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Subject I : STRATEGIC COST MANAGEMENT

AN ACCREDITED COURSE OF THE *CMA PROGRAMME* OF THE INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS

Strategic Cost Management is an advanced level course that covers the role of the management accountant in complex modern industrial organisations within which the various facets of decision-making and controlling operations take place. The course includes the discussion of management control systems, costing systems and activity based costing, activity management, and implementation issues in modern costing systems. Emerging Issues that are vital to the modern value-creating accountant such as environmental, social, governance and empowerment issues are also covered. The course is designed to prepare students for careers as professional management accountants.

Learning Goals

The learning goals associated with this course are to:

1. Describe the basic conventions and doctrines of managerial and cost accounting and other generally accepted principles which may be applied in the contemporary cost management models.
2. Identify major contemporary issues that have emerged in managerial accounting.
3. Critically evaluate a number of issues relating to the design and implementation of cost management models in modern firms.
4. Explain the management accountant's role in the implementation of cost management systems for product costing and decision making purposes.

Rationale

The aim of this course is to further develop skills of analysis, evaluation and synthesis in the area of cost and management accounting and, in the process, create an awareness of some current developments in the profession.

The course is not designed as one in which highly structured methods and rules are applied to various topics in order to find one 'correct' solution or answer for problems or issues. Rather, it is more a possibilities quest, in which various controversial conceptual and practical issues will be reviewed and analysed with due recognition to the reality of alternative value judgments. Given the history of recent developments in the profession and business practices, this approach to the study of the course is considered feasible and warranted.

Furthermore, evidence is available that in management accounting, procedures continue to evolve and develop. Much of this dynamic activity is in response to changing business practices and policies and the complexity of modern firms.



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Lecture Outline

<i>Topic 1</i>	Management Control Systems
<i>Topic 2</i>	Lean Manufacturing and Quality Control
<i>Topic 3</i>	Cost Accounting and Cost Management in a Lean Environment
<i>Topic 4</i>	Life Cycle Costing Systems
<i>Topic 5</i>	Benchmarking
<i>Topic 6</i>	Activity Based Cost Allocation Systems
<i>Topic 7</i>	Customer Profitability Analysis
<i>Topic 8</i>	Process Control and Activity Based Management
<i>Topic 9</i>	Implementing Cost Analysis and Control Systems
<i>Topic 10</i>	Strategic Performance Management Systems
<i>Topic 11</i>	Emerging Issues 1: Triple Bottom Line Accounting and Carbonomics
<i>Topic 12</i>	Emerging Issues 2: Governance, Empowerment and Strategic Audit

DAY ONE: Saturday 17th April, 2010

8.15am-8.30am: Introduction

8.30am: Topic 1: Management Control Systems

The role of accounting is often stated to be providing information for decisions. Management accounting, however, fulfils a much broader role in organisations. As well as providing a framework for planning, management accounting has an important role in management control. This topic introduces the concept of management control and considers the role of management accounting within such a control framework. The design of management accounting systems is also considered.



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9.15am: Topic 2: Lean Manufacturing and Quality Control

This topic introduces the traditional production management techniques and strategies. The 5-P's of production are specifically considered; i.e. the product, plant, process, program, and people. The three traditional types of production; i.e. Job; Batch; and Flow production are also studied, and concepts such as quality and reliability are also introduced. Modern production management techniques originating from Japan, such as Flexible Manufacturing Systems (FMS); and Total Quality Management (TQM) are also considered.

10.15am- 10.30am: Tea/Coffee Break

10.30 am: Simulation of Production Function

12.00pm: Topic 3: Cost Accounting and Cost Management in a Lean Environment

This topic continues to look at production management techniques and strategies, especially the more modern production philosophies originating from Japan, such as Just-In-Time production (JIT). The strategic management accounting issues raised by such philosophies and techniques and aspects of the influence of the philosophy on production and purchasing are also covered.

1.00 pm -1.45 pm: Lunch Break

1.45pm: Case Studies on Accounting for Quality AND Accounting in a Lean Environment

3.15pm-3.30pm: Tea/Coffee Break

3.30pm: Topic 4: Life Cycle Costing Systems

This topic overviews the complexity that exists in modern industrial settings, and why the conventional management accounting techniques may provide misleading information in such environments. It is shown that indirect costs make up the largest percentage of total costs in such complex firms, and that there are many challenges in allocating such indirect costs. Methods of identifying 'obsolete' cost systems and of improving cost control are also discussed. Whole of Life Costing, i.e. costing before, during and after manufacturing is considered within a complex and competitive industrial setting.

5.30pm: End of Day One



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DAY TWO: Sunday 18th April, 2010

8.30am: Topic 5: Benchmarking

This topic discusses in depth “benchmarking”; which is the formal process of measuring and comparing a company’s operations, products, and services against those of top performers, both within and outside that company’s primary industry.

9.30am : Topic 6: Activity Based Cost Allocation Systems

This topic focuses on the principles of Activity Based Costing (ABC), which is shown as the response to the challenge of complexity. Aspects such as “volume”, “structural” and “introductory” costs are specifically considered.

10.30am-10.45am: Tea/Coffee Break

10.45am: Topic 6: Continued

11.45 pm: Case study on ABC

12.45pm-1.30pm: Lunch Break

1.30pm: Topic 7: Customer Profitability Analysis

This topic moves the focus from analysis to action. Methods of finding profitable customers and products are considered, as is the area of account management.

2.30pm: Case Study on Customer Profitability Analysis

3.30pm-3.45pm: Tea/Coffee Break

3.45pm: Topic 8: Process Control and Activity Based Management

Here the areas of process control and activity based management are discussed. Monitoring systems, and the concepts of frequency, timeliness and accuracy are considered, especially in relation to white-collar departments.

5.30pm: End of Day Two



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DAY THREE: Monday 19th April,2010

8.30am: Case Study on ABM

10.15am -10.30am: Tea/Coffee Break

10:30am: Topic 9: Implementing Cost Analysis and Control Systems

This outlines the implementation process of activity based costing. Behavioural aspects, especially in creating motivation are discussed. Long-term cost management models are also considered.

11.30am: Case Study on ABC Implementation

12.30pm-2.00pm: Lunch Break

2.00pm: Topic 10: Strategic Performance Management Systems

This topic looks at Strategic Performance Measurement Systems, especially the linking of financial control systems with process based control systems. Some Key Questions to ask in the strategic refocusing of Performance Measurement Systems are discussed, and the recognition of how tangible and intangible assets *combine* in the implementation of organisational strategies that ultimately enhances organisational value is specifically considered.

3.30pm-3.45pm: Tea/Coffee Break

3.45pm:Topic 11 : Triple Bottom Line Accounting and Carbonomics

Triple bottom line accounting is changing the way organisations go about their business. This topic explores what is meant by the "triple bottom line" and what it means for organisations, now and in the future. The impact of Global Warming and Carbon Emissions Trading on Cost Accounting is specifically considered.

4.30pm: Topic 12: Governance, Empowerment and the Strategic Audit

This topic first overviews the corporate governance structure which specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. Next, it considers the issue of an Empowered workforce, and how this can contribute to enhanced shareholder value. Finally, it considers assurance issues using 'leading' rather than 'lagging' indicators, via the Strategic Audit.

5.30pm: End of Day Three. One day logical off on 20th April,2010 (Tuesday)



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Subject II : STRATEGIC BUSINESS ANALYSIS

Strategic Business Analysis seeks to provide specialisation-level knowledge to accountants and financially motivated general managers in the interface areas between accounting and the other business functions. The subject is an advanced level course that enables students to apply the basic conventions and doctrines of managerial and cost accounting and other generally accepted managerial principles, in order to strategically analyse business situations across the various functions of a business organisation. A number of cost and management accounting issues relating to the design and implementation of strategic, marketing, value analysis and other management models in modern firms are discussed, and major contemporary issues that have emerged in business accounting in recent years are identified. This subject provides an advanced study of the interface between modern managerial accounting and the business functions of strategic planning, marketing, manufacturing and human resource management. The accountant's role in the marketing decision areas is specifically considered.

Learning Goals

The learning goals associated with this unit are to:

1. Describe the basic conventions and doctrines of managerial and cost accounting and other generally accepted principles that may be strategically applied across the various functions of a business organisation.
2. Identify major contemporary issues that have emerged in strategic management accounting.
3. Critically evaluate a number of cost and management accounting issues relating to the design and implementation of strategic, marketing, strategic value and other management models in modern firms.
4. Explain the management accountant's role in the implementation of cost management systems for marketing decision-making and business valuation.



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Rationale

The aim of this subject is to further develop skills of analysis, evaluation and synthesis in the area of strategic management accounting and, in the process, create an awareness of the interface between cost and management accounting and the other business functions such as strategic planning, marketing, production, research and development, etc.

The subject is not designed as one in which highly structured methods and rules are applied to various topics in order to find one 'correct' solution or answer for problems or issues. Rather, it is more a possibilities quest, in which various controversial conceptual and practical issues will be reviewed and analysed with due recognition to the reality of alternative value judgements. Given the history of recent developments in management accounting and other related business practices, this approach to the study of the subject is considered feasible and warranted.

Furthermore, evidence is available that in managerial accounting, procedures continue to evolve and develop. Much of this dynamic activity is in response to changing business practices and policies and the complexities of modern firms.

Lecture Outline

<i>Topic 1</i>	Corporate Objectives, Strategy and Structure
<i>Topic 2</i>	Strategic Marketing Analysis and Budgeting
<i>Topic 3</i>	Financial Analysis in Product Portfolio Management
<i>Topic 4</i>	Pricing Methods and Strategies
<i>Topic 5</i>	Financial Dimensions of Pricing in International Business Strategies
<i>Topic 6</i>	Promotion: Push Strategy and Human Resource Management
<i>Topic 7</i>	Promotion: Pull Strategy and Integrated Marketing Communication
<i>Topic 8</i>	Supply Chain Management and the Place-Distribution Decision
<i>Topic 9</i>	Performance Valuation and Strategic Financial Structures
<i>Topic 10</i>	Free Cash Flows and Strategic Value Analysis
<i>Topic 11</i>	Risk Management - Corporate Radar and Early Warning Systems
<i>Topic 12</i>	Strategic Scorecards and Key Performance Indicators



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DAY FOUR: Wednesday 21st April, 2010

8.30am: Topic 1: Corporate Objectives, Strategy and Structure

This topic overviews the concepts and development of strategic planning in modern business enterprises. The traditional areas of corporate strategy; such as strategic objectives and strategic planning decision models are first introduced to the student. The state of strategic thinking in the current environment is then considered, especially in relation to multiple approaches to analysing corporate strategy.

10.30am: Tea/Coffee Break

10.45am: Topic 2: Strategic Marketing Analysis and Budgeting

Here the marketing concept is introduced and the links between marketing and strategic business analysis are illustrated. It is shown how concepts such as the product life cycle and product portfolio matrix are linked to managerial accounting techniques such as budgeting and life cycle costing to provide relevant information for strategic decision making. A comprehensive strategic segmental marketing budget is developed in this topic.

1.15pm-2.00pm: Lunch Break

2.00pm: Comprehensive Case Study on Accounting for Strategic Marketing

3.30pm-3.45pm: Tea/Coffee Break

3.45pm: Topic 3: Financial Analysis in Product Portfolio Management

This topic looks at the interface between management accounting and marketing related “product management” especially in competitive environments. The “product” is the first “P” in the 4-Ps of marketing, the others being price, promotion and place distribution, which will be discussed in detail in later topics. It is shown that as a product moves through various stages of its life cycle, there are differing financial aspects that need to be focused on for competitive positioning. It is demonstrated that the company’s management accountant possesses the tools and techniques required to provide the product managers with decision-orientated information.

5.30pm: End of Day Four



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DAY FIVE: Thursday 22nd April, 2010

8.30am: Topic 4: Pricing Methods and Strategies

Here the various aspects of pricing decisions are covered, especially in competitive environments. Pricing methods and pricing strategies are specifically contrasted, and the use of such techniques as CVP analysis and linear programming in the pricing area are discussed. Risk averse pricing strategies and their limitations are also covered in this topic.

10.30am-10.45am: Tea/Coffee Break

10.45am: Case Study on Pricing

11.45am: Topic 5: Financial Dimensions of Pricing in International Business Strategies

This topic extends the discussion of the previous section on pricing, and considers within a competitive international market. It is shown that setting a selling price in a foreign market has, in addition to strategic marketing considerations, some unique international financial dimensions, especially due to the lengthening of the channels of distribution and the impact of multiple currencies.

1.15pm-2.00pm: Lunch Break

2.00pm: Topic 6: Promotion: Push Strategy and Human Resource Management

Here the principal ways of communicating with the market, referred to collectively as the “promotional mix” are overviewed. The objective of this mix is to make a sale, either by “pulling” customers towards the product (using advertising) or by “pushing” the product to the customer (using personal selling). It is shown that the management accountant has a significant role “push strategy”, especially in the human resource management areas of controlling field sales operations and evaluating sales force performance.

3.15pm-3.30pm: Tea/Coffee Break

3.30pm: Case Study on Sales Force Analysis

5.00pm: End of Day Five



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DAY SIX : Friday 23rd April,2010

8.30am: Topic 7: Promotion: Pull Strategy and Integrated Marketing Communication

This topic continues with the discussion on promotion, and specifically looks at “pull strategy” and integrated marketing communication (IMC) with its heavy reliance on advertising. It is demonstrated that the management accountant has a significant role in formulating advertising budgets, especially using specific budget models, and in the difficult areas of controlling advertising outlays and evaluating advertising effectiveness.

10.30am: Tea/Coffee Break

10.45am: Comprehensive Case Study on Accounting for Promotions

1.15pm-2.00pm : Lunch Break

2.00pm: Topic 8: Supply Chain Management and the Place-Distribution Decision

This topic considers the last “P” of the 4-P’s of marketing; i.e. place (or physical distribution). It is shown that the control of the supply-chain distribution function involves a “trade-off” between maximising customer service and minimising distribution costs, and that the management accountant has a significant role to play in achieving this balance. The various accounting techniques useful in distribution cost analysis and control are highlighted in this topic.

3.15pm-3.30pm: Tea/Coffee Break

3.30pm: Topic 9 : Performance Valuation and Strategic Financial Structures

This topic introduces Business Performance Measures and provides a link as to how these measures are interrelated with the capital structure of the firm. The impact of financial structure on planning performance evaluation is considered, specifically the relative measures (ratios) used in financial statement analysis. Investment and Financing issues are separated; and capital structure and its role in obtaining an appropriate discount rate for capital projects is particularly considered.

5.30pm: End of Day Six



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DAY SEVEN: Saturday 24th April, 2009

8.30am: Topic 10: Free Cash Flows and Strategic Value Analysis

This topic introduces the concepts in a relatively new area, Strategic Value Management, and compares these concepts to the more traditional concepts in financial management, especially capital budgeting and net present value. It is demonstrated that the concepts of 'value' and 'strategic value' can be quantified for planning purposes.

10.30-10.45am: Tea/Coffee Break

10.45: Case Study on Strategic Value Analysis

12.15pm: Topic 11: Risk Management - Corporate Radar and Early Warning Systems

Here the approaches to risk management using short-term (weekly) and long-term (annual) corporate radar systems are considered, in order to determine the health of a business organisation. Bankruptcy prediction models (such as Z-scores) are specifically considered.

1.15pm-2.00pm: Lunch Break

2.00pm: Topic 11 (contd.)

2.30pm: Case Study on Early Warning Systems

3.30pm-3.45pm: Tea/Coffee Break

3.45pm: Topic 12: Strategic Scorecards and Key Performance Indicators

This topic focuses on corporate success, and the role of non-financial indicators in measuring and controlling this success. The importance of monitoring both the internal and external environment is highlighted, especially in terms of a firm's 'critical success factors'.

5.30pm: End of Day Seven



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Method of Learning

The content material of this course will consist for the most part of Directed Independent Study (DIS) or Seminars at which specific topics will be discussed. In the Seminar Study mode, careful pre-reading and active participation by all participants is essential. There will also be the practical application of the theoretical content via a specifically designed learning assignment using either case studies, role playing simulations or in-house projects. These will be conducted and assessed either individually or as a group learning exercise.

Those undertaking course at an ICMA Recognised Provider Institution, and examined by the ICMA:

	<u>Marks Awarded</u>
1. Learning Assignments (done for feedback purposes only)	0%
2. Final Examination	<u>100%</u>
(One 3-hour open book paper set by the Institute of Certified Management Accountants)	<u>100%</u>
<i>[Here a student must obtain a 50% pass grade to pass the unit, and it will be the only means of assessment. Students obtaining less than 50% in the final exam would Fail the subject.]</i>	

Those undertaking course at an ICMA Recognised Provider Institution, and assessed under the 10-year rule:

There will be NO final examination requirements. Assessments will be done by observing performance in the simulations and case study discussions during the program.

Marks Awarded

1. Case study and Simulation participation	50%
2. Research Project	<u>50%</u>
(The need for additional assessment via a Research Project will be determined by the ICMA. If required the Assignment topic will be provided by the ICMA) 100%	

COURSE FEE:

- Indian Rs.42,135/- local cheque / draft in favour of "D'SOUZA FINANCIAL CONSULTANTS PRIVATE LIMITED" payable at Mumbai. The aforementioned fee is inclusive of the basic course fee of Rs.37,500/- + Service Tax thereon @10.30%.
- Australian \$ 110/- draft in favour of "The Institute of Certified Management Accountants" payable at Victoria, Australia.

Both the aforementioned amounts in INR as well as AU\$ comprises of the Symposium Fee and includes cost of Stationery, courseware, tea / coffee, water and lunch during the duration of the program.. This fee is **exclusiv**e of the Annual Membership fee and Membership Application Processing fee.

LAST DATE FOR REGISTRATION FOR THE SYMPOSIUM :

6th April,2010

Venue : Hotel Rang Sharda, Bandra Reclamation West, Mumbai - 400 050

For more details, contact Tim D'Souza on +91-93240 40159 / +91- 22- 2643 0078 / 2643 6292 or e-mail tim@dsouzafinancial.com or visit the institutes website at www.cmaweblne.org .