



**DIVISION OF ECONOMIC AND FINANCIAL STUDIES
DEPARTMENT OF ACCOUNTING AND FINANCE
ACCG201 Organisational Planning and Control
Unit Outline**

Semester and Year: Second Semester, 2005

Unit convenor: Dr. Maria Cadiz Dyball

**Prerequisites: ACCG105(P) or ACCG101(P) or ACCG100(P) and
ACCG101 or ACCG105 and BBA103 and 30cp**

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

ABOUT THIS UNIT

- The general focus of this unit is on how organisations plan and control performance. We explore how organisations establish strategies to create and sustain stakeholder value. Once established, a strategy requires that an organisation's structure is aligned with it, that internal business processes deliver attributes that are valued by customers, and that employees continue to be motivated for its successful implementation. We demonstrate that management accounting plays a very significant role in supporting and directing these requirements for successful implementation of organisational strategies.
- This unit has 3 credit points.
- This unit constitutes part of the core curriculum of studies required by CPA Australia and the Institute of Chartered Accountants in Australia. It is the second of three undergraduate units in cost and management accounting.

TEACHING STAFF

| | Room Number | Telephone | Email |
|---------------------------|--------------------|------------------|-----------------------|
| <i>Lecturer-in-Charge</i> | | | |
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| | | | |
|----------------------------------|--------------------------|-----------|------------------------|
| <i>Unit Administrators</i> | | | |
| ▪ Ms. Charlene Chen | C5C 447 | 9850 9285 | cchen@efs.mq.edu.au |
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| ▪ Casuals | TBA | | |

Students will be notified of staff consultation hours during the first tutorial in week 2. The consultation timetable will also be made available in the unit's website. **Full-time members of staff will be available for two hours per week to conduct consultations on a drop-in basis.** Casual staff members may also be available for consultation. You are encouraged to seek help at a time that is convenient to you from a staff member teaching on this unit during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct any consultations by e-mail, unless they indicate a personal preference to work remotely. You may, however, phone staff during their consultation hours.

CLASSES

LECTURES

Students are expected to attend a two-hour lecture every week.

Copies of lecture slides will be available in the Economic & Financial Studies Resource and Information Centre (ERIC), and through the unit Web site. The url is: <http://online.mq.edu.au/public/ACCG201>

TUTORIALS

Each student should register for a tutorial group. There will be one one-hour tutorial each week from weeks 2 to 13. Students should finalise their tutorial enrolment by end of Week 2. It is also an assessment requirement that students attend at least 9 of the 12 tutorials in this unit. We generally expect students to provide written documentation to their respective tutors for their fourth and subsequent absences and on occasions when student missed an opportunity to earn marks toward their class participation (see page 5).

As October 3 (Monday) is a public holiday, students enrolled in tutorials on this day are advised to attend alternate tutorials. Students should plan ahead to ensure that they do not miss their tutorials on these weeks. In compliance with Occupational Health and Safety guidelines, however, tutors in alternate classes may refuse students if there are no available seats.

The timetable for classes for ACCG201 can be found on the University web site at: <http://www.timetables.mq.edu.au/>

All questions of an administrative nature in respect of tutorial allocation and unit materials should be addressed to the Unit Administrators.

REQUIRED TEXTS AND/OR MATERIALS

- Custom-publication– **ACCG201 Organisational Planning and Control**, Mc-Graw Hill, 2005.
- Langfield-Smith, K., Thorne, H. & Hilton, R. W. **Management Accounting: An Australian Perspective** (3rd Edition) McGraw-Hill, 2003.

The required texts can be purchased from the Macquarie University Co-op Bookshop either shrink-wrapped as a package or individually. Students will cut down on the total cost of the books by buying them shrink-wrapped. However, please be advised that the a new edition of the Langfield-Smith et al. book will be released in 2006. The 2003 3^d edition may be superseded in future offerings of ACCG201.

OBJECTIVES AND LEARNING OUTCOMES

The major objectives of this unit are:

1. To introduce theories of organisational strategy;
2. To facilitate an understanding of the interdependencies between organisational design and strategy;
3. To discuss various theories of motivation and the role of groups and teams to promote organisational strategy; and,
4. To demonstrate how management accounting technologies constructively drive and support the attainment of an organisation's strategy.

The learning outcomes of this unit are:

Content-based.

As a result of satisfactorily completing this unit, you will be able to:

1. Formulate strategies;
2. Effectively design organisational structures to facilitate the attainment of organisational strategies;

3. Identify useful theories of motivation to explain employee work behaviour; and,
4. Apply appropriate management accounting technologies to support organisational strategies.

Skills-based.

As a result of satisfactorily completing this unit, you will achieve the following skills:

1. A capacity to learn independently and to assume responsibility for the learning process;
2. A capacity to present, discuss and defend views;
3. A capacity to learn within teams – to co-operate with team members, to assume leadership and to manage differences and conflicts;
4. A capacity to tolerate ambiguity in problem-solving;
5. A capacity to appreciate and leverage diversity in the learning environment; and,
6. A capacity to reflect on your own strengths and weaknesses as a learner.

TEACHING AND LEARNING STRATEGY

The lectures are generally intended to introduce students to conceptual frameworks and management accounting practices that are critical to the core themes of the course.

The tutorials constitute a critical learning experience of this unit. A highly participatory teaching strategy will be adopted for each tutorial. To support this approach, class participation will be assessed as 10% of the total mark for the unit as a whole. Tutorial questions are made available to students in advance (see pp. 10-17). It is essential that, prior to a tutorial, you read the relevant unit materials and prepare written responses to all of the tutorial questions assigned.

Another important learning strategy in this unit is group-work. To encourage this, students will be required to be part of a group for the case study, which constitutes 15% of the unit's assessment. Students will form their groups in the tutorials in Week 3. It is therefore imperative that tutorial enrolments are finalised by end of Week 2. Students are expected to meet outside of lecture and tutorial times for their group-work.

ASSESSMENT

The total marks for **ACC201** will be calculated as follows.

| Assessment | |
|---|-------------|
| Class Participation | 10% |
| Group Case Study (Self and Peer Assessed) | 15% |
| Long Quiz | 15% |
| Final Examination | 60% |
| TOTAL | 100% |

Class Participation - 10%

Participation is an essential feature of a successful tutorial program. Preparation, on the other hand, is a requirement of active class participation. Staff will award a mark toward class participation based on 1) quality of written answers to pre-set tutorial questions, and, 2) quality of responses to questions posed by the tutor in the tutorials.

The tutor will randomly collect four (4) written answers to pre-set tutorial questions during the semester. Students' answers will be marked on a scale of O - Outstanding; VS - Very Satisfactory; S- Satisfactory; and, US- Unsatisfactory.

In addition, students will be randomly selected in the tutorials to answer pre-set tutorial questions on four (4) occasions. Students will be marked on the same scale used for written answers.

If a student is absent on the occasion that a tutor asks for either a written answer or an oral answer in the tutorial, the student should present valid, written documentation to justify absence upon return to the tutorial. The student will then be given another (random) opportunity by the tutor. Otherwise, he/she will be awarded an US (Unsatisfactory) mark for the missed opportunity.

Students are encouraged to actively participate beyond these minimal requirements. The quality and frequency of voluntary participation in class discussions and in *ad hoc* presentations will be taken into account in awarding the final class participation mark.

It is also a class participation requirement that students attend at least 9 of the 12 tutorials in this unit. Students who do not meet this requirement will automatically be awarded a

mark of 0 for class participation, regardless of quality and quantity of written and oral answers and voluntary participation.

Group Case Study – 15%

You will be required to participate in a group in the preparation and written presentation of an in-depth assessment of an organisation's strategy formulation process and structural design. This assessment will involve the application of various concepts and techniques covered in the lectures from Weeks 1 to 5 of the unit. Each group will comprise **four** or **five** students from your tutorial. The group case study is worth 15% of the marks for the course as a whole. Details of the case study will be issued in week 3 through WebCT. The written presentation of the case study is due in Week 8, Tuesday, October 4, 2005 at 10:00 am at ERIC.

Self and peer (S&P) assessment will be involved in the determination of the final mark for each member of a group. This system has been introduced to reward and encourage active participation by all members of a group. S&P assessment cannot be refused by the student once he/she is enrolled and continues with the unit. Separate notices will be issued by week 3 detailing this year's system of S&P assessment through WebCT.

Long Quiz – 15%

As a way of consolidating the desired learning outcomes for topics covered in lectures from Weeks 6 to 10, a long quiz will be held on October 29, 2005, Saturday of Week 11 at 10:00 am. The quiz will be multiple choice. More details will be released via WebCT in due course.

Final Examination – 60%

There will be one paper, of 3 hours duration, to be sat during the end of semester examination period. The paper will contain both calculative and discursive questions, based on key themes of the unit. More details will be announced in due course in the final lecture in Week 13.

To pass the course a student's overall performance must be satisfactory, and additionally he/she must pass the final examination.

The University Examination period in the Second Half Year 2005 is from November 16 to December 2, 2005.

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 after the conclusion of the official examination period.

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, that is, the final day of the official examination period.

PLAGIARISM

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Undergraduate Studies* or on the web at: <http://www.student.mq.edu.au/plagiarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

UNIVERSITY POLICY ON GRADING

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).

On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results.

It is important that you realise that the policy does not require that a minimum number of students are to be failed in any unit. In fact it does something like the opposite, in requiring examiners to explain their actions if more than 20% of students fail in a unit.

The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.

For an explanation of the policy see

<http://www.mq.edu.au/senate/MQUonly/Issues/Guidelines2003.doc> or

<http://www.mq.edu.au/senate/MQUonly/Issues/detailedguidelines.doc>.

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>.

LECTURE TIMETABLE

| WEEK | STARTING | TOPIC | Readings/Lecturer |
|------|----------------------------|--|--|
| 1 | 1 st August | Planning and Strategy | Custom-publication (CP) Chapter 1 - Maria Dyball (MD) |
| 2 | 8 th August | Analysing the external environment | CP, Chapter 2 - MD |
| 3 | 15 th August | Analysing the internal environment | CP, Chapter 3 -MD |
| 4 | 22 nd August | Understanding organisational structures | CP, Chapter 4 - MD |
| 5 | 29 th August | Designing strategic organisational structures | CP, Chapter 5 - MD |
| 6 | 5 th September | Financial performance reports and transfer pricing | Langfield-Smith et al. (L-S, et al.), Chapter 12 - Sujatha Perera (SP) |
| 7 | 12 th September | Financial performance measures and reward systems | L-S et al., Chapter 13 – SP |
| | 19 th September | Mid-session break (two weeks) | |
| 8 | 4 th October | Contemporary approaches to measuring/managing performance CASE STUDY DUE – October 4 | L-S et al., Chapter 14 –SP |
| 9 | 10 th October | Controlling for learning and growth - part 1 | CP, Chapter 6–Hai Yap Teoh (HYT) |
| 10 | 17 th October | Controlling for learning and growth – part 2 | CP, Chapter 7– HYT |
| 11 | 24 th October | Controlling for internal business processes LONG QUIZ –October 29 | L-S, Chapter 16, pp. 764-771; 788-793 – HYT |
| 12 | 31 st October | Controlling for customers | L-S, Chapters 15 & 16, pp. 712-737; 780-787. – Herbert Schoch (HS) |
| 13 | 7 th November | Subject Review | HS |

TUTORIAL TIMETABLE, TUTORIAL AND REVIEW QUESTIONS

The tutorial questions are the questions that students should answer before tutorials. The answers to these questions will be collected randomly for purposes of assessing class participation (see also pp. 5-6).

The review questions are for students to answer as review of the week's topic. These questions will help students prepare for the long quiz and final examinations.

Answers to calculative tutorial and review questions will be provided on WebCT.

Week 2, starting 8th August **Planning and Strategy**

Reference: Custom Publication (CP), Chapter 1

Tutorial questions

1. Discussion question 1 (see end of chapter)
2. Discussion question 2
3. Discussion question 3
4. 4.1 Strategic Planning

Students are required to prepare a Strategic Planning Worksheet for the Franco-Japanese venture (Toyota, PSA Peugeot Citroen). The related article from *Business Week* is attached (see end of this handout).

Week 3, starting 15th August **Analysing the external environment**

IMPORTANT ACTIVITY IN-CLASS: STUDENTS SELF-SELECT AND REGISTER THEIR GROUPS FOR THE CASE STUDY

Reference: CP, Chapter 2

Tutorial questions (from Bateman, T.S. and Snell, S.A. (2004), *Management: The New Competitive Landscape*, McGraw-Hill Irwin, pp.62-63).

1. Peter Drucker once said, "The essence of a business is outside itself". What do you think this means? Do you agree?
2. What are the main differences between the macroenvironment and the industry environment?
3. The questions below refer to the following article:

Many New Airlines will Never Grow Old

Thanks to a weak economy and the continuing effects of September 11, 2001, many new entrants are struggling or going out of business. Pro Air, Inc., grounded by federal regulators over safety concerns, and tiny AccessAir in Iowa have both filed for bankruptcy protection, as has Vanguard Airlines, Inc., hurt by high fuel prices, operational problems, and overly rapid growth.

As start-ups have discovered so often in the cutthroat airline business, it's easy to enter the fray but hard to succeed. Yes, the giants have been accused of crushing the small fry with predatory tactics, fortress hubs, and big frequent-flier programs. But start-ups often make mistakes – from choosing the wrong routes to running sloppy operations. That worries consumer advocates, who want more competition to keep the majors in check. And if consolidation follows on the heels of UAL Corp.'s deal to buy US Airways Group Inc., "you're going to need new entry more than ever," says Kevin P. Mitchell, chairman of Business Travel Coalition, which represents big corporations.

Certainly there are success stories. JetBlue Airways, the best-financed start-up in airline history, appears to be off to a phenomenal start in February 2000. The low-fare airline that offers live TV and leather upholstery is filling 72 percent of the seats on its eight new Airbus A320s. It flies to 9 cities, going up to 12 in November 2000. CEO David Neeleman says the airline, based at New York's John F. Kennedy International Airport, posted a "double-digit" profit margin in August and should be profitable this year. It just raised another \$30million from its investors on top of the \$130 million it started with. Neeleman "is the most successful airline entrepreneur of the last 10 years," says Darryl Jenkins, director of the Aviation Institute at George Washington University.

And after a rocky start, six-year old Frontier Airlines Inc., in Denver seems to be on course. It is benefiting in part from operational and labour woes at UAL's United Airlines. Second-quarter net income doubled to more than \$16 million as the airline attracted more business passengers and raised fares. Likewise, 10-year-old Spirit Airlines has proved to be a survivor after shifting its strategy to avoid markets dominated by one major carrier. It even moved its home base last year from Northwest Airline Corp.'s hub in Detroit to Fort Lauderdale.

But for every Jetblue and Frontier, there seems to be a ProAir. Even before the Federal Aviation Administration revoked ProAir's operating certificate in 2000- a move ProAir is contesting- the airline was ailing. Despite winning contracts from major companies such as General Motors Corp., it failed to offer the frequent flights that business passengers demanded and spread itself too thin, with only three aircraft. What's more, it chose to compete head-on in Detroit with Northwest. "They were lucky to fly as long as they did," says Cameron R. Burr, a partner at the Burr Group, an investment firm. Pro Air insists it was about to raise \$70 million right before the FAA shut it down.

Some experts see a smoother ride ahead. Led by United and its recent pilot contract, major carriers are expected to see big passenger- and a bigger pricing umbrella for the

little guys to work under. And even if the economy softens, “that will refocus (customers) on economic value” instead of frequent-flier benefits, says Stanley L. Pace, head of Bain & Co.’s airline practice. But until then, the new guys in the skies have little room for error.

Questions

- a. Which of the five forces of industry attractiveness seem to be having the greatest impact on the airline industry? How attractive is the industry?
- b. Imagine you were running one of these start-up airlines. What response(s) would you suggest given the environmental situation?

**Week 4, starting 22nd August
Analysing the internal environment**

Reference: CP, Chapter 3

Tutorial questions (from Dess, G.G. Lumpkin, G.T., and Taylor, M.L. (2005), *Strategic Management: Creating Competitive Advantages*, McGraw-Hill Irwin, pp.102-103).

- 1. SWOT analysis is a technique to analyse the internal and external environment of a firm. What are its advantages and disadvantages?
- 2. How can managers create value by establishing important relationships among the value-chain activities both within the firm and between firm and its customers and suppliers?

3.
STUDENTS WILL ANSWER THE FOLLOWING QUESTIONS AS A GROUP. EACH GROUP SHOULD ORGANISE TO PREPARE ITS WRITTEN ANSWERS BEFORE THE TUTORIAL.

Each group is to select between two companies: Ikea at <http://www.ikea.com> or The Body Shop at <http://www.thebodyshopinternational.com/web/tbsgl>

Address the following questions that focus on the organisation’s (Ikea or The Body Shop) value chain activities and interrelationships among them as well as whether they are able to attain sustainable competitive advantage(s).

- a. Where in the value chain is the organization creating value for their customer?

| Value Chain Activity | Yes/No | How Does Dell Create Value for the Customer? |
|----------------------|--------|--|
| Primary: | | |
| Inbound Logistics | | |
| Operations | | |
| Outbound Logistics | | |
| Marketing and sales | | |
| Service | | |

| | | |
|---------------------------|--|--|
| Support: | | |
| Procurement | | |
| Technology Development | | |
| Human resource management | | |
| General administration | | |

- b. What are the important relationships among the organisation's value-chain activities? What are the important interdependencies? For each activity, identify the relationships and interdependencies?

| | | | | | | | | | |
|---|----|---|----|----|---|---|----|-----|----|
| | IL | O | OL | MS | S | P | TD | HRM | GA |
| Inbound Logistics (IL) | | | | | | | | | |
| Operations (O) Outbound Logistics (OL) | | | | | | | | | |
| Marketing and sales (MS) | | | | | | | | | |
| Service (S) | | | | | | | | | |
| Procurement (P) | | | | | | | | | |
| Technology Development (TD) | | | | | | | | | |
| Human resource management (HRM) | | | | | | | | | |
| General administration (GA) | | | | | | | | | |

- c. What activities are the organisation's core competencies?

| Resource/Activity | Is it Valuable? | Is it rare? | Are there Few Substitutes? | Is it costly to imitate? |
|---------------------------|-----------------|-------------|----------------------------|--------------------------|
| Inbound Logistics | | | | |
| Operations | | | | |
| Outbound Logistics | | | | |
| Marketing and sales | | | | |
| Service | | | | |
| Procurement | | | | |
| Technology Development | | | | |
| Human resource management | | | | |
| General administration | | | | |

Week 5, starting 29th August
Understanding organisational structures

Reference: CP, Chapter 4

Tutorial question:

Managerial Dilemmas: Structural disease can be deadly (p.95 of Custom-Publication)

Review Questions:

Questions for Discussion and Review 1, 5, 6, 7

Week 6, starting 5th September
Designing strategic organisational structures

Reference: CP, Chapter 5

Tutorial question:

Management Exercise 1: Management exercise: Developing an organisation structure

In addition, answer the following questions:

- 1) Independent of the proposed change to a hybrid organisation structure, assume that Sun Petroleum Products Company, pursues a cost leadership strategy for its three business units, what organisation structure do you recommend? Justify your answer.
- 2) If a differentiation strategy is pursued for the three business units, which organisation structure will be appropriate? Justify your answer.

Review Questions:

Questions for discussion and review 1, 6, 7, 8

Week 7, starting 12th September
Financial performance reports and transfer pricing

Reference: Langfield-Smith et al., (L-S et al.), Chapter 12

Tutorial questions:

Problem 12.32, Problem 12.29

Review Questions:

12.1, 12.2, 12.3, 12.6, 12.7, 12.13, 12.25, 12.27, 12.28

MID-SEMESTER BREAK FOR TWO WEEKS

Week 8, starting 4th October (October 3, Monday is a public holiday)
Financial performance measures and reward systems

CASE STUDY DUE ON TUESDAY, OCTOBER 4 AT 10:00 AM AT ERIC

Reference: L-S et al., Chapter 13

Tutorial question:
Case 13.40

Review Questions:
13.1; 13.7; 13.8; 13.17, 13.20, 13.31, 13.32

Week 9, starting 10th October
Contemporary approaches to measuring/managing performance

Reference: L-S et al., Chapter 14

Tutorial questions:
Problems: 14.32, 14.37

Review questions:
14.2; 14.4; 14.5; 14.7; 14.10; 14.11

Week 10, starting 17th October
Controlling for learning and growth - part 1

Reference: Custom-publication (CP), Chapter 6

Tutorial question:
Exercises 1 and 2

Review Questions:
Questions for discussion and review: 1, 2, 4, 6, 7, 10

Week 11, starting 24th October
Controlling for learning and growth - part 2

LONG QUIZ ON OCTOBER 29, 2005, SATURDAY at 10:00 am.

Reference: Custom-publication (CP), Chapter 7

Tutorial question:
End of-chapter case: On the rim, “Team development at Fisher Paykel: The introduction of ‘everyday workplace teams’”

Review Questions:

Questions for discussion and review: 1, 4, 6

Week 12, starting 31st October

Controlling for internal business processes

Reference: Langfield-Smith et al., (L-S et al.) Chapter 16

Tutorial questions:

Problem: 16.40

Case: 16.53

Review Questions:

16.4; 16.5; 16.28, 16.37, 16.38

Week 13, starting 7th November

Controlling for customers

Reference: L-S et al., Chapters 15 &16

Tutorial questions:

Exercises - 15.27, 15.33, 15.34, 16.34; 16.35

Review Questions:

15.1, 15.7; 15.16; 15.17; 15.28; 15.35; 16.20;