

Preview: MBA5010 : Accounting Methods for Leaders

Syllabus

Course Overview

This course is designed to provide business managers or owners with the accounting skills they need to communicate financial items, including budgets, the setting of prices, the adding or deleting of product lines, proposed long-term investments, and other items using current professional presentation and terminology. This course is not designed to impart detailed bookkeeping procedures or highly complicated accounting procedures such as the determination of earnings per share when a company has a complex capital structure.

In addition, this course is designed for those who want to communicate effectively with people who work in the accounting department, not for those who want to work in the accounting department. In other words, this course is concerned with using accounting information, as opposed to generating the information for others to use.

For example, you will be evaluating a loan proposal that has been submitted to a bank by a prospective business borrower. You will be using such metrics as the current ratio and the times-interest-earned ratio, but you will not be spending time generating these ratios; they will be provided to you just as they might be provided to you by the accounting department.

Course Structure

This course is designed around four major themes.

Financial Accounting Basics

Units 1–3. During the first three weeks of the course, we will study financial accounting, which is the accounting used for reporting the results of operations to those outside the company, such as bankers and stockholders. This includes the basics of accounting and financial statements and advanced topics on financial statements.

Managerial Accounting Basics

Units 4–5. In these units we will study the accounting used by managers to make decisions for the company: managerial accounting. The budget is the document that is most closely associated with managerial accounting because the budget is used only by management and is not released to those outside the company.

Assessing Financial Performance

Units 6–8. Once you are familiar with financial and managerial accounting, we will turn our attention toward the important function of a manager: evaluating performance.

Business-Based Decision Making

Units 9–10. For the last two weeks, we turn to exploring business decisions about outsourcing, discontinuing operations, and plant expansions.

Optional Recorded Presentation

For one of the assignments in this course, you have the option to record a presentation using Kaltura or similar software. Refer to [Using Kaltura](#) for more information about this courseroom tool. If you require the use of assistive technology or alternative communication methods to participate in this activity, please contact DisabilityServices@Capella.edu to request accommodations.

If you choose this option, make sure you set up and test your equipment before beginning your assignment.

Career in the Courseroom

Gaining academic credentials by completing your program is an important step in your career development, but it is only one piece of the puzzle. Connecting with people, gaining knowledge and/or experience, and learning how to market yourself in your field is also necessary for career management and success.

It is never too early to take action! The Capella University Career Center has resources and tools on career exploration and job search to help learners and alumni manage their career at every stage. Be sure to check out Capella Connect, a career networking and mentoring platform for learners and alumni.

Course Competencies

(Read Only)

To successfully complete this course, you will be expected to:

- 1 Explain how accounting concepts and practices impact financial reporting.
- 2 Apply principles of accounting to assess financial performance.
- 3 Analyze accounting information to support business decisions.
- 4 Communicate financial information with multiple stakeholders.

Course Prerequisites

none

Syllabus >> Course Materials

Required

The materials listed below are required to complete the learning activities in this course.

Integrated Materials

Once the [Capella University Bookstore](#) opens for the quarter, as a registered learner you will receive an e-mail containing a direct link you can use to obtain your materials. Please follow the instructions provided to you by the bookstore to download digital materials. Some materials are available only in hard-copy format and will be shipped to you. The bookstore will indicate any materials that may involve shipping.

Book

Marshall, D., McManus, W., & Viele, D. (2020). *Accounting: What the numbers mean* (12th ed.). New York, NY: McGraw-Hill. ISBN: 8791259969522.

Library

The following required readings are provided in the Capella University Library or linked directly in this course. To find specific readings by journal or book title, use [Journal and Book Locator](#). Refer to the [Journal and Book Locator library guide](#) to learn how to use this tool.

- Afterman, A. B. (2015). [Non-GAAP performance measures: Virtue or vice?](#) *The CPA Journal*, 85(10), 48–49.
- Atagan, G., & Yükcü, S. (2013). [Effect of packing cost on the sales price and contribution margin](#). *Ege Academic Review*, 13(1), 1–9.
- Diffley, E. A., & Greenstein, A. (2016). [Presenting non-GAAP financial measures in the face of increased scrutiny](#). *Insights*, 30(6), 3–9.
- Droms, W. G., & Wright, J. O. (2015). [Finance and accounting for nonfinancial managers: All the basics you need to know](#). New York, NY: Basic Books.

- [Energy costs factor into business development, expansion decisions.](#) (2017, February 15). *Energy Monitor Worldwide*.
- Johnson, N. B. (2010). [Residual income compensation plans and deferred taxes.](#) *Journal of Management Accounting Research*, 22(2010), 103–114.
- Jones, D. J. (2012). [Visualizing accounting transaction flows into financial statements.](#) *American Journal of Business Education*, 5(6), 753–757.
- McIvor, R. (2011). [Outsourcing.](#) In J. Law, *Business: the Ultimate Resource* (3rd ed.). London, UK: A&C Black.
- Packard, C., & Arnold, B. (2017, October 17). [Broken trade laws and rising protectionism: Whirlpool fights imports, but who are they really helping?](#) *The Examiner*.
- Robin, D. (2009). [Toward an applied meaning for ethics in business.](#) *Journal of Business Ethics*, 89(1), 139–150.
- Yu, R. (2017, June 1). [Whirlpool says LG, Samsung dumping washers: Appliance maker asks Trump administration for import barriers.](#) *USA Today*, B4.

Suggested

The following materials are recommended to provide you with a better understanding of the topics in this course. These materials are not required to complete the course, but they are aligned to course activities and assessments and are highly recommended for your use.

Optional

The following optional materials are offered to provide you with a better understanding of the topics in this course. These materials are not required to complete the course.

Library

The following optional readings may be available in the Capella University Library. To find specific readings by journal or book title, use [Journal and Book Locator](#). Refer to the [Journal and Book Locator library guide](#) to learn how to use this tool. If the full text is not available, you may be able to request a copy through the [Interlibrary Loan](#) service.

- Bennouna, K., Meredith, G. G., & Marchant, T. (2010). [Improved capital budgeting decision making: Evidence from Canada.](#) *Management Decision*, 48(2), 225–247.
- Bujaki, M., & Durocher, S. (2012). [Industry identification through ratio analysis.](#) *Accounting Perspectives*, 11(4), 315–322.

- Copeland, A., & Shapiro, A. H. (2016). [Price setting and rapid technology adoption: The case of the PC industry](#). *Review of Economics and Statistics*, 98(3), 601–616.
- Deossa, P., De Vos, K., Deconinck, G., & Espinosa, J. (2017). [Generation expansion models including technical constraints and demand uncertainty](#). *Journal of Applied Mathematics*, 2017, 1–11.
- Friedl, G. (2005). [Incentive properties of residual income when there is an option to wait](#). *Schmalenbach Business Review*, 57(1), 3–21.
- Gagnon, E. (2009). [Price setting during low and high inflation: Evidence from Mexico](#). *The Quarterly Journal of Economics*, 124(3), 1221–1263.
- Hornstein, A. S., & Zhao, M. (2011). [Corporate capital budgeting decisions and information sharing](#). *Journal of Economics and Management Strategy*, 20(4), 1135–1170.
- Hsu, H. C. (2010). [Using MSN money to perform financial ratio analysis](#). *Journal of College Teaching and Learning*, 7(9), 25–35.
- Momani, A. M., Al-Hawari, T. H., & Mousa, R. W. (2016). [Using expanded real options analysis to evaluate capacity expansion decisions under uncertainty in the construction material industry](#). *South African Journal of Industrial Engineering*, 27(2), 1–14.
- Skillsoft. (n.d.). [Basic accounting concepts for non-financial professionals](#) [Tutorial].
- Vij, S., & Bedi, H. S. (2016). [Are subjective business performance measures justified?](#) *International Journal of Productivity and Performance Management*, 65(5), 603–621.

External Resource

Please note that URLs change frequently. While the URLs were current when this course was designed, some may no longer be valid. If you cannot access a specific link, contact your instructor for an alternative URL. Permissions for the following links have been either granted or deemed appropriate for educational use at the time of course publication.

- Avakmovic, J., & Avakumovic, J. (2016). [Method of financial analysis and impact on quality of decision making](#). *EuroEconomica*, 35(2), 23–30. Retrieved from <https://doaj.org/article/a87cde01b5cd4f9784653dcf831842ce>
- [U.S. Securities and Exchange Commission](#). (n.d.). Retrieved from <https://www.sec.gov/>

Unit 1 >> Financial Accounting Basics: The Accounting Equation and Recording Process

Introduction

This week you will:

- Participate in a discussion on the accounting process.
- View a video that introduces the accounting cycle.

- Start planning for the assignment due in Unit 3.

This week we will study the basics of accounting—that accounting is the process of identifying, recording, summarizing, and reporting the results of transactions. Transactions are the building blocks of accounting and are defined this week. Before you proceed to the work for next week, you must understand that financial statements report the results of transactions and not the market value of a company.

The following resources may be helpful as you study the accounting process and financial statements for this week's activities. Your experience with financial statements will determine how deeply you read these resources:

- Marshall, D., McManus, W., & Viele, D. (2020). *Accounting: What the numbers mean* (12th ed.). New York, NY: McGraw-Hill. **Available in the courseroom via the VitalSource Bookshelf link.**
 - The following chapters cover basic accounting concepts:
 - Chapter 1, "Accounting – Present and Past."
 - Chapter 2, "Financial Statements and Accounting."
 - Chapter 4, "Bookkeeping Process and Transactions."
- Droms, W. G., & Wright, J. O. (2015). [*Finance and accounting for nonfinancial managers: All the basics you need to know*](#). New York, NY: Basic Books.
 - The following chapter is most relevant for this week:
 - Chapter 1, "Contemporary Financial Management," pages 15–20.

Additional resources that may be useful throughout your courses have been gathered for easy access. Refer to the MBA Program Resources link in the courseroom navigation panel to access these resources.

Learning Activities

u01d1 - The Accounting Equation and Recording Process

In the following article, the author uses Vann Company as an example to present elementary accounting concepts in a way that illustrates what he refers to as "the profound simplicity of financial accounting" (p. 753).

- Jones, D. J. (2012). [*Visualizing accounting transaction flows into financial statements*](#). *American Journal of Business Education*, 5(6), 753–757.

For this discussion, read the Jones article linked above, and consider the loan Vann Company made to Brown Company. In 3–4 paragraphs, discuss why Vann Company records the interest receivable in August rather than waiting until the loan is due in November to record the interest. Address the following questions in your post. Feel free to include other information you think could be relevant to exploring this strategy or related accounting principles effectively:

- What are the risks of waiting until November to record the interest revenue and cash received amounts to match?
- Would the balance sheet and income statement work if they recorded the interest receivable without recording the revenue?
- What transactions will the company record in November when Brown Company actually receives the accrued interest?

This is the first discussion in this course. Take a moment to review the Discussion Participation Scoring Guide to learn how your instructor will evaluate your discussions.

Response Guidelines

After posting your discussion, provide a substantive response to at least two other learners. Consider the insights, comments, or questions raised as a result of your peers' views and analyses. Be sure to reference sources as appropriate in supporting your views.

Course Resources

Graduate Discussion Participation Scoring Guide

u01d1 - Learning Components

- Identify how an accounting method affects financial statements.
- Use appropriate accounting and financial terminology.
- Identify two or more different methods to account for a transaction.
- Use appropriate grammar and punctuation.

u01s1 - Activity: The Accounting Cycle

You have just begun studying the accounting process. The following short video will provide you with a visual explanation and depiction of the accounting cycle:

- [The Accounting Cycle](#) | [Transcript](#).

u01s1 - Learning Components

- Identify how an accounting method affects financial statements.
- Use appropriate accounting and financial terminology.
- Identify two or more different methods to account for a transaction.

u01s2 - Planning Ahead: Unit 3 Assignment

Your first assignment, Training—Accounting Tools and Practices, will be due at the end of Unit 3. The information and activities in Units 1, 2, and 3 will help you complete your assignment.

Read the assignment instructions and scoring guide in Unit 3 so you can see how the other activities will help; then, start gathering relevant sources and begin working on your assignment as time permits.

The Unit 3 assignment includes an option to choose a company. Since this option requires additional time to gather relevant information and determine whether the company meets the assignment requirements, take time to review the assignment instructions thoroughly if this might be of interest to you. Contact your instructor with questions.

u01s3 - Planning Ahead: Course Assignments

Publicly Available Financial Statements

For the assignments in this course, you may need to locate financial information for a business. Financial information for publicly traded corporations is available on the U.S. Securities and Exchange Commission (SEC) Web site.

To access financial statements for publicly traded companies, do the following:

1. Go to the [S](#)
2. [EC Web site](#).

3. On the main page:
 - Roll over the **FILINGS** link at the top of the page.
 - Select **Company Filings Search** from the drop-down list.
4. In the blank field, type the name of the company whose financial statements you wish to view, and then click **SEARCH**.
5. The next page may provide a list of companies matching your search. Select the company for which you are searching.
6. On the Results page, you will see a listing of filings by that company. From the list, select the financial statements you wish to view. (Hint: The filings labelled 10K are annual filings and are likely to be the most complete. The **Interactive Data** link allows you to select specific financial statements.)

u01s3 - Learning Components

- Identify how an accounting method affects financial statements.
- Use appropriate accounting and financial terminology.

u01s4 - Topic Resources

Skillsoft Tutorial

For learners who have no background and wish to experience step-by-step instruction, you can access the following interactive learning course. It provides practice with the concepts so you can test your understanding. The topics most applicable to this week's activities are listed below:

- Skillsoft. (n.d.). [Basic accounting concepts for non-financial professionals](#) [Tutorial].
 - The Basic Accounting Equation.
 - Cash-based and Accrual-based Accounting.
 - Understanding the Accounting Process.
 - Basic Accounting Principles.

Unit 2 >> Financial Accounting Basics: Financial Statement Basics

Introduction

This week you will:

- Participate in a discussion about the benefits of financial statements.
- Complete an online interactive module that allows you to practice your understanding of financial statements.

This week builds upon the concepts covered in Unit 1. We learn that the information contained in transactions often needs to be adjusted before financial statements are prepared. We will also explore how the financial statements relate to one another and what is meant by the closing process.

The following resources may be helpful in learning about or reviewing financial statement basics in preparation for this week's activities.

- Marshall, D., McManus, W., & Viele, D. (2020). *Accounting: What the numbers mean* (12th ed.). New York, NY: McGraw-Hill. **Available in the courseroom via the VitalSource Bookshelf link.**
 - The following chapters cover financial statement basics:
 - Chapter 5, "Accounting for and Presentation of Current Assets."
 - Chapter 6, "Accounting for and Presentation of Property, Plant, and Equipment and Other Noncurrent Assets."
 - Chapter 7, "Accounting for and Presentation of Liabilities."

Learning Activities

u02d1 - Financial Statement Basics and the Accounting Cycle

Now that you have some acquaintance with financial statements, prepare 3–4 paragraphs to discuss your views on financial statements and their usefulness in managing a division or a business. Include in your discussion:

- What else would you like to see in the financial statements?
- What kind of information do you think you may, as a manager, request from an accountant because you cannot find it on the financial statements?
- How might you use the information from financial statements to talk with an investor or a banker?

Response Guidelines

After posting your discussion, provide a substantive response to at least two other learners. Consider the insights, comments, or questions raised as a result of your peers' posts. Be sure to reference sources as appropriate in supporting your views.

Course Resources

Graduate Discussion Participation Scoring Guide

u02d1 - Learning Components

- Identify how an accounting method affects financial statements.
- Use appropriate accounting and financial terminology.
- Identify two or more different methods to account for a transaction.
- Use appropriate grammar and punctuation.

u02s1 - Activity: Reading Financial Statements

You have been studying financial statements and the accounting process. The following activity will provide you an opportunity to test your understanding of the relationships among the elements of a single financial statement and the relationships among the different financial statements:

- [Reading Financial Statements](#) | [Transcript](#).

u02s1 - Learning Components

- Identify how an accounting method affects financial statements.
- Identify two or more different methods to account for a transaction.

u02s2 - Planning Ahead: Unit 3 Assignment

Your first assignment, Training—Accounting Tools and Practices, will be due at the end of Unit 3. Continue working on the assignment this week as time permits.

u02s3 - Topic Resources

Skillsoft Tutorial

Refer to the following topics in the interactive learning course linked below if you need clarification or additional support on this week's topic:

- Skillsoft. (n.d.). [Basic accounting concepts for non-financial professionals](#) [Tutorial].
 - The Basic Accounting Equation.
 - Cash-based and Accrual-based Accounting.
 - Understanding the Accounting Process.
 - Basic Accounting Principles.

Unit 3 >>

Financial Accounting Basics: Financial Statement Advanced Topics and Note Disclosures

Introduction

This week you will:

- Participate in a discussion about LIFO verses FIFO accounting methods based on inflation.
- Complete an online interactive module that provides you an opportunity to compare the effect of different accounting methods on finances.
- Complete an assignment on the effect of accounting methods as identified in the notes to financial statements.

This week moves our understanding of basic accounting from the broad outlook to the details of reporting the results of transactions. Some of these details are too numerous to place on the face of the balance sheet or income statement, so they are placed in the notes to the financial statements, which are often lengthy.

The following resources may be helpful in learning about or reviewing financial statement notes and other advanced topics in preparation for this week's activities.

- Marshall, D., McManus, W., & Viele, D. (2020). *Accounting: What the numbers mean* (12th ed.). New York, NY: McGraw-Hill. **Available in the courseroom via the VitalSource Bookshelf link.**
 - The following chapters cover financial statement notes and other advanced topics:
 - Chapter 8, "Accounting for and Presentation of Stockholders' Equity."
 - Chapter 9, "The Income Statement and Statement of Cash Flows."
 - Chapter 10, "Corporate Governance, Notes to the Financial Statements, and Other Disclosures."

Learning Activities

u03s1 - Activity: Inventory Calculation

As we have moved through the course, we have examined the differences an accounting method makes. One of those accounting methods that can vary, depending on the company or the economy, is the method of inventory valuation. In the following activity, you are going to compare how three methods—FIFO (first in/first out), LIFO (last in/first out), and weighted average—affect the inventory valuation (balance sheet) and cost of goods sold (income statement):

- [Inventory Calculation](#) | [Transcript](#).

Use the feedback provided to prepare for the Unit 3 assignment due at the end of the week.

u03s1 - Learning Components

- Identify how an accounting method affects financial statements.
- Identify two or more different methods to account for a transaction.

u03a1 - Training—Accounting Tools and Practices

Introduction

This portfolio work project will help you to not only better understand commonly used accounting tools, but it will also give you the opportunity to use your skills and experience by preparing training materials to train someone else.

Scenario

You work for an organization that is seeking growth and recently has hired new district managers to assist in this growth. In talking to other regional managers, you have heard that some district managers do not have a thorough understanding of commonly used accounting tools including an income statement and balance sheet. You have a new district manager hire, John, and see the need to do some training with him so he has a solid understanding of income statements, balance sheets, and the elements that go into them including advertising costs, Web development costs, and store opening costs.

In preparing to train your new hire, you have determined that the use of examples (a picture is worth a thousand words) can be a great approach to use. So, you have decided to gather some examples from the company's summary of significant accounting policies from its latest financial statements.

You may apply this scenario to either Option 1 or Option 2, described in **Requirements** below.

Your Role

You are a regional manager for Urban Outfitters or your selected organization and oversee a number of districts. You have recently brought a new district manager on board and want to ensure he has the knowledge and tools needed to effectively do his job.

Requirements

Option 1:

The organization you work for is Urban Outfitters. Use the U.S. Securities and Exchange Commission site linked in Resources to find the Urban Outfitter's 2016–2017 financial statement's summary of significant accounting policies. Look at the data for 2015, 2016, and 2017 for the following examples of essential elements you need to cover with John and ensure his understanding.

- **Advertising.** Examine the criteria used to expense and capitalize advertising costs and where these costs appear in the financial statement.
- **Store opening costs.** Examine how store opening and organization costs were handled and where these costs appear in the financial statement.
- **Website development costs.** Examine the approaches taken during the application and infrastructure development stage and the planning and operating stage.

Option 2:

Use a firm or scenario of your choosing.

Before choosing a company, read the assignment thoroughly to ensure:

- The company fits the assignment requirements.
- You have access to the financial statement's summary of significant accounting policies and the Note disclosures from which you are drawing your materials. Include this information in the appendix for instructor reference.
- You can distribute the data without disclosing confidential company information.

Contact your instructor with questions.

Training Materials

As you prepare your training materials for John, use the examples you collected from the company's Notes to financial documents to illustrate how you address the following items:

- Explain how *one or more* of the following costs are captured:
 - Advertising.
 - Store opening. If store opening costs were capitalized, over what time period would you amortize them? Explain why you selected this time period.
 - Website development.
- Analyze the importance of Notes to financial statements in interpreting financial statements.
- Explain how the accounting method the company uses affects the financial statements.
- Explain how the financial statements would differ if another method were used to capture the costs.
- If you have a preference for capitalizing or expensing these costs, explain why it is your preference.

Deliverable Format

Leadership has asked that you develop either a training deck or a training manual that you will use with John and that can be deployed with other new hires as well. Regardless of the format selected, the information should address the points identified above and with detailed explanations within the notes areas of slides or within the training manual text. It will also be helpful to include information in regard to why each item is important to the organization as well as the success of the new district manager.

To use your time and John's time wisely, be conscientious about providing thorough yet concise information. These materials are expected to be used by others for future training needs, so make sure they are well organized and clear.

Training materials requirements:

- 12–15 slides for a training deck. Include additional details as slide notes.
- 3–4 pages for a training manual.

Related company standards for either format:

- The training manual is a professional document and should therefore follow the corresponding MBA Academic and Professional Document Guidelines, including single-spaced paragraphs.
 - To learn more about creating presentations, click "MBA Program Resources" and then "Presentation Skills."
- In addition to the training deck or manual materials, include:
 - Title (slide or page).
 - References (slide or page).
 - Appendix with supporting materials. If you are using a firm or scenario of your choosing, ensure your instructor has sufficient information to understand how you reached your recommendation.
 - At least two APA-formatted references.

Evaluation

By successfully completing this assignment, you will demonstrate your proficiency in the following course competencies through corresponding scoring guide criteria:

- Competency 1: Explain how accounting concepts and practices impact financial reporting.
 - Explain how the accounting method the company used affects the financial statements.
 - Compare how two accounting methods differ in their effects on the financial statements.
- Competency 4: Communicate financial information with multiple stakeholders.
 - Communicate accounting information clearly.

Your course instructor will use the scoring guide to review your deliverable as if they were your immediate supervisor. Review the scoring guide prior to developing and submitting your assignment.

ePortfolio

This portfolio work project demonstrates your competency in applying knowledge and skills required of an MBA learner in the workplace. Include this in your personal ePortfolio.

Note: Your instructor may also use the Writing Feedback Tool to provide feedback on your writing. In the tool, click the linked resources for helpful writing information.

u03d1 - Advanced Topics in Financial Statements

Between 1955 and 1972, consumer prices increased by less than one percent a year. The first-in, first-out (FIFO) inventory pricing method was, by a wide margin, the most popular choice. This method assigns the cost of the earliest purchased items as the cost of goods sold and assigns the cost of the most recent purchases to the value of the unsold goods, shown as inventory on the balance sheet. This method of determining cost flow matches the actual physical flow of inventory (selling the oldest items first, keeping the physical goods fresh).

From about 1972 to about 1985, inflation occurred in the United States. In some years, prices increased by more than twelve percent. In some industries, the price increase was much higher than twelve percent. A method of computing the cost flow of inventory called the last-in, first-out (LIFO) method quickly became the most popular choice, again by a wide margin. This method assigns the cost of the earliest (cheapest) purchases to inventory and assigns the cost of the latest (most expensive) purchases as the cost of goods sold. Note that the use of LIFO for cost-flow determination has no effect on the physical flow of inventory, which will continue to sell the oldest items first and maintain a fresh inventory.

For this week's discussion, prepare 4–5 paragraphs discussing inventory valuations. Consider the following to include in your discussion:

- If prices were steady—no inflation and no deflation—would net income be different depending on whether a company used FIFO or LIFO? Explain.
- If you were the owner of a company, and thus responsible for the payment of income taxes, which inventory method would you prefer if you were operating in an inflationary environment? Explain, using an example.
- If you were the manager of a division of a company, operating in an inflationary environment, and your bonus depended on net income, which inventory method would you prefer? In answering this question, assume that you are concerned only about receiving a high bonus; you are not concerned about the well-being of the company. Explain, using an example.
- The use of LIFO has been described as sacrificing the balance sheet in order to achieve an income statement in which gross profit is determined by matching the current costs of replacing inventory against the current selling prices of the inventory. What is meant by that description?
- How can you find out what inventory cost flow method is being used by a company?

Response Guidelines

After posting your discussion, provide a substantive response to at least two other learners. Consider the insights, comments, or questions raised as a result of your peers' posts. Be sure to reference

sources as appropriate in supporting your views.

Course Resources

Graduate Discussion Participation Scoring Guide

u03d1 - Learning Components

- Identify how an accounting method affects financial statements.
- Use appropriate accounting and financial terminology.
- Identify two or more different methods to account for a transaction.
- Use appropriate grammar and punctuation.

u03s2 - Topic Resources

Skillsoft Tutorial

Refer to the following topics in the interactive learning course linked below if you need clarification or additional support on this week's topic:

- Skillsoft. (n.d.). [Basic accounting concepts for non-financial professionals](#) [Tutorial].
 - Cash Flow Principles.
 - The Impact of Economic Float on Cash Flow.

Unit 4 >> Managerial Accounting Basics: Cost Accounting and Budgeting

Introduction

This week you will:

- Participate in a discussion about contribution margin.
- Start planning for the assignment due in Unit 5.

This week and next we will study the accounting used by managers to make decisions for the company: managerial accounting. The budget is the document that is most closely associated with managerial accounting because the budget is used only by management and is not released to those outside the company.

Not long ago, the labels “managerial accounting” and “financial accounting” were not used. The older names were “accounting” and “cost accounting.” This week introduces the basics of cost accounting, including budgeting.

For information on cost accounting and budgeting to prepare for this week's activities, use the following resources:

- Marshall, D., McManus, W., & Viele, D. (2020). *Accounting: What the numbers mean* (12th ed.). New York, NY: McGraw-Hill. **Available in the courseroom via the VitalSource Bookshelf link.**
 - The following chapters are most appropriate for this week:
 - Chapter 12, "Managerial Accounting and Cost-Volume-Profit Relationships."
 - Chapter 14, "Cost Planning."
- Droms, W. G., & Wright, J. O. (2015). [*Finance and accounting for nonfinancial managers: All the basics you need to know*](#) New York, NY: Basic Books.
 - The following chapter may be particularly useful:
 - Chapter 2, "The Tax Environment," pages 22–31.

Learning Activities

u04d1 - Contribution Margin

For this week's discussion, post 4–5 paragraphs discussing the meaning and importance to the business of the contribution margin. Consider as part of your post:

- Is contribution margin part of financial accounting or managerial accounting, or both?
- What kinds of costs, such as packaging, might be easy to forget when calculating production costs and contribution margin? Provide any examples that you may have witnessed in the past.
- Discuss the risk to the company of miscalculating contribution margin.
- Find or create an example of a contribution margin. If the contribution margin per unit increases, how does this affect the break-even point in terms of units sold?

The following article provides details about different aspects of packaging that may need to be considered as part of the accounting approach related to contribution margin:

- Atagan, G., & Yükçü, S. (2013). [Effect of packing cost on the sales price and contribution margin](#). *Ege Academic Review*, 13(1), 1–9.

Response Guidelines

After posting your discussion, provide a substantive response to at least two other learners. Consider the insights, comments, or questions raised as a result of your peers' views and analyses. Be sure to reference sources as appropriate in supporting your views.

Course Resources

Graduate Discussion Participation Scoring Guide

u04d1 - Learning Components

- Identify how an accounting method affects financial statements.
- Use appropriate accounting and financial terminology.
- Identify two or more different methods to account for a transaction.
- Use appropriate grammar and punctuation.

u04s1 - Planning Ahead: Unit 5 Assignment

Your second assignment, Product Pricing Recommendation, will be due at the end of Unit 5. The information and activities in Units 4 and 5 will help you complete your assignment.

Review the assignment instructions and scoring guide in Unit 5, so you can see how the other activities will help you. Then, start gathering relevant sources and begin working on your assignment as time permits.

One of the options for this assignment is to record a presentation. Use Capella-supported Kaltura Media or another technology of your choice. Kaltura is recording software that can be used to create webcam, screen, and audio recordings. Refer to MBA Program Resources for the [Using Kaltura](#) tutorial to prepare for this option. If you choose to use something other than Kaltura Media, ensure that it creates a shareable URL and can be embedded in the courseroom to ensure your instructor can access your recording.

Note: If you require the use of assistive technology or alternative communication methods to participate in these activities, please contact DisabilityServices@Capella.edu to request

accommodations.

u04s2 - Topic Resources

Skillsoft Tutorial

Refer to the following topics in the interactive learning course linked below if you need clarification or additional support on this week's topic:

- Skillsoft. (n.d.). [Basic accounting concepts for non-financial professionals](#) [Tutorial].
 - Working with Capital to Increase Cash Flow.

Unit 5 >> Managerial Accounting Basics: Production and Price Decisions

Introduction

This week you will:

- Participate in a discussion about the benefits and/or dangers of import taxes and restrictions.
- Complete an assignment on product pricing.

Unit 5 goes further into accounting for costs. We learn that the question “What does it cost?” is not always easy to answer. There are costs of producing goods for inventory that are required by generally accepted accounting principles (GAAP) to be listed on the balance sheet as assets before they are sold and on the income statement, as cost of goods sold, when they are sold. These financial statements go to outsiders. These may not be the same costs that are used by managers to make pricing and production decisions. Managers do not have to use GAAP at all times; they are free to use whatever is useful and relevant.

To learn about making production and pricing decisions, read the following:

- Marshall, D., McManus, W., & Viele, D. (2020). *Accounting: What the numbers mean* (12th ed.). New York, NY: McGraw-Hill. **Available in the courseroom via the VitalSource**

Bookshelf link.

- Chapter 13, "Cost Accounting and Reporting."
- Diffley, E. A., & Greenstein, A. (2016). [Presenting non-GAAP financial measures in the face of increased scrutiny](#). *Insights*, 30(6), 3–9.

Learning Activities**u05s1 - Activity: Budgets and Decisions**

The following activity provides a series of scenarios that you will use to apply and self-test your understanding of financial statements, budgeting, and pricing decisions:

- [Budgets and Decisions](#) | [Transcript](#).

Use the feedback provided to prepare for the Unit 5 assignment due at the end of the week.

u05s1 - Learning Components

- Assess the differing effects of financial and managerial accounting on financial statements.
- Identify whether costs are fixed or variable.
- Identify production costs.
- Explain how costs are calculated.
- Identify the differences between financial and managerial accounting.
- Identify how cost calculation choices can differ.
- Compare results for two or more different cost calculations.
- Identify the benefits and weaknesses of including variable costs in calculation of unit costs.

u05a1 - Product Pricing Recommendation**Introduction**

This portfolio work project will help you to assess a request, complete an analysis to understand the impact on an organization, provide a recommendation, and communicate that recommendation.

Scenario

The Acme Pickle Company has distributed pickles under the "Florida's Best" brand for eight years from its production facility in Jacksonville, Florida. It sells the pickles to stores in the southeastern United States. Acme normally produces between 8,000 and 10,000 cases of pickles a month but has the capacity to produce 12,000 cases without adding equipment or personnel.

The owner of a twenty-store supermarket chain in Wisconsin, called Super Deals, visits friends in Florida and is impressed with the quality of "Florida's Best" pickles. He approaches you, an Acme Pickle account manager, with an offer to buy 2,000 cases of pickles to use in a special promotion at his stores. He is thinking of something such as:

"Free jar of Florida's Best pickles with every purchase of forty dollars or more—this month only!"

He offers Acme a price of \$9.50 per case, knowing that it is a very substantial discount from the normal selling price of \$20 a case. Acme's management is inclined to turn the offer down, because their cost is calculated at \$10.00 a case. They believe they would lose money if they sold at \$9.50 a case. You, on the other hand, believe that some errors have been made in the cost accounting.

Your Role

You are the account manager for Acme Pickles.

Requirements

Your analysis for the Controller and Sales Manager is needed to suggest a different way of calculating the pricing of the pickles that may be lower. As part of your analysis, address the following items:

- Explain why some production costs are variable and some are fixed.
- Analyze the benefit of recalculating the cost of pickle production.
 - How would you recalculate it?
 - What would the result be?
 - What is the benefit to the company of recalculating the cost?
- Analyze how financial accounting of production cost differs from managerial accounting of production cost.
 - Explain the difference between the two accounting methods.
 - Identify the benefits and drawbacks of each method.
- Recommend a plan of action to management regarding Super Deals' offer.

Below is the cost report for a recent month. In this month, Acme produced 9,000 cases and sold them at \$20 per case, which is Acme's normal selling price. Nine thousand cases are well beyond Acme's

break-even point, enabling Acme to record a substantial profit at the nine-thousand-case level.

Acme Pickle Company Cost Report

Item	Cost
Cucumbers	\$15,000
Spices and vinegar	11,000
Jars and lids	10,000
Direct labor, paid by the case	30,000
Line supervisors, on salary	10,000
Depreciation on factory	10,000
Property taxes on factory	3,000
Insurance on factory	1,000
Total Costs:	\$90,000
Cost per case (9,000 cases produced)	
	\$10.00

Deliverable Format

Your team lead wants to share this analysis across remote locations of the organization and is hoping you will set the standard for how analyses and decisions of this type should be presented and supported. Your team has requested either a recorded presentation (including slides and notes) or a presentation and supporting reporting that can be distributed as a model. Prepare a presentation of at least 9 slides using PowerPoint or software of your choice detailing your recommendation and the information you used to make your recommendation. You can either record the presentation or prepare a separate report supporting the presentation.

If you choose to record your presentation, you may use Capella-supported Kaltura Media or another technology of your choice that produces a shareable URL.

Note: If you require the use of assistive technology or alternative communication methods to participate in these activities, please contact DisabilityServices@Capella.edu to request accommodations.

Recommendation requirements:

- Presentation slides:
 - Create at least 9 slides detailing your recommendation and the information you used to make your recommendation.
 - Include additional details as slide notes.
- Supporting information. Choose one of the following options:
 - Record your presentation.
 - Create a 2–3 page report to support your slides.

Related company standards:

- The recommendation report is a professional document and should therefore follow the corresponding MBA Academic and Professional Document Guidelines, including single-spaced paragraphs.
- In addition to the presentation or report materials, include:
 - Title (slide or page).
 - References (slide or page).
 - Appendix with supporting materials.
 - At least two APA-formatted references.

Evaluation

By successfully completing this assignment, you will demonstrate your proficiency in the following course competencies through corresponding scoring guide criteria:

- Competency 1: Explain how accounting concepts and practices impact financial reporting.
 - Explain why some production costs are variable and some are fixed.
- Competency 2: Apply principles of accounting to assess financial performance.
 - Analyze how financial accounting of production cost differs from managerial accounting of production cost.
- Competency 3: Analyze accounting information to support business decisions.
 - Analyze the benefit of recalculating the cost of pickle production.
 - Recommend a plan of action to management.
- Competency 4: Communicate financial information with multiple stakeholders.
 - Communicate accounting information clearly.

Your course instructor will use the scoring guide to review your deliverable as if they were the Controller or Sales Manager. Along with reviewing the content, they will also review the way you present this content. Review the scoring guide prior to developing and submitting your assignment.

ePortfolio

This portfolio work project demonstrates your competency in applying knowledge and skills required of an MBA learner in the workplace. Include this in your personal ePortfolio.

Note: Your instructor may also use the Writing Feedback Tool to provide feedback on your writing. In the tool, click the linked resources for helpful writing information.

Course Resources

[Using Kaltura](#)

DisabilityServices@Capella.edu

u05d1 - Production and Price Decisions

Whirlpool has been involved in a trade dispute with South Korean manufacturers LG and Samsung, alleging that they are being unfairly harmed by the South Korean companies. Whirlpool claims that Samsung and LG are using unfair trade practices by illegally undercutting prices on washing machines sold in the United States by selling the units for less than their production cost.

For this week's discussion, prepare 4–5 paragraphs about this dispute. Consider for your post:

- How can Samsung and LG profit by selling their products for less than production cost?
- What remedies do you think the International Trade Commission (ITC) will recommend?
- Imagine you are selling a product, which currently has no tariff, to Canada or Mexico. How could you sell to Canada or Mexico for much less than the sales price in the United States and still make a profit?
- Discuss how some U.S. companies may suffer unforeseen negative consequences if a tariff on washing machines is imposed. What companies may be hurt, and how?
- Are you aware of any U.S. products that are known to be sold for less in foreign countries than the United States? If so, mention them in your posting.

The following articles provide in-depth information about the dispute.

- Yu, R. (2017, June 1). [Whirlpool says LG, Samsung dumping washers: Appliance maker asks Trump administration for import barriers](#). *USA Today*, B4.

- Packard, C., & Arnold, B. (2017, October 17). [Broken trade laws and rising protectionism: Whirlpool fights imports, but who are they really helping?](#) *The Examiner*.

Response Guidelines

After posting your discussion, provide a substantive response to at least two other learners. Consider the insights, comments, or questions raised as a result of your peers' views and analyses. Be sure to reference sources as appropriate in supporting your views.

Course Resources

Graduate Discussion Participation Scoring Guide

u05d1 - Learning Components

- Identify how an accounting method affects financial statements.
- Use appropriate accounting and financial terminology.
- Identify two or more different methods to account for a transaction.
- Use appropriate grammar and punctuation.

u05s2 - Topic Resources

To learn about price setting during specific circumstances, you may wish to read the following journal articles:

- Gagnon, E. (2009). [Price setting during low and high inflation: Evidence from Mexico](#). *The Quarterly Journal of Economics*, 124(3), 1221–1263.
- Copeland, A., & Shapiro, A. H. (2016). [Price setting and rapid technology adoption: The case of the PC industry](#). *Review of Economics and Statistics*, 98(3), 601–616.

Unit 6 >>

Assessing Financial Performance: ROI and Residual Income Performance Measures Introduction

This week you will:

- Participate in a discussion about different ways to measure ROI.
- Participate in a second discussion about ethics in relation to how ROI is measured.
- Start planning for the assignment due in Unit 8.

Now that we are familiar with financial and managerial accounting, we will turn our attention toward the important function of a manager: evaluating performance. We will cover different aspects of evaluating performance for three weeks.

This week begins that process by introducing and discussing several measures of investment performance. The most well known and most frequently used measure of performance is the return on investment (ROI). For the purpose of evaluating the performance of division managers in a large organization, another measure, residual income, is introduced and discussed, as well as its advantage over ROI in measuring performance.

To learn about how we evaluate an organization's financial performance, refer to the following resources:

- Marshall, D., McManus, W., & Viele, D. (2020). *Accounting: What the numbers mean* (12th ed.). New York, NY: McGraw-Hill. **Available in the courseroom via the VitalSource Bookshelf link.**
 - Chapter 15, "Cost Control."
 - Chapter 16, "Costs for Decision Making."
 - Epilogue, "Accounting – The Future."
- Johnson, N. B. (2010). [Residual income compensation plans and deferred taxes](#). *Journal of Management Accounting Research*, 22(2010), 103–114.

Learning Activities**u06d1 - Performance Measurement**

This week's discussion is about valuation of company assets for purposes of computing return on investment (ROI). Use the following scenario for your discussion:

A company owns two identical apartment buildings.

- Both buildings were built at the same time.
- The first building was acquired by the company ten years ago.

- The second building was acquired by the company two years ago at a higher price.
- The net book value of the first building will be much lower than the net book value of the second building due to accumulated depreciation and a lower purchase price.
- Each building has a different manager.

For your post, prepare 3–4 paragraphs about managing these properties. Discuss how to measure the ROIs so that the manager of the older building does not show a much higher ROI, even if actual job performance is worse in terms of keeping the units rented and containing maintenance costs.

Response Guidelines

After posting your discussion, provide a substantive response to at least two other learners. Consider the insights, comments, or questions raised as a result of your peers' posts. Be sure to reference sources as appropriate in supporting your views.

Course Resources

Graduate Discussion Participation Scoring Guide

u06d1 - Learning Components

- Use appropriate accounting and financial terminology.
- Identify whether costs are fixed or variable.
- Use appropriate grammar and punctuation.
- Explain how costs are calculated.
- Identify the differences between financial and managerial accounting.
- Identify how cost calculation choices can differ.

u06d2 - Ethics and ROI

For this discussion, consider the following scenario:

You are the division manager of a company with four departments. Your company evaluates department managers on the basis of return on investment (ROI), with investment measured by net book value (that is, original cost minus depreciation). You have a favorite person you want to put in a place where she can achieve a high ROI. You know if she is the manager of the older division, where the net book value is low, she will achieve a high ROI.

Post a discussion of 2–4 paragraphs about the ethics of this scenario. Consider for your post:

- The ethics of what you are about to do.
- The ethics of not bringing the measure of ROI with the investment defined as net book value to the attention of management.
 - What is your "return on investment" to your current or potential employer?
 - How can you continue to demonstrate your value to enhance your career?
 - Identify a professional achievement you are proud of. Using the CARD model, draft an accomplishment statement that showcases this achievement clearly and concisely and add it to your resume.
 - How does your resume present your value to a potential employer? See the resources in the Career Center on building a dynamic resume.

Refer to the following article for a good overview of ethical considerations that will help inform your post:

- Robin, D. (2009). [Toward an applied meaning for ethics in business](#). *Journal of Business Ethics*, 89(1), 139–150.

Response Guidelines

After posting your discussion, provide a substantive response to at least two other learners. Consider the insights, comments, or questions raised as a result of your peers' posts. Be sure to reference sources as appropriate in supporting your views.

Course Resources

Graduate Discussion Participation Scoring Guide

[Resume Builder Tool](#)

[Results and Accomplishments Statements \[PDF\]](#)

u06s1 - Planning Ahead: Unit 8 Assignment

Your third assignment, Performance Evaluation, will be due at the end of Unit 8. The information and activities in Units 6, 7, and 8 will help you complete your assignment.

Review the assignment instructions and scoring guide in Unit 8 so you can see how the other activities will help; then, start gathering relevant sources and begin working on your assignment as time permits.

The Unit 8 assignment includes an option to choose a company. Since this option requires additional time to collect relevant information and determine whether the company meets the assignment requirements, take time to review the assignment instructions thoroughly if this might be of interest to you. Contact your instructor with questions.

u06s2 - Topic Resources

To learn about residual income and business performance measures, you may wish to read the following journal articles:

- Friedl, G. (2005). [Incentive properties of residual income when there is an option to wait](#). *Schmalenbach Business Review*, 57(1), 3–21.
- Vij, S., & Bedi, H. S. (2016). [Are subjective business performance measures justified?](#) *International Journal of Productivity and Performance Management*, 65(5), 603–621.

Unit 7 >> Assessing Financial Performance: Ratio Analysis

Introduction

This week you will:

- Participate in a discussion about ratio analysis.

- Start working on the assignment due in Unit 8.

Continuing with our learning about performance measurement, this week we cover the most popular ratios (also called metrics) used to evaluate a company's performance. These ratios are often used to compare one company's performance to other companies in the same industry and to itself across time periods. *Some* of the ratios covered in this unit include:

- Current ratio.
- Times-interest-earned ratio.
- Debt-to-equity ratio.
- Inventory turnover ratio.
- Accounts receivable turnover ratio.

To learn about ratio analysis, refer to the following:

- Marshall, D., McManus, W., & Viele, D. (2020). *Accounting: What the numbers mean* (12th ed.). New York, NY: McGraw-Hill. **Available in the courseroom via the VitalSource Bookshelf link.**
 - Chapter 3, "Fundamental Interpretations."
 - Chapter 11, "Financial Statement Analysis."

Learning Activities

u07d1 - Ratio Analysis

You are not required to know generally accepted accounting principles (GAAP), as you are not studying to be an accountant. However, GAAP is important, as all publicly traded companies must use GAAP in their accounting and reporting practices. So, it is important to you, as a manager, for compliance reasons. Recognizing the existence of GAAP and the reasons for using non-GAAP reporting can be important to your job as a business manager.

For this discussion, read the articles and textbook page below, and then post a discussion of 3–4 paragraphs about GAAP and non-GAAP reporting. Consider as part of your post:

- Your beliefs about the pros and cons of reporting company performance using non-GAAP measurements.
- Your understanding of the reasons for the reconciliation between GAAP and non-GAAP reporting in the Campbell's Soup financial statements on page 645 of your textbook.

You are not expected to be an expert; look at this discussion post as a manager. If you have questions, include them in your post.

The following resources will be useful in preparing this discussion post:

- Afterman, A. B. (2015). [Non-GAAP performance measures: Virtue or vice?](#) *The CPA Journal*, 85(10), 48–49.
- Diffley, E. A., & Greenstein, A. (2016). [Presenting non-GAAP financial measures in the face of increased scrutiny.](#) *Insights*, 30(6), 3–9.
- Marshall, D., McManus, W., & Viele, D. (2020). *Accounting: What the numbers mean* (12th ed.). New York, NY: McGraw-Hill. **Available in the courseroom via the VitalSource Bookshelf link.**
 - Read page 648.

Response Guidelines

After posting your discussion, provide a substantive response to at least two other learners. Consider the insights, comments, or questions raised as a result of your peers' posts. Be sure to reference sources as appropriate in supporting your views.

Course Resources

Graduate Discussion Participation Scoring Guide

u07d1 - Learning Components

- Assess the differing effects of financial and managerial accounting on financial statements.
- Use appropriate accounting and financial terminology.
- Use appropriate grammar and punctuation.
- Identify the differences between financial and managerial accounting.
- Compare results for two or more different cost calculations.

u07s1 - Planning Ahead: Unit 8 Assignment

You only have one discussion this week, so use any additional time to continue to work on your Unit 8 assignment.

u07s2 - Topic Resources

To learn how ratio analysis is conducted and used by various organizations, you may wish to read the following articles:

- Bujaki, M., & Durocher, S. (2012). [Industry identification through ratio analysis](#). *Accounting Perspectives*, 11(4), 315–322.
- Hsu, H. C. (2010). [Using MSN money to perform financial ratio analysis](#). *Journal of College Teaching and Learning*, 7(9), 25–35.
- Avakmovic, J., & Avakumovic, J. (2016). [Method of financial analysis and impact on quality of decision making](#). *EuroEconomica*, 35(2), 23–30. Retrieved from <https://doaj.org/article/a87cde01b5cd4f9784653dcf831842ce>

Unit 8 >> Assessing Financial Performance: Capital Budgeting

Introduction

This week you will:

- Complete an activity that will provide you a chance to test your understanding of performance measurements.
- Complete an assignment on performance measurement.

In this final week of studying evaluating financial performance, we are introduced to planning for investments that will last for more than one year. "Capital budgeting" is the commonly used name for this type of investment activity. The terms "discounted cash flows" and "net present value," among others, are concepts related to capital budgeting.

The following article provides an overview of capital budgeting that may be useful as you prepare for this week's activities:

- Bennouna, K., Meredith, G. G., & Marchant, T. (2010). [Improved capital budgeting decision making: Evidence from Canada](#). *Management Decision*, 48(2), 225–247.

Learning Activities

u08s1 - Activity: Performance Evaluation

We have moved on from understanding financial statements to studying performance evaluation, which is the point of financial statements. The following activity allows you to test your understanding of financial ratios, which support performance evaluation:

- [Performance Evaluation](#) | [Transcript](#).

Use the feedback provided to prepare for the Unit 8 assignment due at the end of the week.

u08a1 - Performance Evaluation

Introduction

This portfolio work project will help you complete a thorough review of an organization's financial performance as well as their level of risk for lending. Your recommendation will help leadership create a loan portfolio, and your executive summary will clearly and concisely communicate your review to others in the organization.

Scenario

You work for an organization that provides loans to businesses. You are working with a client who is requesting a loan that will require a review of financial and related performance documents. You have been asked to review the documents and summarize your findings in a loan recommendation for your management team.

You may apply this scenario to either Option 1 or Option 2, described in **Requirements** below.

Your Role

You are a loan manager for a lending organization, and your responsibilities include reviewing loan requests and providing recommendations in regard to whether the loan requests should be funded.

Requirements

Option 1:

Your client works for Ace Company. Assume Ace Company requested a \$3 million 10-year loan to purchase production equipment and develop accompanying software.

The Ace Company Data document provided in the Resources contains financial statements for Ace Company.

Option 2:

Use a firm or scenario of your choosing.

Before choosing a company, read the assignment thoroughly to ensure:

- The company fits the assignment requirements.
- You have access to the financial statements and related performance documents needed to assess risk and make a loan recommendation. You will need information for this year and last year.
- You can distribute the financial statements and related performance documents without disclosing confidential company information.

Contact your instructor with questions.

Loan Recommendation

To arrive at your recommendation, analyze the financial performance of the requesting company and present it to your organization's upper-management team. The management team will take your recommendation into consideration as they finalize loan requests.

Analyze the company's performance and performance trends. Include the following in your analysis:

1. Analyze the trend for accounts receivable collections.
 - a. Identify the trend.
 - b. Explain the relevance of the trend.
 - c. Determine if the trend is improving or getting worse.
2. Compare the company's average inventory turnover to the industry average inventory turnover rate. Note that the average industry turnover rate for Ace Company is 10 times per year.
 - a. Consider whether the company's average inventory turnover is higher or lower than the industry average.
 - b. Explain whether a higher or lower average is better.
 - c. Determine whether the trend is improving or getting worse.

3. Evaluate the company's short-term and long-term credit worthiness based on financial performance and trend (comparing this year to last year). Include in your evaluation:
 - a. Information about performance and trends.
 - b. Information about other relevant financial information you consider important to the decision.
 - c. Your recommendation regarding whether the bank should grant the loan based on the financial data.

Deliverable Format

The management team of your organization requests this information in the form of a 1–2 page executive summary along with a title page, references page, and appendix of supporting information. The executive summary must highlight the key findings from your review and will provide your recommendation and rationale. The appendix must include data used in your analysis for others to review. Assume that this document is the only communication in regard to your analysis and recommendation and that you will not be with the team to explain anything as it deliberates. In other words, the documentation you provide must be well organized and include information for the management team to clearly see your recommendation and rationale.

Related company report standards:

- The executive summary is a professional document and should therefore follow the corresponding MBA Academic and Professional Document Guidelines, including single-spaced paragraphs.
- In addition to the executive summary, include:
 - A title page.
 - A references page.
 - Appendix with supporting materials. If you are using a firm or scenario of your choosing, ensure your instructor has sufficient information to understand how you reached your recommendation.
 - At least two APA-formatted references.

Evaluation

By successfully completing this assignment, you will demonstrate your proficiency in the following course competencies through corresponding scoring guide criteria:

- Competency 1: Explain how accounting concepts and practices impact financial reporting.
 - Analyze the trend for the company's accounts receivable collections.
 - Compare the company's average inventory turnover ratio to an industry average.
- Competency 2: Apply principles of accounting to assess financial performance.
 - Evaluate the company's short-term and long-term credit worthiness.

- Competency 4: Communicate financial information with multiple stakeholders.
 - Communicate accounting information clearly.

Your course instructor will use the scoring guide to review your recommendation as if they were a member of your organization's management team. Review the scoring guide prior to developing and submitting your assignment.

ePortfolio

This portfolio work project demonstrates your competency in applying knowledge and skills required of an MBA learner in the workplace. Include this in your personal ePortfolio.

Note: Your instructor may also use the Writing Feedback Tool to provide feedback on your writing. In the tool, click the linked resources for helpful writing information.

Course Resources

Ace Company Data

u08d1 - Capital Budgeting

The president of a large company was asked why the company was holding onto a large amount of cash, instead of investing the cash. The reply was, "Because we see a lack of available positive NPV projects."

For this discussion, prepare 3–4 paragraphs as if a new colleague you are mentoring who is not as knowledgeable as you about finance or accounting reads the above statement. Consider:

- Detailing for your colleague what the statement means and why it is important.
- Providing an example of at least one project that may have a negative NPV but be worth doing. For example, perhaps the company is posting monitors all over its office to provide employees weather, traffic, and news.

Response Guidelines

After posting your discussion, provide a substantive response to at least two other learners. Consider the insights, comments, or questions raised as a result of your peers' posts. Be sure to reference

sources as appropriate in supporting your views.

Course Resources

Graduate Discussion Participation Scoring Guide

u08d1 - Learning Components

- Identify how an accounting method affects financial statements.
- Use appropriate accounting and financial terminology.
- Identify two or more different methods to account for a transaction.
- Use appropriate grammar and punctuation.

u08s2 - Topic Resources

To learn more about capital budgeting decisions, you may wish to read the following journal articles:

- Bennouna, K., Meredith, G. G., & Marchant, T. (2010). [Improved capital budgeting decision making: Evidence from Canada](#). *Management Decision*, 48(2), 225–247.
- Hornstein, A. S., & Zhao, M. (2011). [Corporate capital budgeting decisions and information sharing](#). *Journal of Economics and Management Strategy*, 20(4), 1135–1170.

Unit 9 >>

Business-Based Decision Making: Outsourcing and Deletion of Services, Products, Departments

Introduction

This week you will:

- Participate in a discussion about outsourcing.
- Participate in a discussion about whether or not to close one or more stores.
- Begin your final assignment due at the end of Unit 10.

For the last two weeks, we turn to exploring business decisions about outsourcing, discontinuing operations, and plant expansions. This week we look at outsourcing from a "Should we outsource?" perspective. We also look at decisions to reduce or delete services, products, or departments. These decisions will be based on the contribution margin approach introduced in Unit 5.

To learn about making outsourcing and deletion of services, products, and departments, refer to the following resources:

- Marshall, D., McManus, W., & Viele, D. (2020). *Accounting: What the numbers mean* (12th ed.). New York, NY: McGraw-Hill. **Available in the courseroom via the VitalSource Bookshelf link.**
 - Chapter 15, "Cost Control."
 - Chapter 16, "Costs for Decision Making."
- McIvor, R. (2011). [Outsourcing](#). In J. Law, *Business: the Ultimate Resource* (3rd ed.). London, UK: A&C Black.

Learning Activities

u09d1 - Outsourcing

For this discussion, consider the following scenario:

Acme Company operates an employee dining area. Acme owns the building in which the dining hall is located and owns the kitchen needed for the operation—all stoves, refrigerators, freezers, microwaves, deep fryers, warming lights, cafeteria line and food warmers, and so forth. The dining area employees are employees of Acme Company.

Acme operates the employee dining as an employee benefit. They operate it at a loss. Currently, it is costing Acme approximately \$1.00 per meal served. For example, a lunch that Acme charges employees \$3.00 for costs Acme closer to \$4.00.

Several other companies in the area have outsourced their employee dining operation to Windsor Foods.

Your supervisor has asked you to contact Windsor Foods to explore a possible outsourcing.

Windsor Foods tells you that they can operate the facility profitably if they charge the employees only what Acme is presently charging them. They say that they can do this because of their experience in food service and because of their central kitchen and

large-scale buying of ingredients. They offer to buy all of Acme's equipment for \$30,000 cash upfront. They also offer to pay Acme \$500 a month for the use of the dining area and to pay for the dining area utilities. They offer to hire all of Acme's food service employees, who will continue to do the same jobs but be employed by and paid by Windsor Foods.

Post 2–3 paragraphs about this opportunity for Acme to outsource their food service. Do NOT focus solely on the accounting considerations. Include in your discussion:

- Does the move to outsource to Windsor foods seem worthy of investigation? Explain why or why not.
- What more would you need to do to be sure you are making the right move?
- What additional information do you need?
- What are the risks associated with outsourcing employee food services?
- Thinking about your own career, how can you use "outsourcing" as a means to get your foot in the door for a full-time position?
- How can you leverage Capella Connect and other networking resources as means to get your next position?

Be sure to:

- Apply master's-level skill in critical thinking, research, and writing.
- Cite and reference resources using APA style and format, giving appropriate credit for another's work.
- Use feedback from your instructor and peers to improve writing skills.

Response Guidelines

After posting your discussion, provide a substantive response to at least two other learners. Consider the insights, comments, or questions raised as a result of your peers' posts. Be sure to reference sources as appropriate in supporting your views.

Course Resources

Graduate Discussion Participation Scoring Guide

[Volunteering as a Career Development Strategy \[PDF\]](#)

[Tips to Overcome Limited Experience in Your New Field \[PDF\]](#)

[Connecting With Capella Learners and Alumni Through Social Media \[PDF\]](#)

u09d2 - Store Closing?

For this discussion, consider the following scenario:

The privately owned Baker Company was founded in 1960. The company manufactures kitchen cabinets and has been very successful, expanding from one facility to twelve facilities in the same and other states. All facilities but the original are located near interstate highways. The original facility, which is no longer the headquarters, is in a downtown area of a major city (which grew up around it) with relatively high real-estate taxes. It has had a negative contribution margin and a net loss for the last five years. The founder is retired and three of his children want to close the facility. The fourth does not, because it "was Dad's first place and I went there every day after school." She believes they can bring the facility back to profitability if the city's downtown revitalization project succeeds and they dedicate the first floor of the facility to retail.

Post 2–3 paragraphs about whether the original facility should be closed. Consider as part of your post:

- Your definition for "negative contribution margin."
- Whether the fact that the facility is not near an interstate makes a difference in the decision.
- Would it make a difference if the company were publicly traded?
- Might there be additional costs, in addition to revenues, to convert the first floor of the facility to retail?
- What risks may be associated with leasing to retail stores?
- What is your recommendation? Close and sell the facility or modify the first floor to be able to lease to retail stores.

Response Guidelines

After posting your discussion, provide a substantive response to at least two other learners. Consider the insights, comments, or questions raised as a result of your peers' posts. Be sure to reference sources as appropriate in supporting your views.

Course Resources

Graduate Discussion Participation Scoring Guide

u09s1 - Planning Ahead: Unit 10 Assignment

Your final assignment, Expansion Recommendation, is due at the end of next week. There is much to do next week, so once you have completed your posts in both discussions, begin working on the assignment.

To ensure you can work effectively and efficiently in Unit 10, begin to conduct your research this week so you can start writing your assignment as soon as possible.

u09s2 - Topic Resources

Skillsoft Tutorial

Refer to the following topics in the interactive course if you need clarification or additional support on handling risk and making business decisions:

- Skillsoft. (n.d.). [Basic accounting concepts for non-financial professionals](#) [Tutorial].
 - Negating Financial Risk Like a Pro.

Unit 10 >> Business-Based Decision Making: Expansion Decisions

Introduction

This week you will:

- Practice making expansion decisions based on financial information.
- Complete your final assignment where you will make a recommendation about whether or not a company should expand, based on the company's financial information.

In this final week, it all comes together as we examine the accounting information needed for a company to make a decision regarding the expansion of its operations. In the final assignment, you will prepare an expansion recommendation to upper management. You will support that recommendation with relevant financial information.

Learning Activities

u10s1 - Activity: Considering Plant Expansion

The following activity allows you to test what you will be doing as a manager—your ability to make decisions based on financial information. Specifically, whether or not to add another production plant.

- [Considering Plant Expansion](#) | [Transcript](#).

Use the feedback provided to prepare for the Unit 10 assignment due at the end of the week.

u10a1 - Expansion Recommendation

Introduction

This portfolio work project will allow you to review information and risks associated with an investment to expand an organization. As this information will be shared broadly across the organization, you will have a choice in your final deliverable audience and will organize your deliverable to meet the needs of that audience.

Scenario

ZXY Company is a food product company. ZXY is considering expanding to two new products and a second production facility. The food products are staples with steady demands. The proposed expansion will require an investment of \$7,000,000 for equipment with an assumed ten-year life, after which all equipment and other assets can be sold for an estimated \$1,000,000. They will be renting the facility. ZXY requires a 12 percent return on investments. You have been asked to recommend whether or not to make the investment.

Your Role

You are an accounting manager. Your boss has asked you to review and provide a recommendation on the expansion based on information that has been provided.

Requirements

In preparing and supporting your recommendation to either make the investment or not, include the following items as part of your analysis:

- Analysis of financial information.
- Identification of risks associated with the investment. Consider:
 - How risky the project appears.
 - How far off your estimates of revenues and expenses can be before your decision would change.
 - The difference if the company were to use a straight line versus a MACRS depreciation.
- Recommendation for a course of action.
- Explanation of criteria supporting your recommendation.

Financial Information

As part of your analysis you might find that additional information from marketing, accounting, or finance would be useful in making an informed and well-supported recommendation. In a real workplace setting you would have the ability to ask for that information. However, for the purposes of this assignment, you can make assumptions about the values of that data or ratios in support of your recommendation.

Accounting worked with the marketing group to create the ZXY Company Financial Statements spreadsheet provided in the Resources for the new products business and the new facility.

Notes about the financial information:

- The expense line labeled SQF FDA Mandates refers to the costs of complying with Food and Drug Administration requirements.
- Depreciation expense is calculated using 7-year life modified accelerated cost recovery system (MACRS).

Deliverable Format

Depending on the audience you choose to address, use one of the following options:

- **Report for a mid-management audience.** Prepare a 3–4 page report detailing your recommendation and the information you used to make your recommendation.
- **Presentation for top leadership.** Prepare a presentation of at least 12 slides detailing your recommendation and the information you used to make your recommendation. You may use your choice of presentation software. Include notes with additional details.

Keep in mind that your recommendation may be shared with others, so your materials should be designed for clarity and readability.

Related company standards for either format:

- The recommendation report is a professional document and should therefore follow the corresponding MBA Academic and Professional Document Guidelines, including single-spaced paragraphs.
- In addition to the report or presentation, include:
 - Title (slide or page).
 - References (slide or page).
 - Appendix with supporting materials.
 - At least two APA-formatted references.

Evaluation

By successfully completing this assignment, you will demonstrate your proficiency in the following course competencies through corresponding scoring guide criteria:

- Competency 2: Apply principles of accounting to assess financial performance.
 - Analyze financial statements for decision support.
 - Explain risks associated with an investment decision.
- Competency 3: Analyze accounting information to support business decisions.
 - Recommend a course of action based on financial information.
 - Explain how financial criteria support a decision.
- Competency 4: Communicate financial information with multiple stakeholders.
 - Communicate accounting information clearly.

Your course instructor will use the scoring guide to review your deliverable as if they were your boss. Review the scoring guide prior to developing and submitting your assignment.

ePortfolio

This portfolio work project demonstrates your competency in applying knowledge and skills required of an MBA learner in the workplace. Include this in your personal ePortfolio.

Note: Your instructor may also use the Writing Feedback Tool to provide feedback on your writing. In the tool, click the linked resources for helpful writing information.

Course Resources

ZXY Company Financial Statements

u10d1 - Expansion Decisions

For this discussion, post 2–4 paragraphs about the types of costs that decision makers may fail to consider when looking at a potential expansion. Include in your discussion:

- What other expenses might be commonly forgotten when considering the costs of an expansion decision (for example, trash removal, water)?
- Would these expenses make a material difference in the decision?
- What processes might be put in place to assure that these seemingly small expenses are considered when planning an expansion project?

Review the following article for details on including energy costs as part of business expansion decisions:

- [Energy costs factor into business development, expansion decisions.](#) (2017, February 15). *Energy Monitor Worldwide*.

Response Guidelines

After posting your discussion, provide a substantive response to at least two other learners. Consider the insights, comments, or questions raised as a result of your peers' views and analyses. Be sure to reference sources as appropriate in supporting your views.

Course Resources

Graduate Discussion Participation Scoring Guide

u10s2 - Topic Resources

Making Expansion Decisions

To learn about the many considerations involved in making expansion decisions, you may wish to read the following journal articles:

- Momani, A. M., Al-Hawari, T. H., & Mousa, R. W. (2016). [Using expanded real options analysis to evaluate capacity expansion decisions under uncertainty in the construction material industry](#). *South African Journal of Industrial Engineering*, 27(2), 1–14.
- Deossa, P., De Vos, K., Deconinck, G., & Espinosa, J. (2017). [Generation expansion models including technical constraints and demand uncertainty](#). *Journal of Applied Mathematics*, 2017, 1–11.

Capella Career Center

As you wrap up this course, it is a good time for you to reflect on how you can apply the knowledge you have gained and talk about it professionally. Possible opportunities could include performance review conversations, promotion proposals, and salary negotiations, as well as resume accomplishment statements, interview responses, and professional networking conversations.

Refer to MBA Program Resources to access Capella's Career Center for resources that can help you make the most of your experience and education to achieve your goals, including how to use your ePortfolio effectively to showcase your work as part of a job search.