

**Cost Management Systems to Support World-Class Operations**  
**Accounting 6310: T/Th 3:00 – 4:15, BUS 322**  
**Spring Semester 2009**

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**Instructor:** Rosemary Fullerton, Ph.D., CPA  
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**Office Hours:** T and TH, 12:30-2:00 and by appointment

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**Required Reading Material:**

*Andy and Me: Crisis and Transformation on the Lean Journey.* Pascal Dennis, Productivity Press, 2005.  
*Practical Lean Accounting.* Brian Maskell and Bruce Baggaley, Productivity Press, 2004.

**Course Description:**

Anchored by the Toyota Production System, the Lean philosophy has emerged as one of the most significant business strategies in the last three decades. Although the information needs are much different for the lean enterprise, management accounting has been slow in evolving to meet those needs. This class will focus on how management accountants can become an integral part of the “lean team” by eliminating waste in their own processes and providing relevant information and timely feedback that support lean environments.

**Course Goal:**

To teach students the principles of lean thinking and how accountants can develop and support lean initiatives. To help students understand the critical need for change in internal accounting systems to support world-class operations.

**Course Objectives:**

1. Develop an understanding of and appreciation for the lean philosophy, including the concepts underlying the Toyota Production System and related lean practices.
2. Master essential lean techniques through hands-on project training.
3. Recognize the deficiencies of traditional accounting methods for providing relevant information for lean transformations and decision-makers in world-class companies.
4. Develop a perspective of how contemporary (lean) accounting methods provide relevant and timely feedback to world-class companies.
5. Gain a practical understanding of lean applications and lean thinking from plant visits and professional discussions.
6. Gain exposure to various contemporary internal accounting methods used for decision making.



### **Class Attendance and Participation:**

Since class attendance and participation constitute a significant portion of the course grade, you are expected to attend each class and effectively contribute to both group and class discussions. In order to do this, you must come prepared to each class, having carefully read the assigned material and analyzed the relevant issues. You will be expected to make insightful responses to queries and comments by your peers and instructor. Quality participation is more highly regarded than quantity. Unless specified otherwise for specific events, attendance and participation will be graded for each class per a ✓-, ✓, ✓+ (1, 2, or 3 points) system. To receive maximum participation points, you must average 2.5 for the course. Along with the professor, you will keep track of your own personal participation (honor system), and the two scores will be averaged. You will be granted two free absences; additional absences will receive zero points for that day. If you attend class unprepared, you will receive a ✓-.

### **Group Project**

The group project will be an extensive, “real-world” case study involving an on-campus support process--- either of your choice or assigned. Current and future state value stream maps, A3 reports, and Kaizens will be included in the project. Each team will give an oral presentation related to the project, accompanied by a written summary document. A detailed handout explaining the assignment will be distributed later.

### **Management Accounting Research Paper**

A 4-6 page (double-spaced) research paper related to contemporary management accounting issues will be required from each student. A minimum of four references is required. An outline of your report and a copy of your bibliography are due on **April 7**; the final report is due on **April 21**. A detailed assignment sheet will be distributed later in the semester. **Late reports will NOT be accepted.**

### **Cell Team Members**

You are all empowered team members of the Accounting 6310 value stream. As such, you are encouraged to make continuous improvement suggestions over Blackboard throughout the semester. All suggestions will be assessed by the value stream leader (professor!), and if deemed appropriate and possible will be implemented. You will also be organized into cells (groups) of four to five team members. Several classroom activities and assignments will be conducted in team cells. Each in-class activity will be worth 10 points based primarily on participation. You may be excused from one in-class activity, but please contact your value stream leader prior to class, if possible. At the end of the semester, each student will be asked to submit a peer evaluation of individual team member efforts, which may affect team activity grades. If problems occur amongst team members during the semester that seem unsolvable, please inform your value stream leader immediately.

### **5S Assignment**

Each student will complete a 5S project, including before and after photos and audit information. On **March 3**, each student will make a five minute oral “report out” of their 5S project. Assignment details will be supplied later.

### **Final Exam**

The final exam will be a take-home case study. You will be able to use any available resources, except for your peers. The exam will be handed out on the last day of class and be due back by the scheduled final exam time—**April 28, 1:30**.



## Course Grade

Course grades will be assigned per the following points:

Class attendance and participation	100
Homework assignments	35
Group project	100
Research paper	60
In-class quizzes and activities (10 points ea)	80
5S Report out	50
Final Exam	<u>50</u>
Total Points Possible	<u>475</u>

Grades will be posted during the semester on Blackboard. The final letter grade will be determined per the following percentages of the earned points: 93-100%, A; 90-92%, A-; 87-89%, B+; 83-86% B; 80-82% B-; 77-79% C+; 73-76%, C; 70-72%, C-; 60-69%, D; Below 60%, F

## Homework Assignments

You will be given various homework assignments related to the reading material. Each homework problem/question will be graded per a ✓-, ✓, ✓+ (1, 2, or 3 points) system. Grades will be based on completeness, correctness, and neatness. To receive maximum participation points, you must average 2.5 for the course.

## Technical Resources

This class will be using Blackboard for some assignments, communications, and grade reporting. You can access Blackboard at <http://bb.usu.edu>. For your reference, Blackboard will have available an updated class calendar and miscellaneous class information.

## Professional Demeanor

The purpose of the College of Business and School of Accountancy is to prepare students for the business world and accounting profession. This class will therefore be run in a professional manner. It is important that we all show respect for each other. Punctuality, attendance, attention, preparedness, and courtesy are all expected. An appropriate business attitude also includes not disrupting the class with cell phones or surfing the web, not talking during lectures, not packing up your materials with five minutes to go in the class, treating your peers with respect, adhering to the highest ethical standards, keeping your commitments, and communicating in a timely manner when emergency situations arise.

Violations of the USU Honor Code in this class are taken very seriously. (Refer to the USU Spring 2009 Schedule of Classes, page 103.) Any form of cheating will result in an automatic failing grade, plus disciplinary measures under the USU student code. Also, if you are aware of cheating that is occurring in the class, it is your ethical responsibility to discreetly report it to the professor. *"We will not lie, steal, or cheat, nor tolerate any among us who does."* - U.S. Air Force Academy Honor Code.

## Disability Resource Center

If a student has a disability that will require some accommodation by the instructor, the student must contact the instructor and document the disability through the Disability Resource Center, preferably during the first week of the course. Any requests for special considerations relating to attendance, pedagogy, examinations, etc. must be discussed with the instructor.

**Accounting 6310**  
**\*Tentative Class Schedule**  
**Spring 2009**

\*Efforts will be made to adhere to the following schedule, but it is a **tentative** schedule. Any changes will be announced in class and updated on Blackboard. Students are responsible for all changes in the course schedule, whether or not they are present when the changes are announced.

\*\*PLA – *Practical Lean Accounting* by Maskell and Baggaley

<b>Date</b>	<b>Topic</b>	<b>Readings/Assignments</b>
Jan 6	Course Introduction	History of lean production Lean Quiz
Jan 8	Lean Thinking as a Business Strategy	Andy and Me (pp. 1-63) Information Sheet Due
Jan 13	Lean Principles	Andy and Me (pp. 64-113) Penny Exercise
Jan 15	Lean Tools and Techniques	Andy and Me (pp. 114-173) **PLA, Ch. 15, Kaizen Video
Jan 20	Waste identification Quality tools, Kaizens	SMA Lean Principles 5S assignment
Jan 22	<b>No class – Attend PIB Finance Seminar</b>	1-2 page written report
Jan 27	Shingo Prize Model – Randy Cook	Shingo Prize Model
Jan 29	Shingo Achievement Report Scoring– Randy Cook Administrative & Business Results	Shingo Prize Achievement Report
Feb 5	A3 Report and Value Stream Mapping	PLA, Ch. 22, handouts
Feb 5	<b>Lean production and cellular operations</b>	<b>Airplane simulation</b>
Feb 10	Lean in services	Jax Tax Case Dentist article <b>Project Plan Due</b>
Feb 12	Leaning accounting processes History of management accounting Introduction to lean accounting	PLA, Chs. 1, 2, & 6
Feb 17	<b>No Class—attend Monday classes</b>	
Feb 19	Deficiencies of traditional accounting Principles of Lean Accounting	PLA, Chs. 3, 4, & 5
Feb 24	Value Stream Costing	SMA Lean Accounting PLA, Chs. 7, 8, & 9
Feb 26	Plant tour	
Mar 3	5S projects	<b>5S report outs</b>
Mar 5	5S projects	<b>5S report outs</b> Lean accounting video
Mar 10	<b>No Class – Spring Break!!</b>	
Mar 12	<b>Spring Break Continued</b>	
Mar 17	Product Costs and Lean Decisions Lean accounting P&L	PLA, Chs. 10, 11
Mar 19	Guest Speaker – Staci Gunnell, Autoliv	
Mar 24	Lean Performance Measures—linkage charts	PLA, Chs. 18 & 19

Mar26	Transitioning to Lean Accounting	PLA, Chs. 12, 13, & 20 Handout
Mar 31	<b>No class—work on class projects</b>	
Apr 2	<b>Group project oral presentations</b>	<b>Written report due</b>
Apr 7	Challenges to lean implementations Criticisms of lean accounting	Thomas Johnson articles <b>Research paper outline due</b>
Apr 9	<b>Barnes Aerospace plant tour</b>	
Apr 14	Beyond Budgeting, Balanced Scorecards	Handouts
Apr 16	Target costing, Activity-based accounting, and resource consumption accounting in lean environments	PLA Ch. 16
Apr 21	Management Accounting Case Study	TBA <b>Research Paper due</b>
Apr 23	Course Report Out	
<b>Apr 28</b>	<b>Final Exam: 1:30 – Assigned Case Study Due</b>	



### Four Stages of Learning

**Unconscious incompetence: We don't know we don't know.**

- We have blissful ignorance.
- Our confidence exceeds our ability.
- We are not knowledgeable or skilful.

**Conscious incompetence: We know what we don't know.**

- We discover a skill we wish to learn – driving a car, riding a bike.
- Our confidence drops as we realize our ability is limited.
- We need to practice to learn. Often this means not succeeding at first. This is learning; unfortunately, in our culture it is often labeled “failure.”
- We feel uncomfortable.

**Conscious competence: We know how to do but with great effort.**

- We acquire the skill.
- We become consciously competent.
- Our conscious mind can cope with a small number of new bits of information at any one time.
- Our confidence increases with our ability.
- We have to concentrate on what we know/do.

**Unconscious competence: We can do with ease.**

- We blend the skills together and they become habits.
- We can then do them while our mind is on other things. We have reached the stage of unconscious competence. Our confidence and ability have peaked.
- We no longer have to concentrate on what we know/do.