. The Quiz will close at the start of class and **late assignments will not be accepted**. I will drop your lowest homework grade, so if you are unable to complete an assignment on time, this will serve as your dropped mark.

**What is allowed: homework is an Individual Assignment; however, group discussion beforehand is permitted.** Although I encourage you to work together on class preparation, *you must complete the weekly Canvas “Quiz” independently*. That is, it is an honor code violation to for students who study together to collaborate on the quiz itself or to copy and paste the same response for a question into the quiz. Submitting the work of another student or permitting another student to copy your work are violations that will be referred to Student Judicial Affairs. Work together to understand the issues, but then step back from the group discussion to write a response in your own words. This is a low stakes assessment, but it is an important tool for you to self-diagnose areas of confusion and for helping me to identify areas that need clarification. The questions are designed to prepare you to participate in class. If you do not give sufficient

attention to them before class, you may find the pace of class challenging and have difficulty participating in the discussion.

Homework is graded based on 50 points. I do not expect that you will answer every question perfectly. I expect that you will approach each question thoughtfully and that your answers will demonstrate consideration of the issue(s) and the case data. Homework will not be a significant determinant of the course grade unless it is significantly incomplete. Nonetheless, those who do not prepare for class to the level that the homework demands will have difficulty with more important course assessments.

### ***Team Project***

The team project requires a team paper and the ability to do a short presentation on demand. Depending on class size, all teams may not present. My aim is to select presentations that will stimulate discussion of important issues, not to grade a presentation. The final submitted team paper and slidepack are the basis for the team project grade. The presentations and ensuing class discussion will be treated as normal class participation.

Each team is to work without assistance from anyone who is not a member of the team. Actions to the contrary are a violation of the honor code by the team. Although responsibility for specific tasks may be delegated to one or two team members, the team should involve all team members in the assignment and balance the workload among team members. A *Peer Evaluation* will be administered as a Canvas Quiz after the project is completed. Unless evidence is provided to the contrary, I will assume that all team members contributed appropriately to the assignment and team members will receive a common grade. If I determine that it is warranted, the penalty for individuals who shirk their team responsibilities may range from no credit to a significant reduction in the individual's grade as compared to the project grade.

### ***Final Examination***

The open-note final exam will be based on a comprehensive case study and related articles. The case and articles will be made available after the last section of the course meets, to give you time to read and consider the materials before the exam itself. The exam will include several short answer questions and a couple of longer essay questions. A makeup exam will be offered ONLY for substantiated personal emergencies and will be given after all course grades are filed, most likely during the next term.

## **ADVICE FOR CLASS PREPARATION**

Class preparation requires significant reading; however, all readings should not be approached with the same intensity or attention to detail. The *Reading Schedule* indicates which readings should be completed before class. In general, **the required case will form the backbone of our discussion**. Significant articles that present theory and frameworks will lend structure to the discussion. Finally, a number of "light" articles from the popular press will be used to 1) update and extend the case, and 2) present complementary issues and perspectives that may not be explored fully in the case or that differ by industry. The latter readings should be skimmed, but clearly do not warrant the same level of attention as the other readings. Some readings will be used for in-class exercises.

For each class, the case and advance readings are accompanied by a set of questions found in the document, *Class Preparation Questions*. These questions do not represent fully the material that we will cover in class. They are intended to guide your preparation. I recommend that you read the materials first and then draft a brief response to the questions. If possible, discuss your ideas in a study group before class.

## UNIVERSITY POLICY

### Statement on Accommodation

UC Davis is committed to educational equity in the academic setting, and in serving a diverse student body. All students who are interested in learning about how disabilities are accommodated can visit the [Student Disability Center](#) (SDC). If you are a student who requires academic accommodations, please contact the SDC directly at [sdcc@ucdavis.edu](mailto:sdcc@ucdavis.edu) or 530-752-3184. If you receive an SDC Letter of Accommodation, submit it to your instructor for each course as soon as possible, at least within the first two weeks of a course.

### Rights and Responsibilities

All participants in the course, instructor and students, are expected to follow the UC Davis [Principles of Community](#), which includes affirmation of the right of [freedom of expression](#), and rejection of discrimination. The right to express points-of-view without fear of retaliation or censorship is a cornerstone of academic freedom. A diversity of opinions with respectful disagreement and informed debate enriches learning. However, in this course, any expression or disagreement should adhere to the obligations we have toward each other to build and maintain a climate of mutual respect and caring.

You are expected to take UC Davis's [Code of Academic Conduct](#) as seriously as we do. You were given this code of conduct with explicit explanations of violations (e.g. plagiarism, cheating, unauthorized collaboration, etc.) and your responsibilities in regard to them during orientation, and you signed a statement affirming that you understand it. Academic conduct violations will not be tolerated, and your instructor will not hesitate to turn violators over to Student Judicial Affairs. If you are uncertain about what constitutes an academic conduct violation, please refer to the code linked above, contact your instructor, or refer to the [Office of Student Judicial Affairs](#).

All material in the course that is not otherwise subject to copyright is the copyright of the course instructor and should be considered the instructor's intellectual property.

### Safety and Emergency Preparedness

UC Davis has many resources to help in case of emergency or crisis. While reviewing campus [Emergency Information](#), you may want to register for UC Davis Warn Me and Aggie Alert, which will give you timely information and instructions about emergencies and situations on campus that affect your safety. If there is an emergency in the classroom or in non-Davis locations, follow the instructions of your instructor.

### Disclaimer

Unexpected events might require elements of this syllabus to change. I will inform you of any changes.