

MACQUARIE
UNIVERSITY



FACULTY OF
BUSINESS AND ECONOMICS

ACCG845

PERFORMANCE MEASUREMENT AND MANAGEMENT

SEMESTER 2, 2010

DEPARTMENT OF ACCOUNTING AND FINANCE

**MACQUARIE UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS**

UNIT OUTLINE

Year and Semester:	2010, Second Semester
Unit Coordinator:	Associate Professor Sujatha Perera
Prerequisite/Co-requisites:	None <i>(However, it is assumed that students enrolled in this unit have successfully completed at least one undergraduate unit in management accounting.)</i>
Credit points:	Four (4)

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit. Additional material referred to in the unit outline must be read and are considered integral parts of the unit outline. If anything in it is unclear, please consult the Unit Coordinator, A/Professor Sujatha Perera.

ABOUT THIS UNIT

Unit Description

- This unit is designed for students who are interested in gaining an understanding of performance measurement systems used in contemporary organisations to achieve their organisational objectives successfully. The unit critically examines issues relating to performance measurement systems and strategy implementation, measuring performance of business units and employees, and linking performance measurement to reward systems. It draws on academic research, and uses case studies to encourage students to apply what they learn to real world scenarios.

TEACHING STAFF

Associate Professor Sujatha Perera
E4A Room 238
Tel: 9850 8525
Email: sujatha.perera@mq.edu.au

CONSULTATION TIMES

Consultation: By appointment

You are encouraged to seek help at a time that is convenient to you from the Unit Coordinator. Staff will not conduct any consultation by email. Please note that staff will only answer emails sent from official Macquarie University email account.

To access Room 238 in Building E4A, students must use the phone at the foyer and dial extension 8525 to inform A/Prof Sujatha Perera that you wish to consult in person.

Students experiencing significant difficulties with any topic in the unit must seek assistance immediately.

CLASSES

- This unit is comprised of a maximum of 12 classes. Each class is two hours and 50 minutes in duration. During this time, lectures, instructor-led discussions, group and individual work (including presentations) may be held.
- Classes are scheduled, on Mondays from 2:05 – 4:55pm.

PRESCRIBED TEXT AND MATERIAL

- Simons, R., (2000), Performance Measurement and Control Systems for Implementing Strategy, 3rd ed., New Jersey: Prentice-Hall Inc.

This text is available in the Library and may also be purchased from the Macquarie University Co-op Bookshop.

- Additional required materials (see p. 7 & 12) may be found on e-reserve. See link on the unit Black Board.

TECHNOLOGY USED AND REQUIRED

No specific technology is used in this unit other than the Black Board.

UNIT WEB PAGE

- The web page for this unit can be found at: <http://learn.mq.edu.au>
- Consult the unit web page frequently as it contains various unit related documents including lecture notes, readings, detailed information on assessments and administrative updates.

LEARNING OUTCOMES

1. An understanding of performance measurement and management concepts and techniques in the context of organisational strategy, control and decision-making.
2. An understanding of the role of performance measurement and management systems in contemporary organisations.
3. Ability to critically analyse the performance measurement and management systems in organizations.
4. An appreciation and understanding of the factors influencing changing information needs and performance measurement systems.
5. An appreciation and understanding of the behavioural consequences of performance measurement and management systems.
6. Ability to apply the concepts, frameworks and techniques relating to the design, implementation and operation of performance measurement and management systems in organisations.
7. Ability to identify, monitor, and control strategic risks that affect organisational performance.

GRADUATE CAPABILITIES

1. Discipline Specific knowledge and skills
 - a) identify and define key terms (basic concepts) used in performance measurement and management systems.
 - b) describe the foundations for formulating and implementing strategies where approaches to strategy implementation require distinct performance measurement techniques.
 - c) recognise and apply traditional and contemporary approaches to measuring and managing organisational performance of profit and non-profit sectors.
 - d) design performance measurement and management systems.
 - e) understand and explain measuring various aspects of employee performance and the use of incentive systems to motivate functional behaviour.
 - f) extend the application of performance measurement systems to identify, monitor and control strategic risk.
2. Critical, analytical and integrative thinking.
3. Problem-solving and research capability.
4. Creative thinking skills to imagine, invent and discover.
5. Effective communication, in orally and written form.
6. Engaged and ethical local and global citizens.
7. Capable of professional and personal judgement and initiative.
8. Commitment to continuous learning.

Class discussions, presentations and group work should be useful in developing such skills and capabilities.

TEACHING AND LEARNING STRATEGY

Classes constitute a critical learning experience of this unit and there is an expectation that students attend all of them. The teaching and learning strategy for this unit are workshop based and includes a lecture, participatory discussions and activities, and student presentations.

Classes will include a lecture component to introduce students to specific topics that relate to performance measurement and management (the topics for each week are provided on page 7 of this unit outline). The lecture component will be led by the Unit Coordinator with allowance made for student participation. The lecture notes/slides will be available on the unit website prior to classes. Students should print hardcopies of the relevant lecture notes before coming to class. It is important to note that lecture notes simply provide a guide to the material covered in the lecture component and must not be regarded as substitutes for the contents of the textbook or the prescribed readings.

Classes also include a component of participatory discussion, where a highly student-centred discussion of the case assignment (with set questions) is facilitated by the Unit Coordinator. Participatory discussion is extended to include in-class exercises, short problems and cases. This component is designed to provide an interactive environment in which students will be able to discuss issues and problems with each other (individually or in groups) and the unit convenor, in order to improve their understanding of the material and to engage students in active learning.

Independent student learning is encouraged in this unit, and it is essential that students assume responsibility for their learning process. Therefore, the following is expected from all students:

- Students must read the relevant chapter(s) and prescribed readings before coming to class.
- Students must prepare written responses to all pre-set problems and/or case studies.
- Students should respond to questions raised during classes.
- Students must ask questions if there is any material pertaining to a particular topic that they do not understand.
- Students are encouraged to challenge the assumptions of the Unit Coordinator and their peers during discussions and explore opposing points of view.
- Students should follow current developments where possible to enrich their learning experience.

Generally, classes will be structured as follows:

Hour	Activity
1st	Participatory discussion of the case assignment
2nd	Continuation of case assignment discussion OR individual/group in-class activities Group Presentation (commencing in Week 6) <i>(Short Break)</i>
3rd	Discussion of the week's lecture topic

CLASS SCHEDULE

Week	Lecture Topics	Readings	Case Assignments	Presentations
Week 1 2 Aug	Introduction	Robert Simons* (RS): Ch. 1 (*Prescribed text for this unit)	RS: Case 1 (p.319) - ATH Technologies Inc: Making the numbers	
Week 2 9 Aug	Basics for successful strategy	RS: Ch. 2	RS: Case 2 (p.333) - J. Boats	
Week 3 16 Aug	Using information for performance measurement and control	RS: Ch. 4	RS: Case 8 (p.396) - Roy Rogers Restaurant	
Week 4 23 Aug	Decentralization and managing profit and investment centre performance	RS: Ch. 8	RS: Case 19 (p.539) – Western Chemical Corporation: Divisional Performance Measurement	
Week 5 30 Aug	Using contemporary performance measurement systems	RS: Ch. 9	RS: Case 20 (p.531) - Chadwick Inc: The balance Scorecard	Widener (2007)
Week 6 6 Sep	Non-financial performance measures in strategy focused organizations	Kaplan & Atkinson (1998), Ch. 11 (see full reference on p. 17)	RS: Case 21 (p.544) - Mobil USM & R (A): Linking the Balanced Scorecard	Bhimani & Langfield-Smith (2007)
Week 7 13 Sep	Performance measurement in public and non-profit sectors	Merchant & Van der Stede (2007), pp. 781-790. (see full reference on p. 17)	Accountants for the Public Interest (handout)	Modell, Jacobs & Wiesel (2007)
Public Holiday				
Week 9 11 Oct	Diagnostic and interactive controls to achieve goals	RS: Ch. 10	RS: Case 23 (p.571) - Nordstrom: Dissension in the ranks? (A)	Bisbe & Otley (2004)
Week 10 18 Oct	Performance goals, incentives and executive compensation	RS: Ch. 11	RS: Case 26 (p.625) - Duckworth Industries Inc.- Incentive compensation programs	Banker, Potter & Srinivasan (2000)
Week 11 25 Oct	Ethical issues in measuring and rewarding performance	Merchant & Van der Stede (2007), pp. 685-699. (see full reference on p. 17)	Don Russell: Experiences of controllers/CFO (Handout)	Hartman & Slapnicar (2009)
Week 12 1 Nov	Identifying and managing strategic risk	RS: Ch. 12 & 13	RS: Case 28 (p.665) - Westchester Distributing Inc.	Woods (2009)
Week 13 8 Nov	Course overview			

RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

The total raw marks for ACCG845 will be calculated as follows:

Assessment Item	Weighting	Assessment
Weekly Case Study Assignments	20%	Individual
Group Presentation	20%	Group
Class Participation	20%	Individual
Final Examination	40%	Individual
TOTAL	100%	

The table on P.18 shows the link between the assessment items and graduate capabilities.

Weekly case study assignments (20%)

The objective of the case study assignments is to encourage students to apply the topics covered in classes to “real world” and practical contexts. Cases and discussion questions will be used each week to help illustrate various issues related to a specific topic area. Please refer to pages 20-24 for the weekly case assignments and case assignment questions.

Students are required to complete weekly case assignments. Five of these weekly assignments will be collected at random and awarded a mark out of 5. The best 4 of these five assignments collected will count towards the 20% assessment mark.

Case study assignment to be submitted in week 3 will be the early diagnostic task for this unit, and the marked assignment will be used to identify students that may require additional assistance in completing the unit successfully.

Assignments must be submitted in class on the due date. If there are legitimate reasons that prevent you from attending class, it is expected that you will email your assignment prior to the beginning of the class, otherwise you will be deemed not to have completed your assignment. Late assignments will not be accepted.

Assignments must be typed (word-processed) using Times Roman 12-font, one-and-a-half spacing with spaces between paragraphs and 2.5 cm margins. Marked assignments will be returned in class the week after collection and students will be provided with written feedback.

Group presentation (20%)

Each student is required to contribute to a group presentation based on an academic research paper. The objective of the group presentation is to encourage students to further develop their verbal communication and presentation skills. Group presentations also

enable students to appreciate different perspectives of others and effectively participate in a group to execute an assigned task.

For this assessment, students are required to analyse an academic paper. Students will be assigned to groups by the Unit Coordinator in Week 2. Depending upon enrolments, there could be groups of 2 to 3 students. Presentations will start in Week 6 and end in Week 12. Students will also be advised in Week 2 of the topic areas applicable to this assessment.

Each group is required to make a presentation to the class summarising, discussing and commenting on the assigned reading based on their analysis thereof. The basis for the analysis of the assigned readings is as follows:

Guide for the analysis of readings

1. The purpose or problem investigated in the paper.
2. The motivation for the research.
 - a. Why did the researcher(s) investigate the issue or problem?
 - b. Why the issue or problem investigated is important?
 - c. Is there a theoretical or practical rationale for this research?
3. The variables examined in the study.
4. The theory used by the researchers
 - a. Why was the theory used?
 - b. How were the variables related to the theory?
 - c. Were any propositions or hypotheses developed and tested?
5. The research design/methodology/approach to investigate the problem.
 - a. Were there any problems associated with this approach?
6. The results and findings.
 - a. What did the researcher find?
 - b. Were the hypotheses supported OR were the propositions found to be true or false?
7. What are the implications of the findings?
8. What did the researcher(s) conclude from the results?
9. Are there any limitations of the study?
10. How does this research contribute to our knowledge of performance measurement and management systems?

Students will be required to maintain a log book of their contribution towards the group assignments.

The presentation should not be more than 25 minutes, and students must make use of power point slides or overhead transparencies. Each member is expected to participate in the actual presentation. In addition to the oral presentation, students must submit a report (word-processed, maximum 2,500 words, 1½ line spacing, Times Roman 12-font, 2.5cm margins, and spaces between paragraphs) and attach a signed cover sheet (available on the unit webpage) on the day of their presentation. Of the total assessment mark, 15% will be for the oral presentation, and 5% will be for the Report.

Groups will receive written feedback on their presentations in the week after the presentation has been completed. The group presentation schedule and the evaluation criteria for the oral presentation are provided on page 12 and 16.

Class participation (20%)

Students are required to contribute actively to the weekly class discussions on the lecture topic and assignments assigned. The Unit Convenor will assess your class participation as follows:

Class Participation Marking Guideline

Scale	Nature of Contribution
9-10	Outstanding contributor Your comments reveal <u>exceptional preparation</u> and the contribution provides a substantive foundation for furthering fruitful discussions.
7-8	Good Contributor Your comments reveal <u>thorough preparation</u> and the contribution provides some useful insight into the topic and leads the discussions.
3-6	Contributor Your comments reveal <u>some preparation</u> . However, your contribution is erratic with your comments at times aiding discussions, and at times illogical and/ or unsubstantiated.
0-2	Non-Contributor As you <u>rarely contribute</u> to discussions, it is impossible to assess your level of preparation and the likely contribution you might have made to those discussions.
0	Poor Contributor Your comments reveal <u>a lack of preparation</u> and negatively impact upon discussions. Your contributions fail to provide a constructive lead to discussions and invariably serve to disrupt the flow of discussion.

Students must attend at least ten (10) classes. If a student misses more than two (2) classes, one (1) mark for each absence above the two allowed may be deducted from his/her class participation mark.

Final examination (40%)

A final examination is included as an assessment task for this unit to provide assurance that:

- i) the product belongs to the student; and
- ii) the student has attained the knowledge and skills tested in the exam.

A two (2) hour final examination for this unit will be held during the University Examination period. The examination is compulsory and students must pass the examination in order to obtain a Pass grade or better in the unit. Further details about the format of the examination will be provided in due course.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations.

<http://www.timetables.mq.edu.au/exam>

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at

<http://www.reg.mq.edu.au/Forms/APSCon.pdf>

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled as soon as is practicable, but no later than the final day of the official examination period of the University. You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, which is the final day of the official examination period.

The Macquarie university examination policy details the principles and conduct of examinations at the University. The policy is available at:

<http://www.mq.edu.au/policy/docs/examination/policy.htm>

RESEARCH AND PRACTICE

This unit uses a number of research articles selected from refereed academic journals in accounting discipline. These articles are used for class presentations. The selected journals articles for group presentations are given below. They will be placed on a link on Black Board as e-reserve.

GROUP PRESENTATIONS

Week 5 30 Aug	Widener, S. K. (2007). "An empirical analysis of the levers of control framework", <i>Accounting, Organizations and Society</i> , 32: 757-788.
Week 6 6 Sep	Bhimani, A. and K. Langfield-Smith. (2007). "Structure, formality and the importance of financial and non-financial information in strategy development and implementation", <i>Management Accounting Research</i> , 18: 3-31.
Week 7 13 Sep	Modell, S., K. Jacobs. and F. Wiesel. (2007). "A process (re)turn? Pathdependencies, institutions and performance management in Swedish central government". <i>Management Accounting Research</i> . 18: 453-475.
Week 9 11 Oct	Bisbe, J. And D. Otley. (2004). "The effect of the interactive use of management control systems on product innovation". <i>Accounting, Organizations and Society</i> . 29: 709-737.
Week 10 18 Oct	Banker, R. D., G. Potter. and D. Sirinivasan. (2000). "An empirical investigation of an incentive plan that includes non-financial performance measures". <i>The Accounting Review</i> . 75: 65-92.
Week 11 25 Oct	Hartmann, F. and S. Slapnic̃ar, (2009). "How formal performance evaluation affects trust between superior and subordinate managers". <i>Accounting, Organizations and Society</i> . 34: 722-737.
Week 12 1 Nov	Woods, M. (2009). "A contingency theory perspective on the risk management control system within Birmingham City Council". <i>Management Accounting Research</i> . 20: 69-81.

ACADEMIC HONESTY

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at:

http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

DETERMINATION OF OVERALL GRADE

All final grades in the Department of Accounting and Finance are determined by a grading committee and are not the sole responsibility of the Unit Coordinator.

Macquarie University's Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG). The standard numerical grade (SNG) is not a summation of the individual assessment components.

To be awarded a specific grade, students are required to perform at an equivalent standard in the final examination and their overall assessment marks in the unit.

Please refer to pages 19 and 64 of the 2010 Handbook of Postgraduate Coursework Studies.

GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

http://www.businessandconomics.mq.edu.au/for/new_and_current_students/undergraduate/admin_central/grade_appeals.

SPECIAL CONSIDERATION

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at:

http://www.mq.edu.au/policy/docs/special_consideration/procedure.html

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://www.student.mq.edu.au>.

IT CONDITIONS OF USE

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. Student ID cards must be displayed in the locations provided at all times.

Students are expected to act responsibly when utilising University IT facilities. The following regulations apply to the use of computing facilities and online services:

- Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not related to coursework for approved unit is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.

CLASS ROOM ETIQUETTE

Students must arrive at classes on time, certainly not later than five minutes past the first hour, and are not to depart until the session ends. Should you have a recurring problem that makes you late, or forces you to leave early, have the courtesy to discuss this with your Unit Convenor.

Mobiles must be switched off during classes and not simply set to “silent”.

DEPARTMENT OF ACCOUNTING AND FINANCE

ACCG845 PERFORMANCE MEASUREMENT AND MANAGEMENT

Oral Presentation (15%): Marking Guidelines and Sheet

Group No: _____

Student Names: _____

SID: _____

Student Names: _____

SID: _____

I have awarded your presentation a mark out of fifteen:						
This is because your presentation achieved the listed criteria at a (√):						
- High Distinction (HD) Excellent level of quality (12.75 – 15)						
- Distinction (D) Very Good level of quality (11.25 – 12.74)						
- Credit (Cr) Good level of quality (9.75 – 11.24)						
- Pass (P) Fair level of quality (7.5 – 9.74)						
- Fail (F) Poor level of quality (less than 7.5)						
	H D	D	C R	P	F	
Introduction: Clear objectives and structure of presentation.						No clear objectives and structure of presentation
Working knowledge of topic demonstrated.						Knowledge of topic not demonstrated
Effective interpretation and analysis of the paper as per the guidelines provided.						Superficial interpretation and inadequate analysis of the paper as per the guidelines provided.
Clear and logical development of argument.						No logical development of argument OR Argument very difficult to follow
Constructive evaluation of the contribution of research in the paper to the contents of this unit.						Unconstructive evaluation of the contribution of research in the paper to the contents of this unit.
Constant eye contact with audience.						Little or no eye contact with audience
Clear diction (speech) with variation in voice; easy to understand.						Inaudible diction (speech), no variation in voice; difficult to understand
Time constraint respected						Too long
Confidently presented with no or minimal reference to notes required.						Lacking confidence, excessive reading from notes.
Effective use of diagrams and tables (if applicable) in the presentation.						Diagrams and tables added no value to the presentation.
Well planned, interesting, informative and engaging.						Poorly planned, uninspiring, boring and disengaging.

References for readings in weeks 6, 7, and 11

Kaplan, R. S. and Atkinson (1998), *Advanced Management Accounting*, Chapter 11 [Measuring customer, Internal business process and Employee performance]

Merchant, K. A. & Van der Stede, W. (2007), *Management Control Systems: Performance Measurement, Evaluation and Incentives*, pp. 781-790 [Management control in non-profit organizations]

Merchant, K. A. & Van der Stede, W. (2007), *Management Control Systems: Performance Measurement, Evaluation and Incentives*, pp. 685-699 [Management control related ethical issues and analysis]

Assessment

	Assessment Task 1	Assessment Task 2	Assessment Task 3	Assessment Task 4
Title/Name	Class Participation	Group Presentation	Weekly Assignments	Final Examination
Description	Active participation in case discussions and lecture based discussions.	One group presentation based on one of the research papers given on p. 12.	Weekly submission of written answers to case study based questions.	Two hour examination with questions based on a case study.
Due date	Each week.	Assigned dates.	Each week from week 2 to 13.	Examination period.
% Weighting	20%	20%	20%	40%
Grading method	As outlined on p. 10.	As outlined on pp. 9 & 15.	As outlined on p. 8	As per university policy and procedures.
Submission method	In-tutorials.	In-tutorials.	In-tutorials.	As per university policy and procedures.
Feedback	Feedback provided on a regular basis.	Marked report together with feedback sheet returned to students within two weeks.	Marked assignments together with feedback returned to students within two weeks.	As per university policy and procedures.
Estimated student workload (hours)	During the class over the semester.	8 hours.	5 hours per week.	Discretion of the student (continuous learning throughout the semester and additional study in the weeks before the exam).

	Assessment Task 1	Assessment Task 2	Assessment Task 3	Assessment Task 4
	Class Participation	Group Presentation	Weekly Assignments	Final Examination
Learning outcomes assessed				
1	√		√	√
3			√	√
6		√	√	√
Graduate capabilities assessed				
1a	√		√	
1b	√		√	
1c	√		√	
1d	√		√	
1e	√		√	
1f	√		√	
2	√		√	√
3		√		
5		√	√	
8		√	√	√

WEEKLY CASE ASSIGNMENTS

These case questions must be completed before you come to class. Five of these weekly case assignments will be collected at random and awarded a mark out of 5. The best 4 of these five assignments collected will count towards the 20% assessment mark.

Week 2 - 10th August

Topic: Introduction and Overview of Performance Measurement and Management

Case: ATH Technologies Inc.: Making the Numbers

(Page 319 in the Prescribed Textbook)

- 1) Answer the questions related to each of the five phases on pages 320-321, 323, 324-325, 326, 329 and 331-332.

Week 3 - 16th August

Topic: Basics for Successful Strategy

Case: J Boats

(Page 333 in the Prescribed Textbook)

Please complete the following:

- 1) Conduct a SWOT analysis for J Boats.
- 2) Apply Porters' Five Forces of Competitive Markets analysis to J Boats.
- 3) How do you think the Johnstone family would define J Boats' strategy in terms of the four "P's"?

Week 4 - 23rd of August

Topic: Using Information for Performance Measurement and Control

Case: Roy Rogers Restaurant

(Page 396 in the Prescribed Textbook)

Please complete the following:

- 1) Specify what you consider to be the organisational objectives of the restaurant chain, with brief reasons to support your suggestions.
- 2) Make a list of controls that are being used at Roy Rogers, and classify them in terms of input, output or process controls.

Week 5 –30th of August

Topic: Decentralisation and Managing Profit and Investment Centre Performance

Case: Western Chemical Corporation: Divisional Performance Measurement
(Page 539 in Simons Prescribed Textbook)

(Please attempt the questions given at the end of the case on p. 535)

Week 6 - 6th of September

Topic: Using Contemporary Frameworks to Measure Performance

Case: Chadwick Inc: The Balanced Scorecard
(Page 531 in Simons Prescribed Textbook)

Please answer the following questions:

- 1) How does the Balanced Scorecard (BSC) approach differ from other approaches to performance measurement that we have examined earlier? What, if anything, distinguishes the balanced scorecard approach from a “measuring everything, and you might get what you want” philosophy?
- 2) Develop the BSC for the Norwalk Pharmaceutical Division of Chadwick Inc. What parts of the business strategy that John Greenfield sketched out should be included? Are there any parts that should be excluded or cannot be made operational? What are the scorecard measures you would use to implement your scorecard in Norwalk Pharmaceutical Division? What are the new measures that need to be developed, and how would you go about developing them?
- 3) How would a BSC for Chadwick Inc differ from ones developed in its divisions, such as Norwalk Pharmaceutical Division? Do you anticipate that there might be major conflicts between divisional scorecards and those of the corporation? If so, should those conflicts be resolved, and if so, how should they be resolved?

Week 7 – commencing 13th September

Topic: Non-Financial Performance Measures in Strategy-Focused Organisations

Case: Mobil USM & R (A): Linking the Balanced Scorecard

(Page 544 in Simons Prescribed Textbook)

Please answer the following questions:

- 1) In the midst of the major reorganisations and new strategic directions at USM&R, why did Bob McCool initiate yet another initiative, the Balanced Scorecard?
- 2) Comment on the scorecard development process. What elements seem critical to the success of a Balanced Scorecard project?
- 3) Is it a good idea to link the scorecard to compensation as described in the case? What are the advantages and risks of linking the scorecard to compensation?

Week 8 – 4th October

PUBLIC HOLIDAY

Week 9 –11th October

Topic: Performance Measurement in the Public and Non-profit Sectors

Case: Accountants for the Public Interest (API)

(Please refer to the handout for this case)

Please complete the following:

- 1) Identify critical success factors for API.
- 2) What improvements would you suggest that API make to its budgeting process? Assess the current method of reporting to the BOD.
- 3) A Board member suggested that API develop some measures of performance that would help assess how API is doing in implementing strategy and achieving goals. What financial and non-financial measures are relevant to API's strategy? How would you measure growth? How would your suggested measures appear in a balanced scorecard for API?
- 4) Does the accounting profession have an obligation to provide volunteer accounting services to the community? How does the provision of volunteer accounting services to the community improve the image of the accounting professional?

Week 10 –18th October

Topic: Diagnostic and Interactive Controls to Achieve Goals

Case: Nordstrom: Dissension in the Ranks

(Page 571 in Simons Prescribed Textbook)

Please answer the following questions:

- 1) What is the cause of the problems described in the case? How serious are these problems?
- 2) Are Nordstrom employees pressured inappropriately by the sales-per-hour system? By Management?
- 3) How would you classify the management control system at Nordstrom: diagnostic or interactive? Give Reasons.
- 4) How would you change management control systems at Nordstrom?

Week 11 –25th October

Topic: Performance Goals, Incentives and Executive Compensation

Case: Duckworth Industries Inc.- Incentive compensation program

(Page 625 in Simons Prescribed Textbook)

Please answer the following questions:

- 1) Evaluate the different types of incentive compensation plans in the case, specifically:
 - a. The incentive package for plant-level employees consisting of the attendance bonus, the quality incentive plan, the profit sharing plan, and the individual incentive plans; and
 - b. The annual and long term incentive compensation plans for senior management (in place and as modified during 1983-1992)

What problems do these plans solve? What problems do they create?

- 2) In what ways does the proposed new EVA incentive system represent an improvement over the previous plans? What difficulties could you imagine in implementing this system?
- 3) Would a performance based compensation system such as EVA work in business firms in your home country? Why or why not?

Week 12 –1st November

Topic: Ethical Issues in Measuring and Rewarding Performance

Case: Don Russell: Experiences of Controllers/CFO

You are required to address the following:

What should Don do? Should he continue to work on improving the company's accounting and budgeting systems, and keep trying to convince top management that ETI had a serious financial problem on its hands? Or should he force the issue by making the accounting adjustment and hope that the company (and his job) survives the loss? Clearly justify your answers.

Week 13 –8th November

Topic: Identifying and Managing Strategic Risk

Case: Westchester Distributing Inc

(Page 665 in Simons Prescribed Textbook)

You are required to address and/or answer the following:

- 1) Refer to Exhibit 5 of the case "Basics of Internal Control".
 - a. Why are each of these steps important?
 - b. Is this list exhaustive?
 - c. Would you change it or add any additional procedures?

- 2) What should Vince Patton do in respect of Carter Mario, George Pavlov, and Joe Roberts? Should each individual be handled the same way?

Use Exhibit 5 "Basics of Internal Control" to prepare a set of recommendations to prevent the improper use of lunch receipts and broken bottle claims.