



STRATEGIC COST MANAGEMENT

23MBPE645

(COURSE HANDBOOK)

MBA

COURSE FACULTY:

Asst. Prof. Akshathraj Jain

1. GENERAL INFORMATION

This course is designed to provide students with a comprehensive understanding of Strategic Cost Management and its essential role in managerial decision-making. Students will explore key concepts such as cost analysis, cost control, cost reduction strategies, budgeting, activity-based costing, and strategic pricing, all of which contribute to optimizing organizational performance. The curriculum is structured into five modules, ensuring a progressive and cohesive learning experience.

Beyond theoretical knowledge, the course incorporates practical applications and case-based learning to strengthen students' understanding of strategic cost management. Each module includes real-world case studies, analytical exercises, and creative assignments to help students apply cost management principles effectively in business scenarios.

Active participation in discussions, problem-solving activities, and collaborative projects is encouraged to deepen comprehension and develop critical thinking skills. Through these activities, students will learn how to align cost management strategies with organizational objectives, enhance cost efficiency, and support long-term financial sustainability.

This course aims to equip students with both conceptual knowledge and practical expertise, enabling them to make informed strategic decisions in cost management. For detailed information on assessments, learning outcomes, and additional resources, students are advised to refer to the course handbook.

In addition to theoretical knowledge, the course incorporates practical classroom activities aimed at strengthening your grasp of strategic cost management principles. Each module features creative assignments and case studies that encourage you to apply the concepts learned in class to real-world scenarios. These activities will help you analyze cost behaviour, make informed strategic decisions, and optimize resource utilization effectively.

Course Objectives

This course is designed to:

- Introduce students to fundamental cost management concepts and frameworks, highlighting their practical applications in managerial decision-making.
- Equip students with the skills to prepare and analyze cost sheets tailored to the specific requirements of various industries.
- Provide an overview of various marginal costing techniques used in the manufacturing sector.
- Impart the knowledge and skills to develop various budgets and control their variances.
- Provide the knowledge of management audit and preparing an effective report.

1.1.Course Outcomes:

At the end of the course, students will be able to:

- CO1:** Summarize fundamentals of cost management for strategic decision-making.
- CO2:** Apply the knowledge of cost management for cost sheet and overhead distribution problems.
- CO3:** Identify the marginal costing techniques to make informed decisions in complex scenario.
- CO4:** Utilize the right practices of preparing report for a performance evaluation.
- CO5:** Analyse budgetary control techniques to enhance financial planning.

1.2.Recommended and Reference Text Books

All books are available in the library.

Key/Recommended Text Books:

1. M.Y. Khan and P.K. Jain, “Cost Accounting” 2nd Edition, McGraw Hill Education, 2017.
2. Kenneth Merchant and Wim Van Der Stede, “Management Control Systems” 4th Edition, Pearson Education, 2019.

Reference books:

1. Arora M. N, “A Text book of Cost and Management Accounting”, 11th Edition, Vikas, 2021
2. James Jiambalvo, “Managerial Accounting”, 4th Edition, Wiley India Pvt. Ltd, 2010
3. Jawaharlal & Seema Srivastava, “Cost Accounting”, 4th Edition, TMH, 2013.

Important Web Links:

1. Introduction to Cost Management Accounting:
<https://www.youtube.com/watch?v=fWPPfUiPdHA>
2. Introduction to Cost Estimating and Cost Control:
<https://www.coursera.org/lecture/construction-cost-estimating/introduction-to-cost-estimatingand-%20cost-control-xXOyj>
3. A case study on the application of activity-based costing on the magnetic inductor: <https://journal.ump.edu.my/ijim/article/view/5983/1166>

2. THE COURSE

2.1.Course Description

STRATEGIC COST MANAGEMENT			
Semester	III	CIE Marks	50
Course Code	23MBPE645	SEE Marks	50
Teaching Hrs/Week (L:T:P)	4:0:0	Exam Hrs	03
Total Hrs	52	Credits	04

The Strategic Cost Management course aims to equip students with foundational knowledge in cost analysis, cost control, cost reduction techniques, and strategic pricing over a 13-week period during Semester 3. The curriculum is divided into five modules that cover essential topics in cost management. Each week features four lectures delivered by Prof. Akshathraj Jain, focusing on theoretical concepts, practical applications, and course-related activities. This 4-credit course spans a total of 52 hours and is evaluated through Continuous Internal Evaluation (CIE) worth 50 marks and a Semester-End Examination (SEE) also worth 50 marks.

2.2. Initiating Contact with Staff and Other Students

We welcome your inquiries about the course. Please use email and office hours thoughtfully, and check previous communications and handbook materials before reaching out with administrative questions. Engage with peers for discussions and collaborative learning to enhance your understanding and foster a supportive academic community.

2.3. Resources

Resources include digital libraries, e-learning platforms, and research databases, offering students anytime, anywhere access to academic materials and interactive courses. On the college website, students can access the VTU Consortium, open-access repositories (e.g., NPTEL, NDLI), e-books, research papers, video lectures, and interactive tutorials, providing a flexible and comprehensive learning experience.

E-learning and digital library can be accessed via the college website <https://mite.ac.in/> (Campus Life section > Library > VTU Consortium/e-learning platforms/additional sources).

2.4. Staff

Course Lecturer: Prof. Akshathraj Jain
Cabin: 3rd floor, PG Block
Email: akshathraj@mite.ac.in

2.5. Topics and Reading Materials for each module

<u>Module 1</u>	<i>(No. of Hours: 12)</i>
<ul style="list-style-type: none"> - Topic: Introduction to Cost Accounting <ul style="list-style-type: none"> ○ Cost Accounting to Cost Management- Elements of costs - Classification of costs-Methods of costing-Cost Management Tools preparation of a cost sheet. Case studies. - Activities <ul style="list-style-type: none"> ○ Group presentation by students on challenges of manufacturing industries faced and possible solutions on that - Essential Readings <ul style="list-style-type: none"> ○ M.Y. Khan and P.K. Jain, “Cost Accounting” 2nd Edition, McGraw Hill Education, 2017. (Chapter 1) 	

- **Additional Reading**
 - Arora M. N, "A Text book of Cost and Management Accounting", 11th Edition, Vikas, 2021 (Chapter 1)
- **Additional Web Links**
 - NPTEL Course on cost management by IIT Bombay
<https://archive.nptel.ac.in/courses/110/101/110101132/>
 - Introduction to cost Accounting
<https://www.youtube.com/watch?v=Z99Tr9sX2ig&list=PL0vllxKssj9I8O5nDDWjPshstjBndjyYa>
 - Cost Accounting Introduction
https://www.youtube.com/watch?v=Fv_fqbKclA4

Module 2

(No. of Hours: 12)

- **Topic: Overheads**
 - Primary and secondary distribution, distribution of cost, Simultaneous equations, Absorption of Overhead, Theory on Under and Over absorption of overhead - Unit level, Batch Level and Product Sustaining Activities. Demerits of Traditional Costing.
- **Activities**
 - Case study discussion on apportionment of overheads to secondary departments
- **Essential Readings**
 - M.Y. Khan and P.K. Jain, "Cost Accounting" 2nd Edition, McGraw Hill Education, 2017 (Chapter 5)
- **Additional Reading**
 - Arora M. N, "A Text book of Cost and Management Accounting", 11th Edition, Vikas, 2021 (Chapter 4)
 - Jawaharlal & Seema Srivastava, "Cost Accounting", 4th Edition, TMH, 2013. (Chapter 6)
- **Additional Web Links**
 - Cost Analysis of Selected Patient Categories
<https://tinyurl.com/dfzp733s>

Module 3

(No. of Hours: 09)

- **Topic: Marginal costing**
 - Applications-Break even charts and Point, Decision-making Differential Cost Analysis, Marginal Costing, Process Costing. Case Studies.
- **Activities**
 - Case study discussion about attaining break-even point

- **Essential Readings**
 - M.Y. Khan and P.K. Jain, “Cost Accounting” 2nd Edition, McGraw Hill Education, 2017 (Chapter 13)
- **Additional Reading**
 - Jawaharlal & Seema Srivastava, “Cost Accounting”, 4th Edition, TMH, 2013. (Chapter 18)
- **Additional Web Links**
 - Break even point an introduction
<https://tinyurl.com/y2mabcr2>
 - Break Even Analysis
<https://tinyurl.com/yp8hnpux>

Module 4

(No. of Hours: 11)

- **Topic: Budgetary Control**
 - Production Budgets and Flexible Budgets. Standard Costing: Comparison with Budgetary control, analysis of Variances, Material and Labour variances. Case studies.
- **Activities**
 - Budget Adjustment Simulation: prepare and analyze a flexible budget based on changes in production levels.
- **Essential Readings**
 - M.Y. Khan and P.K. Jain, “Cost Accounting” 2nd Edition, McGraw Hill Education, 2017 (Chapter 14)
- **Additional Reading**
 - Jawaharlal & Seema Srivastava, “Cost Accounting”, 4th Edition, TMH, 2013. (Chapter 20)
- **Additional Web Links**
 - Standard costing and variance analysis
<https://www.youtube.com/watch?v=0vtb100dYlc>
 - Effects of using static and flexible budgets
<https://tinyurl.com/3kr4843y>

Module 5

(No. of Hours: 08)

- **Topic: Cost audit, Reporting and Responsibility Centers**
 - Cost Audit report. Management Audit, Reporting to Management – Purpose of reporting- Requisites of a good report, Classifications of Report.
- **Activities**
 - Case study discussion on auditing process and systems presently followed

- **Essential Readings**
 - o M.Y. Khan and P.K. Jain, “Cost Accounting” 2nd Edition, McGraw Hill Education, 2017 (Chapter 15)
- **Additional Reading**
 - o Jawaharlal & Seema Srivastava, “Cost Accounting”, 4th Edition, TMH, 2013. (Chapter 22)
- **Additional Web Links**
 - o Basics of responsibility centre
https://www.youtube.com/watch?v=V4jC62m1_qU

3. ASSESSMENT

The assessment for the Accounting for Managers module is divided into two components: Continuous Internal Evaluation (CIE) and Semester End Examination (SEE), each accounting for 50% of the total marks.

Continuous Internal Evaluation (CIE) comprises two internal tests, scheduled for 8th and 14th week, which together contribute 30% of the total marks. Additionally, students can earn 20% through the completion of assignments (10 marks is allotted for completion of module wise assignments, 10 marks are allotted for case study on financial statements).

Semester End Examination (SEE) constitutes the remaining 50% of the total marks and is a 3-hour written examination. Key information regarding examination dates and related details can be accessed via the college website (Academics and Courses section > Calendar of Events > PG Odd Sem).

Rubrics for Assignment Evaluation (Total: 20 Marks / 40% of CIE)

1. Module wise assignment (10 Marks)				
Criteria	10 Marks (Excellent)	8 Marks (Good)	6 Marks (Fair)	4-3 Marks (Poor)
Completion	Completed all modules and tasks.	Completed most modules.	Completed some modules.	Incomplete or missed modules.
Timeliness	Completed on time.	Completed slightly late.	Completed much later than due.	Missed the deadline.

2. Case study presentation (10 Marks)				
Criteria	10 Marks (Excellent)	8 Marks (Good)	6 Marks (Fair)	4-3 Marks (Poor)
Management Levels	Clear, detailed explanation	Good explanation, minor gaps	Basic explanation, missing key details	Lacks understanding or incorrect info
Presentation structure	Clear, well-defined structure	Clear, but some details missing/unclear	Unclear or incomplete structure	Poorly explained or missing components