

Creative Strategies for Teaching MBA Level Accounting
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BIO

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Abstract - Accounting Measurement for Leaders

Accounting with its arcane language and rules is a subject often feared and reviled by MBA students. While the process of producing accounting information might indeed contribute to this reputation, framed differently, MBA students easily see the role accounting plays in achieving strategic goals and managing stakeholder tensions. MBA students are expected to be future business leaders, not accountants. Using this assumption to design the course results in less emphasis on computation and more emphasis on the consequences that choices made in the process of accounting measurement have on strategic direction, stakeholder commitments and performance expectations. Students then understand that accounting is a measurement system that lays the foundation for enlightened decision making.

Teaching Future Business Leaders, Not Accountants

Developing MBA students into business leaders requires students to learn how individual decisions are linked and impact the larger environment in which the organization operates. In accounting, this premise shifts the topics and tone of the course from primarily information production to how accounting information impacts decision makers and stakeholders. In this accounting course, we adopted a new theme, "What should be measured and how should it be measured". It turns the course focus from rules, to the tools leaders need to manage a complex organization. At its heart, accounting centers on measurement, whether that be the measurement of historical transactions or the measurement of future opportunities. With all that we can measure, it is important to assess what should be measured and how it should be measured to assess performance and progress towards strategic goals. In designing the course around this theme, we need to answer the question, 'What is it that business leaders need to know about measurement?' Another theme that is repeated in the course is that leaders need to have a clear understanding that a new measurement is a strategic fit. Often managers get excited about a new measurement system, such as the balanced scorecard, but do not take the time to understand why it is needed for their organization at this point in time. This leads to adoption of new systems that are not embraced by the organization, leading to wasted time and resources, not to mention lost opportunities. Students often suggest a new set of measures in projects or cases and it is necessary to continually demand that they justify them. More is not better when it comes to measurement.

Learning Objectives

Course Modules – The course materials are comprised of six modules. While each integrates into a full course, they can also be adopted as standalone course materials.

1. Causality and measurement. Measurement is only useful if it identifies the causal linkages between inputs and outputs. Concepts of measurement and causality are explored. Students evaluate how choices of what to measure affect behavior and outcomes.
2. Non-financial performance measurement. This module examines the creation of a system of measures that underlies strategic performance. While the balanced scorecard is often the topic taught in this module, it is just one of many different types of measurement systems that achieve this

goal. Nonfinancial performance measurement systems provide mechanisms to address the various stakeholder motivations and resource expectations. Students examine the boundaries of such systems and create a system for a live company.

3. Internal Control and Risk Assessment. With the advent of Sarbanes-Oxley (SOX) and business scandals, this module takes on added importance. With the Committee on Sponsoring Organization (COSO) guidelines we examine the need to set the right control environment to minimize the risks.

4. Cost Behavior and Decision Making. This is a fundamental accounting concept but one that has nuances necessary for managers and executives to understand. Choices made about the appropriate cost structure for a firm have long and short term consequences for risk and opportunities.

5. Planning and analysis. This module explores budgeting from a strategic, operational perspective. Using traditional accounting procedures, students prepare budgets for a chosen organization in the midst of a strategy shift. Implications for changing strategy are then evaluated based on financial consequences as well as how resource allocations impact various stakeholder groups.

6. Activity Analysis. While most MBA students will not be involved in product costing, we use the product costing methodology to assess how inputs lead to outputs. Then by managing the inputs we can affect the outcomes. Much of the discussion emphasizes the customer and customer profitability.

So while we teach MBA students about the balanced scorecard, budgets, internal control, SOX, cost analysis and many other technical accounting concepts, woven through the course is the realization that business leaders interact with accounting information at a different level than accountants.

Knowing how business leaders can use accounting information to balance organizational tensions and stakeholder expectations is the ultimate learning outcome.

Core Competencies Addressed (please see www.aicpa.org/edu/corecomp.htm)

The core competencies defined in the core competency framework by the AICPA are evident in the Accounting Measurement for Leaders course. The following table outlines how they are integrated into the class materials.

Competency	Implementation
Functional Competencies	
Decision Making	The course continually emphasizes how accounting information is used in strategic and tactical decision making. Students use a framework that helps them learn how to identify and assess the alternatives, and provide justification for the chosen alternative using evidence based reasoning.
Risk Analysis	The internal control and risk assessment module exposes MBA students to the critical principle of reliability. Students learn how to assess control risks within their own organizations.
Measurement	The course has at its foundation the concept of measurement. The first module teaches students about measurement theory and causality. They then have a foundation from which they can understand how and why accounting measurements are created and used.
Reporting	This course is targeted towards professionals seeking their MBA. The perspective is not as an accounting information producer, but a user of reports produced by accountants. The course does emphasize reports both oral and written so that students learn how to develop clear and concise analysis.
Research	The course is project based. As such, students must seek sources of information that are relevant to the project topics. Research skills are not specifically taught in the course.
Leverage Technology	This core competency is addressed primarily through the use of spreadsheets. Students are taught how to create spreadsheets that allow them to test different scenarios to assess the strengths and weaknesses of different alternatives.

Personal Competencies

Professional Demeanor	The course adopts the Giving Voice to Values curriculum, created by Mary Gentile and available at www.caseplace.org . This curriculum provides critical practice activities so that students 'build the muscle' needed to address ethical challenges in the workplace.
Problem Solving and Decision Making	In this project based course, students are encouraged to use their own organizational setting as the subject for the project work. Using the decision modeling template discussed earlier, the course emphasizes decision making and how to separate good decision making from poor choices.
Interaction	Approximately 1/3 of the course is team based work. Our MBA program has a teamwork module, and students are expected to bring the teamwork lessons from that module into this course.
Leadership	The climate in the classroom is one of cooperation, not competition. Students are then able to find ways in which they can alternately lead and support fellow student colleagues.
Communication	The course is project based and in-class time is devoted to discussion and presentation. Lectures, where possible are delivered in an e-learning environment. This makes face to face class time a space where students present their analyses, either formally or informally. In-class teams are created to take work prepared outside of class and negotiate solutions to problems and opportunities.
Project Management	The MBA students learn project management skills in their information systems curriculum. It is not formally taught in this accounting class.
Leverage Technology	Discussion boards and web hosting for group project work are technologies used in this class.
Broad Business Perspective Competencies	
Strategic/Critical Thinking	This accounting course builds on the strategy course contained within the MBA program. In the accounting course, the strategy of the organization and how that translates into the individual units is integrated with the theory of performance measurement.
Industry/Sector Perspective	Most students in the MBA program have managerial positions in their organization. As such, they use their own industry context in which to frame the curriculum and develop their projects. However, each semester an industry context is introduced and developed as a way to unite the class in discussion, and provide a different context than their own. For instance, this semester the financial services industry (banking) is discussed regularly, for its current topic and to help students understand how accounting information impacts the strategic decisions made by managers. Guest speakers reinforce industry current events, structure and decision making strategies.
International	Unfortunately, there is insufficient time to build a meaningful international context into the class. Any international issues addressed are serendipitous and usually brought into the classroom by students working in a global context.
Resource Management	The MBA program uses resource management and stakeholder theory as the organizing framework in which the courses are taught. Students learn that business is not a silo-based world, but that decisions in finance affect customers, employees, public organizations and vendors as well as investors. Students are taught to manage organizations with a long-term perspective and to integrate multiple business disciplines into their individual course analyses. They begin the program with a course on Competitive Analysis and Stakeholder Theory that sets the stage for how they will be expected to integrate their future coursework into a multi-dimensional perspective.
Legal/Regulatory	The internal control and risk assessment module teaches MBA students about their responsibilities for ensuring that data provided by the organization is reliable. They are exposed to the legal environment

	necessitated by Sarbanes-Oxley.
Marketing/Client Focus	The stakeholder focus that defines the curriculum in the WSU Vancouver MBA program is designed to emphasize that there are internal and external customers to the organization. The non-financial performance measurement module helps students recognize how they are accountable to these clients and how to measure whether they have delivered on the promises made to clients, as well as expectations the organization has of each client segment.
Leveraging Technology	This content is presented in the information systems course within the MBA program.

Detailed Description of the Case/Activity and Solution Set (with restricted access)

The entire set of course materials, including learning goals, teaching plan, links to readings and class materials, and solution sets were developed by Jane Cote. As part of a project to create course materials for faculty worldwide by the Aspen Institute in conjunction with a grant from the Alfred P. Sloan Foundation, these materials are available at:

<http://www.aspen.cbe.org/documents/Accounting%20Syllabus%20by%20Jane%20Cote.doc>