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## [ACC-2] MANAGERIAL ACCOUNTING

### Introduction

Decision-making has multiple implications: economic, personal, moral, immediate short-term effects and long-term effects that we may not even get to see. Without losing sight of the wide gamut of dimensions implied in corporate decision-making, participants in the program must familiarize themselves with the use of cost information when selecting operational alternatives, as often, the economic consequences of our decisions will play a key role in decision-making. Thus, understanding the nature and behavior of costs should be second nature to any manager.

The Managerial Accounting course is intended to initiate us in the “language” of relevant costs for decision-making, understanding the nature and behavior of costs and becoming familiar with the contribution margin concept. Building on this, we further explore the use of cost information when selecting operational alternatives.

Calculating the economic consequence of alternate actions is a key part of managing organizations – large or small; profit making and nonprofit; manufacturing, merchandising and service. Managers must not only be able to identify relevant costs, but also understand how cost information is generated. Systems that collect, group and report information about costs and revenues are vital sources used by management to monitor business evolution and make decisions.

### Objectives

At the end of the course participants should be able to understand and master the economic principles governing decision-making and be able to calculate the economic consequences of alternate courses of action. Three additional objectives are: to improve in the ability to correctly interpret statements and reports about product profitability, to master the methodology used to portray the dynamic economic structure of a company, complementing the insights provided by financial accounting and, understand how the information needed for the previous objectives is to be gathered, accumulated and presented.

## Competences

### Basic Competences

- Possess and understand knowledge that provides a basis or opportunity to be original in the development and / or application of ideas, often in a research context. (CB6).
- The students know how to apply the knowledge acquired and their ability to solve problems in new or unfamiliar environments within broader (or multidisciplinary) contexts related to their area of study. (CB7).
- The students can integrate knowledge and face the complexity of formulating judgments based on information that, being incomplete or limited, includes reflections on social and ethical responsibilities linked to the application of their knowledge and judgments. (CB8).
- Students know how to communicate their conclusions and the knowledge and ultimate reasons that support them to specialized and non-specialized audiences in a clear and unambiguous way. (CB9).
- Students possess the learning skills that allow them to continue studying in a way that will be largely self-directed or autonomous. (CB10).

### General Competences

- To distinguish and categorize relevant information effectively for business decision making. (CG7).

### Specific Competences

- To devise a personal ethical framework for decision making in the organization through reflection and critical discussion of the traditional ethical thought systems. (CE12).
- To estimate the operating needs of funds and choose the most appropriate financial products for financing: credit policies, factoring, confirming, terms of payment with clients and suppliers, etc. (CE21)
- To design cost allocation systems to evaluate the profitability of products, customers, and departments. To understand incentives and behaviors stemming from the system within the organization. (CE26).

## Content

The course relies on latest research and best practices to cover the main roles and uses of accounting information in business. We focus on business decisions, i.e. the choices between several tactical, operational and strategic alternatives, respectively, available to a firm.

Three questions are addressed:

- How can managers use accounting information to analyze alternatives and to make good decisions that improve business performance and create value?
- How can managers design internal accounting systems and reports to obtain relevant and reliable accounting information?
- How can managers use accounting information to guide staff towards making good decisions that improve business performance and create value?

Most importantly, however, we identify likely applications to your career as a manager and leader in your firm and in society.

## Evaluation

Your course grade will be based on your performance in class 50% (SE4) and on the consolidation activities 50% (SE2). Note that participation is an important part of your evaluation.

Performance in class refers to your active and individual class participation. I use a simple 3-point system: 1 point for saying something positive; 2 points for saying something relevant; 3 points for pushing the class forward and/or a significant contribution. Note that quality is more important than quantity. The exact rules of the game will be explained in class and in the instructions for the assignment.

### **ADENDA COVID-19**

Ha sido necesario ajustar el calendario, para brindar la mejor experiencia de aprendizaje posible. Por esta razón, la clase presencial de esta asignatura ha sido pospuesta hasta seis meses.