

SYLLABUS

SET B STRATEGIC COST & PERFORMANCE MANAGEMENT (100 MARKS)

Objectives:

- (a) To acquire the ability to apply various cost management techniques for planning and controlling performance in order to set, monitor and control strategic objectives.
- (b) To develop skills of analysis, synthesis and evaluation in cost management to address challenges and issues which might affect or influence the management of performance within organisations.

PART-A: STRATEGIC COST MANAGEMENT

1. An Introduction to Strategic Cost Management

- (i) Managing Cost Strategically- Strategic Cost Management, Limitations of Traditional Cost Management, Traditional vs. Strategic Cost Management
- (ii) Organisational Context- Gaining Competitive Advantage, Value Proposition, Osterwalder's Business Model Canvas
- (iii) External Environment Context- Industry Profitability, Basis of Competition, Industry Key Success Factors, Understanding Customers and Markets
- (iv) Information Technology the Strategic Context- IS/IT and Porter's Five Forces, IT/IS and the Value Chain
- (v) The Role of Management Accountant as a Leader-Communication, Decision Making, Business Ethics

2. Modern Business Environment

- (i) Introduction/ Characteristics of the Modern Business Environment
- (ii) Quality to Business Excellence- Cost of Quality, Total Quality Management
- (iii) Supply Chain Management (SCM)
- (iv) Gain Sharing Arrangements
- (v) Downsizing, Outsourcing and Offshoring

3. Lean System and Innovation

- (i) Introduction to Lean System
 - (a) Just-in-Time (JIT)
 - (b) Kaizen Costing
 - (c) 5S
 - (d) Total Productive Maintenance (TPM)
 - (e) Cellular Manufacturing/ One-Piece Flow Production Systems
 - (f) Six Sigma (SS)
- (ii) Introduction to Process Innovation

4. Specialist Cost Management Techniques

- (i) Cost Control/ Waste Control, Cost Reduction
- (ii) Target Costing
- (iii) Throughput Accounting and Theory of Constraints
- (iv) Life Cycle Costing
- (v) Environment Management Accounting

5. Management of Cost Strategically for Emerging Business Models

- (i) Changing Business Environment- Digital Technologies, Business Ecosystems, Hyper Competition, Transformation and Disruption, Advanced Manufacturing, Lean Start-up, Agile Organisations, Start-ups vs Incumbents, Intrapreneurship, Innovation Hubs and Incubators, Supply Chain Partnerships
- (ii) Business Models
 - (a) Hyper disruptive Business Models
 - (b) Models relevant to Sustainability
 - (c) Models relevant Emerging National Markets
- (iii) Strategic Responses to New Business Models

6. Strategic Revenue Management

- (i) Decision Making Techniques
 - (a) CVP Analysis
 - (b) Relevant Cost Concepts
- (ii) Pricing Decisions
 - (a) Theory & Principles of Product Pricing
 - (b) Pricing – New Product, Finished Products, Pricing of Services, Emerging Business Models
 - (c) Sensitivity Analysis in Pricing Decisions
 - (d) Pricing Decision under Special Circumstances
 - (e) Ethical and Non-financial Considerations
- (iii) Pricing Strategies
 - (a) Pricing Strategies
 - (b) Kano's performance attributes

7. Strategic Profit Management

- (i) Operating Profit Analysis

- (ii) Activity Based Profitability Analysis, Activity Based Management (ABM), Activity Based Budgeting (ABB)
- (iii) Pareto Analysis

PART-B: STRATEGIC PERFORMANCE MANAGEMENT

1. An Introduction to Strategic Performance Management

- (a) Performance Management and Its link to Strategy
- (b) Role of Performance Management in Business Integration using Models such as Value Chain and McKinsey's 7S
- (c) Influence of Organisation's Structure, Culture and Strategy on Performance Measurement
- (d) Strategic Performance Issues in Complex Business Structures
- (e) Behavioural Aspects
- (f) Predicting and Preventing Corporate Failure

2. Strategic Performance Measures in Private Sector

- (a) Critical Success Factors and Link to Performance Measurement, Key Performance Indicators (KPI)
- (b) Financial Measures- Gross Profit, ROCE, ROI, EPS, RI, NPV, EVA etc.
- (c) Non-Financial Performance Measures- Linkage between performance measures (Balanced Scorecard); Link Strategy, Operations and Performance (Performance Pyramid); Link between achievement of the corporate strategy and the management of human resources (The Building Block Model); Triple Bottom Line
- (d) The role of quality in management information and performance measurement systems

3. Strategic Performance Measures in the Not-for-Profit Organisations

- (a) Diversity in objectives, difficulties in measuring outputs
- (b) 'value for money' service provision as a measure of performance in not-for-profit organisations and the public sector
- (c) Adapted Balanced Scorecard

4. Preparation of Performance Reports

5. Divisional Transfer Pricing

- (i) Meaning, Purpose & Principles of Transfer Pricing
- (ii) Methods of Transfer Pricing
- (iii) The Behavioural Consequences arising from Divisional Structures
- (iv) International Transfer Pricing

6. Standard Costing

- (i) Analysis of Advanced Variances
- (ii) Integration of Standard Costing with Marginal Cost Accounting
- (iii) Reconciliation of Profit
- (iv) Variance Investigation Techniques, Interpretation of Variances, Possible Interdependence Between Variances and Reporting
- (v) Behavioural Aspects of Standard Costing, Limitation of Standard Costing (including its use in the contemporary business environment)

Note – Assessment in this paper is by way of Case Scenario based MCQs. Part A and B carry equal Section-wise Weightage.