

The University of Texas at Austin
ACC 387.4: Strategic Control Systems
Unique 2760; UTC 1.144
MW 3:30 – 5:00
Spring 2019 Course Syllabus

Lecturer

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Teaching Assistant

None

About the Lecturer

James W. (Jim) Albrecht, Jr., has lectured in the Department of Accounting in the McCombs School of Business since 2005. In addition to that role, he currently provides Chief Financial Officer advisory guidance to emerging companies in the Austin area. From 2012 to 2018, he was Chief Financial Officer of Globalscape, Inc., a publicly-traded, NYSE-listed software company providing managed file transfer solutions to Fortune 500 and other enterprises. Prior to that position, he was Chief Executive Officer and Chief Financial Officer of Express Digital Graphics, Inc., an Austin-based software and e-commerce company providing workflow and image management solutions to the photography and digital imaging industries through its PhotoReflect.com brand. From 1995 to 2008, he was Chief Financial Officer of Introgen Therapeutics, Inc., a publicly-traded, NASDAQ-listed biotechnology company. From 1987 to 1994, he worked with various technology companies in a controller position and operated a consulting business providing chief financial officer services to the technology and real estate industries. Mr. Albrecht worked eleven years at Arthur Andersen after graduating in 1975 from The University of Texas at Austin with a B.B.A in accounting. He is a Certified Public Accountant.

Class Objectives and Overview

This course exposes students to concepts and methods embraced by strategic business control techniques. These techniques support decision-making by those aspiring to be in positions of business leadership. The course emphasizes viewing an organization from the perspective of a chief financial officer, chief operating officer or chief executive officer.

Organizations have missions. These missions are supported by strategies, which in turn are executed through a set of tactical, operating activities. The level of achievement of an organization's mission and the execution of its strategies must be monitored using strategic controls and measurements for the organization to be successful. This course focuses on the design, development, operation and use of these strategic controls and measurements.

While understanding activities of the past is an important component of predicting future events, historical accounting information alone is not adequate to provide a map for navigating an unpredictable future. The forward-looking information provided by strategic control and measurement systems can provide executives and managers with the timely quantitative and qualitative information they need to forecast the future in an informed manner.

Managers can use strategic control systems to maintain or alter operational and behavioral patterns in organizational activities. Desirable patterns may include efficiency and error-free processing, such as yield rates in manufacturing environments. In other instances, they may relate to patterns of ongoing creativity and innovation in products or internal processes, such as percentage of sales from new products or year-over-year improvement in processing speed. Rather than simply identifying good business measurements, this course emphasizes the identification and utilization of measurements that drive results consistent with corporate missions and strategies.

Major themes covered in the course include:

- Linking strategies to operations.
 - How can management leverage the potential for innovation while ensuring adequate control and protection from unpleasant surprises by employees?
 - How do managers organize and allocate various resources to support implementation of strategies?
 - How is focus maintained when a plethora of business opportunities exist?
- Aligning people with corporate objectives.
 - How can managers communicate business strategy and goals effectively to all employees?
 - How can senior managers move information from employees, who are in day-to-day contact with operations and consumers of goods and services, up the hierarchy to those responsible for formulating and supporting strategies?
 - What is the role of compensation and recognition systems in motivating employees to achieve corporate objectives?
- Measuring results to control, learn about and improve performance.
 - How can managers drive growth that enhances, rather than dilutes, profitability and cash flow?
 - What are the best ways to measure and track performance toward strategically important goals?
 - How are performance measures linked with external markets?
 - How can managers ensure their business is not exposed to unacceptable levels of risk?

The course is organized into three major sections to develop these themes:

- Foundations for implementing strategy.
 - Tensions that are the essence of successful strategy implementation.
 - Formulating and implementing business strategy.
 - Organization design.
- Creating performance measurement systems.

- Using information to control critical outputs.
- Building effective profit plans.
- Using strategic profitability analysis.
- Tools for allocating resources.
- Linking profit plans and other measurement systems to internal and external markets.
- Building a balanced scorecard.
- Achieving profit goals and strategies.
 - Diagnostic and interactive control systems.
 - Goal setting and alignment of incentives.
 - Identifying strategic risks.
 - Business conduct and strategic boundaries to control risk.
 - Levers of control.

This course emphasizes how to use information to manage a business at a managerial level. While it addresses information created through accounting and financial processes, it equally focuses on non-financial measures critical to business success. **This course is not about how to create or compute accounting information, i.e. it is not about debits and credits. It is about how to identify and organize existing information into understandable and manageable systems and reports created from an accounting and finance perspective that appropriately leverage management's limited time and attention.**

Even though the name of the course is Strategic Control *Systems*, this course is not specifically about the design and use of computer systems. Computer systems are referenced from time-to-time in the course as one of many tools management can use to promote the achievement of an organization's mission.

Teaching and Learning Approach – *Qualitative vs. Quantitative*

This course emphasizes the student's ability to apply *qualitative* analytical skills in the context of class concepts. This course emphasizes *insightful thinking* such that there are often no absolutely correct or incorrect answers to a problem or situation. Grades are directly dependent upon the breadth and depth of the student's ability to demonstrate an understanding of class concepts through *qualitative, insightful* analysis. **Students who focus primarily on finding right or wrong, *quantitative* answers using the facts of the various cases addressed in the class generally typically receive a grade on their work that is lower than they desire.**

Since this class addresses key drivers for managing a business, students are expected to apply thought processes as if they are presenting their understanding of a situation to senior level executives or members of a board of directors. Those environments seldom focus on a person's tactical problem-solving skills since it is assumed those *quantitative* skills exist. Instead, those situations focus on a person's ability to think and talk insightfully, conceptually and strategically and to apply higher level *qualitative* insight. **Students demonstrating these *qualitative* analytical skills typically receive the higher grades in this course.**

To expand on this point by example, a situation being evaluated by the student may warrant considering the implementation of a performance measurement and reward system. The student should focus on evaluating the merits of such a system in the environment at hand and why such a system could yield benefits (or alternatively, be a burden). The student could even go so far as to discuss how a project to implement this system might be designed and managed. All of that is

a **qualitative** analysis. However, the student should refrain from actually creating the tactical aspects of a performance measurement and reward system to try to solve the problem presented by the case as this course assumes the student already has those basic skills and further demonstrating that ability (which is a **quantitative** process) in this course adds little value to this learning experience. Using the concept of a SWOT analysis as another example, an ability to identify when a SWOT analysis would be beneficial is a **qualitative** assessment that is germane to the objectives of the course. Actually performing the SWOT analysis is a **quantitative** exercise that is not germane to the course.

The facts of case studies are to be used as a platform upon which to build a discussion of the application and relevance of class concepts in those environments from a **qualitative** perspective. That discussion should provide a path and direction pointing toward solving the problem without getting into an actual **quantitative** analysis that provides a solution to the problem.

When analyzing case studies, students will be assessed on their ability to present why they believe certain class concepts are relevant. Students are expected to bolster those observations by citing facts from the case that illustrate the concept in action. Students will receive little or no credit for reciting what an organization in a case study is doing operationally if there is no insightful analysis of a course concept relevant to those operations.

Class Sessions

Most class sessions consist of a lecture introducing a particular concept that is part of an overall strategic control system environment along with discussion of a case study of a company exploring the application of the concept in a real-world environment. Students receive reading assignments in advance of each class session to allow them to become familiar with the concepts and cases to be discussed. The classroom case study review is designed to be **highly interactive** between the instructor and students.

Individual Written Case Study Reports

Each student prepares two written case study reports on their own during the semester. These reports address the same case studies discussed in the classroom but must be completed and submitted for grading **prior to** the discussion of the relevant case study in the classroom. **Once discussion of a case study has commenced in the classroom, that case study cannot be used as the basis for an individual written case study.**

Only case studies listed in the course calendar at the end of this syllabus are eligible for writing as an individual case study. There are more case studies in the textbook than listed in the course calendar. **Case studies in the textbook not on the course calendar are not eligible for writing as an individual written case study.**

A written case study should not consume time and space reciting the facts of the case that are clearly evident from reading the case study in the textbook. **Repeating facts evident from the textbook in the written case study ineffectively consumes the allowed word capacity thereby using valuable resources that could otherwise be applied to concept exploration. The result could be a lower grade on the written case study than desired by the student.**

The textbook poses a series of questions for most of the case studies. **It is not necessary for the written case study to answer those questions.** In many cases, those questions ask for

quantitative analysis that is contrary to the **qualitative** objectives of this course. Accordingly, individual written case studies that disregard those textbook questions and instead focus on the student's **qualitative** analysis and thinking typically receive the higher grades.

Individual written case studies may be up to 750 words in length, although shorter is acceptable if it effectively delivers the message. (*A word of caution: Historically, written case studies materially shorter than this allowed length typically tend to score a lower grade due to insufficient depth of analysis.*) Inclusion of financial analyses or graphical charts (which do not count toward the maximum word length) is acceptable (but not required) as a means to enhance the effectiveness of the report (although caution is encouraged to avoid undue **quantitative** analysis that detracts from **qualitative** observations). All reports must be submitted electronically by email using Word. Paper copies will not be accepted. The quality of writing skills could influence the grade.

Consistent with the objective of the class, to earn a high grade on an individual case study, it is important that the writing focus on the **qualitative** application of class concepts and avoid undue focus on **quantitative** problem-solving.

Each student gets **one free pass** on the **first individual case study only**. This means that if a student is not pleased with the grade received on their first individual case study, the student may elect to have that grade disregarded and may replace it with another case study involving a **different** case (i.e. a student does not get two attempts on the same case). This “second chance” is available only on the first attempted case study. It is not available on subsequent case studies. This “second chance” election must be made **in writing delivered by email and before** the replacement paper is submitted for grading. When this election is made, the grade on the second paper is the one that counts toward the overall course grade, i.e. the grade on the first attempt is fully disregarded such that the student may not choose between the first attempt and the second attempt grades. Historically, most students who take advantage of this “second-chance” received a lower than desired grade on their first individual case study due to too much emphasis on **quantitative** problem-solving in their first attempt. There is no guarantee that the grade on the “second chance” writing will be higher than the grade on the first writing.

- *Each written case study is a 20% component of the student's overall course grade with these two case studies comprising 40% of the student's overall course grade.*

Team Case Study Presentations

Teams consisting of typically four to six students each are formed by about the middle of the semester. **The instructor will select the students comprising each team.** Each team selects a company (either privately owned or publicly traded) or organization (such as a not-for-profit charitable organization) as a basis for analysis of how the concepts of strategic control systems are applied in that environment. During the latter part of the semester, each team does a stand-up presentation to the class addressing their **qualitative** assessment of strategic control systems relative to the organization they have chosen. PowerPoint or any other multimedia may be used to enhance a presentation's effectiveness but are not mandatory. These presentations should be about 30 minutes in length with each member of the team having a speaking role in the presentation. Each person on a team receives the same grade.

- *The team presentations are a 20% component of the student's overall course grade.*

Final Course Exam

During the latter part of the semester, the instructor announces a company selected at random from Corporate America. Students then analyze this company in the context of concepts addressed throughout the course. Students have a couple of weeks to apply their accumulated course knowledge to illustrate their *qualitative* analysis of the challenges faced in designing, implementing and applying strategic control systems to managing this company. This analysis may be up to 1,200 words in length. This work is done individually by each student. It is due by the end of the scheduled time published for the final exam for this course although it may be submitted earlier at the student's option.

Consistent with the objective of the class, to earn a high grade on the final course exam, it is important that the writing focus on the *qualitative* application of class concepts and avoid undue focus on *quantitative* problem-solving.

- *The final course exam is a 30% component of a student's overall class grade.*

In-Class Quizzes and Participation

This course anticipates a high level of *class attendance* and *active, student participation* in the classroom as case studies are analyzed. Practical experiences, insights and analysis from the students form an integral part of stimulating development and exchange of thoughts and ideas to promote learning. The instructor may conduct ad hoc discussions or quizzes that yield points toward the student's grade in the class and for which the student's presence in class on that day is necessary to earn those points. The instructor will also use observations and judgment as to a student's level of participation to possibly assign additional points toward the overall class grade. Historically, there have been students who fell just short of their desired letter grade for the semester who could have avoided that disappointment through a higher level of attendance and/or participation in class discussions.

- *Class attendance and participation is a 10% component of a student's overall class grade.*

Grading Recap

Grades are determined using the following proportional breakdown:

- ❖ Two individual case analyses – 20% each for 40% of total grade.
- ❖ One team case presentation - 20% of total grade.
- ❖ Final course exam - 30% of total grade.
- ❖ In-class participation – 10% of total grade.

Each work product is graded on a 100 point scale to which the above percentages are applied to arrive at the class points earned on that piece of work. Fractional grades on each work product are rounded up to the next highest whole number if the fraction is .5 or higher and down to the next lowest whole number if the fraction is below .5. The points earned on the work products are summed to arrive at total points earned for the class. Total points earned for the class translate into letter grades as follows:

Total Class Points	Letter Grade
95-100	A
91-94	A-
89-90	B+
85-88	B
81-84	B-
79-80	C+
75-78	C
71-74	C-
61-70	D
Below 61	F

This course is graded on an absolute basis using the instructor's judgment as to the learning achieved by the student and an assessment of the student's resulting capability to apply the teachings and objectives of the class in future career and business environments. Grading is not necessarily relative to other students in the class. While grades usually fall into typical distribution patterns, it also possible that an atypical number of A's, B's, C's or other grades could be given for this class based on the demonstrated capabilities of the students in the class during this particular semester.

Textbook

The course will utilize the readings and cases of Performance Management & Control Systems for Implementing Strategy (Text and Cases), Robert Simons, Prentice Hall, 2000. (ISBN 9780132340069).

The case studies in this textbook often reference dates from several years ago. The actual year referenced is irrelevant and should not be a cause of distraction as the concepts illustrated by the cases are as applicable today as when the events in the case actually occurred.

The textbook is available only electronically at the following links:

Text: <https://cb.hbsp.harvard.edu/cbmp/import/ptos/57600539>

Cases: <http://cb.hbsp.harvard.edu/cbmp/access/57753714>

Name Cards/Name Tents

Each student should display their name card/name tent during each class session to promote identification between the students and the instructor.

McCombs Classroom Professionalism

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the McCombs experience hinges on these standards.

Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The McCombs classroom experience is enhanced when students:

- **Arrive on time.** On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- **Display their name cards.** This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- **Minimize unscheduled personal breaks.** The learning environment improves when disruptions are limited.
- **Fully prepare for each class.** Much of the learning at McCombs takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- **Attend the class section to which they are registered.** Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience. When section hopping takes place some classes become too large and it becomes difficult to contribute. When they are too small, the breadth of experience and opinion suffers.
- **Respect the views and opinions of their colleagues.** Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.

Class Websites

Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: <http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html>.

Notebook/Laptop Computers in Class

Students are welcome to use their notebook computer during class to view class slides and to take notes. Since attention to the instructor's presentation and the thoughts and comments of classmates is important, using notebooks during class to perform non-class related activities, including browsing the internet or reading or composing email or similar messages, is inappropriate, just as it would be in a business meeting. Notebooks are to be off and closed during the group case study presentations to the class and during presentations by guest speakers.

Religious Holidays

This class accommodates religious holidays in accordance with University policies. If you intend to be absent from class to observe a religious holiday, you must notify the instructor of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment or a project to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Policy on Scholastic Dishonesty

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at <http://www.mcombs.utexas.edu/BBA/Code-of-Ethics.aspx>. By teaching this course, I have agreed to observe all faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

Policy on Student Privacy

A web-based, password-protected class site is available for this course. This syllabus, handouts, assignments, class presentations and other resources will be available within this site. Site activities include exchanging emails, engaging in class discussions and chats, and exchanging files. In addition, class email rosters will be a component of this site. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1.

Students with Disabilities

The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities at 471-6259.

Emergency Evacuation

Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety/> :

- .. Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.

- .. Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- .. Students requiring assistance in evacuation should inform their instructor in writing during the first week of class.
- .. In the event of an evacuation, follow the instruction of faculty or class instructors.
- .. Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- .. Behavior Concerns Advice Line (BCAL): 512-232-5050

Further information regarding emergency evacuation routes and emergency procedures can be found at: www.utexas.edu/emergency.