



**Universidad Mayor
Engineering School
Industrial Engineering**

Second Term - 2012

Course Outline

Course: Management Control Systems

Instructor: Javier Mella (email: javier.mella@gmail.com)

TOPICS:

1. - AN INTRODUCTION TO MANAGEMENT CONTROL SYSTEMS: (2 weeks)
 - The firm and its environment
 - What is Management Control?
 - Objectives and constraints for Management Control Systems
 - The Economics of Management Control Systems: Agency problem, asymmetric information, and decentralization
- 2.1 - TOOLS FOR MANAGEMENT CONTROL SYSTEMS (I part) (2 weeks)
 - Indicators: an introduction
 - Indicators: classifications, functions, and objectives
 - The matrix of indicators and examples
- 2.2 - TOOLS FOR MANAGEMENT CONTROL SYSTEMS (II Part) (4 weeks)
 - Budgeting and Control
 - Financial Statements Analysis: Income Statement, Balance Sheet, and Cash Flow Statement
 - Cost Analysis: Taxonomy, Cost-Volume-Profit (CVP) Analysis and Activity Based Costing (ABC)
 - Other topics: Benchmarking and Cases
- 3.- STRATEGIC MANAGEMENT (2 weeks)
 - Planning, the mission, and the vision
 - Porter's Five Forces Analysis
 - Porter's Value Chain
 - Strategic planning process
4. - BALANCED SCORECARD (3 weeks, including one class for students presenting their work)
 - The Balanced Scorecard
 - Strategy Maps
 - Four perspectives and their indicators: Financial, Customer, Internal, and Learning & Growth perspectives
5. - IMPLEMENTING CONTROL MANAGEMENT SYSTEMS (2 weeks)
 - Implementing Control Management Systems
 - How to make them work?
 - Potential problems & key success factors
 - Real cases

EVALUATION

- First midterm exam - 30% - September 26.
- Second midterm exam - 30% - November 14.
- Exam (according to the Engineering School).
- Final project - 20% (group of 3 to 5 students).
- Quizzes and assignments - 20%.

REQUIRED READINGS

- Course Notes.

OPTIONAL READINGS

- Anthony and Govindarajan (2006). Management Control Systems.
- Cornejo and Diaz (2006). Earning measures. Revista Economía y Administración.
- Horngren (2008) Cost Accounting – A Managerial Emphasis. Pearson.
- Kerr (2003). The Best-Laid Incentive Plans, HBR Case. Performance Measurement.
- Kaplan and Norton (1992). The Balanced Scorecard – Measures that drive performance. HBR.
- Kaplan and Norton (2001). The Strategy-Focused Organization, HBSP, Boston.
- Kaplan and Norton (2004). Strategy Maps. HBSP, Boston.
- Mallo and Merlo (1999). Management Control Systems.
- Mella. Forthcoming. Venture capital contract structures. Sciences for innovation.
- Neriz, Lopez, and Ramirez. (2005). Activity-based costing for a Psychiatric Hospital Unit. Revista Contabilidad y Sistemas.
- Saavedra (2005). The strategic planning process. Trend Management.
- Wigodski (2007). The Enron Case.

ATTENDANCE

A minimum of 75% attendance is required, in addition to punctuality when coming to class and handing in assignments. Not handing in assignments on time will cause a maximum grade of 3.9 (50%); which will automatically mean non-exemption for the final exam.

PROFESSIONALISM

- Punctuality: Punctuality is requested. In the case of being late, do it most silently and respectfully possible. The same is applicable for the departure of class before the class is finished.
- Cell phones and other equipment: silent during the whole class. In emergencies, answer outside the classroom and keep it quiet inside.
- Honesty: Any copy (works, exams, assignments, etc.), omission in citing sources, or undue received help; will be sanctioned with the maximum possible penalty according to the school policy.
- Computers turned off: Except for presentations and other required work.
- If you have any questions regarding this section, check with the instructor.