## Accounting 2302 – Book Notes

Chapter 1

* Managerial accounting is concerned with providing information to managers for use within the organization
* Segment is a part or activity of an organization about which managers would like cost, revenue, or profit data
* Managerial accounting is not mandatory and does not need to comply with externally imposed rules
* Managerial accounting helps managers perform three vital activities - planning, controlling, and decision making
  + - Planning involves establishing goals and specifying how to achieve them
    - Controlling involves gathering feedback to ensure that the plan is being properly executed or modified as circumstances change
    - Decision making involves selecting a course of action from competing alternatives
* Performance report compares budgeted data to actual data in an effort to identify and learn from excellent performance and to identify and eliminate sources of unsatisfactory performance
* A strategy is a “game plan” that enables a company to attract customers by distinguishing them from competitors. A focal point of a company’s strategy should be its target customers.
* Customer Value Propositions
  + Three broad categories
  + Customer Intimacy
    - You’re saying to the customer “You should choose us because we can customize our products and services to meet your individual needs better than our competitors”
    - Examples: Ritz-Carlton, Nordstrom’s, and Virtuoso
  + Operational Excellence
    - You’re saying to the customer “You should chose us because we deliver products and services faster, more conveniently, and at a lower price than our competitors.”
    - Examples: Walmart, Southwest Airlines, and Google
  + Product Leadership
    - You’re saying to the customers “You should chose us because we offer higher quality products than our competitors”
    - Examples: Apple, BMW, and Cisco
* Enterprise risk management is a process used by a company to identify those risks and develop responses to them that enable it to be reasonably assured of meeting its goals
* A business process is a series of steps that are followed in order to carry out some task in business
* A value chain consists of the major business functions that add value to a company’s products and services
  + Research and development -> product design -> manufacturing -> marketing -> distribution -> customer service (page 11)
* Lean production is a management approach that organizes resources such as people and machines around the flow of business processes and that only produces units in response to customer orders. Called just-in-time production or JIT
* A constraint is anything that prevents you from getting more of what you want
* The Theory of Constraints (TOC) is based on the insight that effectively managing the constraint is a key to success
* An effective leader has six skills
  + Expertise and knowledge of your companies operations, high integrity, understand how to effectively implement organizational change, strong communication skills, capable of motivating and mentoring other individuals, effectively manage team-based decision processes
* A management accountant has ethical responsibilities
  + High level of professional competence, treat sensitive matters with confidentiality, maintain personal integrity, and to disclose information in a credible fashion
* Corporate social responsibility (CSR) is a concept whereby organizations consider the needs of all stakeholders when making decisions

## Chapter 2