
MANAGEMENT CONTROL

IE University

Professor: **ROSA ALLEGUE MURCIA**

E-mail: rallegue@faculty.ie.edu

Academic year: 22-23

Degree course: THIRD

Semester: 1º

Category: COMPULSORY

Number of credits: 5.0

Language: English

PREREQUISITES

Students must be knowledgeable in key concepts of Cost Accounting.

SUBJECT DESCRIPTION

This course is designed to allow students to gain knowledge, insights and analytical skills related to how a firm's managers go about designing, implementing, and using planning and control systems to implement a firm's strategies. Among these management control processes, we find budget planning, evaluation of the performance of business units, transfer pricing and management of profit centers.

OBJECTIVES AND SKILLS

Upon completion of this course, students will be able to:

- 1) Understand the different types of responsibility centers which can be found in organizations
- 2) Understand transfer pricing within organizations
- 3) Elaborate income and cash budgets and evaluate how results depart from those budgets
- 4) Learn about key unit performance indicators.

METHODOLOGY

The course will include lectures and discussions in the classroom, exercises completed in class and outside of class, and group assignments. Some sessions will be taught face-to-face, others through videoconferences and others asynchronously.

Teaching methodology	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	24.0 %	30 hours
Discussions	16.0 %	20 hours
Exercises	24.0 %	30 hours
Group work	16.0 %	20 hours
Other individual studying	20.0 %	25 hours

TOTAL	100.0 %	125 hours
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PROGRAM

SESSION 1 (LIVE IN-PERSON)

TOPIC 1: RECAP FROM COST ACCOUNTING

Book Chapters: Chapter 5: Horngren (Book) (See Bibliography)

Allocation of overhead costs using ABC.

SESSION 2 (LIVE IN-PERSON)

TOPIC 1: RECAP FROM COST ACCOUNTING

Book Chapters: Chapter 5: Horngren (Book) (See Bibliography)

Allocation of overhead costs using ABC.

SESSION 3 (LIVE IN-PERSON)

TOPIC 2: INTRODUCTION TO MANAGEMENT CONTROL

Book Chapters: Chapter 1: Horngren (Book) (See Bibliography)

Management Control Concepts

Behavior in Organizations

SESSION 4 (LIVE IN-PERSON)

TOPIC 3: RESPONSIBILITY CENTERS

Book Chapters: Chapter 22: Horngren (Book) (See Bibliography)

Centralization vs. Decentralization

Responsibility Centers

SESSION 5 (ASYNCHRONOUS)

TOPIC 3: RESPONSIBILITY CENTERS

Practical Case: North Lake Medical Center (HBS TCG103-PDF-ENG)

Book Chapters: Chapter 22: Horngren (Book) (See Bibliography)

Centralization vs. Decentralization

Responsibility Centers

ASSIGNMENT: SESSION 5 (7.5%)

SESSION 6 (LIVE IN-PERSON)

TOPIC 4: TRANSFER PRICING

Book Chapters: Chapter 22: Horngren (Book) (See Bibliography)

Transfer pricing in multinationals

Types of transfer prices

SESSION 7 (LIVE IN-PERSON)

TOPIC 4: TRANSFER PRICING

Book Chapters: Chapter 22: Horngren (Book) (See Bibliography)

Transfer pricing in multinationals

Types of transfer prices

SESSION 8 (ASYNCHRONOUS)

TOPIC 4: TRANSFER PRICING

Article: Getting Transfer Prices Right: What Bellcore Did (HBS 89507-PDF-ENG)

Book Chapters: Chapter 22: Horngren (Book) (See Bibliography)

Transfer pricing in multinationals

Types of transfer prices

ASSIGNMENT: SESSION 8 (7.5%)

SESSION 9 (LIVE IN-PERSON)

TOPIC 5: PLANNING AND BUDGETING

Book Chapters: Chapter 6: Horngren (Book) (See Bibliography)

The budgeted income statement

The cash budget

SESSION 10 (LIVE IN-PERSON)

TOPIC 5: PLANNING AND BUDGETING

Book Chapters: Chapter 6: Horngren (Book) (See Bibliography)

The budgeted income statement

The cash budget

SESSION 11 (LIVE IN-PERSON)

TOPIC 5: PLANNING AND BUDGETING

Book Chapters: Chapter 6: Horngren (Book) (See Bibliography)

The budgeted income statement

The cash budget

SESSION 12 (LIVE IN-PERSON)

TOPIC 5: PLANNING AND BUDGETING

Practical Case: Cafes Monte Bianco: Building a Profit Plan (HBS 198088-PDF-ENG)

Book Chapters: Chapter 6: Horngren (Book) (See Bibliography)

The budgeted income statement

The cash budget

SESSION 13 (LIVE IN-PERSON)

TOPIC 5: PLANNING AND BUDGETING

Book Chapters: Chapter 6: Horngren (Book) (See Bibliography)

The budgeted income statement

The cash budget

SESSION 14 (LIVE IN-PERSON)

Midterm Exam

SESSION 15 (LIVE IN-PERSON)

TOPIC 6: FLEXIBLE BUDGETING

Book Chapters: Chapters 7, 8: Horngren (Book) (See Bibliography)

Static budgets and flexible budgets

Flexible-budget variances and sales-volume variances

Price variances and efficiency variances for variable costs

SESSION 16 (LIVE IN-PERSON)

TOPIC 6: FLEXIBLE BUDGETING

Book Chapters: Chapters 7, 8: Horngren (Book) (See Bibliography)

Practical Case: Waltham Motors Division (HBS 184169-PDF-ENG)

Static budgets and flexible budgets

Flexible-budget variances and sales-volume variances

Price variances and efficiency variances for variable costs

SESSION 17 (LIVE IN-PERSON)

TOPIC 6: FLEXIBLE BUDGETING

Book Chapters: Chapters 7, 8: Horngren (Book) (See Bibliography)

Static budgets and flexible budgets

Flexible-budget variances and sales-volume variances

Price variances and efficiency variances for variable costs

SESSION 18 (LIVE IN-PERSON)

TOPIC 7: PERFORMANCE MEASUREMENT

Book Chapters: Chapter 23: Horngren (Book) (See Bibliography)

Calculating ROI, RI, EVA and ROS

Transforming ROI at book value to current value

SESSION 19 (LIVE IN-PERSON)

TOPIC 7: PERFORMANCE MEASUREMENT

Book Chapters: Chapter 23: Horngren (Book) (See Bibliography)

Calculating ROI, RI, EVA and ROS

Transforming ROI at book value to current value

SESSION 20 (LIVE IN-PERSON)

TOPIC 7: PERFORMANCE MEASUREMENT

Book Chapters: Chapter 23: Horngren (Book) (See Bibliography)

Calculating ROI, RI, EVA and ROS

Transforming ROI at book value to current value

SESSION 21 (LIVE IN-PERSON)

TOPIC 8: THE BALANCED SCORECARD

Article: The Balanced Scorecard: Measures That Drive Performance (HBS R0507Q-PDF-ENG)

Practical Case: Because There is No Planet B. The Case of Ecoalf (STR010114-U-ENG-WOD)

Definition and terminology of BSC

Measures of the BSC

SESSION 22 (LIVE IN-PERSON)

TOPIC 8: THE BALANCED SCORECARD

Definition and terminology of BSC

Measures of the BSC

SESSION 23 (LIVE IN-PERSON)

FINAL ASSIGNMENT

Article: Assuming Control at Altex Aviation (A) (HBS 183058-PDF-ENG)

Case to be presented by groups.

SESSION 24 (LIVE IN-PERSON)

FINAL ASSIGNMENT

Case to be presented by groups.

SESSION 25 (LIVE IN-PERSON)

FINAL EXAM

BIBLIOGRAPHY

Compulsory

- Horngren, Datar and Rajan. (2017). *Horngren's cost accounting: A managerial emphasis*. 16th Edition. Global Edition.. Pearson. ISBN 9781292211541 (Digital)

EVALUATION CRITERIA

FIRST ORDINARY CALL

Criteria	Percentage	Comments
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Participation in class	10 %	Class participation will depend on frequency and quality of contribution as well as class attendance.
Assignments and cases in class	30 %	2 assignments and one case will be worked in groups tentatively on sessions 5, 8 and 23/24. Their weights to the final grade are 7.5%, 7.5% and 15% respectively.
Intermediate Tests	25 %	The mid-term examination will take place on session 14 and it will be worked out individually. It will cover the material presented during the first part of the course. This exam is optional. If a student decides not to take the midterm, the final exam will be worth 60% of the final grade.
Final Exam	35 %	The final exam will cover all course content. A minimum grade of 4.5 is required on the final exam to pass the subject.

Students pass the subject if the average of their grades, weighted according to the above percentages, is 5 or more and if they obtain a minimum of 4.5 in the final exam. Students who obtain less than 4.5 in the final exam and whose average grade is higher than 4.5 will obtain a 4.5 as their final grade.

RE-SIT / RE-TAKE POLICY

Each student has four (4) chances to pass any given course distributed over two (2) consecutive academic years. Each academic year consists of two calls: one (1) ordinary call (during the semester when the course is taking place); and one (1) extraordinary call (or “re-sit”) in June/July.

Students who do not comply with the 70% attendance requirement in each subject during the semester will automatically fail both calls (ordinary and extraordinary) for that Academic Year and have to re-take the course (i.e., re-enroll) during the next Academic Year.

The Extraordinary Call Evaluation criteria will be subject to the following rules:

- Students failing the course in the ordinary call (during the semester) will have to re-sit evaluation for the course in June / July (except those students who do not comply with the attendance rule, and therefore will not have that opportunity, since they will fail both calls and must directly re-enroll in the course during the next Academic Year).
- It is not permitted to change the format nor the date of the extraordinary call exams or deadlines under any circumstance. All extraordinary call evaluation dates will be announced in advance and must be taken into consideration before planning the summer (e.g. internships, trips, holidays, etc.)
- The June/July re-sit will consist of a comprehensive evaluation of the course. Your final grade for the course will depend on the performance in this exam or evaluation only. I.e., continuous evaluation over the semester (e.g. participation, quizzes, projects and/or other grade components over the semester) will not be taken into consideration on the extraordinary call. Students will have to achieve the minimum passing grade of 5 and the maximum grade will be

capped at 8.0 (out of 10.0) – i.e., “notable” in the extraordinary call.

- Re-takers: Students who failed the subject on a previous Academic Year and are now re-enrolled as re-takers in a course will need to take the final exam (ordinary call of that Academic Year) which will count for 100% of the grade. The maximum grade that may be obtained as a retaker during the ordinary call (i.e., the 3rd call) is 10.0 (out of 10.0).

After exams and other assessments are graded by the professor (on either the ordinary or extraordinary call), students will have a possibility to attend a review session (whether it be a final exam, a final project, or the final overall grade in a given course). Please be available to attend the session in order to clarify any concerns you might have regarding your grade. Your professor will inform you about the time and place of the review session.

PROFESSOR BIO

Professor: **ROSA ALLEGUE MURCIA**

E-mail: rallegue@faculty.ie.edu

Rosa Allegue is adjunct professor at IE since 2021 where she teaches management control. She has 30 years of professional experience as CFO and HR Manager. Since 2002 Allegue is the CFO of Skechers Iberia, previously she was financial controller at Siemens Spain.

She has coursed a BBA at UCM and an MBA at UAH in Madrid. She also holds a degree in technique of Industrial management from Chamber of industry and commerce of Nuremberg – Germany and an AMP (“Promociona Project”) from ESADE.

Since 2018 Allegue teaches Operations management, HR management and accounting at UCM, UAM and Geneva Business School.

OTHER INFORMATION

Office hours: we will set some days and times after the schedule is determined

Contact details: rallegue@faculty.ie.edu