# Table of Contents

Preface
Acknowledgments
About the Author

1. **HOW MANAGEMENT ACCOUNTING INFORMATION SUPPORTS DECISION MAKING**
   - 1.1 P. Drucker, *Be Data Literate—Know What to Know*  
   - 1.2 W. L. Ferrara, *Cost/Management Accounting: The Twenty-First Century Paradigm*  
   - 1.3 A. Mersereau, *Pushing the Art of Management Accounting*  
   - 1.4 R. Dzinkowski, *Preserving Control*

2. **THE BALANCED SCORECARD STRATEGY MAP**
   - 2.1 J. Shank and V. Govindarajan, *Strategic Cost Management and the Value Chain*  
   - 2.2 R. S. Kaplan and D. P. Norton, *Transforming the Balanced Scorecard from Performance Measurement to Strategic Management: Part I*  
   - 2.3 R. S. Kaplan and D. P. Norton, *Transforming the Balanced Scorecard from Performance Measurement to Strategic Management: Part II*  
   - 2.4 R. Kaplan and D. P. Norton, *Measuring the Strategic Readiness of Intangible Assets*  
   - 2.5 R. S. Kaplan, *Strategy or Stakeholders: Which Comes First?*

3. **USING COSTS IN DECISION MAKING**
   - 3.1 R. Cooper and R. S. Kaplan, *How Cost Accounting Distorts Product Costs*  
   - 3.2 R. Cooper, *Does Your Company Need a New Cost System?*  
   - 3.3 L. Gordon and M. Loeb, *Distinguishing Between Direct and Indirect Costs Is Crucial for Internet Companies*  
   - 3.4 J. B. MacArthur, B. E. Waldrup and G. R. Fane, *Caution: Fraud Overhead*  
   - 3.5 S. M. Young, J. Gong and W. Van der Stede, *The Business of Making Movies*

4. **ACCUMULATING AND ASSIGNING COSTS TO PRODUCTS**
   - 4.1 H. Roth and T. Albright, *What are the costs of variability?*  
   - 4.2 M. D. Shields and S. M. Young, *Effective Long-Term Cost Reduction: A Strategic Perspective*  
   - 4.3 S. M. Young, J. Gong, W. Van der Stede, T. Sandino and F. Du, *The Business of Selling Movies*  
   - 4.4 T. L. Estrin, J. Kantor, and D. Albers, *Is ABC Suitable for Your Company?*

5. **ACTIVITY-BASED COST SYSTEMS**
   - 5.1 L. P. Carr, *Unbundling the Cost of Hospitalization*  
   - 5.2 M. Max, *ABC Trends in the Banking Sector – A Practitioner’s Perspective*
5.3 R. J. Lewis, Activity-Based Costing for Marketing 107
5.4 R. S. Kaplan and S. Anderson, Rethinking Activity-Based Costing 110

6. MEASURING AND MANAGING CUSTOMER RELATIONSHIPS 114
6.1 K. H. Manning, Distribution Channel Profitability 115
6.2 D. Pitta, F. Franzak and D. Fowler, A Strategic Approach to Building Online Customer Loyalty: Integrating Customer Profitability Tiers 120
6.3 V. Kumar and B. Rajan, Nurturing the Right Customers 131
6.4 R. S. Kaplan and V. G. Narayanan, Measuring and Managing Customer Profitability 137

7. MEASURING AND MANAGING PROCESS PERFORMANCE 138
7.1 R. Gerardo and A. Spanyi, The CFO’s Best Friend 139
7.2 J. Gillett, R. Fink and N. Bevington, How Caterpillar Uses 6 SIGMA to Execute Strategy 143
7.3 K. T. Jones and C. Clan, The Pervasive Success of 6 SIGMA at Caterpillar 146
7.4 T. Albright and S. Davis, The Elements of Supply Chain Management 150

8. MEASURING AND MANAGING LIFE-CYCLE COSTS 160
8.1 R. Cooper and W. B. Chew, Control Tomorrow’s Costs Through Today’s Designs 161
8.2 T. Albright, The Use of Target Costing in Developing the Mercedes Benz M-Class 168
8.3 S. Borkowski, M Welsch and K. Wentzel, Johnson and Johnson: A Model for Sustainability Reporting 174
8.4 S. M. Young, J. Gong and W. Van der Stede, The Business of Making Money with Movies 181

9. BEHAVIORAL AND ORGANIZATIONAL ISSUES IN MANAGEMENT ACCOUNTING 186
9.1 K. Merchant, The Control Function of Management 188
9.2 T. W. Lin, Effective OEC Management Control at China Haier Group 197
9.3 D. Gebler, Creating an Ethical Culture 203
9.4 K. Henry, Leading with Your Soul 208
9.5 A. Kohn, Why Incentive Plans Cannot Work 213
9.6 T. Grant and G. Grant, Can Regulations Curb Excessive Executive Pay? 219
9.7 S. M. Young, Implementing Management Innovations Successfully: Principles for Lasting Change 226

10. USING BUDGETS FOR PLANNING AND COORDINATION 228
10.1 Drtina, R., S. Hoeger, and J. Schaub, Continuous Budgeting at the Hon Company 230
10.2 C. Bart, Budgeting Gamesmanship 234
10.3 S. Hornyak, Budgeting Made Easy 242
10.4 M. Jensen, Corporate Budgeting is Broken – Let’s Fix It 246
10.5 J. Hope and R. Fraser, Beyond Budgeting 252
10.6 R. Steele and C. Albright, Games Managers Play at Budget Time 256

11. FINANCIAL CONTROL 260
11.1 Kaplan, D. Weiss, and E. Desheh, Transfer Pricing with ABC 261
11.2 P. A. Dierks and A. Patel, What is EVA, and How Can It Help Your Company? 268
11.3 M. Epstein and S. D. Young, “Greening” with EVA 275
11.4 T. L. Pohlen and B. J. Coleman, Evaluating Internal Operations and Supply Chain Performance Using EVA and ABC 280
11.5 R. S. Kaplan, The Demise of Cost and Profit Centers 293