



FACULTY OF LAW AND BUSINESS

Peter Faber Business School

Brisbane, North Sydney, Melbourne

SEMESTER 2 2016

ACCT303: Strategic Management Accounting

UNIT OUTLINE

Credit points: 10

Prerequisites / incompatibles: ACCT204 Managerial Accounting A

It is your responsibility as a student to ensure that you have the prerequisites for a particular unit. You may not enrol in this unit if you have previously passed, or are currently enrolled in, any unit identified as incompatible with this unit. If you do not meet these requirements, then you must see your Course Coordinator.

National Lecturer in Charge (NLIc) and Brisbane Lecturer:**

Prasada Vajjhala

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Email: Prasada.vajjhala@acu.edu.au

Telephone number: 3623 7447

Contact me: via email or during consultation (Tuesday 4-5 pm)

Description:

This unit builds upon the core of management accounting issues and control systems knowledge developed in Managerial Accounting A. It provides an extension of management accounting to areas of decision support and managerial control. The emphasis is upon decision and control issues in contemporary society. Students will be introduced to various decision and control concepts, techniques and skills, including activity-based budgeting and management, capital budgeting, inventory management, issues of centralisation and decentralisation, and performance measurement and capacity problems.

Teaching team:

North Sydney: Campus Lecturer:

Dr Andy Wang

Office location: Level 10, Tenison Woods House, 8-20 Napier Street, North Sydney.

Email: andy.wang@acu.edu.au

Telephone: (02) 9739 2939

Contact me: via email or during consultation (Wednesday 3-6pm; Thursday 3-6pm. Teaching weeks only, other time by appointment).

Melbourne: Campus Lecturer

Dr Elsie S K Chan

Office location: Level 7, 250 Victoria Parade, East Melbourne.

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Telephone: (03) 9953 3162

Contact me: via email or during consultation (Monday 10am -12 noon, Tues 10am - 1pm, Wed 4-5pm Teaching weeks only, other time by appointment)

*Campus Lecturer

Will answer enquiries relating to what is happening in Lectures or tutorials, e.g. who is in my group, what chapter are we reading?

**NLiC

Will answer enquiries relating to administrative and process issues, e.g. assignment extensions, special considerations and other such items that need forms and evidence. (Excluding Deferred Exam Applications)

All queries should initially be directed to the campus lecturer. The campus lecturer will consult with the NLiC if necessary.

Mode/attendance pattern: Weekly Lectures and Tutorials

Duration: 12 week-semester

You should anticipate undertaking 150 hours of study for this unit, including class attendance, readings and assignment preparation.

LEARNING OUTCOMES

On successful completion of this unit, students should be able to:

1. demonstrate an understanding of and explain the strategic role played by management accounting in modern organisations; (GA 4, 5, 8)
2. apply management accounting information techniques in assisting, or potentially modifying, a range of managerial decisions; (GA 4, 5, 8, 10)
3. apply a range of management control techniques, budgeting strategies, financial and non-financial performance measures, and their potential behavioural impact on organisational effectiveness and efficiency; (GA 4, 5, 8, 10)
4. demonstrate an ability to undertake research relating to managerial accounting decision making using business information systems; (GA 4, 5, 8, 10)
5. demonstrate an ability to use a variety of approaches to evaluate capital expenditure decisions; (GA 4, 5, 10)

GRADUATE ATTRIBUTES

Each unit in your course contributes in some way to the development of the ACU Graduate Attributes which you should demonstrate by the time you complete your course. You can view the ACU Graduate Attributes for all courses at <http://www.acu.edu.au/204356>. All Australian universities have their expected graduate attributes – ACU's Graduate Attributes have a greater emphasis on ethical behaviour and community responsibility than those of many other universities. All of your units will enable you to develop some attributes.

On successful completion of this unit, you should have developed your ability to:

- GA4 think critically and reflectively
- GA5 demonstrate values, knowledge, skills and attitudes appropriate to the discipline and/or profession
- GA8 locate, organise, analyse, synthesise and evaluate information
- GA10 utilise information and communication and other relevant technologies effectively.

CONTENT

Topics will include:

- Business strategy and managerial accounting
- Management accounting information systems
- Management control techniques and their application to budgeting
- Management accounting data research techniques
- Standard costs for control in the areas of direct material, direct labour, flexible budgets and manufacturing overhead
- Financial performance reports and transfer pricing and determine appropriate transfer prices under a variety of scenarios
- Financial performance measures for investment centres and reward systems. Calculate an investment centre's return on investment.
- Recognise the various purposes of performance measurement systems and the role of these systems in enhancing customer values and shareholder values
- Manage suppliers and customers
- Use the activity-based management to reduce costs and increase customer values.
- Study pricing decisions and product mix decisions, with an emphasis on the role of management accounting information
- Different approaches for evaluating capital expenditure decisions

QUALITY ASSURANCE AND STUDENT FEEDBACK

This unit has been evaluated through the 'Student Evaluation of Learning and Teaching' (SELT) online surveys.

SELT surveys are usually conducted at the end of the teaching period. Your practical and constructive feedback is valuable to improve the quality of the unit. Please ensure you complete the SELT survey for the unit. You can also provide feedback at other times to the unit lecturers, course coordinators and/or through student representatives.

SCHEDULE

The schedule below lists the topics and when they will be discussed in class. It is important that students read the appropriate material and prepare the tutorial work before they attend the relevant class.

Study schedule

For the most up-to-date information, please check your LEO unit and also note advice from your lecturing and tutoring staff for changes to this schedule.

Week	Starting	Topic	Tutorial activities*
1	1 Aug 2016	Management accounting: information for creating value and managing resources (Ch 1) Management accounting: cost terms and concepts (Ch 2)	Form groups of case study assignment
2	8 Aug 2016	Standard costs for control: direct material and direct labour (Ch 10)	E1.13, E1.27, E1.31 E2.21, E2.24, E 2.27, P2.34, P2.38
3	15 Aug 2016	Standard costs for control: flexible budgets and manufacturing overhead (Ch 11)	E10.3, E10.21, E10.27, P10.31, P10.32, P10.33
4	22 Aug 2016	Managing and reporting performance (Ch 12)	E11.4, P11.25, P11.32, P11.34, P11.35, P11.39
5	29 Aug 2016	Financial performance measures and incentive schemes (Ch 13)	E12.3, E12.9, E12.22, E12.26, E12.29, E12.30, P12.31
6	5 Sept 2016	Strategic performance measurement systems (Ch 14)	E13.4, E13.8, P13.31, P13.32, P13.35, P13.36
7	12 Sept 2016	Managing suppliers and customers (Ch 15)	E14.2, E14.4, E14.28, E14.29, P14.32, P14.36
8	19 Sept 2016	Managing costs and quality (Ch 16)	E15.22, E15.24, E15.28, E15.31, P15.35, P15.38
		MID SEMESTER BREAK	
9	3 Oct 2016	Information for decisions: relevant costs and benefits (Ch 19)	E16.2, E16.15, E16.32, P.16.34, P.16.36, P.16.42
10	10 Oct 2016	Pricing and product mix decisions (Ch 20)	E19.6, E19.12, P19.34, P19.35, P19.37, P19.39
11	17 Oct 2016	Information for capital expenditure decisions (Ch 21)	E20.1, E20.24, P20.31, P20.32, P20.34, P20.37
12	24 Oct 2016	Revision	E21.11, E21.21, E21.22, E21.27, E21.32

* This schedule is a general guide only. Additional reading material may be released by the lecturer on the course website. The lecturer reserves the right to adjust this schedule to suit the progress of the class.

ASSESSMENT

In order to pass this unit, you are required to **achieve an overall mark of at least 50% when the results from all your assessment tasks are added together.**

The assessment tasks for this unit are designed for you to demonstrate your achievement of each learning outcome.

Assessment tasks	Due date	Weighting (%)	Learning Outcome/s assessed	Graduate Attributes assessed
Practical assessment	Week 6 -7 Sept 23:00 hrs	25%	LO1, LO2,	GA4, GA5, GA8, G10
Group assignment Case study report	Week 10 -14 Oct 23:00 hrs	25%	LO3,	GA4, GA5, GA8, G10
Final exam	Examination week	50%	LO4, LO5	GA4, GA5, GA8, G10

Assessment task 1

Practical Assessment

Due date: Week 6 -7 Sept 23:00 hrs.

Weighting: 25%.

Length and/or format: 10 practical questions via “connect” McGraw Hill system
The questions will be available to commence work from week 4.
Content assessed: Chapters 1, 2, 10, 11, & 12

Purpose: To assess students’ understanding of the accounting concepts, team-working and communication skills.

Learning outcomes assessed: LO1, LO2.

How to submit: Student will submit the solutions via connect

Return of assignment: 9 September 17:00 hrs

Assessment criteria: See appendix 1.

Assessment task 2

Case study essay

Due date:	Week 10 -14 Oct 23:00 hrs
Weighting:	25%.
Length and/or format:	2,000 words.
Purpose:	To assess the students' ability of conducting an extensive case study covering several of the topics in this Unit.
Learning outcomes assessed:	LO 3
How to submit:	Via LEO/Turnitin.
Return of assignment:	The marked assignments will be returned via LEO on or before The results will be uploaded on LEO and feedback will be provided in class.
Assessment criteria:	See appendix 2.

Assessment task 3

Final exam

The final exam will be conducted during the examination period. The content to be examined can include content covered during the duration of the semester from weeks 1-12. Students are advised to check the University examination timetable for the examination date and time in their location.

Due date:	Refer to the official examination timetable.
Weighting:	50%.
Length and/or format:	2 hours with 10 minutes reading time, closed book exam.
Purpose:	To assess student's knowledge, interpretation of that knowledge, problem-solving and critical analysis skills of all material presented in the unit.
Learning outcomes assessed:	LO4, 5.
How to submit:	Students will submit their exam papers to the invigilators.
Return of assignment:	Exam papers will be kept by the lecturers.
Assessment criteria:	Details will be provided by the lecturer in class.

REFERENCING

This unit requires you to use the Harvard referencing system.

See the '[Academic referencing](#)' page from the Office of Student Success for more details.

ACU POLICIES AND REGULATIONS

It is your responsibility to read and familiarise yourself with ACU policies and regulations, including regulations on examinations; review and appeals; acceptable use of IT facilities; and conduct and responsibilities. These are in the ACU Handbook, available from the website.

The Unit Outline Resources page (<http://students.acu.edu.au/241467>) contains several important links as a starting point.

Assessment Policy and Procedures

You must read the Assessment Policy and Assessment Procedures in the University Handbook: they include rules on deadlines; penalties for late submission; extensions; and special consideration. If you have any queries on Assessment Policy, please see your Lecturer in Charge.

Academic integrity

You have the responsibility to submit only work which is your own, or which properly acknowledges the thoughts, ideas, findings and/or work of others. The Framework for Academic Integrity and the Academic Honesty Policy are available from the website. Please read them, and note in particular that plagiarism, collusion and recycling of assignments are not acceptable. Penalties for academic dishonesty can vary in severity, and can include being excluded from the course.

Turnitin

The 'Turnitin' application (a text-matching tool) will be used in this unit, in order to enable:

- students to improve their academic writing by identifying possible areas of poor citation and referencing in their written work; and
- teaching staff to identify areas of possible plagiarism in students' written work.

While Turnitin can help in identifying problems with plagiarism, avoiding plagiarism is more important. Information on avoiding plagiarism is available from the Academic Skills Unit.

For any assignment that has been created to allow submission through Turnitin (check the Assignment submission details for each assessment task), you should submit your draft well in advance of the due date (ideally, several days before) to ensure that you have time to work on any issues identified by Turnitin. On the assignment due date, lecturers will have access to your final submission and the Turnitin Originality Report.

STUDENT SUPPORT

If you are experiencing difficulties with learning, life issues or pastoral/spiritual concerns, or have a disability/medical condition which may impact on your studies, you are advised to notify your Lecturer in Charge, Course Coordinator and/or one of the services listed below as soon as possible. For all aspects of support please contact the **Office of Student Success**.

- **Academic Skills** offers a variety of services, including workshops (on topics such as assignment writing, time management, reading strategies, referencing), drop-in sessions, group appointments and individual consultations. It has a 24-hour online booking system for individual or group consultations.
- **Campus Ministry** offers pastoral care, spiritual leadership and opportunities for you to be involved with community projects.
- The **Career Development Service** can assist you with finding employment, preparing a resume and employment application and preparing for interviews.
- The **Counselling Service** is a free, voluntary, confidential and non-judgmental service open to all students and staffed by qualified social workers or registered psychologists.
- **Disability Services** can assist you if you need educational adjustments because of a disability or chronic medical condition; please contact them as early as possible.

- **Indigenous Units** on each campus provide information and support for students.

The Unit Outline Resources web page (<http://students.acu.edu.au/241467>) provides links for each service.

ONLINE RESOURCES AND TECHNOLOGY REQUIREMENTS

The LEO page for this unit contains further readings/ discussion forums.

The url for this unit is listed below:

Brisbane: <https://leo.acu.edu.au/course/view.php?id=20547>

Melbourne: <https://leo.acu.edu.au/course/view.php?id=19983>

North Sydney: <http://leo.acu.edu.au/course/view.php?id=20061>

TEXTS AND REFERENCES:

Required text(s)

Langfield-Smith K, Thorne H, Smith, D. & Hilton RW 2014, *Pack Management Accounting: Information for Managing and Creating Value + Connect Online*, 7th edn, McGraw-Hill, North Ryde.

**E-book also available from McGraw-Hill Education via the following link:*

<http://www.mheducation.com.au/9781743764695-aus-ebook-management-accounting>

Recommended references

Atkinson AA, Kaplan RS, Matsumura EM & Young SM 2011, *Management accounting: Information for Decision-Making and Strategy Execution*, 6th edn, Prentice Hall, Upper Saddle River, NJ.

Blocher, EJ, Stout, D, Juras P & Cokins G 2013, *Cost management: A strategic emphasis*, 6th edn, McGraw-Hill Irwin, New York.

Hilton RW, Maher MW & Selto FH 2007, *Cost management: Strategies for business decisions*, 4th edn, New York, McGraw-Hill.

Horngren CT, Datar SM & Rajan MV 2012, *Cost accounting: a managerial emphasis*, 14th edn, Upper Saddle River, N.J Pearson/Prentice Hall.

Langfield-Smith K, Thorne H, Smith, D. & Hilton RW 2014, *Pack Management Accounting: Information for Managing and Creating Value + Connect Online*, 7th edn, McGraw-Hill, North Ryde.

Juchau R, Flanagan J, Mitchell G Tibbits G, Ingram RW, Albright TL, Baldwin BA & Hill JW 2006, *Accounting: information for decisions*, 2nd edn, Cengage Learning Australia, Melbourne.

Leo K, Knapp J, McGowan S & Sweeting J 2014, *Company accounting*, 10th edn, Wiley, Milton.

Dagwell R, Wines G & Lambert C 2012, *Corporate accounting in Australia*, 1st edn, Pearson Education Australia, Sydney

Further references

Reference Journals

Abacus
Advances in Management Accounting
Australian Accounting Review
Charter (magazine of Institute of Chartered Accountants in Australia)
Contemporary Accounting Research
In The Black (formerly CPA magazine)
Journal of Cost Management
Journal of Management Accounting Research
Management Accounting Quarterly

Extended reading

Websites

Management and Accounting Web <http://maaw.info/>
CPA Australia <http://www.cpaaustralia.com.au/>
Global Accounting Alliance <http://www.globalaccountingalliance.com/>
Chartered Institute of Management Accountants (CIMA)
<http://www.cimaglobal.com>
Institute of Chartered Accountants
http://www.charteredaccountants.com.au/members_groups/management_accounting_cima
Institute of Management Accountants
<http://www.imanet.org/>

APPENDICES

APPENDIX 1

Assessment task 1 Practical assessment - 25%

10 Practical questions to

Students are required to complete 10 Exercise, Problem Solving or Case Study questions, on-line using on McGraw-Hill's Connect Plus platform. Each question is worth 2.5 Marks for a total of 25%.

Detailed feedback will given via the connect platform when results are formally released to students.

APPENDIX 2

Group assignment Case study – 25%

Case study questions: Chadwick Inc: The Balanced scorecard:

WORD LIMIT: 2000 WORDS

Report format:

1. Discuss the concept of the balance score card (BSC)
2. Provide a critical analysis of the effectiveness of balance score card, as a management accounting technique, based on the academic & various profession association literature, including issues concerning its implementation of the balance score card concept.
3. Advise the company of how to implement the balance score card and an appropriate timeline required.

Assignment format and corresponding marks

1. Executive summary	30 marks
2. Introduction Question 1	30 marks
3. Discussion (Questions 2, 3)	
Question 2	80 marks
Question 3	50 marks
4. Conclusion & Recommendation	30 marks
5. Effective use of references	30 marks

Total marks to be allocated	250 marks
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Chadwick, Inc.: The Balanced Scorecard

The "Balanced Scorecard"¹ article seemed to address the concerns of several division managers who felt that the company was over-emphasizing short-term financial results. But the process of getting agreement on what measures should be used proved a lot more difficult than I anticipated.

Bill Baron, Comptroller of Chadwick, Inc.

COMPANY BACKGROUND

Chadwick, Inc. was a diversified producer of personal consumer products and pharmaceuticals. The Norwalk Division of Chadwick developed, manu-

factured and sold ethical drugs for human and animal use. It was one of five or six sizable companies competing in these markets and, while it did not dominate the industry, the company was considered well-managed and was respected for the high quality of its products. Norwalk did not compete by supplying a full range of products. It specialized in several niches and attempted to leverage its product line by continually searching for new applications for existing compounds.

Norwalk sold its products through several key distributors who supplied local markets, such as retail stores, hospitals and health service organizations, and veterinary practices. Norwalk depended on its excellent relations with the distributors who served to promote Norwalk's products to end users

¹ Robert S. Kaplan and David P. Norton, "The Balanced Scorecard: Measures that Drive Performance," *Harvard Business Review* (January-February 1992).

and also received feedback from the end users about new products desired by their customers.

Chadwick knew that its long-term success depended on how much money distributors could make by promoting and selling Norwalk's products. If the profit from selling Norwalk products was high, then these products were promoted heavily by the distributors and Norwalk received extensive communication back about future customer needs. Norwalk had historically provided many highly profitable products to the marketplace, but recent inroads by generic manufacturers had been eroding distributors' sales and profit margins. Norwalk had been successful in the past because of its track record of generating a steady stream of attractive, popular products. During the second half of the 1980s, however, the approval process for new products had lengthened and fewer big winners had emerged from Norwalk's R&D laboratories.

RESEARCH AND DEVELOPMENT

The development of ethical drugs was a lengthy, costly, and unpredictable process. Development cycles now averaged about 12 years. The process started by screening a large number of compounds for potential benefits and use. For every drug that finally emerged as approved for use, up to 30,000 compounds had to be tested at the beginning of a new product development cycle. The development and testing processes had many stages. The development cycle started with the discovery of compounds that possessed the desirable properties and ended many years later with extensive and tedious testing and documentation to demonstrate that the new drug could meet government regulations for promised benefits, reliability in production, and absence of deleterious side effects.

Approved and patented drugs could generate enormous revenues for Norwalk and its distributors. Norwalk's profitability during the 1980s was sustained by one key drug that had been discovered in the late 1960s. No blockbuster drug had emerged during the 1980s, however, and the existing pipeline of compounds going through development, evaluation and test was not as healthy as Norwalk management desired. Management was placing pressure on scientists in the R&D lab to increase the yield of promising new products and to reduce the time and costs of the product develop-

ment cycle. Scientists were currently exploring new bio-engineering techniques to create compounds that had the specific active properties desired rather than depending on an almost random search through thousands of possible compounds. The new techniques started with a detailed specification of the chemical properties that a new drug should have and then attempted to synthesize candidate compounds that could be tested for these properties. The bio-engineering procedures were costly, requiring extensive investment in new equipment and computer-based analysis.

A less expensive approach to increase the financial yield from R&D investments was to identify new applications for existing compounds that had already been approved for use. While some validation still had to be submitted for government approval to demonstrate the effectiveness of the drug in the new applications, the cost of extending an existing product to a new application was much, much less expensive than developing and creating an entirely new compound. Several valuable suggestions for possible new applications from existing products had come from Norwalk salesmen in the field. The salesmen were now being trained not only to sell existing products for approved applications, but also to listen to end users who frequently had novel and interesting ideas about how Norwalk's products could be used for new applications.

MANUFACTURING

Norwalk's manufacturing processes were considered among the best in the industry. Management took pride in the ability of the manufacturing operation to quickly and efficiently ramp up to produce drugs once they had cleared governmental regulatory processes. Norwalk's manufacturing capabilities also had to produce the small batches of new products that were required during testing and evaluation stages.

PERFORMANCE MEASUREMENT

Chadwick allowed its several divisions to operate in a decentralized fashion. Division managers had almost complete discretion in managing all the critical processes: R&D, Production, Marketing and Sales, and administrative functions such as

Finance, Human Resources, and Legal. Chadwick set challenging financial targets for divisions to meet. The targets were usually expressed as Return on Capital Employed (ROCE). As a diversified company, Chadwick wanted to be able to deploy the returns from the most profitable divisions to those divisions that held out the highest promise for profitable growth. Monthly financial summaries were submitted by each division to corporate headquarters. The Chadwick executive committee, consisting of the Chief Executive Officer, the Chief Operating Officer, two Executive Vice Presidents, and the Chief Financial Officer met monthly with each division manager to review ROCE performance and backup financial information for the preceding month.

THE BALANCED SCORECARD PROJECT

Bill Baron, Comptroller of Chadwick, had been searching for improved methods for evaluating the performance of the various divisions. Division managers complained about the continual pressure to meet short-term financial objectives in businesses that required extensive investments in risky projects to yield long-term returns. The idea of a Balanced Scorecard appealed to him as a constructive way to balance short-run financial objectives with the long-term performance of the company.

Baron brought the article and concept to Dan Daniels the President and Chief Operating officer of Chadwick. Daniels shared Baron's enthusiasm for the concept, feeling that a Balanced Scorecard would allow Chadwick divisional managers more flexibility in how they measured and presented their results of operations to corporate management. He also liked the idea of holding managers accountable for improving long-term performance of their division.

After several days of reflection, Daniels issued a memorandum to all Chadwick division managers. The memo had a simple and direct message: Read the Balanced Scorecard article, develop a scorecard for your division, and be prepared to come to corporate headquarters in 90 days to present and defend the divisional scorecard to Chadwick's Executive Committee.

John Greenfield, the Division Manager at Norwalk, received Daniel's memorandum with

some concern and apprehension. In principle, Greenfield liked the idea of developing a scorecard that would be more responsive to his operations, but he was distrustful of how much freedom he had to develop and use such a scorecard. Greenfield recalled:

This seemed like just another way for corporate to claim that they have decentralized decision-making and authority while still retaining ultimate control at headquarters.

Greenfield knew that he would have to develop a plan of action to meet corporate's request but lacking a clear sense of how committed Chadwick was to the concept, he was not prepared to take much time from his or his subordinates' existing responsibilities for the project.

The next day, at the weekly meeting of the Divisional Operating Committee, Greenfield distributed the Daniels memo and appointed a three man committee, headed by Divisional Controller, Wil Wagner, to facilitate the process for creating the Norwalk Balanced Scorecard.

Wagner approached Greenfield later that day:

I read the Balanced Scorecard article. Based on my understanding of the concept, we must start with a clearly defined business vision. I'm not sure I have a clear understanding of the vision and business strategy for Norwalk. How can I start to build the scorecard without this understanding?

Greenfield admitted:

That's a valid point. Let me see what I can do to get you started.

Greenfield picked up a pad of paper and started to write. Several minutes later he had produced a short business strategy statement for Norwalk (see Exhibit 1). Wagner and his group took Greenfield's strategy statement and started to formulate scorecard measures for the division.

Several days later, Greenfield sent Wagner a copy of a memo that he had just received from Dan Daniels. The President had decided that he wanted all the divisions to follow some guiding principles as they developed their scorecards. The memo reiterated Daniels' initial principle that each division should develop the scorecard "that was right for the division." But he wanted all scorecards to use quantitative, objective data. Daniels had heard that several divisions wanted to include measures

on customer satisfaction that would be collected from surveys and interviews. Daniels wanted only "hard data" on the scorecard. Opinions measured in surveys may be collected for internal divisional purposes but such information was not to be sent up to corporate headquarters or discussed in Executive Committee reviews of divisional operations. Wagner was not surprised by this restriction. He recalled hearing Executive Committee members, on several occasions, declaring that only "hard data" counted. Wagner thought, as he re-read Daniels' memo, "I guess tough-minded managers at Chadwick don't use 'soft data'."

CREATING NORWALK'S BALANCED SCORECARD

The Scorecard project arrived at a time when Wil Wagner and the two other members of his team already had heavily booked calendars. Several weeks passed before the team could really start to meet and focus on the project. Several more weeks passed before the team could schedule a meeting with the top divisional management of Norwalk. Such a meeting was thought necessary to solicit more information about divisional strategy and key success factors, and to get feedback on the tentative set of measures the project team had formulated.

After many postponements, a one day meeting was scheduled with senior divisional management to comment on the Wagner team's proposed scorecard. This meeting took place only ten days before Greenfield would present the scorecard to the Chadwick Executive Committee at corporate headquarters. Wagner felt that a full day meeting would be necessary to achieve the final consensus so he scheduled the meeting off-site at a hotel, one block from Norwalk's offices. By staying away from office distractions, Wagner hoped that division management could focus on the details of the scorecard design.

Wagner arrived early at the hotel meeting site. He received a message from Greenfield's secretary that the division general manager would be delayed in arriving at the meeting, but that the meeting should start without him. Wagner opened the meeting with 10 top managers (other than Greenfield). He outlined the ground rules established by President Daniels, reviewed Greenfield's strategy statement for Norwalk, and suggested a process to develop and review measures for each of the four perspectives of the Balanced Scorecard.² As Wagner finished his opening statement, he was distressed to discover that Mike Hassler, the VP of Marketing, was not present in the room. Wagner learned that Hassler was negotiating a contract with Norwalk's largest distributor and could not join the meeting until 3:00 P.M.

The group of 10 managers started to discuss financial and customer-based measures and Wagner was pleased with the enthusiasm the group was bringing to the task. But after about 25 minutes, the phone in the hotel meeting room rang. Hassler needed to speak with the Sales Vice President. Wagner attempted to maintain the momentum of the discussion with the other nine managers, but the telephone conversations going on in the background was clearly distracting the group.

By the end of the day, the phone had rung seven more times to pull managers out of the discussion to take care of company business. Greenfield never showed up. Wagner, however, persisted under the difficult conditions and was able to mobilize the managers in attendance to produce a Balanced Scorecard for the Norwalk Division (see Exhibit 2). Wagner briefed Greenfield on the scorecard at a breakfast meeting several days later, prior to Greenfield's appearance at Chadwick Corporate Headquarters.

² The four perspectives described in the article were: financial, customer, internal process, and innovation and learning.

EXHIBIT 1 Norwalk Pharmaceutical Division – business strategy

- 1. Manage Norwalk portfolio of investments**
 - minimize cost to executing our existing business base
 - maximize return/yield on all development spending
 - invest in discovery of new compounds
- 2. Satisfy customer needs**
- 3. Drive responsibility to the lowest level**
 - minimize centralized staff overhead
- 4. People development**
 - industry training
 - unique mix of technical and commercial skills

EXHIBIT 2 Norwalk Pharmaceutical Division

Financial Measures	Customer Measures	Internal Measures	Innovation Measures
Net Contribution	Market Share for key markets	Price index for "basket" of formulation	\$ Revenue from New Products introduced in last 3 years
Working Capital	Customer Complaint Rate	Cost index for technical compounds	
Operating Profit After Taxes		Capital Turnover	
		Inventory turns by product class	
		Gross Margin \$	
		SG&A \$	

STANDARDS CRITERIA	High distinction	Distinction	Credit	Pass	Fail
EXECUTIVE SUMMARY	The executive summary provides an excellent overview of the report including purpose, method, key results and a justification for the team's final decision	The executive summary provides an overview of the report including key results and a justification for the team's decision	The executive summary provides some key results and a justification for the team's decision	The executive summary does not provide an overview of the report, however it discusses the results from the analysis	The executive summary is not effective as it does not provide key results or a justification for the team's decision
INTRODUCTION	Concise statement regarding the concept of the Chadwick Inc case with references to the case and discussion of the balance scorecard, in terms of its rationale, purpose and structure for all questions being applied	A well written, interesting introduction regarding the Chadwick Inc case and balance scorecard rationale, which includes either the purpose, and structure for all 3 questions	A reasonable introduction regarding the Chadwick Inc case with reference to the case and balance score card rationale, where purpose and structure, is described adequately	A wordy statement of the Chadwick Inc case with reference to the case and the balance scorecard rationale, where purpose and structure, is described adequately	Poorly written, with neither purpose or structure
DISCUSSION 1	You have demonstrated in-depth, expert knowledge of the Chadwick Inc case study with regard to Balance scorecard and issues and complexities of implementation using academic /professional literature	You have in-depth, expert knowledge of the Chadwick Inc case study accurate knowledge and comprehensive understanding with regard to balance scorecard and issues & complexities of implementation using academic /professional literature	Some inaccuracies in knowledge and understanding with regard to transfer pricing and issues and complexities of various methods	Some inaccuracies in knowledge and understanding with regard to transfer pricing and issues and complexities of various methods	Considerable inaccuracies in knowledge and understanding with regard to transfer pricing and issues and complexities of various methods
DISCUSSION 2	Outstanding proficiency in application of relevant concepts and principles with regard to the balance score card within the management accounting context	Highly proficient in application of relevant concepts with regard to balance score card within the management accounting context	Relevant concepts and principles with regard to the Chadwick Inc case study, balance scorecard within the management accounting context, understood	Use of relevant concepts and principles with regard to balance scorecard within the context of management accounting, not understood or used appropriately	Inadequate use of relevant concepts and principles with regard to balance scorecard within management accounting context.
DISCUSSION 4	All key issues identified and discussed succinctly with regard to implementation of balance score card identified in academic/professional literature.	Most key issues identified with regard to implementation of balance score card identified in academic/professional literature.	While most key issues identified with regard to implementation of balance score card only a few points were identified in relation to academic/professional literature.	Only key issues identified with regard to implementation of balance score card only, with issues raised from academic/professional literature.	Little evidence drawn upon to support arguments with regard to implementation of balance score card in relation to academic/professional literature.

REFERENCES 1	Correct referencing using the recognized Harvard style	Correct referencing using the recognized Harvard style	Correct referencing using the recognized Harvard style	Harvard style referencing sometimes used,	Referencing not effective
REFERENCES 2	Professional quality and appropriate use of a range of sources (books, journals, WWW, etc	Appropriate use of a range of sources (books, journals, WWW, etc	Use of range of reference resources	Limited range of references used	Very limited range of resources used
REPORT WRITING ISSUES	Excellent professional presentation for an essay, in terms of structure and grammar	Professional presentation for an essay, in terms of structure and grammar	Fluent and concise presentation, for an essay, in terms of structure and grammar	Presentation for an essay, in terms of structure and grammar hard to follow and few errors picked up	Presentation poorly set out
EVALUATION	Solution by the GM to the team has been provided in a logical argument clearly supported by evidence	Solution by the GM to the team has been provided logically developed argument supported by some evidence	Solution by the GM to the team logically developed argument mainly supported by evidence	Solutions by the GM to the team if evident is not well developed or justified	Argument if evidenced, not developed or supported
CONCLUSION	A clear comprehensive conclusions/recommendation has been provide for the issues surrounding balance scorecard implementation for Chadwick Inc.	Comprehensive conclusions/recommendation has been provide for the issues surrounding balance scorecard implementation for Chadwick Inc.	Effective conclusions/recommendation has been provide for the issues regarding balance scorecard implementation for Chadwick Inc.	Limited recommendation / conclusions has been provide for the issues on balance scorecard implementation for Chadwick Inc.	Poor if any recommendation / conclusions has been provide for the issues on balance scorecard implementation for Chadwick Inc.